

2020 Risk Radar: Wealth Management Sector

May 2020

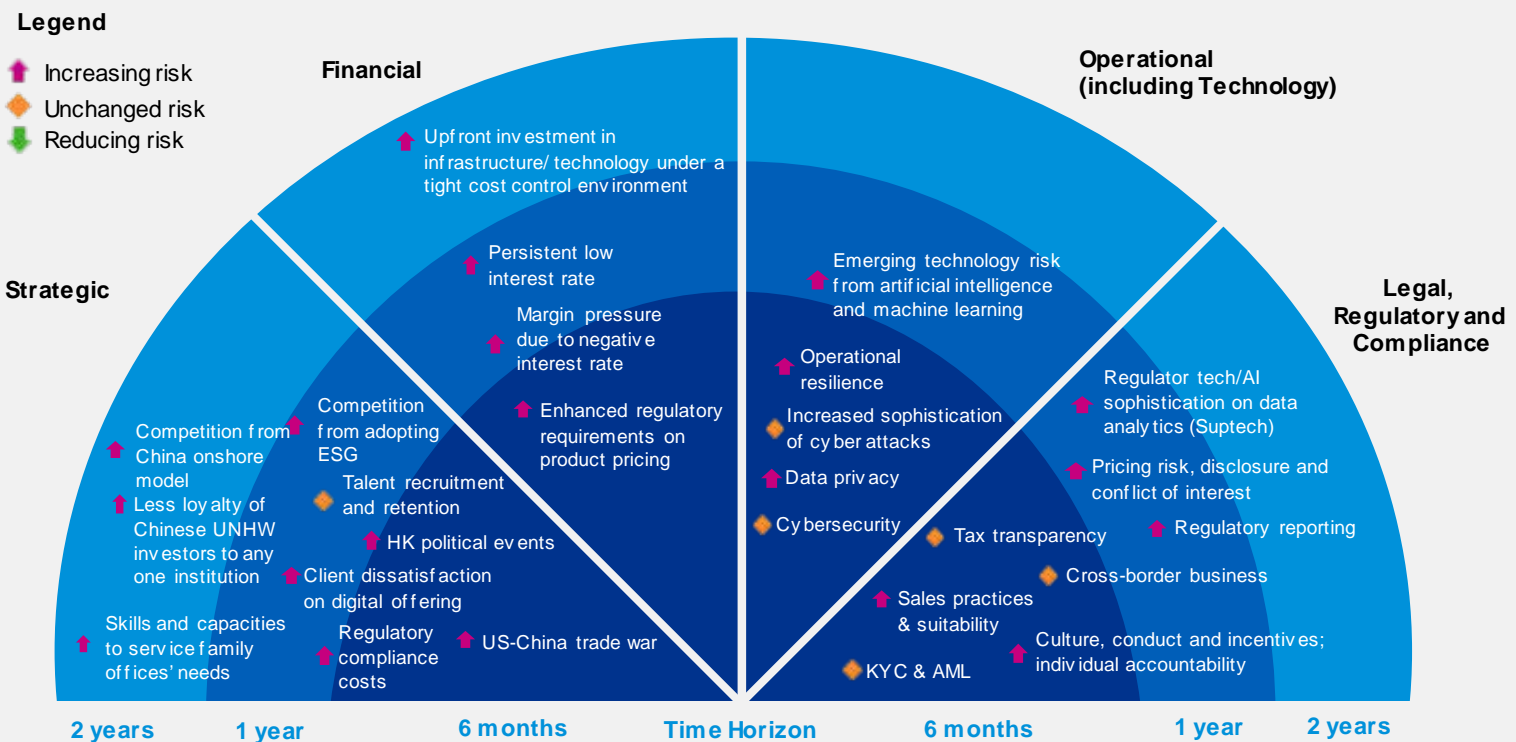
kpmg.com/cn

Hong Kong's wealth management industry has been impacted by the COVID-19 outbreak, with short-term disruption to operational activities, while the long-term impacts are difficult to forecast. Global and regional market uncertainty will impact assets under management in Hong Kong and the overall outlook on profitability in the short-term. With the ongoing development of a cross-boundary wealth management scheme of the Greater Bay Area (GBA), and with China encouraging more foreign banks to expand and invest assets onshore, there are growing opportunities for foreign wealth managers; while domestic managers will have to enhance their efficiency in operations. Regulatory compliance, investment in technology for regulatory compliance and data quality, and operations remain key focus areas.



Key trends impacting the industry in the region:

- Increasing regulatory expectation on managing conflicts of interest in the sales practice, including suitability, pricing transparency, and culture and conduct, posing challenges to the industry given the recent regulatory actions in Hong Kong and Singapore;
- Technology resources are diverting from client experience enhancement to regulatory compliance development, including data quality and management, given the increasing focus on supervisory technology, regulatory reporting and financial crime risk management;
- Conduct continues to be a focus with a great emphasis on incentives and remuneration structure where managers are moving to smart metrics, dashboard with KPIs, data analytics and review from 3rd LOD;
- Effective incorporation of environmental, social and governance (ESG) into the business strategy is essential to long-term success given the increasing interest in sustainable banking from regulators and investors; and
- Increasing regulatory scrutiny in third party risk management (eg. Suitability and execution performed by external AM, cloud service providers, etc.) where outsourcing, data security and confidentiality are the keys.



Contact us

Bonn Liu

Partner, Financial Services
Head of Securities and Investment
Management,
KPMG China
+852 28267241
bonn.liu@kpmg.com

Paul McSheaffrey

Head of Banking & Capital Markets,
Hong Kong
KPMG China
T: +852 2978 8236
E: paul.mcsheaffrey@kpmg.com

Tom Wilson

Partner, Head of Clients & Markets
HK Advisory
KPMG China
+852 2143 8648
thomas.wilson@kpmg.com

Tom Jenkins

Partner, Financial Services
Risk Advisory
KPMG China
+852 21438570
tom.jenkins@kpmg.com

Jianing Song

Partner, Internal Audit, Risk and
Compliance
KPMG China
T: +852 2978 8101
E: jianing.n.song@kpmg.com

Alva Lee

Head of Internal Audit, Risk and
Compliance, Hong Kong
KPMG China
T: +852 2143 8764
E: alva.lee@kpmg.com

Ryan Zhou

Partner, China Banking Partner
KPMG China
+852 26857456
ryan.c.zhou@kpmg.com

Marie Gervacio

Partner, Financial Risk Management,
Risk Consulting
KPMG China
+852 26857880
marie.gervacio@kpmg.com

Vivian Chui

Partner, Financial Services,
Audit,
KPMG China
+852 29788128
vivian.chui@kpmg.com

Neil Macdonald

Head of Wealth & Asset
Management Centre of Excellence
KPMG China
+852 2143 8781
neil.macdonald@kpmg.com

David Lonergan

Director, Financial Services,
Risk Advisory
KPMG China
+852 28267195
david.lonergan@kpmg.com

Ricardo Wenzel

Director, Wealth & Asset
Management
KPMG China
+852 2913 2978
ricardo.wenzel@kpmg.com

Dagmar van Steenbrugge

Associate Director,
Internal Audit,
Risk and Compliance
KPMG China
+852 2847 5060
dagmar.vansteenbrugge@kpmg.com

Giselle Er

Associate Director,
Financial Risk Management,
Risk Consulting
KPMG China
+852 21438831
giselle.er@kpmg.com

Alison Ip

Manager,
Internal Audit,
Risk and Compliance
KPMG China
+852 2847 5175
alison.ip@kpmg.com

Christine Feng

Chief of Staff, Wealth &
Asset Management Centre
of Excellence
KPMG China
+852 2913 2957
christine.feng@kpmg.com



kpmg.com/cn/socialmedia

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2020 KPMG Advisory (Hong Kong) Limited, a Hong Kong limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Hong Kong. The KPMG name and logo are registered trademarks or trademarks of KPMG International.