

EDITORIAL

SUSTAINABLE INVESTING IS A PRIORITY FOR HNWI

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Philanthropy Impact was recently involved with The Wealth Mosaic's third edition of their UK WealthTech Landscape Report, which focused on futureproofing for wealth firms. With new regulations, client demand and the effects of the pandemic, the wealth industry has been in continuous flux as it works to meet the interests of clients in this rapidly changing world.

There is a new generation of clients, driven by Millennials and women of wealth (but not exclusive to them), that tend to focus on impact investment and environmental, social and governance (ESG) investment, and we are observing that the professional advice industry is finding this a challenge. Philanthropy Impact wrote the foreword to this report, as it aims to share the best methods to meet these new expectations, an area in which we are bringing huge value to the private client wealth industry. You can download the report [here](#)

On 12 July 2022, the report was launched with an in-person event, where the findings were presented and discussed. We first heard from Capgemini, who presented the global findings from their [World Wealth Report 2022](#), which had a focus on the need for customer first strategies – putting the client at the heart of wealth management. One of the four key highlights was that HNWIs demonstrated measurable interest in emerging asset classes, especially ESG and digital, and vocalised their desire for better digital and personalised offerings.

Other interesting findings from Capgemini were that sustainable investing is a priority for HNWI. 66 per cent of HNWIs across Europe say investing in causes with ESG impact is a key objective when it comes to managing their wealth, and sustainable investing is a priority for them. This is positive news, with 64 per cent saying they ask for an ESG score to learn about a fund's societal impact and performance. However, 50 per cent of

wealth managers lack clarity regarding sustainable investing returns, and it is clear from these findings that, whilst clients are demanding more clarity when discussing ESG and impact investing, the wealth industry is still unable to offer this, and there is a need and desire for upskilling the workforce in this area.

There was consistent theme of HNWI demanding complex and holistic services, and I found myself reflecting that this is similar to the challenge we face with the adoption of bespoke philanthropy, social investment and impact investing by traditional firms. Even though clients are increasingly demanding this, why is it only a few early-adopter firms are taking on this challenge and finding solutions?

This was an important concept for me as I sat listening to the debate because, as our network knows, the key to long-term, strong and personalised relationships is discussing values with your clients. First, understanding what they want their wealth for – the impact they want it to have (on their family, their life and perhaps on society as a whole) – and then developing and applying their wealth strategy. The mechanics of which could easily be automated and digital. For example, asking questions about clients' motivations, goals and ambitions for their wealth, before assuming they wish to grow and accumulate wealth, would allow for the digital markers needed to create bespoke digital accounts.

For me, alongside the insight around the need for the tech industry to support wealth firms in adopting digital services, this was an enlightening session which highlighted that having values-based conversations with clients on a regular basis, regarding the impact of their wealth strategies, will be the differentiator for firms as inevitably we move towards a more digital service offering.

The early adopters of both digital services and values-based, purpose-driven wealth

strategies will be ready to meet the rapidly emerging client expectation. Firms with professional advisors who are empowered to discuss wealth, values and impact in more depth with their clients will be able to delicately, and proactively, find the balance between a client's expectation of an instant digital offering and their expectation of a bespoke and personal-touch relationship. This will help to create long-term, strong client relationships.



ZOFIA SOCHANIK

Zofia joined Philanthropy Impact as Director, Membership and Development in Oct 2019 and is responsible for ensuring members have access to the most relevant and up to date intelligence in the philanthropy, social investment, impact and sustainable investment space. Zofia has over 18 years' experience within the sector, working with UK organisations such as University of Liverpool, The Prince's Trust, National Deaf Children's Society and several international projects in Sub-Saharan Africa. Zofia began her consultancy in 2014 after recognising that there was a need for professional philanthropy advisors with extensive knowledge of giving strategies, impact and the charity sector, to enable (U) HNWI and their advisors, foundations, businesses and charitable organisations to work together to create the most effective change that they seek. Zofia worked with individuals and their professional advisors on personalised strategic giving, also advising on charity governance and reporting, facilitating training sessions and creating thoughtful learning space around impact for both funders and projects.