

Eye on the digital prize: Tech strategies in asset management

Cyber and customer experiences driving asset management investments



Technology is never far from asset managers' radars. And as [KPMG's 2021 Asset Management Opportunities and Risk report](#) confirms, digital appetites within the Canadian sector are as strong as ever.

The statistics are telling. 91 per cent of our survey respondents are increasing their investments in digital technologies over the next 24 months, while all are planning to do the same over the next five years. Granted, asset management firms have long viewed digital transformation as a means of staying competitive and ahead of customer expectations, but pandemic trends (e.g., remote work, virtual customer service, etc.) have convinced many firms to double down.

The defense (never) rests

Investments in digital systems, services, and channels are taking place across asset management operations. Primarily, KPMG's survey indicates that 82 per cent of asset managers plan to increase their spending on cyber security over the next 24 months.

This is also to be expected. Asset managers are increasingly attuned to the risks associated with moving deeper into virtual territory. And while many have already spent years enhancing their cyber security controls and processes, cyber attackers continue to up the ante. Data thieves and hackers are not only becoming bolder and more creative, but they're also expanding their sights beyond the organization and towards their clients and supply chain vendors. Moving forward, being cyber mature requires ongoing investments in the talent and technologies that will keep organizations one step ahead of potential threats (and out of the headlines).

Investments in cyber security are being divided among several priorities. For one, the fast and widespread adoption of cloud-based systems and team platforms has triggered the need for better cyber security controls and processes around cloud computing. At the same time, firms are putting more resources into DevOps programs to ensure their online customer services and applications are equally secure. These

investments are expected to remain steady as firms expand on their virtual channels and explore ways to input automation and artificial intelligence into their service pipelines.

Identity management is also seizing a share of cyber investments. As remote work and digital service models become the norm, firms recognize the importance of ensuring everyone accessing their systems and services is who they claim to be. To that end, new systems and controls are being added to verify an individual's identity at their digital point of entry (e.g., two-factor authentication) and control their level of access.

Detective cyber security is yet another area of focus. Thwarting hacks as they occur is key, but so is implementing the detective and monitoring controls that identify and stop threats before they do damage. Most organizations have some form of cyber monitoring, but their effectiveness varies. As such, firms are acquiring the most proven tools and skills to track the risk landscape as it evolves.

Data in the mix

Asset managers have understood the value of data analytics for decades. Now, sophisticated data tools and algorithms that were once the domain of large-size firms and financial institutions are becoming more

accessible to all asset management organizations. Today, firms of all sizes are wielding advanced data scrubbing programs and natural language processing tools to extract and apply data from multiple sources (e.g., web, sentiment data, consumer, company reports, credit card data, etc.).

Ahead, the democratization of data analytics technology will grant all asset managers the means to use cleaner, more relevant, and timelier data to drive multiple objectives. That includes gaining deeper customer insights (e.g., KYC), assessing ESG strategies, managing industry compliance, or getting ahead of market trends. All of this takes investment, but considering the advantages that stronger data analytics can provide, it's money well spent.

Next-gen customer experiences

Asset management thrives on trusted client relationships. These have been harder to form and maintain in a time of office shutdowns and social distancing. To bridge the gap, asset managers are making upgrades throughout their offices to enhance the customer journey.

We will see equal levels of digital investments being made in the back, middle, and front offices. Front office investments range from client-facing functions (e.g., sales and marketing or investor relation portals) to risk management capabilities. Meanwhile, asset managers tell us their middle-office investments are targeting more effective customer relationship management tools, marketing capabilities, and client onboarding.



Still, enhancing the customer journey is about more than supporting new digital channels and virtual services. It's about embedding automation, intelligent systems, and integrated platforms on the back-end to support front-office initiatives. After all, cutting-edge channels and applications won't make an impact if the back-office can't deliver.

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The evolution continues

The pandemic has done little to dampen asset managers' interest in digital transformation. If anything, the challenges of the day are sharpening the industry's focus on cyber and technology investments that will keep firms secure and competitive, post-pandemic and beyond.

It's a digital future for asset management, but getting there requires strategy. Let KPMG's Asset Management team help lead the way with tailored insights, technology knowledge, implementation support, and future-proof planning.

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