Managing Wealth Using the Latest Technology

standard chartered priority

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Introduction

Hong Kong's affluent investors are embracing new technological capabilities and setting new priorities. Our research study shows a general confidence with technology-enabled wealth advisory, fluency with the latest tools, and a common desire to blend new tools with professional advice.

"Technology-enabled wealth advisory services will be a major trend in the future. These research findings show users are still very dependent on continued assistance and analysis from relationship managers (RMs) while using new technology. Overall, digital technology is making Hong Kong affluent investors more confident in their investments and more flexible about using AI and expert analysis."

ALSON HO
Head of Wealth Management,
Standard Chartered Hong Kong

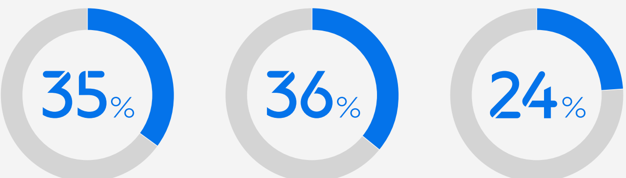
How much money do Hong Kong's affluent investors have to invest?

Average:

HK$4.56M

Baby Boomers:	Gen X:	Millennials:
HK$5.32M	HK$4.28M	HK$4.39M

Prefer mix of expert and digital wealth management



35%	36%	24%
prefer hybrid of RM assistance plus digital wealth management services	prefer RM-led services	prefer purely digital services

Comfortable adopting tech-enabled wealth advisory

77% will adopt it in future (26% certain, 51% likely)

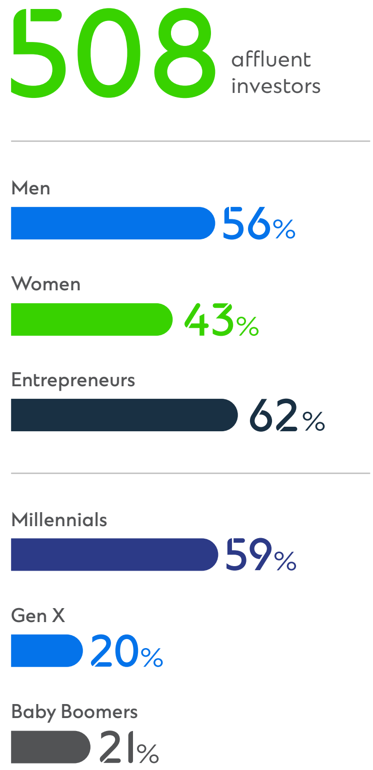
93% believe tech innovations and digital platforms will transform how wealth advisory is delivered in the next five years and expect to use them more going forward

76% anticipate better investment returns brought by technology and digital tools

About the research

We commissioned Sandpiper Research to carry out a survey of Hong Kong affluent investors in June 2023 to gauge their level of understanding and adoption of technology-enabled wealth advisory services. The study polled 508 respondents, each of whom held a minimum of HKD1 million in net investible assets.

Beyond the topline figures, we also wanted to examine the demographic differences within this group, especially in terms of generation, gender, and occupation.



Standout differences

Female entrepreneurs hold net investible assets of **HKD5.06 million**, higher than their male counterparts.

People in **childless relationships** hold the lowest investible assets, at **HKD2.68 million**.

Definitions

Technology-enabled wealth advisory: Use of technology that mimics human intelligence and decision-making to analyse, manage, invest and protect wealth.

Investible assets: The net value or equity of live-in property and other investment properties after deducting outstanding mortgage amounts, plus any cash, shares, ETFs, bonds and foreign currency (excluding the value of collectibles and digital assets).

Entrepreneurs: Respondents who fully or jointly own a business, or who plan to set up a business in the next 12 months.

Technology-enabled wealth advisory

The majority of respondents have at least a good level of understanding of technology-enabled wealth advisory and are currently using it. They believe technology and digital platforms will transform wealth advisory in the next five years and they expect to increase the adoption of technology-enabled wealth advisory in future.

Current level of understanding and adoption

Most respondents say they have an expert (25%) or good (53%) understanding of tech-enabled wealth advisory. Men were more confident in their understanding, with 30% of men saying they have an expert level of understanding, as opposed to 20% of women. This generally familiarity with technology-enabled wealth advisory among respondents probably explains the relatively high level of adoption (68%), including 28% who claim they are already using such tools directly.

Affluent investors expect wealth advisory services to provide high-quality investment recommendations (63%), customised investment and risk management (62%) and comprehensive wealth planning (53%).

Confidence

Confidence in using new technological tools is high. 86% have confidence (29% high confidence and 57% moderate confidence) in adopting technology and digital tools in the wealth advisory process.

Our respondents are also confident about the impact these tools can have. 76% of Hong Kong's affluent investors anticipate better investment returns brought by technology and digital tools. A full 93% believe innovations in technology/digital platforms can transform how wealth advisory will be delivered in the next five years.

Future adoption

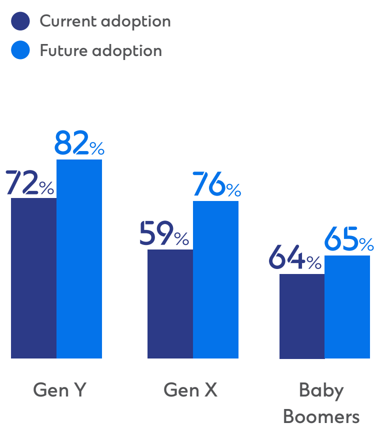
There is a widespread expectation that these tools will become more essential as time goes on. 92% of respondents expect to increase their use of these tools over the next five years (including 96% of female entrepreneurs), with older millennials (aged 27 to 34) being more sure about this than younger millennials (aged 35 to 42).

The main reasons for affluent Hong Kong investors to adopt technology-enabled wealth advisory in the future are more objective advice (68%), better returns (58%), and enhanced accessibility (51%). Again, some notable differences emerge within the millennial generation. Older millennials prioritise higher returns more than their younger counterparts (66% vs 54%), and also express greater confidence in technology and digital tools achieving better returns (66% vs 54%).

Gender differences

	Women	Men
Complete trust in technology and digital tools for wealth management	11%	21%
Expect trust to increase over next 3-5 years	55%	73%
Low confidence about adopting and understanding technology and digital tools in the wealth advisory process	20%	7%
Anticipate better investment returns brought by technology and digital tools	70%	79%

Adoption level by generation



AI on the horizon

Artificial Intelligence (AI) is becoming important in helping affluent investors achieve their financial goals, and the majority are already willing to take complex wealth advice from AI. 78% of affluent investors believe that AI will become important in helping them achieve their financial goals over the next three years. 35% of older millennials believe this to be 'very important', while only 26% of younger millennials share this view.

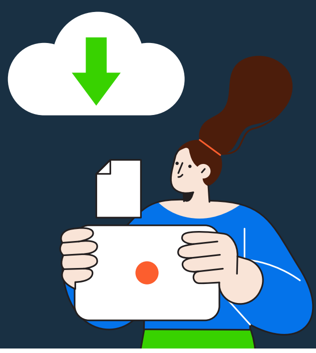
Strikingly, over two-thirds (68%) of affluent investors (including three-quarters – 74% – of millennials) say they would be willing to take complex wealth advice from AI instead of a human or are open to doing so.

Demand for professional advice

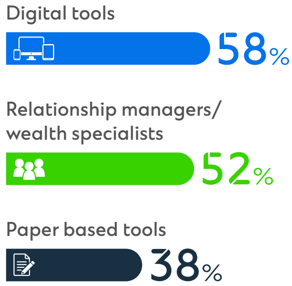
At the same time, the survey shows a general need for continued assistance from professional advisors alongside the use of new technology, as 84% of respondents said they want continued in-person interaction with their relationship manager or wealth specialist. Hong Kong's affluent investors exhibit a clear preference for a hybrid of the two (35%) or advisor-led (36%) services over purely digital wealth management services (24%). This trend was largely consistent across age groups.

Respondents cited access to exclusive services and investment opportunities (60%), trust-based and personal relationships (58%), and personalised services and tailored advice (43%) as key reasons for preferring professional advisors over digital tools.

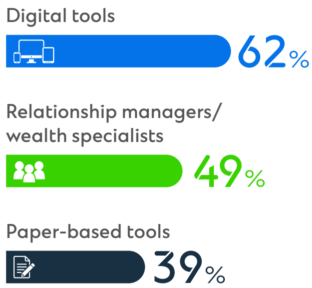
Standard Chartered RMs are professionally trained through its Wealth Academy in partnership with INSEAD, one of the world's leading graduate business schools. They are future-ready advisors who use new technology among a wide range of other skills to stay ahead of the market and meet clients' financial goals.



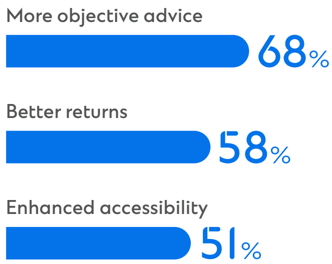
Most common ways to keep track of investment progress



Millennials most favour using



Top reasons for adopting tech-enabled wealth advisory in future



Summary

In general, Hong Kong's affluent investors have a good understanding of technology-enabled wealth advisory tools and an increasing willingness to use them going forward. They tend to appreciate the growing investment capabilities they have access to, including AI, but at the same time are flexible about using these in combination with professional investment advice.

This holds true across genders and generations, although some significant divergences emerge from the figures. In general, women report being generally slightly less confident in using these tools, while younger people are more likely to be using them in practice. Overall however, it seems that Hong Kong's affluent investors are primed to make the most of new developments in wealth advisory services.

"The survey shows affluent investors' increasing acceptance of technology-enabled wealth advisory services. Nearly 40% of this survey's respondents want to receive house view investment advice to support their wealth management needs. The Wealth Management Chief Investment Office (CIO) established by Standard Chartered meets this need well – our Signature CIO Funds, based on views of the Group's CIO, are constructed to offer sustainable risk-adjusted returns, capitalising on near-term market or economic conditions, which will be reviewed and rebalanced regularly."

Alson Ho, Head of Wealth Management, Standard Chartered Hong Kong

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