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Added Value of Japan's Major Asset Management Companies Being Challenged by DX and Globalization

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Summary

- The structure of the asset management company's business environment is changing, and reform of the business model is required.

- The first of these changes is that, despite a significant increase in assets under management (AUM), financial market volatility has increased in the context of the historically low interest rate environment, and the burden of risk management on asset management companies has increased. In addition, regulatory compliance for fiduciary duties, etc., and the cost burden for environmental, social, and governance integration, which integrates ESG elements into the investment platform, are also increasing.

- The second change is the increasing trend toward index investing, which has increased downward pressure on compensation against the backdrop of heightened doubts on the part of investors regarding value for money (added value commensurate with expenditures) for active management.

- A third change is the diversification of sales channels through digital technology (progress in the separation of production and sales and the emergence of robo-advisors).

- These changes are transforming the business model by employing technology-driven investment platform strategies and strategies that specialize in integrated asset classes for large global AUM asset managers.

- In this report, we will show the direction of the business models of major Japanese asset management companies in response to the full-fledged changes in industrial structure observed in the above three factors in Europe and the United States.

Attention
This report is a summary translation. The official document is only in Japanese, included in the DIR Research Quarterly Review (Vol.43).