From Sandbox to Bridge: The Role of the Greater Bay Area in Connecting China with Global Asset Management

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A year after our initial insight report *China Asset Management at an Inflection Point*, we are delighted to present this second publication exploring the role of the Greater Bay Area (GBA) in the ongoing transformation of asset management in China. Over the past year, the Chinese asset management market has continued developing at lightning speed. Overall, industry assets under management (AUM) reached $18 trillion and a multitude of local entities and partnerships between domestic and global industry leaders have been set up to service this ever-growing demand. Section one of this publication provides a brief update on the major transformation drivers highlighted by our initial report. It is the interplay of two dynamics unfolding in parallel that make developments in China so exciting: the rapid professionalization of the domestic market (i.e. the inflection point) paired with global industry leaders expanding their Chinese footprints through several different means. As a result, the Chinese market continues to integrate into the global system and capital flows more freely. These dynamics benefit global investors and provide important opportunities for Chinese households: both can enjoy access to enhanced diversification opportunities and sophisticated products. The amount of Chinese savings and investments still to be unlocked remains staggering and the impact on global capital markets, once these monies are allowed to flow freely, is actively being explored.

At a time when new policies were being considered, the GBA offered itself as an ideal testing ground. The region is expected to lead a plethora of innovative, cross-border asset management opportunities in parallel with existing, nationwide quota regimes. The success of these new initiatives – i.e. the GBA’s transition from sandbox to bridge – is critical for national adoption and the realization of the numerous benefits promised. A community of industry, public sector and academic leaders convened by the World Economic Forum through its Platform for Shaping the Future of Financial and Monetary Systems has been exploring the nature of these opportunities, and the enablers required to unlock them, via physical and virtual workshops, closed-door discussions at the China Business roundtable, and expert interviews. Oliver Wyman, the Forum’s knowledge partner in this initiative, has supported and co-facilitated these dialogues.

This report presents the findings from these multistakeholder discussions, with a focus on the longer-term opportunities that the GBA could unlock. It also identifies the critical enablers required to realize these opportunities.

We hope that this publication will continue to facilitate much-needed dialogue between industry leaders and policy-makers, and we look forward to your responses to the ideas presented.

The leadership community of Chinese and global financial system stakeholders, convened by the Forum, will continue discussing ways to effectively shape the future of China’s financial system and ensure global integration. Please join us in this important initiative.
Update on the drivers of transformation

Newly launched commercial pension pilots, ongoing regulatory reform and AI-led advisory propositions provide momentum.
The Forum and its knowledge partner, Oliver Wyman, published an insight report in July 2020 on the transformation of asset management in China. The report, *China Asset Management at an Inflection Point*, identified three main drivers of transformation. Since then, the following developments have taken place.

### Pension reform

China’s population is ageing rapidly. In 2020, the population of people aged 65 and above exceeded 190 million, with year-on-year growth of 8.3%. New pension policies, especially addressing the commercial pension scheme, continue to be launched. In 2021, pilots dedicated to commercial pension insurance began in Beijing, Chongqing and Zhejiang Province.

On the supply side, as various types of professional asset management entities develop (including fund management companies (FMC), bank wealth management subsidiaries (WMS), fund advisory companies, etc.), broader retail offerings are becoming accessible to the market, with the potential to contribute to pension solutions in the future. Meanwhile, on the demand side, increased efforts to educate customers by industry (from both traditional financial institutions and digital players) are pivotal to facilitating individuals’ retirement planning and pension allocation.

### Policy and regulatory development

Regulatory reform is one of the key priorities stated in China’s 14th Five-Year Plan. The aim is to establish a globally competitive financial system that can elevate the vibrancy of the country’s real economy.

These objectives propel ongoing asset management (AM) policy reform and implementation. In the three years since the introduction of new asset management rules, the historically large pool of channel-wrapping, shadow banking and asset-led wealth management products have been significantly wound down and replaced by new, net asset value- (NAV) based AUMs, a dynamic driven by the continued setup of professionally-managed wealth management subsidiaries in the banking industry.

### Fintech innovation

The wealth and asset management industry has experienced rapid technological development. In particular, the technology-led retail fund advisory business is gaining strong momentum, with 15 players (including digital wealth managers, asset managers, banks and securities companies) starting to offer products, and over 30 additional players being granted licences. These AI-led advisory propositions are enabling a more customer-centric model, where digital solutions focus on personalizing offerings based on an individual’s appetite and install asset allocation effectiveness while demonstrating the benefit of long-term investing. Overall, fintech continues to facilitate the maturation of the asset management industry with an impact on both demand and supply.
The GBA: uniquely positioned to accelerate growth

With its GDP expected to more than double over the next ten years, the GBA will be a key pillar of China’s growth ambitions.
2.1 Rapidly developing as an economic heavyweight

China’s Greater Bay Area (GBA) is already home to many globally leading corporates and financial institutions. In 2020, more than 20 companies on the Global Fortune 500 had headquarters in the GBA. The region contains the headquarters of almost 100 financial institutions - banks, and securities and insurance - employing and nurturing ~13% of financial services talent nationwide.

The GBA is home to a population of 72 million residents and has a gross GDP of $2.2 trillion. This GDP is already comparable to other world-class bay areas and is projected to grow to $4.6 trillion by 2030. This would mark the highest GDP among other bay areas, making the GBA’s output more than the San Francisco Bay Area and the New York metropolitan area combined.

The GBA’s standout success is largely attributed to its optimal mix of manufacturing and financial hubs, coupled with cross-border access, availability of talent, and regulatory support. It is facilitated by the diverse resources and capabilities injected across Guangdong, Hong Kong and Macau.

The GBA’s rapid expansion shows little sign of relenting, with GDP expected to double – or more⁴ – in the next 10 years. A key driver is China’s 14th Five-Year Plan (2021-2025), which will provide further financial reform via "controlled innovation", with an emphasis on establishing the GBA as China’s international hub. Most notably, this promises to leverage Hong Kong, transforming the GBA into an innovation engine that can potentially accelerate leading themes (cross-border trade, green finance, central bank digital currency, etc), strengthen financial complementarity, provide a platform to support Chinese Mainland enterprises with global expansion, and encourage product and service innovations which support high-tech industries.

The GBA should emerge from the five-year period with a clear path to integration, positioned as a highly competitive, world-class city cluster with unparalleled resource connectivity and an efficient cross-border flow of people, capital and knowledge. In turn, the GBA will provide a new platform to support the growth of China’s real economy.

2.2 A centre of excellence for financial reform and innovation

The GBA’s 11 cities form a resourceful, comprehensive ecosystem, with Hong Kong serving as the main platform for global connectivity, to enable and accelerate innovation.

Each of the four core cities and seven node cities has unique characteristics, and complementary positioning, resources, and capabilities based on its resource foundation. Combined, they form an unparalleled hub for innovation, connectivity and growth.
## The GBA’s four core cities and seven node cities

### Four core cities

**Hong Kong**  
International financial centre  
- Largest offshore RMB hub – accounts for 70% of offshore RMB transactions  
- Established international financial centre – world’s highest market capital to GDP ratio at 1340%  
- Asset management and risk management centre – open business and investment environment backed by advanced legal system  
- Asia-Pacific international dispute resolution centre – with presence of top international arbitration centres including ICC, PCA, CIETAC, HKIAC

**Macau**  
Leisure and tourism centre  
- World’s tourism and leisure centre – tertiary industry accounts for 95.7% of GDP  
- Platform for cooperation with Portuguese-speaking areas – deeply integrated with Portuguese culture historically  
- Culture communication centre – free port, diversified and internationalized hub

**Guangzhou**  
Comprehensive gateway city  
- Tier-1 city and provincial capital of Guangdong  
- Green finance pilot zone – newly founded futures exchange for carbon credits  
- International business centre – international trade volume was RMB ~1 trillion in 2020; Guangzhou port is fourth largest worldwide  
- Science, education and culture centre – top three nationwide in terms of number of tertiary education institutions  
- Comprehensive transportation hub – one of the national centres of highway, railway, waterway, and aviation

**Shenzhen**  
Global innovation hub  
- Globally influential city of innovation – top in patent application in China  
- Fintech pilot zone – 29 fintech projects pilots led by the People’s Bank of China in progress; one of the national digital RMB pilot zones  
- Capital market – Shenzhen Stock Exchange at the core, top three city nationwide by scale of direct financing  
- National economic centre – third highest GDP as a China Mainland city

### Seven node cities

**Zhuhai**  
Core Pearl River west bank city  
- One of the central Pearl River Delta’s renowned, scenic tourist cities  
- Deep integration and cooperation with Macau, mainly via Hengqin district  
- Major industries: electronic information, home appliances, electricity and energy, biopharmaceuticals, and medical devices

**Dongguan**  
Advanced “world factory”  
- Transportation hub and international trade port, underpinned by export-oriented manufacturing industry  
- Cooperation with Hong Kong in the Binhai Bay Area  
- Major industries: IT, electronics, apparel, toy and furniture manufacturing

**Foshan**  
Manufacturing innovation centre  
- Important manufacturing base and trade centre  
- Comprehensive transportation hub in the western Pearl River Delta  
- Offshore trade cooperation with Hong Kong  
- Major industries: electronic appliance manufacturing

**Zhongshan**  
Upgrading industrial centre  
- Established historical and cultural city  
- Guangdong, Hong Kong and Macau youth innovation platform  
- Major industries: textiles, electronics as legacy, developing advanced manufacturing, IT and biomedical sectors

**Zhaoqing**  
Emerging south-western GBA city  
- Building platforms to welcome incoming industries transferred from neighbouring cities  
- Rich in land and natural resources; scenery tourism city  
- Major industries: mining and tourism

**Jiangmen**  
Western hub city of GBA  
- Transportation hub connecting with western area of Guangdong Province  
- Daguang Bay Economic Zone in cooperation with Hong Kong and Macau  
- Major industries: auto part manufacturing, textiles and paper, shipbuilding, food and consumer goods, nurturing new materials industry

Source: Outline Development Plan for the Guangdong-Hong Kong-Macau Greater Bay Area 《粤港澳大湾区发展规划纲要》, Oliver Wyman analysis.  
© Oliver Wyman

From Sandbox to Bridge: The Role of the Greater Bay Area in Connecting China with Global Asset Management
The GBA covers all key elements that make international bay areas stand out. It is fully comparable with international bay areas in NY, San Francisco and Tokyo.

Christopher Hui, Secretary for Financial Services and the Treasury, The Government of the Hong Kong Special Administrative Region (SAR)

Multi-disciplinary innovation

Hong Kong is a well-established international financial centre, home to the regional headquarters of more than 1,500 multinational enterprises – compared to over 700 such organizations in Shanghai.\(^5\)\(^6\) Coupled with a tax-friendly economy and few financial or trade barriers, Hong Kong ranks as one of the world’s top cities for ease of doing business. Meanwhile, the neighbouring city of Shenzhen has emerged as a high-tech powerhouse, trailing behind only Beijing in Chinese rankings with its tally of 14 unicorns (private start-ups valued at over $1 billion) and $7.5 billion in associated funding.\(^7\)

Global connectivity

Hong Kong serves a unique role in facilitating capital flow into and out of China, with ~64% of foreign direct investment (FDI) going into Mainland China and ~65% of outward direct investment (ODI) from the Mainland flowing through the city. Hong Kong also provides access to international and capital markets, which are responsible for ~70% of Mainland China’s overseas initial public offerings (IPO) and ~60% of overseas bonds. It is also a conduit for two-way RMB (Chinese yuan renminbi) flow amid its continued internationalization.\(^8\)

Incubation for growth

The GBA has played a critical role as China’s sandbox for testing new regulatory approaches, including the successful pilot of the Closer Economic Partnership Arrangement (CEPA) in 2003, which led to broader financial licensing and the testing of Guangzhou’s future exchange. It has also served as a testbed for product innovation, such as insurance policies leveraging actuarial assumptions tailored specifically for GBA residents. In 2021, the Digital Currency Research Institute of the People’s Bank of China (PBC DCI) was able to extend Shenzhen trials of the digital yuan (eCNY) – known officially as Digital Currency Electronic Payment (DCEP) – to Hong Kong’s retail payments sector. Internationally, this was rolled out via the Hong Kong Monetary Authority’s Multiple CBDC Bridge project, involving the Bank of Thailand and the Central Bank of the United Arab Emirates.
The GBA is a region with a very developed economy, great potential, and huge demand for wealth management.

Steve Lee, Head, China and Taiwan, HSBC Asset Management (Hong Kong)

Foreign investors play an important role in advancing the maturity of the Chinese capital markets. Our research found that the participation of foreign investors in domestic markets improves liquidity and reduces volatility. But how do their investment decisions perform in comparison with local managers?

Analysing market data, we found that the trading flows from foreign investors through Qualified Foreign Institutional Investors (QFII), Renminbi Qualified Foreign Institutional Investors (RQFII) and Shanghai-Hong Kong Connect (SHC) programmes all positively predict Chinese stock returns, at both stock level and market level. This predictive power is strong and significant for the next day and up to two weeks. Our findings indicate that foreign investors can correctly anticipate future price movements and are likely informed investors in the Chinese stock market.

Among foreign investors, the QFIIs have the strongest overall predictive power, the SHC investors are better at predicting relatively short horizon returns, while the RQFIIs have the weakest predictive power. In comparison with local mutual fund and hedge fund managers, the magnitude of QFIIs’ predictive power is stronger than that of local fund managers, the magnitude of SHC investors’ predictive power resembles that of local fund managers, while RQFI perform worse than local fund managers.

In tracing the nature of the information that the foreign investors might have for Chinese stock returns, we compare the information content of foreign investor trades and local institution trades. There are substantial information overlaps among local and foreign investors that are predictive of future stock returns, and there are also vast differences in the information content of these investors. Conventional wisdom indicates that foreign investors might be at disadvantage in predicting and processing local news. That’s not the case for our set of foreign investors, especially the QFI and SHC investors, whose ability of predicting local company and macro news is similar to that of local fund managers.

We also investigated how China’s regulations for foreign investors affect their behaviours and whether these regulations change foreign investors’ ability to predict future returns. In general, when restrictions on QFIIs/RQFII/SHCs are eased or lifted, they moderately increase foreign investors’ return predictability, indicating that these regulations are effective.

– Xiaoyan Zhang, Professor of Finance and Associate Dean at The PBC School of Finance, Tsinghua University
China Asset Management 3.0: enabling “made in GBA”

Investor appetite and industry professionalization must be met by enhanced product offerings and greater investor education.
China’s asset management industry matured rapidly, in three distinct phases. The GBA is now set to jumpstart the third phase of growth. The three phases are briefly summarized in Figure 4.

China experienced the introduction of asset management in the early 2000s to mid-2010s, at a time when shadow banking activities dominated the economy. At that time, shadow banking was used as the primary vehicle to connect funding and financing, however, it led to the inefficient deployment of investible assets due to an immature capital market structure. This dynamic was further exacerbated by a limited diversity of financial instruments and a divergence of market standards in contrast to global markets.

Regulatory reforms during the late 2010s enabled a professionalization regime and refocused asset management practices towards capital market capabilities. This facilitated a gradual shift from vanilla, fixed-income products to more professionalized offerings, such as private securities funds, mutual funds, and the continued development of diverse investment strategies.

Today, China enjoys a much stronger foundation from which to connect with global markets. The GBA is particularly well-positioned to take advantage of this transformation process given the long-standing presence of global players, and its established infrastructural connectivity. The market AUM are being rebalanced towards professional asset managers (including private fund and public mutual fund companies); and quasi asset managers (such as asset management divisions within financial institutions) are also actively upgrading their NAV-based offerings, while enhancing the infrastructure for pre- and post-trade investment management (including portfolio construction, asset valuation, trade compliance, performance analysis, and reporting) and driving continued professionalization of the asset management industry.
The ongoing professionalization of the Chinese asset management market is driving a corresponding response from end customers. China’s burgeoning wealth segment is, unsurprisingly, extremely well-placed to capitalize on the emergence of new offerings, and this high demand is attracting the next wave of asset managers to expand and diversify more effective offerings. This virtuous cycle shows few signs of abating; the next wave of demand is expected to come from policy innovation, with new approaches being tested in the GBA before being rolled out on a national scale.

Wealthy GBA residents show no exception to the national trend and have a strong appetite to invest in new offerings. The GBA is home to 20% of China’s ultra-high-net-worth (UHNW) and high-net-worth (HNW) households. 70% of the region’s UHNW and HNW individuals have expressed strong interest in capitalizing on the GBA and increasing their investments in foreign financial products as they become available.

Tremendous potential therefore awaits global asset managers as China Asset Management 3.0 unfolds. The promise of new, better-tailored products and services will allow them to tap into the substantial cross-border investment demand.
In conjunction with workshop discussions, Oliver Wyman conducted a proprietary survey, collecting more than 2,000 responses from investors in Mainland China and Hong Kong to understand their respective behaviours and interests in cross-border financial products, to help foreign asset managers better tailor their propositions to investors’ financial needs.

A summary of validated survey findings is provided below. These inputs provide much of the quantitative basis for the views provided in this paper and are available in full as a separate publication from Oliver Wyman.

## Highlights of findings

<table>
<thead>
<tr>
<th>Module</th>
<th>Highlights of findings</th>
</tr>
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</table>
| **WHO:** The investor profiles expressing interest in cross-border investment | - 80% of respondents are below 40 years of age.  
- Almost 90% have existing stock investment experience…  
- …yet almost 90% are unfamiliar with foreign financial products.  
- More than 80% have not previously invested in any foreign financial products. |
| **WHY:** The key objectives/drivers to cross-border investing | - Return expectations for overseas investments are relatively lower than for domestic investments…  
- …yet almost 90% plan to invest more overseas.  
- The primary goal is risk diversification, ahead of enhanced returns.  
- Overseas investments are envisaged to be longer-term investments. |
| **WHAT:** The greatest preferences for cross-border investments | - 60% expressed strong interest in mutual fund products for overseas investment.  
- 60% prefer onshore products (which invest overseas) to offshore products in general, except for respondents with an annual income greater than RMB 1 million, who prefer foreign financial products over onshore products.  
- “Product” (e.g. range of offerings, product recommendation, investment cost) is a strong satisfaction/dissatisfaction driver in cross-border investment channels; the quality of “Services” (e.g. speed, privacy, professionalism, customization, etc.) is also a hygiene factor.  
- Relatively strong interest in Wealth Management Connect, following Stock Connect |
| **HOW:** Observed behaviours/approach to cross-border investment | - Before investing: both cross-border investment “information” and “products” need to be actively communicated.  
- Upon investing: traditional financial institutions receive stronger preferences from investors to facilitate transactions and investments, followed by digital wallets; opportunistic investment contribution habit observed.  
- After investing: post-investment services (e.g. risk alert, portfolio analysis and information access) are highly valued. |

**Source:** Oliver Wyman 2021 GBA investors survey (southbound, N=1,000), Oliver Wyman analysis
Several distinctive GBA investor segments also present different needs, behaviours and preferences, calling for a focused approach by the asset management companies when targeting them.

**Overview of unique investor segments**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Description</th>
<th>Focus/Target</th>
</tr>
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<tbody>
<tr>
<td><strong>“The wealthier”</strong></td>
<td>(annual income &gt; RMB 1 million)</td>
<td>Likely long shot</td>
</tr>
<tr>
<td>~15–20%*</td>
<td>More experienced/knowledgeable and allocation to overseas investment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Even stronger preference to overseas mutual fund products than stocks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Show clearer preference for offshore products vs. onshore with same risk/return profile</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Risk diversification and global asset allocation are core demands</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>The current major cross-border investors</strong></td>
<td></td>
</tr>
<tr>
<td><strong>“Overseas experienced”</strong></td>
<td>(with overseas life experience)</td>
<td>Potential southbound</td>
</tr>
<tr>
<td>~25–30%*</td>
<td>Much prefer regular contribution</td>
<td>Wealth Management Connect focus</td>
</tr>
<tr>
<td></td>
<td>Some desire to use overseas investment for retirement planning and future expenditure preparation.</td>
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</tr>
<tr>
<td></td>
<td>Have higher environmental, social and governance (ESG) awareness than the general population</td>
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<tr>
<td></td>
<td>More active in using online financial sites to access overseas investment information</td>
<td></td>
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<tr>
<td></td>
<td><strong>High-potential targets</strong></td>
<td></td>
</tr>
<tr>
<td><strong>“Non-stock investors”</strong></td>
<td>(have not traded domestic or overseas stock in past three years)</td>
<td></td>
</tr>
<tr>
<td>~10–15%*</td>
<td>Much less experienced or knowledgeable in allocation to cross-border investment (although clear interest to invest more)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A lot more current investibles sitting as deposit</td>
<td></td>
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<tr>
<td></td>
<td>Biggest goal for overseas investment is to enhance return (although target return is relatively lower).</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Likely long shot</strong></td>
<td></td>
</tr>
<tr>
<td><strong>“T1 city residents”</strong></td>
<td>(Guangzhou and Shenzhen residents)</td>
<td></td>
</tr>
<tr>
<td>~40–45%*</td>
<td>Have lower return expectation of both onshore and offshore investments</td>
<td>New group to be connected</td>
</tr>
<tr>
<td></td>
<td>Greater tendency to invest offshore products directly</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>N/A</strong></td>
<td></td>
</tr>
<tr>
<td><strong>“Hong Kong investors”</strong></td>
<td>(for northbound investors)</td>
<td></td>
</tr>
<tr>
<td>N/A</td>
<td>Hold a more diversified portfolio and lower return target</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost, responsiveness and customized service are major criteria for northbound investors.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Home products and Hong Kong local advisors preferred for cross-border investment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cross-border account opening is a barrier for Hong Kong investors</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>New group to be connected</strong></td>
<td></td>
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</tbody>
</table>

*Segment size as % of the total sample population who indicate interests in southbound investment

**Source:** Oliver Wyman 2021 GBA investors survey, N = 1,000 for southbound; N = 1,000 for northbound (specifically “Hong Kong investors” segment), Oliver Wyman analysis
3.2 Upgraded products and propositions for onshore investors

While the asset management industry in China continues its journey of professional transformation, limited product options centred on fixed income offerings continue to present a major roadblock to further growth. In order to grow investor appetite for professionally managed solutions, industry and regulators need to enhance product offerings for onshore investors (e.g. through innovative asset classes and strategies), and step up services and investor education efforts. This includes product innovation onshore within the GBA and Hong Kong products becoming accessible via existing GBA schemes (e.g. Wealth Management Connect, ETF Connect, Pension Connect, real estate investment trusts (REIT), etc).

Wealth Management Connect (WMC) has already demonstrated the capability for moving to a broader variety of products and catering for wider investment choices. Compared with other existing schemes, it provides more convenient, direct retail customer access, allowing offshore residents to invest in wealth management products distributed by Mainland Chinese banks in the GBA, and Mainland GBA residents to invest in products distributed by banks in Hong Kong and Macau. WMC also leverages support from different regulatory regimes, such as approval of products across the border. Banks with strong onshore and offshore branches in the GBA will enjoy an advantage when leveraging this opportunity as they can support the required operations by enabling cross-border account opening, vetting and transactions, complying with onshore and offshore regulatory requirements, and building centralized and integrated operations.

FIGURE 8 The regulatory framework of Wealth Management Connect has been established, with increasing clarity expected as its launch approaches

### WMC development timeline to date

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy warm-up:</td>
<td>15 May 2020</td>
<td>Opinions on GBA financial support, encourage residents to purchase cross-border WM products¹</td>
</tr>
<tr>
<td>Official announcement:</td>
<td>29 June 2020</td>
<td>Announcement of WMC pilot in GBA²</td>
</tr>
<tr>
<td>Quota disclosure:</td>
<td>22 October 2020</td>
<td>Aggregate and individual quotas announced</td>
</tr>
<tr>
<td>MOU alignment:</td>
<td>5 February 2021</td>
<td>Alignment among Mainland China, Hong Kong and Macau government</td>
</tr>
<tr>
<td>Implementation rules³</td>
<td>6 May 2021</td>
<td>Guangdong PBOC, CSRC and CBIRC co-announced</td>
</tr>
</tbody>
</table>

### Eligible products

- Hong Kong domiciled products that are low-risk and simple (e.g. funds authorized by Securities and Futures Commission as low/medium risks)
- Diversified in terms of asset classes and risk levels

### Quota limit

- Individual quota: RMB 1 million per northbound/southbound
- Aggregate quota: RMB 150 billion per northbound/southbound

### Distribution channels

- Banks serve as the entry point; no cross-border physical sales activities allowed.
- Remote account opening allowed under bank witness

### Financial institution participant scope

- Qualified banks in the GBA that are eligible to distribute wealth management products

### Customer scope

- Qualified GBA residents that meet asset threshold (GBA Mainland city residents or have five consecutive years of social security / individual income tax (IIT) record; at least two years of investment experience; household net financial asset > RMB 1 million or household financial asset > RMB 2 million in past three months)

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1. Opinions on GBA financial support 《关于金融支持粤港澳大湾区建设的意见》; 2. Joint announcement of launching the pilot of GBA WM 《关于在粤港澳大湾区开展“跨境理财通”业务试点的联合公告》; 3. Implementation rules 《粤港澳大湾区“跨境理财通”业务试点实施细则 (征求意见稿)》

Source: Policy research, expert interviews, desktop research, Oliver Wyman analysis.
According to Oliver Wyman’s proprietary GBA investor survey, a large portion of investors prefer foreign products (especially among individuals with an annual income greater than RMB 1 million), with approximately 66% of investors choosing them over local products when risks and returns are similar. This preference highlights the advantage that global and foreign players enjoy. While average returns for foreign products are generally lower than for onshore products, local investors are not afraid of “crossing the border” as many of them see benefits in having access to a wider variety of asset classes and products, such as stocks, mutual funds, and options. While onshore mutual funds remain underinvested with a utilization of only ~10% of the investible, close to 60% of southbound investors are interested in investing in overseas mutual fund products. Schemes such as WMC, therefore, present a significant tool to grow individuals’ managed assets.

The Chinese financial markets continue to develop, and a lot of the retail investors still have an “IPO mindset”. As participants in the financial markets, we all need to educate investors about the benefit of long-term investing and pension planning.

Renee Kwok, Chief Operating Officer, Asia-Pacific, Invesco

In addition to product diversity, effective product recommendations and costs are two other key drivers required for investor satisfaction, alongside a range of other factors needed to meet the minimum expectations in today’s market (see Figure 9).

Drivers of investor satisfaction in the current market

<table>
<thead>
<tr>
<th>Segment</th>
<th>Drivers of satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Critical for high satisfaction</strong></td>
<td>– Product diversity</td>
</tr>
<tr>
<td></td>
<td>– Effective product recommendations</td>
</tr>
<tr>
<td></td>
<td>– Investment costs</td>
</tr>
<tr>
<td><strong>Nice to have</strong></td>
<td>– Ease and reliability of investing operation</td>
</tr>
<tr>
<td></td>
<td>– Brand trustworthiness</td>
</tr>
<tr>
<td><strong>Hygiene factors to avoid dissatisfaction</strong></td>
<td>– Service privacy</td>
</tr>
<tr>
<td></td>
<td>– Service customization</td>
</tr>
<tr>
<td></td>
<td>– Service professionalism</td>
</tr>
<tr>
<td></td>
<td>– Service response speed</td>
</tr>
</tbody>
</table>

In typical investment decision-making processes, investors heavily rely on “information” and “product” push rather than undertaking active research themselves. Upon investing, they tend to have a general preference for a certain service provider such as an insurer, bank or digital wallet, but do not tend to have a specific contribution habit. After investing, risk warnings, overall investment portfolio analysis and customer service tend to be highly valued. Hence, active investor communications and education – throughout investors’ pre-investment and post-investment stages, and potentially with both online and offline interfaces – will be of paramount importance to unlock the potential of the GBA opportunity. This way, investors will truly benefit from the upgrade in product connectivity and diversity enabled by WMC.

Source: Oliver Wyman GBA investor survey
From the perspective of products as “key enablers”, we propose the following two suggestions:

1. Start with simple products

Investment products in and outside Mainland China may have similar names but due to varying laws and regulations, past development trajectories and market conditions, their actual operations might be very different. For example, bond funds in Mainland China usually apply leverage, while those in Hong Kong generally do not.

Therefore, we suggest that the selection of investment products to be launched under cross-border Wealth Management Connect should be gradual: from simple products to complex products, from lower-risk products to higher-risk products. This approach will enable investors to take time to understand and adapt to the differences between investment products in other markets step by step, so as to reduce any expectation gap with the investment results.

2. Design and launch products relevant to the Greater Bay Area

We believe that for the GBA’s newly launched, cross-border Wealth Management Connect scheme to attract the attention of investors, differentiation is very important. Therefore, we recommend designing and launching investment products with themes relating to the Greater Bay Area. For example, investment targets can be listed companies or corporate bonds in the Greater Bay Area, REITs projects for the infrastructure connecting the Greater Bay Area, etc.

An additional benefit of rolling out GBA-themed products is the “circle of competence” of investors who are residents of the Greater Bay Area and, hence, they may find Greater Bay Area themed products more familiar and easier to understand.

— Steve Lee, Head, China and Taiwan, HSBC Asset Management (Hong Kong)
General investors’ wealth management activities have been highly digitized in China, whereas the digitization of financial services in Hong Kong remains a recent development. In large part, Hong Kong’s belated shift to digital has accelerated thanks to the launch of new digital banks and a rapid advancement of digital services, spurred by the Covid-19 pandemic. Meanwhile, Mainland Chinese offerings have had to tackle inefficient distribution across a significantly larger landmass, resulting in early digital distribution and digital onboarding.

The need for a step-change in digital maturity exists across several dimensions, most notably in relation to front end (i.e. customer experience) and back end (i.e. asset management infrastructure).

Hong Kong is lagging behind in terms of mobile e-commerce integration compared to the Mainland. If Hong Kong companies want to attract Mainland customers, they must cater to their habits.

Steve Lee, Head, China and Taiwan, HSBC Asset Management (Hong Kong)

**Digitized customer experience**

GBA-focused wealth and asset management offerings have a high bar in relation to more customer-centric business models set by the relatively higher maturity of the Mainland Chinese market. These models provide high levels of client engagement from the first point of contact and offer a superior, ongoing digital experience across a range of propositions including holistic wealth planning, portfolio asset allocation, and seamless post-investment services.

While Mainland China will extend existing offerings to include global access, the burden of re-design is likely to be higher for Hong Kong’s offerings, requiring the creation of a range of front-to-back transformation opportunities, from RegTech functionality to extending core system capacity. As the GBA initiatives mature, consumers in the region could further benefit from broader participation by digital players, such as virtual banks and digital brokers, beyond incumbent banks.

**Five key insights from the Chinese digital customer engagement experience are crystallizing**

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**Practices**

<table>
<thead>
<tr>
<th>Practices</th>
<th>Examples</th>
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</thead>
<tbody>
<tr>
<td>Scenario-based customer acquisition</td>
<td>Digital customer relationship building from the beginning</td>
</tr>
<tr>
<td></td>
<td>– Asset management products lightly linked to digital use cases (e.g. digital wallet) that are the origination of investor demands (e.g. cash management)</td>
</tr>
<tr>
<td></td>
<td>– Multiple account openings in one go, upon client consent</td>
</tr>
<tr>
<td>“Social+” engagement</td>
<td>Deep investor engagement through building a highly “sticky” investment community</td>
</tr>
<tr>
<td></td>
<td>– Comprehensive and convenient access to targeted primary and secondary information</td>
</tr>
<tr>
<td></td>
<td>– A virtuous digital “ecosystem” contributed to by investment professionals, securities, and product providers</td>
</tr>
<tr>
<td>Data-led precision targeting</td>
<td>Big-data analytics that inform “segment of one” (i.e. each individual is unique)</td>
</tr>
<tr>
<td></td>
<td>– Use of explicit attributes (e.g. demographics), implicit attributes (e.g. transaction histories) and relationship attributes (e.g. customer advocacy levels) to develop 360-degree customer insights and identify next best actions and product recommendations</td>
</tr>
<tr>
<td></td>
<td>– Suitability management through tech-enabled “know your customer” (KYC) and “know your products” (KYP) and risk-matching engines (including full disclosure to investors and mismatching prevention mechanisms)</td>
</tr>
<tr>
<td>AI/digital advisory</td>
<td>Digitally customized strategies and portfolios based on individual objectives</td>
</tr>
<tr>
<td></td>
<td>– Goal-based portfolio construction; automatic recommendation based on risk appetite/investment horizon</td>
</tr>
<tr>
<td></td>
<td>– Digitized investment solutions which leverage asset managers’ portfolios</td>
</tr>
<tr>
<td></td>
<td>– Discretionary and automatic rebalancing (with the piloted fund advisory licence)</td>
</tr>
<tr>
<td>“Online-to-offline” interfacing</td>
<td>Dedicated remote centre to serve high-potential clients acquired online</td>
</tr>
<tr>
<td></td>
<td>– Seamless intervention and closing of incomplete registration/onboarding or transaction processes</td>
</tr>
<tr>
<td></td>
<td>– Professional conversion of more complex product purchasing/transactions</td>
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Source: Oliver Wyman GBA investor survey

From Sandbox to Bridge: The Role of the Greater Bay Area in Connecting China with Global Asset Management
Data accessibility is critical for realizing a digitized customer experience in cross-border investments. However, the availability of data and regulatory requirements relating to its collection and use have been noticeably different between markets. In Mainland China, ease of access to data and reduced regulatory burdens have been key facilitators of rapid growth. Data, content, and analytics will be key to driving a comparable evolution of international offerings.

Digital engagement is reaching an advanced level of maturity in China and customers are responsive to and comfortable with various digital tools. In order for new schemes to be successful it is thus important to explicitly identify and address any pain points in data and information sharing.

Eric Solvet, Non-Executive Director, Compagnie Financière Tradition*

Supported by a wealth of regional digital and technological talent, and enabled by the regulatory sandbox approach, the Greater Bay Area is well-positioned to drive innovations in data sharing to facilitate and allow for more integrated “onshore plus offshore” assets and wealth management offerings.

**Enabler 2: The promises and challenges of customer data**

Under the WMC regime, the Chinese Mainland’s commercial banks will obtain meaningful data from Hong Kong and Macau’s investors regarding their identification information, investment risk tolerance, investment product preference, product trading behaviour, and investment return expectation. All such data will be very helpful for the Mainland banks and will enable them to improve their service capability and boundaries for international clients. Prior to the WMC regime, Mainland banks did not have such a broad international client base.

Similar opportunities exist for commercial banks and asset managers running businesses in Hong Kong and Macau. By obtaining, analysing, and applying data originating from Mainland investors, Hong Kong and Macau’s financial institutions will understand Mainland investors better and be well-positioned to provide more suitable products for them, thereby facilitating their Mainland market ambitions.

At the same time, because of the global political environment – and for the purposes of national security – personal and important data in the financial sector has been heavily regulated in China and other jurisdictions, including Hong Kong and Macau. For example, the People’s Republic of China (PRC) Data Security Law, which will come into effect on 1 September 2021, and the upcoming PRC Personnel Information Protection Law will bring challenges for data sharing, data cross-border transfer, and data protection standards and procedures under the WMC regime. Banks and asset managers on both sides of the GBA need to manage these challenges carefully.

– Sandra Lu, Partner, Llinks Law

* The opinions expressed here are those of the person quoted and not necessarily those of Compagnie Financière Tradition
Automated asset management infrastructure

The automation of asset management infrastructure plays a pivotal role in enhancing operational efficiency, as well as the service level and speed (i.e. T+“n” transactions) for the ultimate clients. There is already a high degree of automation across value chain activities in China, with straight-through processing from channel distributors where subscriptions and redemptions take place, to fund management companies which undertake continual fund administration and transfer agent (FATA) activities.

FIGURE 11 China asset management infrastructural flow

In a scenario where a broader range of products across the Chinese onshore/offshore border can be directly shelved and distributed by channel players on either side, consistent infrastructural automation in Hong Kong will be important to realize a more integrated, “one-market” operation. Asset management technology platforms and security services providers will become increasingly important to this infrastructural acceleration. The outsourcing model (such as FATA and mid/back office outsourcing, which is observed more in global markets than in China, where such activities are mainly completed in-house by fund management companies) can potentially professionalize the expansion of infrastructural connectivity efficiently and at scale.

* All times mentioned above are market usual practice and vary among different players.

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Currently, ~1.5 million Mainland Chinese have been given permanent residence within Hong Kong and ~30,000 new residence permits are being issued annually. On the other hand, there are ~500,000 Hong Kong citizens who work on a long-term basis in Mainland China, which accounts for ~6% of the total population in Hong Kong. With increasing cross-border mobility, talent can move more easily, and the industry can utilize the GBA pool more effectively.

As the GBA is adopting a “talent hub” model, it will be important to develop a quality work-life ecosystem for employees. Many policies are encouraging this development and employers are now establishing links with social service institutions, improving employment systems, and integrating medical care into work packages.

3.4 Mobilizing GBA talent flow

People have always been the most important asset for fund management companies. From portfolio management to funds distribution, account servicing to investor education, the industry attracts a highly specialized and skilled workforce that acts as workforce that act as fiduciaries for investors and contribute to a strong and stable financial system.

The majority of China’s RMB 19.5 trillion ($3.1 trillion) public mutual fund sector invests in onshore capital markets. Offshore professionals from outside China can bring global best practices and expertise in diversified global investment allocation to support the continued capital market opening process for China. It is crucial to establish a sound regulatory framework that enables effective professional licensing and product authorization for global allocations. One of the many advantages of the GBA is that Hong Kong is a long-standing global financial hub and provides a solid foundation for establishing globally accepted regulations that cater to the unique features of the Chinese market.

An affordable tax rate and a high standard of living are key to attracting talent to the GBA. The highest personal income tax bracket in Hong Kong is 15%, compared to between 37% and 55% in the US, the UK and Japan. Given the high living expenses in major centres such as New York, London and Tokyo, financial professionals would find a modern city with favourable tax treatment very attractive, however, living standards and market practices vary throughout the GBA cities (in terms of benefits such as housing allowances, tax treatment and education and childcare, for example). Lawmakers can consider aligning policies to encourage mobility and draw talent to the GBA.

— Renee Kwok, Chief Operating Officer, Asia-Pacific, Invesco
3.5 Innovating infrastructures for “money flow”

Currency denomination is fundamental to enabling and completing transactions of investment products. As the GBA encompasses both onshore and offshore Chinese markets (with the potential to link to broader global offerings), the operational constraints may include: 1) how foreign exchange (FX) limits can cope with the rising investment demand resulting from more accessible products denominated in foreign currencies; and 2) how RMB can flexibly flow across the border (as CNY/RMB and RMB offshore/onshore markets remain separate) to facilitate more transactions denominated in RMB due to continued internationalization.

China’s national digital currency, DCEP, can be a tool to tackle these challenges as its ability to digitize record-keeping and operations can support diverse uses without impacting existing financial infrastructure. DCEP can also simplify cross-border cash flows. It can be instrumental in operationalizing the staged relaxation for cross-border investment in the GBA before comprehensive market integration takes place.

BOX 5 Enabler 4: The importance of financial and non-financial integration

Capital flow is an important aspect of financial integration in the GBA, and the integration of the asset management industry is a relatively strong driving force for capital flow. The integration of the asset management industry involves products, people, and institutions. To strengthen cross-border integration and development, the asset management industry in the GBA can make efforts in the following aspects:

1. Lower the threshold for mutual recognition of fund products in the GBA, increase the number of mutually recognized products, and improve the convenience of purchasing fund products from other regulatory regions via investors.

2. Strengthen regulatory communication and cooperation, and promote the convergence of regulatory standards for asset management agencies, people, and products to prevent regulatory arbitrage.

3. Deepen the exchanges across industries and promote the integration of market players.

– Jinxi Tang, Vice-Chairman, Chongyang Investment Management
The GBA as a shaper of the future of Chinese asset management

Whether it is the embrace of private markets or ESG investing, the GBA will pave the way.
4.1 Facilitating two-way access by leveraging Hong Kong

China’s rapid economic growth has created significant demands for funding, both inside and outside the GBA. These demands include the expedition of infrastructural upgrades and connectivity, with $180 billion already invested in transport infrastructure in Guangdong during the period of China’s 13th Five-Year Plan.

Continued support from GBA policies also encourages investments in rapidly developing new economies in China, and includes:

1. The permission for institutional investors in Hong Kong to invest in private equity funds and venture capital enterprises domestically in the GBA through Qualified Foreign Limited Partners (QFLP).

2. The support of Hong Kong-based private equity funds to provide funding to innovative enterprises in the GBA, as well as the support of funds jointly set up by GBA institutions to bolster modern industrial and infrastructural development.

3. The facilitation of cross-border capital flow by venture capital funds in the technology industry.

These dynamics present lucrative opportunities for global investors seeking alternative and private investments amid an ongoing low interest rate environment and are driving an appetite for increasing investment allocations in China.

The GBA facilitates two-way access by leveraging Hong Kong as a hub to access global sources of capital. Its more mature international infrastructure also offers investment liquidity, durability, and flexibility. This creates a market for designing and offering innovative or alternative investments to the Chinese market, for example, providing offshore RMB services, and giving access to A-share derivatives.

Asia-Pacific’s alternative investment AUMs are projected to grow significantly, with China catching more and more global attention as a strong alpha generator. Fund managers increasingly see China as a prime opportunity for alternatives, noting that its allocation to international alternative assets has already accelerated in recent years.

Which region presents the best opportunities for alternatives (2020 vs. 2025)? (% of fund managers surveyed for Future of Alternatives 2025)

Source: Preqin “Fund Manager Future of Alternatives 2025 Survey”, Oliver Wyman analysis.
To attract international long-term capital, Hong Kong continues to innovate and has already been releasing a raft of favourable policies to strengthen its attractiveness as a private equity fund hub. Hong Kong emerged as one of Asia’s private equity hubs, second to Mainland China, with ~$160 billion of capital under management from 560 private equity firms operating there in 2019.

By enabling onshore investors to build globally diversified investment portfolios and encouraging long-term investment, the GBA scheme has the potential to boost the retirement readiness and financial wellness of the region. Asset management firms should offer not only quality products but also guidelines and tools to support investors’ financial and retirement planning.

Rajeev Mittal, Managing Director, Asia Pacific (ex Japan), Fidelity International

4.2 Paving the way towards a “regional” asset management centre

As new initiatives are steadily introduced across the GBA, these will reveal differences in infrastructure, standards, and regulations, creating the need for a concerted push towards harmonization from regulators and industry in areas such as “know your customer” (KYC) and anti-money laundering (AML) standards, fund disclosure requirements, and investor protections.

The introduction of WMC, which is still in the early phase of its launch, has served as a live case of rolling out purpose-built GBA infrastructure. The WMC scheme facilitates GBA residents to carry out both southbound and northbound investments in wealth management products distributed by banks.

WMC and other harmonization schemes, such as the Mutual Recognition of Funds (MRF) between Mainland China and Hong Kong, create a much-increased addressable market for asset managers to devote resources to. Specifically, asset managers can now look into creating Hong Kong domiciled funds to serve multiple markets (i.e. Hong Kong, Mainland China, and potentially the rest of Asia as more “connect” programmes establish), essentially creating the business case for local operations and further employment opportunities.

Asset management inclusion and flexibility are key to the realization of regional scale and global access, and we expect ongoing harmonization efforts to unlock a steady stream of new opportunities, such as the ability to use a feeder fund structure to tap into global resources or allow Chinese and global managers to co-manage portfolios.

One of the features of the GBA is the high degree of marketization. With an efficient market in place, financial institutions can better fine tune operational details and the schemes can be optimized.

Rajeev Mittal, Managing Director, Asia Pacific (ex Japan), Fidelity International
4.3 The keys to delivering on sustainability

China remains at the infancy stage for environmental, social and governance (ESG) investing and ESG investment strategies face low adoption. Additional challenges include an ongoing lack of globally consistent standards, asset pricing, and rating mechanisms.

ESG is a very hot topic, also in China. However, it is difficult to do ESG investing in China. The information disclosure of listed companies is not ideal and there are no uniform assessment criteria. So it is very difficult for asset managers to select and analyse investment opportunities.

Jinxi Tang, Vice-Chairman, Chongyang Investment Management

Investor trust is key. We need to align cross-border operating standards and ensure their enforcement. For example, a higher standard of transparency and disclosure will help win the trust of global investors.

Zhong Li, Chief Compliance Officer, Noah Holdings

Current discussions on how to expand the ESG ecosystem in China largely focus on reporting requirements and, thus, mostly impact listed companies:

- **Hong Kong**: Hong Kong’s stock exchange (HKEX) has required listed companies to issue ESG reports since 2016. In response to increasing demand for ESG information from the investor community, the disclosure requirements were upgraded in July 2020 to provide visibility of investment-relevant information such as the board’s involvement, integration of ESG into business strategies and key decisions, climate-related risk management, environmental target setting, and supply chain management.

- **Mainland China**: market participants expect that regulators will issue new ESG reporting requirements for companies listed in Shanghai and Shenzhen. There is currently a mix of required and voluntary ESG reporting. For example, the China Securities Regulatory Commission (CSRC) requires companies on the Ministry of Environment and Ecology’s list of heavy polluters to disclose details of their pollution and control measures. The companies listed on the Shanghai Stock Exchange must report information related to their environmental impact, such as regulatory investigations or sanctions that might affect their share price. The Exchange also requires companies involved in areas such as thermal power generation, steel,
cement, electroplated aluminium or mineral production to report on a multitude of metrics, including resource consumption, pollution, pollution control measures, and targets.

Whether the further buildout and maturation of the Chinese ESG ecosystem should be market-led or driven by policy-makers and regulators remains to be debated. The World Economic Forum published a stocktake report in March 2021 entitled, *A Leapfrog Moment for China in ESG Reporting*, that speaks to the Chinese ESG ecosystem’s current stage of evolution. This report highlights the importance of aligning developments in China with global standards, including the Forum’s initiative on measuring stakeholder capitalism and the global stakeholder capitalism metrics already endorsed by more than 70 of the world’s largest companies.

Going forward, China’s commitment to achieving net-zero carbon emissions by 2060 creates a much-needed impetus for the introduction and adoption of ESG investment strategies. While the sector remains in its infancy nationally, with few products being offered and demand remaining subdued, the GBA is already proving itself as a testing ground for new policy and product innovations. In this sense, ESG is the ideal use case for showcasing the GBA’s benefit to China, as international connectivity improves access to existing product development and infrastructure, provides an existing set of market standards, and enables domestic asset managers to monitor investor appetite before rolling out their offerings. As such, the GBA is well-positioned to help China achieve its net-zero ambitions by bringing in global capital to fund the transition, as well as connecting carbon trading platforms globally.

**Carbon neutrality is a national-level strategy. Currently, a futures exchange in Guangzhou is being established which has the function to develop products for green and carbon neutrality. The futures market has developed fast in recent years, and I believe that standardized products will be available soon.**

Jinxi Tang, Vice-Chairman, Chongyang Investment Management

The Chinese government is likely to introduce new regulations over time. With the right regulatory dynamics complementing the wider adoption of ESG frameworks by corporates, China may achieve its ambitious goal of achieving carbon neutrality by 2060. New regulations would further expose companies to the concept of ESG, creating a virtuous cycle and allowing the ESG market within China to grow.

The asset management industry needs to be proactive in embracing this opportunity and should begin developing ESG products in preparation for the expected rise in demand. In parallel with product development, investor education should ensure relationship managers have sufficient training on ESG products, so they can educate clients and build further interest.
Conclusion

The GBA will continue to grow as a national financial innovation hub, leveraging and maximizing the unique synergy of resources available to the region. This transformation process will introduce Asset Management 3.0 for China, defined by newly-developing global connectivity injected through the GBA’s role as a gateway into and out of the country.

We see five standout opportunities for asset management within the GBA:

1. Upgrading products and propositions to cater for the cross-border investment needs of investors.

2. Re-designing operating models fueled by technological and infrastructural innovations.

3. Offering effective support to China’s real economic growth by linking global funding to local assets via both primary and secondary markets.

4. Integrating onshore-offshore asset management, enabled by improved connectivity within the GBA.

5. Driving innovations in emerging, strategically important areas – such as sustainability in the context of China’s carbon peak and neutrality goals – in line with public policy targets.

Industry leaders should actively address the key enablers, especially the flow of people, information, and products. They also need to leverage the GBA’s advantageous infrastructural and policy developments to create the case for building a globally competitive China asset management industry, thus ensuring that the most exciting market globally will, over time, be fully integrated into the global flow of monies. Ultimately, the GBA can only serve its bridge function if public and private sector leaders share a common vision and co-create an enabling environment. If public-private cooperation is successful, then savers and investors in China – and globally – will benefit from the opportunities of sophisticated, well-diversified financial products. And, from their incubation in the GBA, the benefits of these opportunities will be felt far beyond. The Forum’s Platform for Shaping the Future of Financial and Monetary systems is looking forward to facilitating the required public-private dialogue.
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Endnotes


3. Oliver Wyman Analysis, with data sources from the National Bureau of Statistics of China, the Hong Kong Census and the Statistics Department and Statistics and Census Service of Macau.


10. Ibid.


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