

# **The Sharpfin Trend Report 2023**

**- A compass for the digital currents in  
Wealth management**



# Foreword

Welcome to the first annual Sharpfin report about trends in Wealth Management! We have gathered ten trends that influence the day-to-day business of wealth managers globally. In order to be relevant for the years to come, wealth managers have to relate to these trends and make sure they have vendors and providers who understand them and work with them.

At Sharpfin we are driving change in these areas or at least in the areas which we have the power to influence. Using ESG investing (trend 1) as an example, as a wealth manager, you must be certain that your clients' preferences are properly documented, and you need to regularly follow up that their investments are in line with their preferences. With Sharpfin, you get one of the best tools for documenting ESG preferences. However, following up on the investment side is complicated for anyone due to lack of ESG data for companies. When the data is available, Sharpfin will also feature efficient tools for this part of the process.

Automation (trend 2) is one that we are particularly fond of. We do not at all see this trend as a threat to wealth managers. People

will always want a trusted person to talk to about their investments. Automation helps you become that person. You can:

- cut administration cost
- enhance quality of advice and follow-up
- increase efficiency

in order to be able to spend more, not less, time with your clients. This is especially important in times where stock markets may decline due to increased interest rates and inflation (trend 10).

**Are you lacking direction for business development of your wealth management organization?** Let us be your compass to for the digital currents in wealth management.



**Marcus Alin**  
CEO

## About Sharpfin

Sharpfin is the ambitious challenger providing a cloud based, powerful solution built on better technology for the financial community in the areas of wealth management. Sharpfins competitive edge lies in the depth of knowledge of wealth management and how to do it with better technology.

Sharpfins customers include successful niche banks, wealth management firms and family offices across the European region. Sharpfin provides sales and quality support services from its head quarter located in Stockholm.

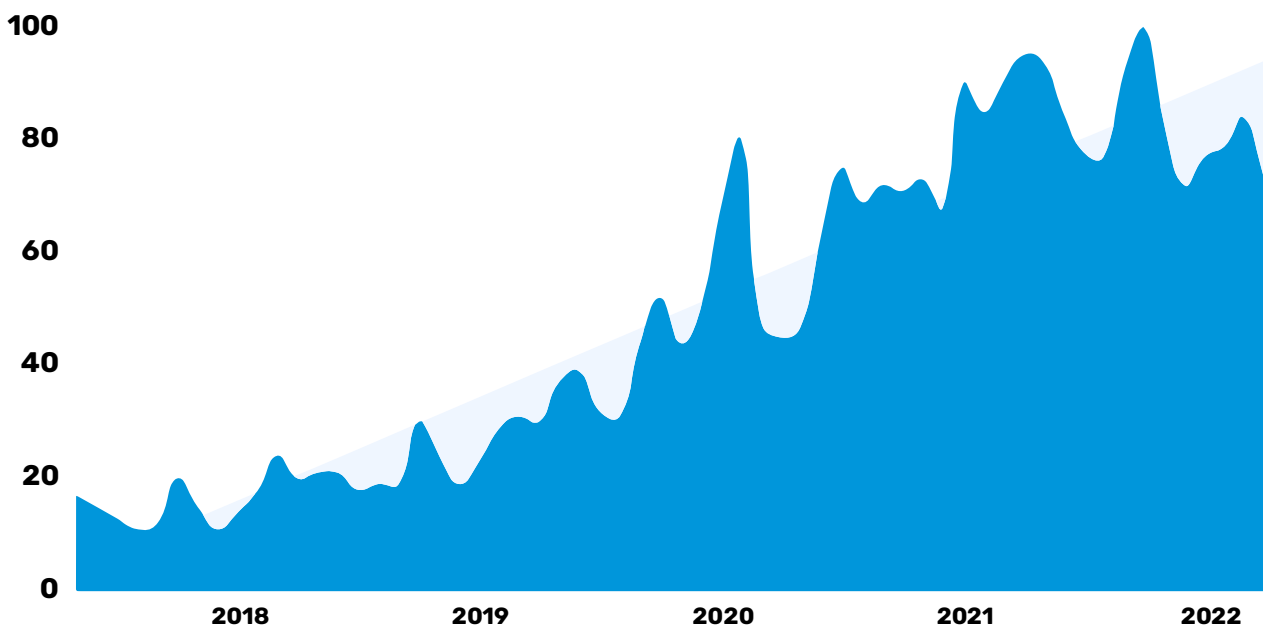
## Trend 1: ESG Investing

Although ESG investing isn't really a trend anymore, there are always trends within ESG coming and going. Green investing, SRI, and, now latest, green hydrogen are some of the pillars, and without a focus and commitment to ESG investing, wealth advisors face losing clients:

Research from behavioral finance experts Oxford Risk shows that 63% of the questioned retail investors had already moved, or would consider moving, their investments to new advisors if they were not happy about the ESG focus their current wealth managers showed.

## Trend 2: Automation

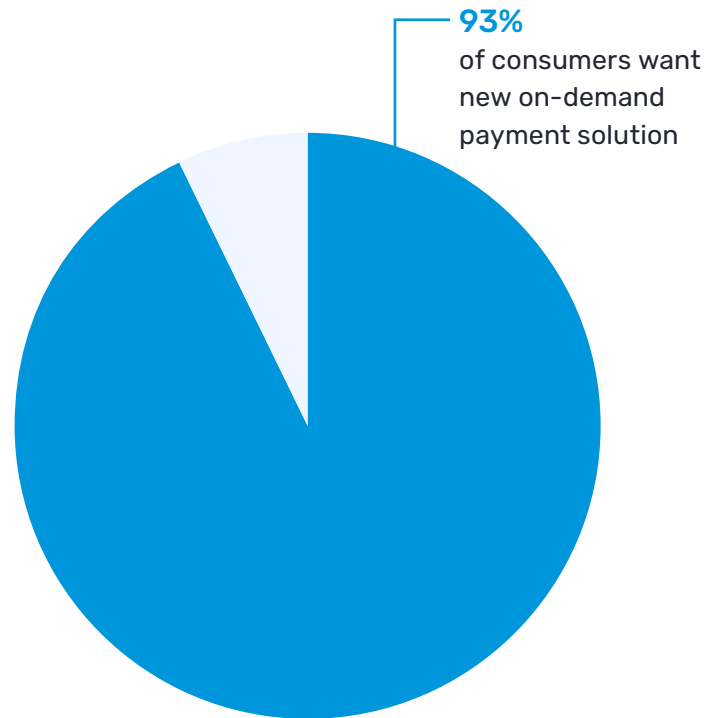
Companies will be making many choices about automation in the next few years - choices that will influence how employees, customers, and other stakeholders perceive the company. Remember that using smart tech solutions requires leaders to learn more about automation and how to use tech in a way that makes work better, healthier, and happier for everyone.



Search interest in "ESG Investing" has grown by 490% over the last five years. Source: [Exploding Topics](#).

### Trend 3: Instant Payment Solutions

In an on-demand, open banking world, instant payments are needed. Consumers are increasingly turning to new forms of payment, embracing contactless and mobile solutions due to the convenience these methods bring. In a recent survey conducted by Mastercard, 93% of consumers are willing to try new emerging payment methods, offering more security while keeping the convenience of instant payments, a trend that's becoming increasingly standardized by the day. Open banking and instant payments is currently being embraced by the entire financial sector, and is starting to find its way to all sizes of players in the field.



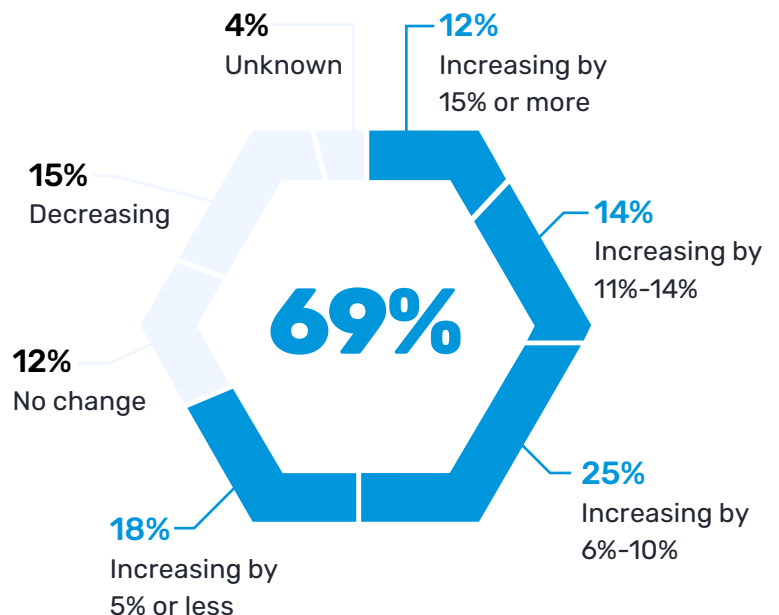
According to *Mastercards survey*, 93% of consumers are willing to try additional emerging payment methods including biometrics, digital currencies and QR codes.

### Trend 4: Microservices

With microservices, intricate systems are broken into smaller pieces separate from the main framework. This enables developers to build innovative cloud-native applications that enhance business value quickly, without the need to change the whole infrastructure, pushing innovation at a quicker pace.

### Trend 5: Cybersecurity

As technology advances, so needs cybersecurity to do. Businesses are already taking online security issues more seriously today than before, and that interest is expected to grow. From 2022 to 2030, the global cybersecurity market is expected to expand at a compound annual growth rate (CAGR) of 12.0% – something to keep in mind during the coming years.



69% of organizations predicted a rise in cyber spending in 2022 compared to 55% in 2021. Source: *PwC*.

## Trend 6: Alternative digital investments

The industry of alternative investments is ever-evolving and, as we all know, the pandemic has increased the pressure to digitize. Data and technology are in the center of many industries, not least investments, changing the current and future priorities of asset managers. Whether it's cryptocurrency, NFTs, or DeFi (decentralized finance), you can expect to see more of it in the coming years.

**Keep in mind:** Just as the future is as risky as it is exciting; so can alternative investments be.

## Trend 7: The Cloud

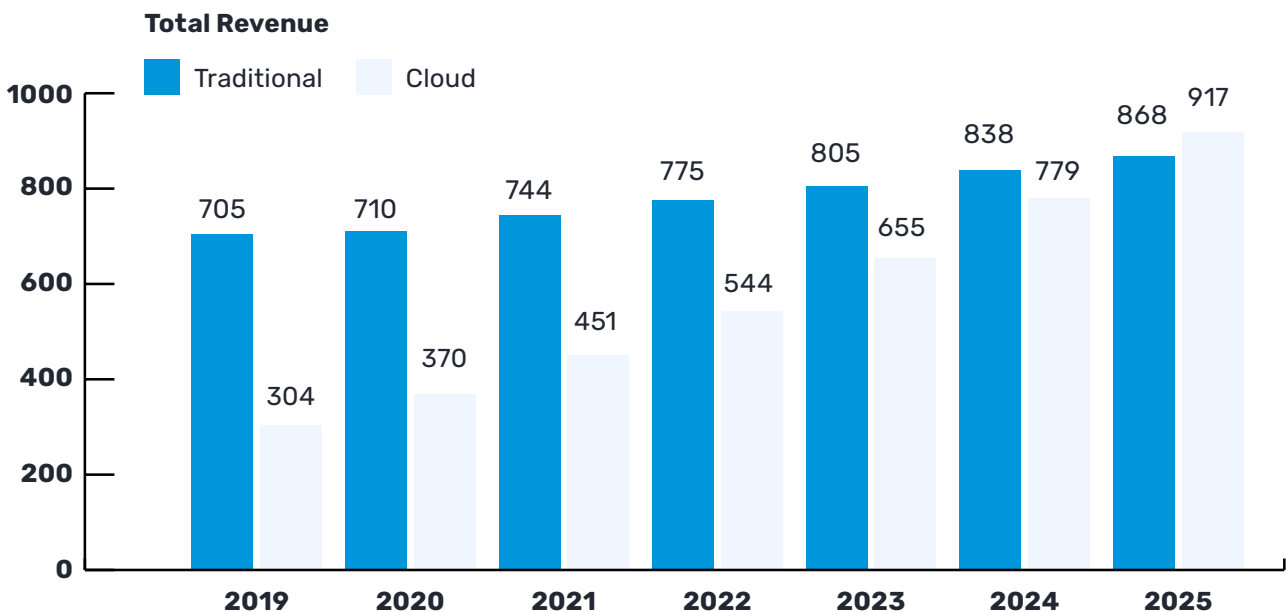
With a continuous influx of data, there's no question whether the cloud's boom will increase or not. The question is rather how organizations will adapt to cloud management software, and how cloud investing will advance.

**Keep in mind:** Despite the clear increase in cloud solutions across the business landscape, many are not fully aware of how it will alter the way businesses operate today.

## Trend 8: Digital customer-centricity

Human-centered design looks to be business-critical for wealth managers in the future. The wealth management industry has always been known for its reliance on interpersonal relationships. Therefore, as firms gear up their digital acceleration, they must do this with a mix of tech-driven efficiency together with a human touch.

A study by Temenos found that an emotional connection to a firm or service can increase customer lifetime value by 800%. As part of their digital transformation, financial advisors are embedding customer-centricity into their product and interface designs to ensure a superior customer experience.



Source: *Gartner*



## Trend 9: Internet of Things

With Wi-fi 6, 5G and many other new technological features coming, the growth potential of the IoT industry is vast. Regardless of industry or field, IoT will be one of the most influential digital transformation trends during the coming years – with investments in related companies increasing as well.

**Keep in mind:** The technology is moving faster than the regulatory environment, so make sure you're aware of potential risks.

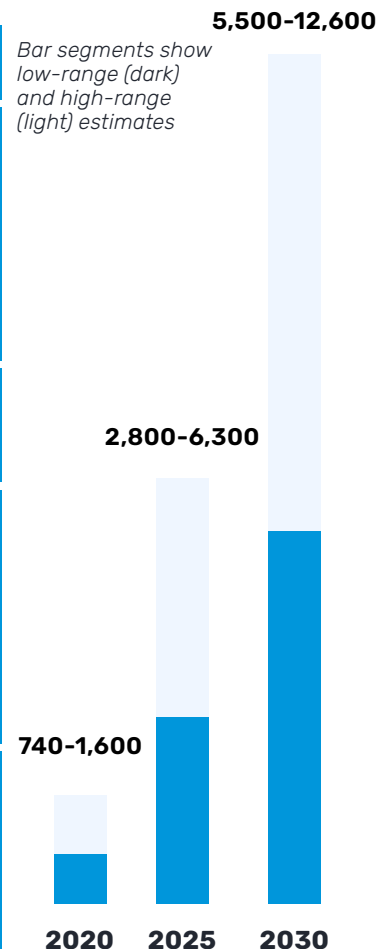
## Trend 10: Inflation

Although it was initially held to be a short-term trend, it's clear now that inflation isn't going away anytime soon. Instead, it's time to start rethinking how the digital landscape will alter the current economic climate; how can businesses use IoT, data, the metaverse, and more, to drive industries forward, navigate the future trends, and face the future economy?

### Estimated 2030 economic value of Internet of Things adoption by setting, \$ billion

Vehicle <b>430-620</b>		Office <b>240-500</b>	
Retail environment <b>650-1,150</b>	Outside <b>400-930</b>	Home <b>440-830</b>	
City <b>970-1,700</b>			
Human health <b>550-1,770</b>		Work site <b>400-1,730</b>	
City <b>1,430-3,320</b>			

### Total



Note: Segment sizes based on high-end estimates. Figures may not sum to listed totals, because of rounding. Source: McKinsey & Company.