

## VIDEO

June 9, 2017

# Focus on Funds: Sweeping Changes for Global Funds

Focus on Funds

## Sweeping Changes for Global Funds

Global asset managers face an environment in which sweeping technological, regulatory, and political changes are transforming the business. In the June 09, 2017, edition of Focus on Funds, ICI Global Managing Director Dan Waters outlines the most important trends.

### Transcript

**Stephanie Ortvals-Tibbs, media relations director, ICI:** What are the chief concerns of global asset managers these days? At ICI's recent General Membership Meeting, leaders from asset managers in Asia, Europe, and the US got together and talked about what's on their agenda. Afterwards, ICI Global's Managing Director shared some key takeaways.

**Dan Waters, ICI global managing director:** One of the points that was really very interesting—and usually relevant to ICI Global's reason for being in the world—is the phenomenon of regulatory developments crossing borders and getting global traction.

So, the example was the RDR [Retail Distribution Review], which was an initiative in the United Kingdom about banning commission and trying to reorganize the incentives around selling. Very recently, the Japanese authorities' Financial Services Agency has published these customer-oriented principals. They're all about fiduciary responsibility—again, picking up on the DOL work that is going on here—and addressing portfolio turnover or worries about churning, making sure the advice and the trading is in the interest of the client, so that was very interesting. Every time we meet with our members, all around the world, all the talk is around what is happening with distribution and how is that changing.

And speaking of that, the next point I think I would draw is technology, where both Martin Gilbert and David Semaya very clearly said that if asset managers don't get on top of this technology game, in terms of the interface with clients, they're going to lose their clients to robo-advisers and others who have that capability. It was as bluntly stated as that, which is pretty interesting. And you do see managers, somewhat quietly, moving into this space of building capability to deal directly with clients. This is new.

**Ortbals-Tibbs:** Dan, these days no global discussion would be complete without talking about Brexit.

**Waters:** So, Brexit was kind of a surprise, being as I am sitting in London and, of course, “Brexit, Brexit, Brexit”—it’s on everybody’s lips all of the time, and there’s a huge amount of uncertainty. I mean, we just don’t know what’s going to happen. So the question was put from the audience, “Will London be the financial capital of Europe in 10 years?” And the answer from both Martin and David was a resounding yes, because of all the things that you hear said about London—you know, the concentration of expertise and knowledge and experience, the infrastructure. The history, as David Semaya said, is not 10 years, not 20, but 125 years, or whatever it is.

So, that was interesting to hear that. And I think that they also recognize that there is a danger for asset managers in particular if the ability to delegate were to be threatened. And that would of course not just be a UK/Europe issue—that would be a huge global issue, and indeed I think that we worry that a constriction of delegation could threaten the success of the UCITS brand, which is the only successful global fund brand that we’ve got. So that’s a message that ICI Global has been carrying into these discussions.

## **Additional Resources**

- [\*Viewpoints: Industry Leaders Highlight Opportunities Presented by Industry Change\*](#)
- [\*Viewpoints: Geopolitics and Global Business: What the Future Holds\*](#)
- [\*Global Capital Markets Conference Highlights\*](#)
- [\*Focus on Funds: Top Concerns for Funds as Brexit Begins\*](#)