



For Immediate Release

Hong Kong Retains Strengths as A Leading Private Wealth Management Hub

Hong Kong, 6 Oct 2023 – The Private Wealth Management Association (PWMA) today released the eighth annual Hong Kong Private Wealth Management Report (“the Report”) co-authored with KPMG China. The Report reveals that opportunities in Chinese Mainland market, growing family office segment, government and regulatory reforms provide reason for optimism despite global uncertainties.

Meanwhile, it reiterates Hong Kong’s many strengths as a leading private wealth management hub, such as ease of onboarding, range of investment options and investor protection, and suggests that more proactive marketing is needed to fortify its competitiveness.

Despite a decline in assets under management (AUM)¹ which was consistent with negative market performance last year, the PWM member firms surveyed remained positive about the long-term potential thanks to a number of key growth drivers, with the Mainland China market, next generations and the family office segment consistently topping the list. A notable 18% of members surveyed expect annual growth in the industry’s AUM to exceed 10% over the next five years, while the proportion of Hong Kong-based AUM sourced from Mainland China is expected to increase from 36% to 46% in five years’ time.

Amy Lo, Chairman, Executive Committee of PWMA, said, “Looking ahead, the Chinese Mainland, particularly the Greater Bay Area, next-generation and family offices, will remain as our top three growth drivers. Hong Kong’s unique advantages, including our role as a ‘super-connector’, our financial infrastructure and timely initiatives, support the city to continue to benefit from the wealth creation across the region. At the same time, we must continue our efforts to promote the city’s many advantages as a wealth management centre as new market opportunities emerge.”

While the Chinese Mainland is expected to remain the largest source of AUM for the industry in Hong Kong, the report finds that the industry is also developing new sources of wealth. Of the member firms surveyed, 39% have already set their sights on international sources of wealth or have plans to do so in the near future. The top two regions identified as potential targets for expansion are Southeast Asia and the Middle East.

Attracting family offices to set up in Hong Kong is another key trend for the industry, with 94% of member firms agreeing that family offices are an increasingly important source of business for their organisations. Recognising its importance, the HKSAR Government has announced a series of proactive measures to create a more vibrant ecosystem for the growth of family offices in Hong Kong. These include the introduction of tax incentives, a dedicated family office team, talent development, and the promotion of philanthropy and art storage.

“We welcome the government’s initiatives to attract more family offices from different locations to set up in Hong Kong. We are confident that these measures will yield positive results in the long term and enhance Hong Kong’s attractiveness as a private wealth management hub,” said **Peter Stein, CEO and Managing Director, PWMA**.

¹ [SFC Asset and Wealth Management Activities Survey 2022](#)

Other highlights of the eighth annual PWM report:

- **Greater Bay Area (GBA):** Consistent with previous findings, the Report recommends that Hong Kong's private wealth management industry must actively capitalise on the expanding market and business prospects of the GBA. Enhancing the capabilities and offerings of the Wealth Management Connect (WMC), such as increasing the range of "Southbound" investment products available to Mainland Chinese clients, is crucial. PWMA is therefore pleased to see the announcement regarding WMC enhancements made on 28 September 2023 by the relevant authorities, which will further strengthen financial market connectivity and the wealth management markets in the GBA.
- **Talent:** Talent leaving the industry has eased compared with the previous year, while the talent shortage is an ongoing issue across financial services. RMs (82%) remains the most in-demand roles, followed by product specialists (55%) and compliance (33%). The industry is advised to focus on long-term initiatives to train more local talent.
- **Next generation:** The Report found that the younger generation's approach to investing differs from that of the first generation. The younger generation is more hands-off, seeking full-scale wealth planning and discretionary solutions that include philanthropy, emigration and overseas study, and they are also more focused on asset allocation with a core and satellite approach.
- **ESG investing:** Firms and clients surveyed both show increasing interest in allocating more AUM to sustainable products, but the actual proportion of investment allocated to ESG has remained flat, largely due to the challenging macroeconomic environment.
- **Regulation:** While KYC and suitability remain pain points for the industry, increased regulatory guidance in recent years following discussions with the PWM industry has yielded positive results, most notably the new guidelines for Sophisticated Professional Investors (SPI) announced in July 2023.
- **Technology:** The adoption of Regtech by surveyed member firms has increased from 31% to 45%, with budget and resource constraints, lack of available mature solutions, and the bank's complex legacy architecture being the main barriers when it comes to the implementation of Regtech.

Paul McSheaffrey, Senior Banking Partner, KPMG China, concluded: "While the Chinese Mainland will remain the main driver of growth for the private wealth management industry in Hong Kong, there are also new opportunities opening in other jurisdictions including the Middle East and Southeast Asia. Now is a good time for the industry to capitalise on the efforts that have been made to build ties with the jurisdictions, and to capture these dynamic and growing sources of wealth. "

The Hong Kong Private Wealth Management Report is largely based on an online survey of PWMA member institutions and a client survey, as well as interviews with industry executives and other industry stakeholders in Hong Kong. Both surveys and interviews were conducted between June and August 2023.

The full report is available for download at: https://www.pwma.org.hk/wp-content/uploads/2023/10/HK-Private-Wealth-Report-2023_EN_vf.pdf



– End –

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 and 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 serve as a channel for the private wealth management industry to maintain ongoing dialogue with governments, regulators, trade bodies and non-governmental organisations.

The PWMA currently has 42 Full Corporate Members and eleven Associate Members with a 12-member Executive Committee serving as the Association's governing body. For more information about PWMA membership, please visit our website at: <http://www.pwma.org.hk>

About KPMG China

KPMG China has offices located in 31 cities with over 15,000 partners and staff, in Beijing, Changchun, Changsha, Chengdu, Chongqing, Dalian, Dongguan, Foshan, Fuzhou, Guangzhou, Haikou, Hangzhou, Hefei, Jinan, Nanjing, Nantong, Ningbo, Qingdao, Shanghai, Shenyang, Shenzhen, Suzhou, Taiyuan, Tianjin, Wuhan, Wuxi, Xiamen, Xi'an, Zhengzhou, Hong Kong SAR and Macau SAR. Working collaboratively across all these offices, KPMG China can deploy experienced professionals efficiently, wherever our client is located.

KPMG is a global organization of independent professional services firms providing Audit, Tax and Advisory services. KPMG is the brand under which the member firms of KPMG International Limited ("KPMG International") operate and provide professional services. "KPMG" is used to refer to individual member firms within the KPMG organization or to one or more member firms collectively.

KPMG firms operate in 143 countries and territories with more than 265,000 partners and employees working in member firms around the world. Each KPMG firm is a legally distinct and separate entity and describes itself as such. Each KPMG member firm is responsible for its own obligations and liabilities.

KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

In 1992, KPMG became the first international accounting network to be granted a joint venture license in the Chinese Mainland. KPMG was also the first among the Big Four in the Chinese Mainland to convert from a joint venture to a special general partnership, as of 1 August 2012. Additionally, the Hong Kong firm can trace its origins to 1945. This early commitment to this market, together with an unwavering focus on quality, has been the foundation for accumulated industry experience, and is reflected in KPMG's appointment for multidisciplinary services (including audit, tax and advisory) by some of China's most prestigious companies.



Media contact:

Strategic Financial Relations Limited (On behalf of PWMA)

Ingrid Cheng (t) +852 2864 4836 (e) ingrid.cheng@sprg.com.hk

Yoko Li (t) +852 2864 4813 (e) yoko.li@sprg.com.hk

KPMG China

Gemma Ho (t) +852 3927 3171 (e) gemma.ho@kpmg.com