

4^{ème} Conférence sur les Risques Mondiaux organisée par l'ALRiM avec la participation du World Economic Forum

« Notre objectif est d'inciter les acteurs de la place de Luxembourg à conserver un haut niveau de vigilance »

Le 3 juillet a eu lieu la 4^{ème} Conférence sur les Risques Mondiaux organisée par l'ALRiM avec la participation du World Economic Forum, dans la grande salle de conférence de la Chambre de Commerce. Un public nombreux a assisté aux différentes présentations et panels de discussion qui se sont succédés. Temps forts.

Dans son propos introductif, Philippe Soler, Vice-Président d'ALRiM et animateur de la conférence, a rappelé les objectifs poursuivis par ALRiM à travers l'organisation de cet événement annuel. L'horizon stratégique des entreprises s'est considérablement raccourci au cours de la dernière décennie, du fait, entre autre, de l'accélération du rythme de l'innovation.

Le dispositif de suivi des risques des entreprises a eu tendance à s'aligner sur cet horizon de court terme, au détriment du suivi des phénomènes sous-jacents, souvent moins visibles, qui n'apparaissent pas comme des menaces immédiates. L'objectif d'ALRiM, à travers cette conférence, est d'inciter les acteurs de la place de Luxembourg à conserver un haut niveau de vigilance concernant ces risques de moyen terme, qui peuvent se manifester de manière inopinée, après une longue période de gestation silencieuse.

En écho à la nécessité de maintenir une vision de moyen/long terme, Carlo Thelen, Directeur Général de la Chambre de Commerce a dressé un état des lieux de la stratégie luxembourgeoise de développement sur 20 ans. Pour le Grand-Duché, le maître mot est de repenser le concept de croissance classique. Les énergies renouvelables, la mobilité, l'architecture, l'économie intelligente et



De gauche à droite : Philippe SOLER, ALRiM, John HERMANS, KPMG, Denise VOSS, ALFI, Aengus COLLINS, World Economic Forum, Marco Pescarolo, Ferrero International

circulaire sont les pierres angulaires de cette stratégie. Afin de faire face à l'automatisation Monsieur Thelen a mis l'accent sur les stratégies du Gouvernement Luxembourgeois et de la Chambre de Commerce pour un développement des connaissances et des aptitudes continues. Une formation constante sera la clé pour s'engager dans un futur hyper-digitalisé et pour maintenir le Luxembourg comme hub financier global.

Aengus Collins, Chef de Projet sur les Risques Globaux aux Word Economic Forum a commenté le 12^{ème} «Global Risks Report» du World Economic

Forum. Cette étude classe les risques selon deux critères : probabilité et impact, en s'appuyant sur une enquête auprès de 745 experts et décideurs du monde entier.

Les événements climatiques extrêmes, la migration involontaire à grande échelle et les catastrophes naturelles majeures constituent le top 3 des risques selon la probabilité d'occurrence. Les risques liés aux armes de destruction massive, à la crise de l'eau, et aux catastrophes naturelles majeures sont en tête en termes d'impact. Ces risques sont interconnectés, et leurs causes étant multifactorielles, les

réponses à y apporter sont nécessairement multilatérales et doivent traiter les diverses causes sous-jacentes à ces risques. Le rapport met également en avant la nature disruptive des nouvelles technologies sur les modèles économiques établis et les défis socio-politiques.

John Hermans, EMEA Leader Cyber Security à KPMG a souligné le besoin de responsabiliser les conseils d'administration sur la cyber sécurité : «La communauté IT a failli à traduire les implications de sécurité en termes de business». La non-divulgaration des données post-attaque est l'un des obstacles à la mise en place de stratégies de défense au niveau privé, national et global. Le partage d'informations à ce sujet est essentiel pour dresser un état des lieux de la vulnérabilité des acteurs publics et privés. Les mentalités changent doucement, mais il est primordial d'abandonner la notion de peur, d'incertitudes et de doutes au profit d'une posture plus volontariste, d'analyse des menaces et de hiérarchisation des risques.

Denise Voss, présidente de l'ALFI, s'est jointe à Marco Pescarolo, Trésorier de Groupe Ferrero International, Aengus Collins et John Hermans pour échanger sur le maintien du Luxembourg comme HUB Financier Global. Les efforts nationaux en matière d'ICT et de FinTech, ont été mis en avant, tout comme la création du Climate Finance Accelerator. Les aspects socio-politiques du «Global Risks Report» furent également abordés dans le contexte luxembourgeois. Si le Brexit constitue une opportunité pour certains, il crée une pression sur les modèles financiers transfrontaliers tels que le Luxembourg et l'Irlande.

Le panel a pris en compte les risques auxquels est exposé le Grand-Duché et a souligné le besoin d'établir des stratégies plurisectorielles à moyen et long terme.

Looking to the future - Life assurance and the growing digital need

We are in the midst of a digital revolution, which is transforming the way consumers expect to interact with companies. Half of the world's population – 3.7 billion people – are now active internet users, up 10% in the last year alone. As a result, digital sales are soaring; the total value of e-commerce will climb beyond US\$2 trillion for the first time this year.⁽¹⁾ Such rapid behavioural and technological change brings huge opportunity, and we are seeing the wealth management industry continue to evolve by introducing technology that affects the way they interact with partners and clients.

Mass-market retail providers and advisers previously led the way when it comes to digital solutions, developing light-touch robo-advice, particularly in the US, to service those clients without substantial assets cost-effectively. However, advised life assurance is making great strides to catch up.

Driven by increasing expectations of digital service by high and ultra high net worth clients, increasing regulatory and reporting requirements, and a drive towards further life assurance and the growing digital need transparency, digital innovation is taking hold. This does not mean that technology is replacing the human touch approach of those involved in the wealth planning of high net worth individuals. On the contrary, technology is proving to be complementary, meeting clients' expectations for digital engagement, thereby improving efficiency, while supporting the human interaction on more complex matters.

HNWIs raise digital expectations

High net worth individuals' expectations are evolving. They are digitally literate, and increasingly expect their wealth planning to be multi-channel in order to match the experience they receive as consumers elsewhere. The sector is playing catch-up with this, compared to other areas of financial services. If we look at the wider wealth management industry, for instance, just a quarter of wealth managers offer digital channels beyond email. By contrast 69% of high net worth individuals bank online or via apps.⁽²⁾

This disconnect presents a major opportunity for providers and advisers able to meet this need. Indeed, a recent report highlighted that the majority of high net worth clients state that they will actually switch providers due to the lack of an integrated channel experience.⁽³⁾ This digital demand is only going to intensify as wealth is transferred to millennial high net worths, who bring with them different behaviours and have different expectations from their providers and professional advisers.

Regulation acts as a driving force for innovation

The pace of change in international regulation and reporting is acting as an additional spur for technological advancement in the sector. The implementation of FATCA provides an illustration of the operational impact on many firms. 44% of financial services firms see US tax reporting requirements as having a significant impact on their business operations, and many entities are reluctant to work with US citizens outside the US as a result. The burden of compliance will only become heavier for the industry, as we see the introduction of the Automatic Exchange of Information and its Common Reporting Standard this year.

Much of the issue lies in the greater amount of data that must be captured from clients to satisfy cross-border tax reporting. Investment in technology is key. Paper-based systems are being replaced by digital servicing, a move that will take the strain off the back office, but importantly make the process swifter and easier for clients, as well as boosting efficiency for partners on the front line.

Digital innovation brings transparency and engagement

Better quality data collation and management builds the foundation for companies to move towards digital solutions, feeding through into a better experience for advisers and clients throughout their customer journey and supporting personalisation. When combined with investment in accessible and simple digital platforms, client reporting such as evidencing suitability becomes much more efficient and user-friendly.

Looking ahead - Self-service and the rise of automation

The ability to self-serve will be increasingly embedded in the propositions of providers. Two thirds of affluent individuals expect future wealth management and planning relationships to be mainly or entirely digital,⁽⁴⁾ and digital strategies must respond to this. For unit-linked life assurance providers such as Lombard International Assurance, development of intelligent dashboards that can be accessed online or from apps will help meet this need, providing clients and their partners with easily accessible performance data of the investments underlying their policies and their allocation, wherever they are in the world.

Automation provides the potential for disruption and innovation. Greater automation in back-office processes will improve efficiency for providers and their partners. Consumer demand for digital advice models will see significant change across

the industry. Nevertheless, the complexity of cross-border wealth structuring will still require the input of multiple human parties, whether lawyers, financial planners or providers. In such a specialised field, technology needs to complement, rather than replace, expert advice. Hybrid models are likely to grow in prominence, therefore, automating more simple tasks and decisions, but incorporating human intervention at the appropriate points in the advice process.

The future is secure

As firms incorporate digital strategies into their propositions, and the quantity and quality of client data being held improves, the need for robust security becomes even greater. Clients expect no less. According to Capgemini, 51% of high net worth individuals now rate theft and personal financial crime as one of their top concerns, so digital security must provide reassurance.

Life assurance companies based in Luxembourg already benefit from data centres with a Tier IV level of data protection. However, firms will need to demonstrate their commitment to security throughout their systems. We expect to see greater investment in sophisticated detection and monitoring software, but also in biometric technology to protect clients' account access and transactions.

Responding to digital demand: Connect by Lombard International Assurance

With demand for integrated multi-channel propositions climbing among high net worth individuals, and a clear need for the life assurance sector to embrace digital, Lombard International Assurance recently launched its landmark Connect platform.

The digital solution has been built on client and partner feedback and requirements, providing intuitive and 24/7 secure online access to client data, as well as transaction information. It can be accessed remotely on tablet, mobile phone or desktop, and is available in six languages.

Connect's key features:

- Up-to-date intelligent dashboard,
- Intuitive navigation,
- Access to client data and policy valuations,
- Interactive query handling facility.

Aidan McCLEAN
CIO,
Lombard International Assurance

- 1) Hootsuite/We Are Social: Global Digital Snapshot, January 2017
- 2) PwC Strategy & Global Wealth Management Survey 2016
- 3) Capgemini Wealth Management in the Digital Age
- 4) Capgemini Wealth Management in the Digital Age

Liberty to move its EU base to Luxembourg

Liberty Specialty Markets (LSM) has announced that it intends to headquarter its post-Brexit EU operations in Luxembourg. The move follows a detailed analysis of potential jurisdictions, with the aim of ensuring that LSM's post-Brexit structure complements its European strategy.

LSM will be seeking regulatory approvals to operate via an insurance company and insurance intermediary domiciled in Luxembourg, which together will enable LSM to continue to offer both Lloyd's and Company paper from its offices throughout the EU and Switzerland.

LSM will maintain its London headquarters. LSM is continuing to analyse potential structures for its new EU operation, and expects to make a further announcement about that to its clients and employees later this year.

LSM's President & Managing Director Nick Metcalf said, "We have ambitious plans for growing the business that we do within and from the EU, and Luxembourg best fits the design principles we set ourselves to best position our post-Brexit structure. It is important to us to locate ourselves in a robust regulatory environment, and Luxembourg offers us exactly that. The regulator is well-respected, pragmatic, and insurance-specific and so understands the market very well.

"Our primary objective was to minimise disruption to our clients and policyholders and employees, and I hope to be able to demonstrate how we have achieved that, when we set out how our new structure will work after the summer. For our clients it will be very much business-as-usual. Europe is a key market for us and we are working towards expanding our capabilities and product offering in Europe over the coming months and years."