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Wealth and Asset Management Firms Are Still Hesitant On U.S. Economy

Ongoing rate hikes, uncertain market performance, geopolitical tensions, and increased competition all contribute to overall cautious economic predictions.

Isaac M. O'Bannon • Aug. 17, 2023

Two new industry surveys from the wealth management and asset management sectors to gain insights into their current economic challenges and how they're positioning themselves for long-term market stability. The surveys were commissioned by Wipfli LLP (Wipfli), a top 20 advisory and accounting firm.

Ongoing rate hikes, uncertain market performance, geopolitical tensions, and increased competition all contribute to overall cautious economic predictions in both the new State of Wealth Management and State of Asset Management industry reports.

"Our research indicates common themes uniting wealth management and asset management firms' priorities," said Anna Kooi, financial services and institutions practice leader at Wipfli. "Employee retention and recruitment, client engagement, and technology integration are all crucial for future success, and firms have to balance budget allocations and investments in each area appropriately."

Both wealth management and asset management firms anticipate shifting economic times ahead, with 62% of wealth management firms and 72% of asset management firms expecting a U.S. recession in the next 12 months. Accordingly, the majority of survey participants for each industry estimate conservative market growth of five to eight percent over the next 12 months (55% wealth, 65% asset). Less than a third for both industries anticipate standard growth of eight to ten percent.

Recruiting top talent and implementing technology are key concerns for both industries. About two-thirds of both industries (66% wealth, 69% asset) list employee recruitment as one of their top concerns, and asset management firms note that talent management is their most important strategic focus. Also, asset management firms are ahead of the curve in recognizing how technology can assist and automate tasks for employees, while wealth management firms are also focused on new client acquisition and cultivation.

"Wealth management firms need to focus on targeted strategies that will help them foster long-term stability and viability," said Paul Lally, wealth and asset management industry leader, principal at Wipfli. "In today's uncertain economy, it's critical for firms to adapt and constantly reassess their growth strategies."

For example, most wealth management firms surveyed listed new client demographics as a key priority, but the majority also reported making no changes to their client acquisition strategies. In addition, offering employee flexibility was seen as key to addressing recruiting concerns, yet 64% of wealth respondents also expected employees to work in the office five days a week. Workplace flexibility and increased employee benefits will be key for firms to attract new talent, and wealth management firms should ensure that their growth plans align with their overall goals and initiatives to avoid contradictions in their strategies.

Asset management respondents are experiencing a massive shift in how technology is applied in their day-to-day. Three-quarters of asset firms surveyed named “managing and implementing change” as the top factor driving their goal achievement. With the onset of industry-changing technologies like artificial intelligence enhancing their work, asset management firms know that they are on the precipice of a new era.

“Asset management firms recognize the important role technology will need to play due to the ever increasing complexity of investment opportunities and client demands.” said Ron Niemaszyk, partner for Wipfli’s wealth and asset management practice. “New and older generations of clients are increasingly comfortable with technology, and expect firms to provide a level of reporting on metrics well beyond that of monthly returns. Investors are now looking for insights into their portfolios risks and exposure to ESG initiatives. Firms who begin offering this type of reporting now can establish an edge in client acquisition over less progressive competitors.”

Technological integration is transforming how wealth management and asset management firms do business. In both industries, some firms are already using technology to support more efficient client onboarding and account management processes, as well as using data analytics to inform business decisions. Eighty-three percent of asset management firms are using business analytics to support data-driven decisions, and 58% of wealth management firms have increased their use of analytics in key business strategies.

The wealth management survey was based on responses from 102 wealth management firms across 28 states, and the asset management survey had 99 firms respond across 31 states. Both the State of the asset management report and the State of the wealth management report can be found on Wipfli’s website:

State of the Asset management industry 2023 research report

State of the wealth management industry research and outlook 2023

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