



For Immediate Release

Hong Kong's private wealth management industry returns to growth

Hong Kong, 22 November 2024 - The Private Wealth Management Association (PWMA) today released the ninth annual Hong Kong Private Wealth Management Report ("the Report") co-authored with KPMG. The Report reveals 2023 marked a turning point for the industry, with a return to AUM growth following strong inflows nearly tripling from the previous year. This year's report also provides a lens into the growing impact Artificial Intelligence (AI) is having on the industry.

Despite considerable economic uncertainty including global geopolitical tensions, central bank interest rate movements and digital disruptions, most respondents report positive optimism about the market's outlook over the next five years, particularly given the huge wealth opportunities that remain in the Mainland Chinese market, where surveyed firms expect AUM from this region to continue growing over the same period.

While the Mainland China market remains a dominant source of wealth, firms are also targeting wealth opportunities in Southeast Asia and the Middle East. The optimistic outlook is further bolstered by Hong Kong's strengthening position as a leading hub for family offices, with a large majority of surveyed firms recognising this sector as a growing source of business, along with the targeting the next generation of wealth.

The report highlights the efforts and progress made by the Hong Kong government, with further incentives as outlined in the 2024 Policy Address such as expanding the scope of tax concessions and facilitation of new distribution channels warmly welcomed by the industry. Also noted are the initiatives around enhancing the city's International Finance Centre's status and attracting talent in recent years.

In addition to the supportive governmental policies, the report also outlined the unique advantages of Hong Kong not easily replicable in other wealth management centres, including well known fundamentals such as the substantial business friendly infrastructure, low and simple tax rate, robust regulatory regime, free movement of money and deep capital markets. Of course, Hong Kong has unparalleled connectivity to the Mainland in terms of geographical proximity and cultural links, with Hong Kong Professionals not only having the knowledge and expertise required to serve Mainland Chinese clients and international investors looking for opportunities in China, but also the broader experience and expertise to serve the Asia Pacific market.

Amy Lo, Chairman, PWMA Executive Committee, said, "We are delighted that Hong Kong continues to be a leading wealth management hub as demonstrated by an increase in net inflows and AUM. Hong Kong's private wealth management industry is experiencing exciting opportunities in family offices, ongoing wealth creation, intergenerational wealth transfer, and robust government initiatives promoting Hong Kong's

‘superconnector’ proposition. Many of the developments in technology, AI, digitalisation, and the next generation have had a profound impact on the development of our industry as well.”

Highlights of the Report:

- A tripling of net inflows and an increase in AUM to HKD\$9,022bn¹ demonstrates the resilience of Hong Kong’s PWM Industry.
- Hong Kong’s status as a leading wealth management centre remains strong, with firms reporting regulatory concerns dropping significantly.
- Majority of firms see the family office sector as a growing source of business. To strengthen Hong Kong’s position, the industry should continue to provide targeted feedback to the government.
- Multi-shoring remains a popular risk management strategy for clients. The industry largely views this as being complimentary to Hong Kong’s growth, rather than a competitive risk.
- The Chinese Mainland remains the dominant source of wealth, however 21% of firms are targeting new corridors of wealth in Southeast Asia, and 15% are focusing on the Middle East.
- The majority of PWM firms are in a “wait and see” mode on virtual assets, with more work to be done among industry, government and regulators to improve client access to a wider product range.
- Artificial Intelligence and Biotechnology emerge as strong client investment preferences
- The number of firms targeting the lower US\$ 5M – 10M wealth segment will see the biggest jump over next five years, with AI aiding in personalised services and reduced client acquisition costs.
- Majority of firms report that their current implementation of AI is either improving or drastically improving customer satisfaction, with onboarding and KYC identified as the main focus areas. Key challenges include regulatory compliance, data privacy concerns, cybersecurity, and training.

The adoption of artificial intelligence across the PWM industry and digital transformation continue to be top priorities for the industry, as revealed in the PWM Report 2024. Many surveyed firms said their current implementations of AI are either improving or drastically improving customer satisfaction, particularly in risk profiling and suitability assessments. PWM firms are currently prioritising AI use cases that are both technically feasible and offer a high business impact, with plans to embrace more applications as the technology matures. The industry anticipates AI will not replace Relationship Managers (RMs), however, will further enhance the client experience by serving as an enabler for RMs, handing most of the technical and analytical work allowing RMs to focus on delivering more personalised advice as connectors and coordinators.

Despite these advancements, the adoption of AI within the PWM industry faces significant challenges common to the wider financial services community, including cybersecurity and data privacy concerns, as

¹ https://www.sfc.hk/-/media/EN/files/COM/Reports-and-surveys/AWMAS-2023_E.pdf?rev=5549c0965c604a2ba01e6014cf9731a7&hash=574309F73EA20486078C0BA023F7CE47



well as regulatory and compliance concerns. Although government funded training on AI adoption strategies has been made available, member firms are advocating for more programmes specifically aimed at enhancing the AI skill sets of PWM professionals.

Vivien Khoo, CEO and Managing Director, PWMA, said, “Upskilling PWM professionals in AI competencies was a top priority for this year’s survey respondents. PWMA is ready to work with the industry to advocate for more support on AI-focused education and training opportunities, so that member firms are better equipped in navigating the complexities of AI while promoting innovation.”

Jia Ning Song, Head of Advisory and Head of Banking and Capital Markets – Hong Kong, KPMG China, said, “Many of us will likely overestimate the impact AI will have on the industry in any given year, but will almost definitely underestimate the impact in five years. AI adoption will continue unabated and if we are well positioned to embrace this new reality, we have a chance to fundamentally reshape how we interact and serve clients better, as well as redefine the future of the workplace and the workforce.”

The 2024 Hong Kong Private Wealth Management Report provides an in-depth view into the industry landscape, evolving challenges, and the emerging growth opportunities, with the added lens of AI’s growing impact. This report is largely based a survey of the PWMA’s Private Wealth Management Institution members, supplemented by the survey results from the SFC’s Asset and Wealth Management Survey 2023², and interviews with industry executives, front office and technology personnel and technology vendors. Both surveys and interviews were conducted between July and September 2024.

The full report is available for download at: <https://kpmg.com/cn/en/home/insights/2024/11/hong-kong-private-wealth-management-report-2024.html>.

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²[AWMAS-2023 E.pdf](#)



About PWMA

Established in 2013, the Private Wealth Management Association (PWMA) is an industry association, whose mission is to foster the growth and development of the private wealth management (PWM) industry in Hong Kong. PWMA aims to strengthen the position of Hong Kong as the leading PWM hub by promoting proper conduct and integrity as well as setting standards for professional competence on the part of PWM practitioners; providing professional training and development opportunities to maintain the enhanced levels of competence expected of PWM practitioners; building a PWM community through industry events, forums and committees; establishing a platform for members to address and work collaboratively on industry wide challenges; providing a unified industry voice and representation on PWM related matters; and establishing an effective channel to maintain ongoing dialogue with government officials, regulators, trade bodies, industry associations and other stakeholders.

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In 1992, KPMG became the first international accounting network to be granted a joint venture license in mainland China. KPMG was also the first among the Big Four in mainland China to convert from a joint venture to a special general partnership, as of 1 August 2012. Additionally, the Hong Kong firm can trace its origins to 1945. This early commitment to this market, together with an unwavering focus on quality, has been the foundation for accumulated industry experience, and is reflected in KPMG's appointment for multidisciplinary services (including audit, tax and advisory) by some of China's most prestigious companies.



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