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COVID-19 and associated restrictions and limitations accelerate trends in asset management which already existed - at a pace never experienced before. On an overall basis the asset and wealth management industry adapted well and fast to the new framework. However, what used to be good enough in the first months of the pandemic won't be good enough going forward.

Let's face it. Fund distribution hasn't experienced significant change in the last 10 or even 20 years. Of course, the level of sophistication increased. Also, new digital opportunities and a greater number of more efficient touch points emerged. Nevertheless, the outbreak of the pandemic turned fund distribution models radically upside down, almost overnight.

How has the asset management and fund distribution industry performed so far? Let's start with the good news. Numerous fund selectors across Europe provided very positive feedback on a broad basis. Some asset managers even managed to set new records in terms of time to answer when it came to rather detailed enquiries. In consequence, expectation levels towards time to response / answer have significantly shortened. What used to be 48 hours is often intraday now. A return to pre-crisis service-levels won't happen. It is an illusion. Why should it, when many asset managers managed well to skip bureaucratic silos and respective time delays in the peak of the market turmoil and times of substantial reorganisation?

In terms of communication, however, the feedback wasn't that positive. Many tier one fund selectors in Europe expressed their concern about literally being bombarded by widely interchangeable market comments and webinar invites, which too often lacked added value and relevance for the recipient. Analysing email, website or webinar opening rates and attention spans also paints a rather sobering picture. In many cases, in comparison to 2019, rates even came down. At the same time, some mainly very large US asset managers are moving ahead of their peers at remarkable speed when it comes to shifting budgets towards data and digital client solutions. This represents a major competitive risk for asset managers unable to follow.

Nonetheless, truly modern, best-in-class client service is not necessarily a question of major budgets, but much more about agility and radically redesigning the model. Unfortunately, too many asset managers do not fully exploit this opportunity. Hoping for a return to a pre-crisis "normality" - enriched by some Zoom calls - isn't a strategy and it won't happen. Buy-side adaption levels, albeit with some regional variations, are already too advanced to fully flip back.

The concept of taking fund managers on road-shows has been an integral part of almost all fund distribution models. Also here, a return to pre-Covid levels won't happen. Of course we will see fund manager road shows again, but much less than in the past. It is no secret that many fund managers complained about too many and often too undifferentiated client meetings, while most fund buyers aimed at fund manager face-time. The current environment has worked wonders, breaking a deeply rooted routine. Suddenly, virtual only fund manager interviews are not only broadly accepted, but even managed to convince the specifics. Even fund buyers who did not anticipate any new investment without in-person meetings adapted to the circumstances. In addition, plenty of new fund implementations are taking place again - based on purely virtual due diligence.

The industry's deeply embedded meeting culture has been brought to a sudden end, which results in a fundamental re-thinking on the buy-side as well as on the sell-side. This does not only apply to fund managers, but also distribution staff. Management floors realise that a much broader reach for a fraction of the cost and time resources is possible. This will have far-reaching consequences for distribution models, staff and budgets in the forthcoming years. Clinging to old models will take its toll.

Interestingly, there is broad evidence that the buy-side - both private as well as professional investors - is much more agile in adaption and more technology savvy than large parts of the sell-side, which should be taken as a last wake-up call for the asset and wealth management industry. The following quote from Tim Buckley, CEO at Vanguard, from July 2020 sums it up perfectly: "Effectively, the old ways of advising are forever changed. You're not going to put that genie back in the bottle."

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