For Immediate Release

**PWMA Survey Finds Private Wealth Management Industry**

**Booming in Hong Kong**

*Hong Kong, 21 September 2017* – The private wealth management (“PWM”) industry in Hong Kong continues to benefit from robust wealth creation fuelled by strong GDP growth and the increased savings and number of self-made billionaires in Asia, with China being named as the market with the greatest growth potential in APAC. This is a key finding of the 2017 Hong Kong Private Wealth Management Report jointly published by the Private Wealth Management Association (“PWMA”) and professional services firm PwC.

The aim of the report is to present views gauged of PWM industry players in Hong Kong on the opportunities and most pressing topics facing the industry. Based on responses to the 2017 survey by 33 PWMA member firms[[1]](#footnote-1), it is estimated that total Assets under Management (AuM) managed in Hong Kong is over US$800 billion. And, in this second annual report, PWMA member firms unanimously (100%) cited China as the main driver of growth in the Hong Kong private wealth management industry. However, restricted market access and challenge of getting banking licenses in China are hurdles for some member firms considering “going onshore.” Hence, PWM institutions surveyed are more ready to serve Chinese clients from offshore.

Amy Lo, Chairman, Executive Committee of PWMA, said, “There is no doubt that Asia is surpassing North America in wealth creation, and Hong Kong is second only to New York in having the highest number of billionaires[[2]](#footnote-2). While the growing High Net Worth population is good news to the industry, the market environment has been rapidly changing, with greater regulatory pressure, increasing operational complexity, emergence of new technologies and talent shortages, among other issues.

“For Hong Kong to remain competitive as a premier PWM hub in Asia and for the industry to grow sustainably within the region, it is imperative that players work closely together to develop a strategic approach toward meeting the challenges and opportunities our industry faces as outlined in the report. The PWMA will continue to act as a platform to communicate and engage with regulators, government officials and other stakeholders to help our member firms adapt to this evolving market landscape,” Mrs Lo added.

When asked about the challenges facing the PWM industry today, 82% of the respondents cited regulatory compliance as among their top 3 concerns and 64% of the participants said they have spent most of their resources and budget for regulatory compliance on Anti-Money Laundering (AML) and Know-Your-Client (KYC) initiatives.

Another ongoing major challenge raised by respondents was talent management. With assets managed by private wealth managers in Hong Kong expected to double in five years, the industry will need “new blood” and 85% of PWMA member firms surveyed consider that their current talent acquisition and retention model is not sustainable in the long-term.

Peter Stein, PWMA’s Managing Director, said, “It is clear that a new approach to talent recruitment is necessary to adequately support the rapidly growing PWM industry. This underscores the importance of the Pilot Apprenticeship Programme for Private Wealth Management co-launched by the Hong Kong Monetary Authority and PWMA. Building on the programme’s initial success, we are already preparing to recruit another pool of young talents from Hong Kong universities to begin their Apprenticeship in 2018.”

Another key trend found in the 2017 survey is the move towards digital offerings. As wealth is transferred to the next generation and the number of younger self-made Chinese billionaires increases, digital offerings will play an increasingly important part of PWM business model and client servicing. According to the report, around 75% of the firms surveyed provide one or more digital solutions online or via mobile channels. As for the remaining 25%, the majority plan to launch such services in the next two years. In addition, 85% of our members surveyed consider FinTech solutions would introduce more opportunities rather than threats to our industry. Many of the PWMs surveyed are exploring potential FinTech as a way of overcoming various operational or client facing issues.

“There is now a new generation of PWM clients who expect multi-channel interaction with their wealth manager and this is key to attract the new generation,” says Antoinette Hoon, Private Banking Advisory Services partner, PwC Hong Kong. “64% of the industry rank their digital capabilities as lagging behind their peers. In particular, digital solutions available for other financial services areas, such as retail banking, appear to be ahead of those commonly available for private wealth managers. But as FinTech solutions become more mature, many PWMs are actively preparing to invest as a result.”

Approximately 80% of respondents ranked multi-channel delivery as the most important attribute in attracting next-generation clients, followed by holistic wealth solutions (61%) and self-service investment platforms (58%).

Based on online surveys completed by PWMA member firms and in-depth interviews with industry practitioners, the findings of the Hong Kong Private Wealth Management Report 2017 will be presented today in full at the Wealth Management Summit hosted by PWMA in Hong Kong. In its second year, the Summit, reflecting the mission of PWMA, aims to provide insights into key topics of interest to the industry and ultimately promote development of the industry as well as Hong Kong’s status as a regional hub for wealth management.

The Hong Kong Private Wealth Management Report 2017 is available for download from:

<https://drive.google.com/open?id=0B_dORHczDfudbGdIeGZ4U3NLdXM>

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About the Private Wealth Management Association

The Private Wealth Management Association is a Hong Kong-based voluntary association incorporated as a company limited by guarantee; it is separate from the Hong Kong Association of Banks. The main objectives of PWMA are to better position Hong Kong as the private wealth management hub in the region by promoting and encouraging the growth and development of the PWM industry in Hong Kong, to help maintain Hong Kong's status and competitiveness as a major financial centre, to provide a forum for members to discuss and exchange views on trends and challenges faced by the PWM industry and how to strategically position for these trends and challenges, to promote proper conduct, integrity and high standards of professional competence on the part of PWM practitioners, to provide industry representation and consultation in Hong Kong on PWM related matters, and to provide a channel for the private wealth management industry to maintain ongoing dialogue with governments, regulators, trade bodies and non- governmental organizations.

There are now 45 Full Corporate Members with a 9-member Executive Committee serving as the governing body of the PWMA. The Association currently accepts Full Corporate Membership only. For more information about the members of PWMA, please visit our website at:

<http://www.pwma.org.hk>

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1. 33 of the 45 PWMA member firms completed the survey, which was conducted in July 2017. [↑](#footnote-ref-1)
2. Billionaire Census (Wealth-X, 2017) [↑](#footnote-ref-2)