CAPCO JOURNAL

The Capco Institute Journal of Financial Transformation

Value dynamics

Disruptive forces reshaping financial services

Structural challenges

Chasing alpha: Can better psychological safety within investment teams lead to more robust cultures, faster innovation and better investment returns?

Aofinn Devitt

CAPCO a wipro company | KING'S College LONDON | KING'S BUSINESS SCHOOL

#61 SEPTEMBER 2025

JOURNAL

The Capco Institute Journal of Financial Transformation

Recipient of the Apex Award for Publication Excellence

Table of
contents

Technological transformations

12. **Riding the digital tides: Analyzing the digital yuan's present and possible future**
China's digital yuan is a powerful but cautiously evolving tool aimed at modernizing payments and enhancing state control.
Rhys Bidder, King's Business School – Qatar Centre for Global Banking and Finance | Lerong Lu, King's College London – Dickson Poon School of Law

28. **Rebuilding capital markets on-chain: Tokenization, treasuries and the next financial layer**
Tokenization is reshaping finance but its potential depends on aligning legal and institutional factors.
Sofia Villacreses Cardenas, Consultant, Capco

42. **Artificial Intelligence in the equity research industry**
AI is slowly reshaping equity research but adoption remains uneven due to cultural, technical, and organizational barriers.
Margaret H. Christ, Professor, University of Georgia | Minjeong (MJ) Kim, Assistant Professor, University of Wisconsin | Michael A. Yip, Assistant Professor, University of Georgia

52. **Sending out an SMS: How text alerts are transforming consumer finance**
Behavioral nudges show strong potential to curb unnecessary overdraft fees for U.K. bank retail clients without restricting credit access.
Michael D. Grubb, Associate Professor of Economics, Boston College | Darragh Kelly, Data Scientist, Google | Jeroen Nieboer, Experiment and Machine Learning Platform Manager, Deliveroo | Matthew Osborne, Associate Professor of Marketing, University of Toronto | Jonathan Shaw, Technical Specialist, U.K. Financial Conduct Authority and Research Associate, Institute for Fiscal Studies

60. **Digital transformation in Brazilian companies: Recommendations to accelerate digital maturity**
Brazilian companies increasingly recognize the value of digital transformation, yet barriers still exist.
Hugo Ferreira Braga Tadeu, Director and Professor, Fundação Dom Cabral, Belo Horizonte, Brazil | Jersone Tasso Moreira Silva, Associate Professor, Fundação Dom Cabral, Belo Horizonte, Brazil |Denise Pinheiro, Guest Professor, Fundação Dom Cabral, Belo Horizonte, Brazil | Bruna Dias Diniz Silva, Researcher, Fundação Dom Cabral, Belo Horizonte, Brazil | Kauã Kenner, Researcher, Fundação Dom Cabral, Belo Horizonte, Brazil

74. **Beyond the hype: In what sense are algorithmic technologies transforming regulation?**
Claims of transformation through regtech and GenAI often mask the reproduction of established hierarchies and regulatory habits.
Malcolm Campbell-Verduyn, Faculty of Arts, Center for International Relations Research (CIRR), University of Groningen, Groningen, Netherlands | Marc Lenglet, Strategy and Entrepreneurship Department, NEOMA Business School, Mont-Saint-Aignan, France

Secular shifts

84. **Private equity: Default source of capital for business and preferred asset class for investors?**
The rise of private equity signals a shift in capital formation, with implications for both companies and investors.
Anthony Gahan, Executive Fellow, King's Business School & Co-Founder, Wyvern Partners

94. **The evolving secondary market: An integral part of the private markets ecosystem**
Once a niche liquidity outlet, secondary markets for private assets are opening up via new funding mechanisms.
Nick Paulussen, Executive Director, Capco

106. **"Fix one problem, create another?" MiFID II and the hidden costs of regulating markets**
MiFID II's reforms to improve transparency in capital markets unintentionally weaken sell-side research and corporate broking.
Kenneth Lee, Professor, Loughborough Business School, Loughborough University, U.K. | Mark Aleksanyan, Professor, Adam Smith Business School, University of Glasgow, Glasgow, U.K. | Subhash Abhayawansa, Professor, Swinburne Business School, Swinburne University of Technology, Hawthorn, Australia

116. **Nature as an asset class: Unlocking financial value in a changing world**
Natural ecosystems are gaining financial relevance as tools for resilience, revenue, and long-term economic stability.
Eoin Murray, CIO Rebalance Earth

Structural challenges

126. **Healthy purposeful culture in finance: Instrumentalization and key drivers**
How do financial firms define "culture" and what challenges exist for putting a healthy culture into practice?
Dr Anat Keller, Reader in Law, Dickson Poon School of Law, King's College London, U.K. | Dr Andreas Kokkinis, Associate Professor of Law, University of Birmingham, U.K.

132. **Chasing alpha: Can better psychological safety within investment teams lead to more robust cultures, faster innovation and better investment returns?**
How can investment firms foster psychological safety to improve culture, innovation, and performance?
Aofinn Devitt, PhD candidate, King's College London and CIO, Moneta Wealth Management

140. **Habits and routines in financial markets**
How can financial leaders disrupt entrenched habits and routines to unlock value?
Yuval Millo, University of Warwick, U.K. | Crawford Spence, King's College London, U.K. | James Valentine, Analyst Solutions, U.S.

150. **Future proofing adoption strategies with behavioral science**
Behavioral science offers financial firms a powerful framework to overcome biases in the adoption of new services.
Martha Lucía Férez Blando, Managing Principal, Capco

160. **Shared value in cocoa farming: Value for whom? And who gets the lion's share?**
The disconnect between production and financial speculation in West African cocoa farming.
John Dumay, Professor of Accounting, Macquarie University, Australia

172. **Europe at a crossroads: East-West financial networks in a context of geopolitical polarization**
How are European-American-Chinese financial networks being disrupted by growing geopolitical tensions?
Adam Leaver, Professor of Accounting & Society, Accounting & Financial Management Group, Sheffield University Management School, University of Sheffield, Professor of Accounting, Copenhagen Business School, Denmark. Director of the Centre for Research on Accounting & Finance in Context (CRAFiC), Director of the Audit Reform Lab, Sheffield University Management School | Daniel Tischer, Senior Lecturer in Accounting, University of Sheffield

186. **Gender differences in financial advice: Lessons from a secret shopper study**
Financial advice is often gendered depending on the client due to unconscious bias.
Utpal Bhattacharya, Hong Kong University of Science and Technology | Amit Kumar, Singapore Management University | Sujata Visaria, Bayes Business School, City St. George's, University of London | Jing Zhao, Hong Kong Polytechnic University

2025, Edition 61

JOURNAL

Value dynamics

Welcome to the 61st edition of the Journal of Financial Transformation.

I am delighted to announce our new partnership with King's College London, a world-renowned leader in education and research, marking a new chapter in the Journal's long and distinguished history.

In this edition focusing on Value Dynamics, we explore a critical – and ever more pressing – challenge: how institutions across financial services create, distribute and sustain value.

As Professor Crawford Spence, our editor from King's College highlights in his own introduction, the forces shaping value dynamics across financial services are myriad, encompassing technological transformations, secular shifts, political and social structures.

As a firm that has been at the cutting edge of innovation for over 25 years, these value drivers intersect directly with the work Capco does every day, helping our clients around the globe transform their businesses for sustained growth.

The integration of innovative new technologies including generative and agentic AI models, the digitalization of currencies and payments infrastructures, the reimagining of customer experiences, the relentless evolution of market ecosystems, the vital role of culture as a value driver: these imperatives are where we see – first-hand – clear opportunities for our clients' future growth, competitive differentiation and success.

We are excited to share the perspectives and insights of many distinguished contributors drawn from across academia and the financial services industry, in addition to showcasing the practical experiences from Capco's industry, consulting, and technology SMEs.

It is an immense source of pride that Capco continues to champion a creative and entrepreneurial culture, one that draws on the deep domain and capability expertise of thousands of talented individuals around the world.

We do not take our hard-earned status as a trusted advisor lightly, nor our responsibility to make a genuine difference for our clients and customers every single day – placing excellence and integrity at the forefront of everything we do.

I hope the articles in this edition help guide your own organization's journey as you navigate the many complexities and opportunities ahead.

As ever, my greatest thanks and appreciation to our contributors, readers, clients, and teams.

Annie Rowland, Capco CEO

2025, Edition 61

Editor's note

KING'S BUSINESS SCHOOL

This 61st edition of the Journal of Financial Transformation is the first with a new editorial team in place, and is the product of a formalized collaboration between Capco and King's College London. This collaboration – a leading financial services consultancy and a prestigious academic institution – embodies the Journal's ethos: a balance between academic rigor and practical accessibility.

Traditional academic journals often deal with more prosaic conceptual matters. Even when they focus on more practical concerns, the timelines and mechanics of double-blind peer review processes can mean that the insights that they offer risk being out of date by the time they are published. Conversely, traditional op-ed articles in the financial press are all too often heavy on opinion and pre-conceived ideas and can lack the heft that comes with thoroughly researched pieces of work.

The Journal we've published strikes a vital balance between these two approaches.

This edition has an overarching focus of Value Dynamics. Specifically, the various articles look at how value is created, distributed and sustained across financial services. In turn, the submissions are grouped into three broad themes.

Technological transformations are explored in terms of how these can bolster or hinder value dynamics if not managed effectively. A number of secular shifts are also discussed – these being long-term changes that are impacting value dynamics in the sector. Finally, structural challenges are highlighted that emphasize the importance of sticky, tricky social and behavioral issues that surround the execution of financial services.

Overall, these themes highlight challenges and opportunities in the sector and encourage us to think differently.

It has been a pleasure working on this issue with such a fantastic and diverse array of different contributors.

Professor Crawford Spence
King's College London

Chasing alpha:

Can better psychological safety within investment teams lead to more robust cultures, faster innovation and better investment returns?

Author | **Aofinn Devitt** | PhD candidate, King's College London and CIO, Moneta Wealth Management

Abstract

The concept of psychological safety within organizations has gained increasing traction since the term was made popular by Amy Edmondson in 1999. Defined as perceived safety and freedom to voice different perspectives in a work unit, the concept has been adopted as a tool to drive learning and improve performance, particularly in healthcare-related fields. In this article, we examine its expansion to the field of investment management, a $145 trillion global industry that depends on the ability of professionals to manage assets and deliver positive investment performance. We study the role of culture within investment teams, and whether creating more psychological safety enables better learning from mistakes, increases innovation, and drives improved investment performance. We found that at a leadership level in investment management there is enhanced awareness of the importance of culture and talent retention and that these factors can add to organizational stability, even if at the present time there is an absence of concrete causal links to better investment performance.

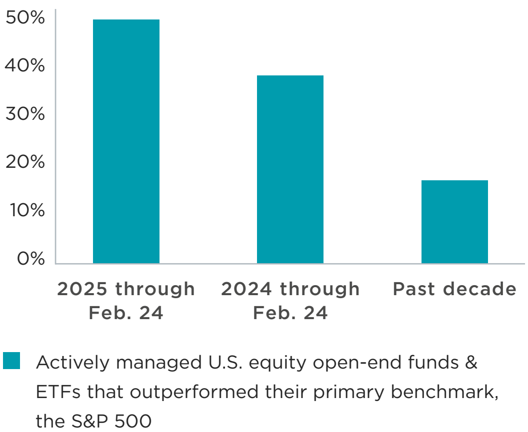
1. Introduction

The global investment management industry currently manages assets of approximately $145 trillion globally.[1] It is a classic knowledge industry, with the talent of the professionals (human capital) deemed to be the among the most valuable assets of a firm. As public participation in investing has grown (over 60% of U.S. citizens currently own stock)[2], the industry has found itself frequently under the microscope, as active managers have struggled to consistently add value versus a passive benchmark. The majority of active equity managers have not beaten their benchmark over the past decade (see Figure 1) and this has led to asset flows away from active management and into passive management, a trend that has persisted for the last nine years.[3]

In light of this challenge, we were interested in exploring how the human capital or "skill" on which active management is based was being nurtured, and the role that culture and psychological safety played in driving learning and performance within investment management firms.

1 https://www.pwc.com/ng/en/press-room/global-assets-under-management-set-to-rise.html
2 https://news.gallup.com/poll/266807/percentage-americans-owns-stock.aspx
3 https://www.morningstar.com/business/insights/blog/funds/active-vs-passive-investing

Figure 1: Making a comeback? More actively managed funds are beating their benchmarks this year



Source: Morningstar Direct

2. Defining psychological safety

The concept of "psychological safety" within work culture, and teams in particular, has gained increased traction in recent years, particularly as a tool to drive learning and improve performance. Psychological safety is defined as perceived safety and freedom to voice different perspectives in a work unit.[4] Edmondson states that "more specifically, when people have psychological safety at work, they feel comfortable sharing concerns and mistakes without fear of embarrassment or retribution. They are confident that they can speak up and won't be humiliated, ignored, or blamed."[5] Edmondson has a website containing a seven point questionnaire that can be used to conduct a psychological safety audit of a team. These questions relate to team members' responses to mistakes, their comfort level bringing up problems and tough issues, acceptance of differences, perceived safety to take risks, and the ease of asking other members of a team for help, as well as whether another team member might undermine them.[6]

In this framework set out below (see Figure 2) teams are deemed to be at their highest performing when both psychological safety and motivation are high. Most of the initial studies around psychological safety have centered on medical and aviation settings and studies draw a link between higher levels of psychological safety and increased performance, reduced errors, better employee wellbeing and engagement.[7] A recent article by Edmondson and Kerrissey revealed that there are many misconceptions arising with psychological safety as it attains more traction within the study of organizational behavior. Our research was conducted before the publication of this article, but we noticed very few of these misconceptions at work within the investment firms we studied, suggesting a sophisticated understanding of the concept and how it should be applied.

Figure 2: Under conditions of uncertainty and interdependence

Source: Edmondson (2018), The Fearless Organization

[4] Edmonson, A.C., 2018. The Fearless Organization: Creating Psychological Safety in the Workplace for Learning, Innovation and Growth, Wiley
[5] Ibid.
[6] https://amycedmondson.com/psychological-safety
[7] Lakonishok, J., A. Shleifer and R.W. Vishny, 1992. "The Impact of Institutional Trading on Stock Prices," Journal of Financial Economics, 32: 1
[8] Edmondson, A.C. and M.J. Kerrissey, 2025. "What People Get Wrong About Psychological Safety: Six Misconceptions that Have Led Organizations Astray," Harvard Business Review, May-June

There is currently very sparse literature on the penetration of this concept into the arena of money management and the financial sector. Given the high public awareness of this sector, the question as to whether improved psychological safety within investment management firms could lead to better team dynamics and ultimately better firm performance seems a pertinent one.

3. Key differences between asset management and other industries

Investment management is a particularly nuanced industry with key differences compared to other industries. It is clearly not an industry where physical safety might be an issue – as in medicine or aviation. It does have high stakes, however, but these are the high financial stakes rather than a matter of life and death. Further, the backdrop against which investment management exists is that of financial markets – themselves dynamic, constantly changing and prone to boom-and-bust cycles. This volatile backdrop may create a fear of losing one's job, enhance the sense of pressure in an environment, and may create a particular kind of stress dynamic for employees against which psychological safety must be assessed.

3.1 What is a successful outcome?

What constitutes "success" within investment management is also somewhat subjective – some firms define it exclusively in performance terms, while others consider it delivery of excess return against a benchmark. The question arises as to what time period is relevant to measure that performance, and the issue of client satisfaction is also central.

3.2 What is an error?

Errors in investment management, too, can take many forms – they can be technical, trading, errors or more qualitative errors of judgment that may not even be objectively judged as errors according to the time frame examined (e.g., mistiming the holding period of a stock, such as entering or exiting "too early" or "too late," or mis-sizing a position, where the error is only clear in retrospect). While eliminating or minimizing trading errors may be an outcome of better psychological safety, this might be more deemed a "hygiene" factor within a firm and not necessarily related to adding value over an investment cycle.

Given these nuances, linking improved psychological safety to investment performance in investment management may take time and multiple investment cycles. It is beyond the scope of this paper to prove a link between improved psychological safety and better "investment skill" at this stage. However, it is interesting to explore the emerging awareness of the importance of culture, and efforts to improve psychological safety and improve the quality of risk taking within firms on a global basis today.

3.3 Exploring the emphasis on firm culture and psychological safety within investment firms – an initial study

We spoke with 14 groups of professionals at 14 different investment management firms, including a mix of executives and portfolio managers. The discussions took the form of long-form qualitative interviews rather than surveys, as we were keen to capture nuance and subjective understandings of situations. Interview questions related to the importance afforded to culture within the firm, how it was defined, whether they recognize the concept of psychological safety, and, if so, how they encourage it. We discussed decision making, accountability, feedback, compensation, other incentives, the role of leadership, and finally asked whether there was any discernable link between more effective culture and investment returns, innovation or team wellbeing.

3.4 Culture

The interviews revealed that there is increased awareness of the role of culture in building organizational strength within investment management. A head of strategy at a $43 billion emerging markets equity firm described it as "critical to perpetuating an organization," and, as such, required careful attention and monitoring. It was stressed by her to be a dynamic and "living and breathing thing" and by a founder of a $75 billion credit firm as a "gold standard" that could be inculcated and sustained in many ways. He suggested that frequent reinforcement was necessary and that it needed to be repeated to employees so often as to be akin to a "barrage." The role of leadership in "walking the walk" was considered critical to ensure authenticity and optimize employee buy in. One CEO talked about having zero tolerance for when things are done outside the cultural expectations, and the need to continuously reinforce culture intentionally.

The former CEO of a $160 billion asset manager suggested that some elements of culture should be universal, while some should be localized. Examples of "universal" culture would be treating everybody with due respect, providing feedback, a culture of accountability, and of putting the client first. Examples of local cultures would include different regional investment teams governed by different regional norms, or differing cultures within, say quantitative investment teams or fundamental investment teams.

3.5 Coping with stress

Sometimes the strains of the volatile market environment can contribute to a stronger culture – a professional who had spent time at the firm affected by the Barings Crisis in 1995 suggested that going through something "terrible" and coming close to losing "everything" led to a sense of "being in the trenches together" and on the same side. She spoke of this culture as being "humble" and "mutually supportive."

In light of the growing awareness of culture across a cross-section of asset managers globally, we were interested in how this was manifesting itself in creating a climate that endowed psychological safety.

3.6 Creating safety or belonging through empowerment and trust: Questioning "star" culture

One founder cited the work of Daniel Coyle's The Culture Code[9] frequently during our interview. The executive incorporated the lessons around establishing purpose and creating safety through building "trust" – a term he preferred to Coyle's "vulnerability," and how this trust leads to a sense of "belonging."

Others stressed the importance of team dynamics and the president of a $650 billion multi-asset firm spoke about actively surrendering star culture for a team-first approach. She said, "Today we're doing a lot of training around what's called playing the bigger game. Playing the bigger game is this idea that you have to leave your department, your agenda, your role at the door, to come in a cohort or a team, to try really hard not to judge, but to bring curiosity." A value-oriented stock picker deliberately used generalists instead of specialists as stock pickers to avoid a specialist "dominating the conversation" as a keeper of domain knowledge.

[9] Coyle, D. 2018. The Culture Code: The Secrets of Highly Successful Groups, Penguin

By eliminating moats on knowledge in this way, the firm hoped to allow for more unencumbered exchange of ideas and safety to challenge others.

Another portfolio manager, from a smaller ($32 billion) mid-cap value manager, manages his team to ensure that they are free to develop stock picking expertise without the pressure to put something into a portfolio, and multiple leaders discussed techniques that are employed in team meetings to encourage junior staff to speak up, voice their opinions, and feel "valued" or "empowered and trusted" as shown below.

3.7 Processes to encourage dialogue, challenge, and debate

To create psychological safety many firms had intentional processes and safeguards in place around decision making. For one emerging markets manager the first step is maintaining a paper trail. This is to document the process and the judgment call so that they can later pinpoint where errors may have been made. This is all done against a context of encouraging disagreement and debate and shepherding these discussions in a respectful and constructive way.

Another, a mid-sized asset manager, refers to these as "retrospects" – particularly necessary when it comes to problematic investments. A retrospect consists of a whole re-underwriting and a revisiting and rehashing of the stock idea. This process avoids distorted recollection of the decisions and understandings that prevailed at the time based on the information available then. The meticulous documentation and investment notes enable the team to trace their thinking at the time that facts become known and to trace the investment process behind mistakes that may have been made.

Besides maintaining a paper trail, team dynamics can be deliberately structured to encourage debate – particularly from junior team members. One former head of investment at an $800 billion asset manager referred to many different ways to encourage contributions and frank debate, including "the good old blue team, red team approach" (in which team members are assigned a role of arguing for or against a stock or investment idea), the pre-mortem idea, which he explained as: "an idea, you might say to a junior analyst, okay, we're looking at this or entering into this position. These are all the reasons that we want to do it, I want you to go away and tell me in a year's time, it's gone horribly wrong, what happened." Another technique was at the end of every single team meeting for the senior analyst to go around the room and ask each analyst, "If this was your portfolio, which three current positions do you feel least comfortable about?"

A fixed income focused manager, with over $1 trillion in assets under management, described how investment committee meetings were run: "We give our speakers 10 minutes to deliver their presentation uninterrupted before going into the Q and A and make sure that we have an odd number of voting members when voting, ensuring that the meeting lead speaks last, or rather, votes last when surveying, so … they don't influence others." The manager also described having "open mic" days in the investment committee: "we read our best ideas from our investment professionals on an anonymous basis, really, to ensure that we're not being influenced by the name on the piece of paper or their seniority. Other things we do is in our quarterly forum process, after a presentation, we'll often ask if there's any dissenters to speak up to avoid that group think or assuming that everyone's on the same page."

3.8 Using psychological safety to probe errors

The process improvements highlighted above can affect how errors are treated, and how they are used as a tool for learning – instead of "blame" – a key hallmark of a psychologically unsafe environment. This is not the same as inviting or celebrating failure, however – possibly a key difference between the fiduciary-duty filled investment management industry and the more innovative field of, say, technology. The founder of a large private credit manager suggested that it was important to differentiate between creating a culture of challenge and allowing failure, stating, "We can't let individuals make mistakes on a bad loan, right? That's not a strategy for success for our business. What we can do is create an environment in which people can feel comfortable saying what they believe and saying it with passion and with analytical reasoning and being part of spirited debates."

A global equity manager with close to $300 billion in assets under management stressed the importance of not having a "culture of blame" within the firm that ensured that the team could "continue to take risks even where things have not gone well." The flip side of that (instead of a culture of blame) is that there is better individual accountability as well as team accountability.

3.9 Using feedback to eliminate errors and build trust and learning

Outside the stock picking process, feedback was seen as an essential tool to ensure team development and growth. Both public and private managers cite the importance of feedback with one stressing that key to fostering a culture of learning is frequent and actionable feedback. According to the former CEO, this feedback should be direct "so that you know where you stand – for better or for worse." He admitted that

"We can't let individuals make mistakes on a bad loan, right? That's not a strategy for success for our business. What we can do is create an environment in which people can feel comfortable saying what they believe and saying it with passion and with analytical reasoning and being part of spirited debates.

cultures where feedback is freely given may not necessarily be the most convivial or "feel good" of cultures but that a culture where that feedback is given indicates a generosity and engagement and a desire for young investors to learn and grow. He further suggested that challenge is key to developing a critical thinker and investor.

Another stressed the importance of a feedback loop in which the team member should "feel safe," receive constructive feedback, and that the shorter the feedback loop the faster the learning would be. He suggested that this would encourage them to act on this feedback and repeat this cycle. This practice of providing early and actionable feedback should ideally commence early on in someone's tenure at the firm in order to shape behaviors, build trust, and build confidence in investing

3.10 How compensation can be a tool for feedback and trust

Within financial services compensation might be seen as a particularly inflammatory topic, whether as an instrument of feedback, a motivator, or something that could undermine trust and drive a wedge between staff. A former CEO had a particular focus on transparency around compensation – he is transparent about why individuals are paid what they are, seeking to remove opacity, which can breed distrust, he suggested. He also rejected the suggestion that compensation in asset management was the main way to motivate a workforce, “I mean you pay them once a year. If you do it well, there’s a period of a few days around the comp window where people are bothered by that. But most of the time, that’s not what drives people … people are driven by succeeding at what they’re doing.”

3.12 Transformation in line with an industry in flux

While we are mindful of the fact that there may have been selection bias in our sample, it is clear that at the leadership level in investment management there is enhanced awareness of the importance of culture, a sense of belonging, and talent retention. There is a focus on having better discussions, presenting challenge to ideas, building accountability, and learning from mistakes, even in the absence of concrete causal links to better investment performance. We observed that the understanding of the value of psychological safety as a way to enhance learning within these firms was nuanced and sophisticated, and was not distorted by what has been described as common misperceptions of psychological safety by Edmondson and Kerrissey.[10] There was no conflation of psychological safety with job security, “niceness,” freedom from challenge, getting one’s way, comfort, lower levels of performance, or the need for the policy to be in some way codified or mandated. There was an acknowledgment of the role of leadership in setting expectations, but also an awareness that individual team interactions had to reflect behavioral changes in order to ensure learning and enhanced contributions by all group members.

Investment management is a relatively high margin industry, where human capital is one of the most significant costs. Maybe this aspect enables cultural enhancement to be prioritized and money assigned to training and process enhancements.

The recent article by Edmondson and Kerrissey cites the importance of centering firms around their root mission and purpose, and of instilling processes like feedback, effective meetings and robust debate. Many of the firms interviewed had developed a mission around the client experience – the ex-CEO asserted that key mission of the firm: “it’s about the client. It’s about their experience. They’re the only ones taking risks with the money.”

The former head of investment echoed this, and also accepted that this may not meet every definition of success in terms of investment performance. He suggested that the true measure of success was the “outcomes that we deliver to our clients. So the things that we can influence. So whether you’re given a global small cap, mandate, emerging market debt mandate, whatever it is, if you can deliver against the benchmark that you’re set, then I think that probably has to be success. Because at the end of the day, we are hired by our clients to do that. Is that the same though, as being a successful investment person? No, not necessarily.”

Ben Philips, a consultant with Broadridge Financial Solutions, recently[11] cited trends in asset management such as the movement from a product industry into a service industry. This entails more customization, more of a focus on client partnership than mere product delivery, and a wider spectrum of outcomes that correspond to the varying needs of a client. He notes an evolution in how the asset management industry is measuring service, and why retention is more important than acquisition.

[10] See Footnote 8 above

[11] https://www.fiftyfaceshub.com/219-ben-phillips-of-broadridge-financial-solutions-looking-into-the-crystal-ball-for-the-asset-management-industry-of-the-future

If client relationships with an asset manager are ultimately deemed to matter more than raw performance, then the efforts in place at investment management firms to ensure a collegial culture, better employee retention, and an overall mission of client service are likely to generate a good return on investment.

At the time of writing we can see multiple examples of process changes and efforts to derive the most from an investment team. Much of this is still a work in progress, but the increased momentum around the practice suggests that the efforts have yielded positive or at least promising results. We hope that by sharing some early examples of process improvements, which encourage dialogue and more of a sense of being “valued” among employees, more such improvements continue.

About Capco

Capco, a Wipro company, is a global management and technology consultancy specializing in driving transformation in the financial services and energy industries. Capco operates at the intersection of business and technology by combining innovative thinking with unrivalled industry knowledge to fast-track digital initiatives for banking and payments, capital markets, wealth and asset management, insurance, and the energy sector. Capco's cutting-edge ingenuity is brought to life through its award-winning Be Yourself At Work culture and diverse talent.

To learn more, visit www.capco.com or follow us on LinkedIn, Instagram, Facebook, and YouTube.

Worldwide offices

APAC
Bengaluru – Electronic City
Bengaluru – Sarjapur Road
Bangkok
Chennai
Gurugram
Hong Kong
Hyderabad
Kuala Lumpur
Mumbai
Pune
Singapore

MIDDLE EAST
Dubai

EUROPE
Berlin
Bratislava
Brussels
Dusseldorf
Edinburgh
Frankfurt
Geneva
Glasgow
London
Milan
Paris
Vienna
Warsaw
Zurich

NORTH AMERICA
Charlotte
Chicago
Dallas
Houston
New York
Orlando
Toronto

SOUTH AMERICA
São Paulo

About King's Business School

King's Business School is a triple-accredited business school in the heart of London. It ranks amongst the top 10 business schools for research in the UK, based on the Research Excellence Framework 2021, and is consistently ranked in the top ten in the UK for business by the Times and Sunday Times Good University Guide, the Complete University Guide and the Times Higher Global University rankings.

The School advances world-leading education and research across four knowledge frontiers: (1) developing a modern workplace, (2) creating sustainable and socially responsible business, (3) Improving health and public services organisation and (4) strengthening economic and financial systems.

It is the ninth faculty of King's College London, leveraging interdisciplinary potential across the College. It drives pioneering thinking and engages the limitless energies of the city's businesses, policymakers, entrepreneurs and change-makers. King's Business School puts its commitment to drive positive change at the heart of its life-changing research and "London as a classroom" experiential education.

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C004309