# Wealth management in APAC faces transformation driven by technology, client demands and regulation



The wealth management sector in the Asia-Pacific (APAC) region is experiencing a significant transformation driven by evolving client expectations, technological innovation, and regulatory pressures, according to an in-depth analysis by Mary Leung, Senior Advisor, Research and Advocacy at the CFA Institute, published in Regulation Asia.

With assets under management (AUM) in APAC reaching USD 21.1 trillion in 2023 and intergenerational wealth transfers projected at USD 5.8 trillion by 2030, the sector is poised for growth but faces new challenges that demand adaptation beyond traditional strengths such as established brand names and exclusive client relationships.

Clients today seek highly personalised wealth management services characterised by bespoke solutions, intuitive digital platforms, product innovation, and transparent fee structures. While technology such as robo-advisors, commission-free trading, and AI-powered tools promise increased efficiency and new revenue avenues—with 45% of asset and wealth managers expecting AI to generate new income streams within a year (PwC)—clients still value human elements in advice. A McKinsey survey cited by Leung found that although 80% of wealth clients in APAC are open to digital solutions, nearly half prefer hybrid models combining automated platforms with trusted human advisors. Clients are also cost-conscious, with half indicating willingness to pay only 10-20% of traditional advisory fees when using digital platforms.

Another technological advance gaining traction is the use of tokenised assets, leveraging distributed ledger technology to enhance transparency and provide fractional access to typically illiquid investments like private equity and real estate. A CFA Institute report highlights the potential for these innovations to reshape investment fund distribution and structure. Nevertheless, these developments raise questions about the future role of human advisors: the ability to provide empathy, nuanced judgment, and contextual insights are qualities that current technology cannot replicate.

The APAC wealth market remains geographically diverse and dynamic. Australia, China, and Japan are the largest onshore markets by AUM, while Singapore and Hong Kong have consolidated their positions as major offshore hubs, jointly managing about USD 2.6 trillion in offshore assets and hosting roughly 15% of the world’s single-family offices. Inflows into Singapore have increased from ASEAN countries such as Indonesia, Malaysia, Thailand, and Vietnam, whereas Hong Kong has seen renewed inflows from China, according to Accenture data.

Complexities have grown as client profiles become more global, multigenerational, and values-driven. Wealth managers must address intricate cross-border tax and estate planning issues, integrate environmental, social, and governance (ESG) considerations, and expand product knowledge to include alternative asset classes and tokenised instruments. This evolving landscape necessitates continuous professional development for advisors, demanding not only relationship management skills but also expertise in products, digital tools, and regulatory changes — rendering professionalism and trust critical competitive advantages.

Regulatory scrutiny has intensified, following a series of high-profile misconduct cases which have threatened industry reputation and client trust. For instance, Hong Kong’s Hang Seng Bank was fined HK$66.4 million (approximately USD 8.5 million) for overcharging clients. In Singapore, JP Morgan was penalised SGD 3.3 million (approximately USD 2.4 million) for inadequate disclosures by relationship managers. In Australia, the 2019 Hayne Royal Commission revealed that in 75% of financial advice files reviewed, advisors failed to act in clients' best interests. The impact was severe, with the Australian Securities and Investments Commission (ASIC) reporting that six of the country’s largest financial groups paid or offered AUD 4.7 billion in compensation in 2022 alone for misconduct and non-compliant advice.

In response, regulatory bodies across the region have heightened enforcement and introduced reforms. Australia enacted the Design and Distribution Obligations and the Better Financial Outcomes (DBFO) Act in 2024, focusing on improving financial advice quality and eliminating conflicted remuneration, alongside establishing a Compensation Scheme of Last Resort (CSLR) that compensates victims of financial services misconduct up to AUD 150,000. The Monetary Authority of Singapore (MAS) expanded its Fair Dealing Guidelines in May 2024 to cover all financial institutions and all products and services—not just investment products and advisory services—and emphasised the accountability of boards and senior management for embedding fair dealing into organisational culture and governance. These measures require objective processes for customer application assessments, product suitability verification, clear client communication, and staff competence assurance.

The growing regulatory emphasis reflects earlier findings from the CFA Institute’s 2019 report on sales inducements, which warned that commission-driven advice models could misalign incentives and harm investor outcomes, advocating for transparency, professionalism, accountability, and clarity about the advisor’s duty of care.

Culture has emerged as a pivotal element in shaping regulatory compliance and industry conduct. Australian Prudential Regulation Authority (APRA) integrates risk culture evaluations into its supervisory framework, focusing on how corporate values and incentives affect behaviour. MAS’s Individual Accountability and Conduct Guidelines specify clear responsibility for conduct standards within financial institutions, and Hong Kong’s Manager-in-Charge regime holds senior executives accountable for misconduct.

However, Leung emphasises that culture is not enforceable solely through regulation but must be intentionally cultivated through recruitment, training, incentives, and open dialogue. Beyond client-facing personnel, roles such as product gatekeepers, platform designers, and compliance officers contribute to shaping conduct. Keeping abreast of product innovation, technological change, and regulatory developments is considered a baseline expectation.

The analysis concludes that the APAC wealth management industry stands at an inflection point where substantial growth potential coincides with elevated client expectations and intensifying regulatory oversight. Success will depend on abandoning outdated sales models in favour of transparency, professionalism, and a client-centric, digitally savvy approach. Regulatory compliance has become a minimum requirement while the ability to build enduring trust through culture, competence, and clarity will define leadership in the sector.

Mary Leung, author of the report, summarises this perspective: “Building a durable foundation of trust in a fast-changing world and having the courage to evolve while staying anchored in what matters most would be key. By embedding a culture of transparency and integrity at all levels, wealth managers can build lasting trust that withstands regulatory scrutiny and enhances client loyalty.”

This comprehensive assessment in Regulation Asia highlights the complexities and opportunities defining the future of wealth management across Asia-Pacific.

Source: [Noah Wire Services](https://www.noahwire.com)

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