



Press release  
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## **FINTECH: A GAME-CHANGER IN FUND DISTRIBUTION, ACCORDING TO ALFI**

***“The asset management industry has a once-in-a-generation opportunity to re-imagine and modernise its distribution model to address market and operational challenges – for future and current investors,” says Denise Voss, Chairman of ALFI.***

According to a new paper published today by the Association of the Luxembourg Fund Industry (ALFI) and Deloitte, “How can FinTech facilitate Fund Distribution”, the surge in FinTech is starting to reshape the financial sector on a global scale with a flourish of new players attracting significant attention from markets, customers and investors. ALFI believes that Luxembourg asset servicing firms have a major opportunity to help asset managers and distribution intermediaries to succeed in the change.

**Denise Voss, Chairman of ALFI**, says: “FinTech is more than a buzzword. It will have a fundamental impact on the operating model of asset managers, distribution intermediaries and service providers, who are also facing new investor behaviours. The investment management ecosystem has not only to increase efficiency, but also to provide a better customer experience if it is to succeed in the future. In order to help asset managers and service providers to adapt their respective business models, ALFI has established its Digital/FinTech Forum whose aim is to highlight the challenges and opportunities inherent in new digital technologies.”

**Simon Ramos, Partner of Deloitte Luxembourg**, says: “FinTech will be a game-changer in investment management operating models. Luxembourg’s strongly connected industry players are well-positioned to ensure that Luxembourg is in the driving seat for innovation.”

The paper outlines the growth and driving forces of FinTech:

- Worldwide investment in FinTech is growing exponentially, with investment into companies in the sector tripling to USD12 billion from 2013 to 2014;
- Luxembourg has seen a flourish of start-ups, with over 150 FinTech companies based in Luxembourg providing IT infrastructure or IT services as well as software or technology-based business services;
- New technologies have emerged: Blockchain, artificial intelligence, machine learning, digital investment platforms, peer-to-peer “P2P” lending;

- The new generation of investors wants more proximity with asset managers, a better ability to compare their investments with peer groups, to invest in a social responsible way and it will seek to use online investment platforms;
- Big Data and analytics make sense of data and can produce descriptive & predictive analytics on investor behaviours, performance measurement, market intelligence or risk metrics;
- Regulation in the historical ecosystem is still evolving and regulation of the fast evolving FinTech is uncertain;
- RegTech emerges as a technology based solution creating efficiency and automation in non-subjective compliance tasks.

According to the paper, successful asset management companies will adapt product management and marketing strategies to the mind set and habits of the new generation of investors, using FinTech to make use of a wide set of available data sources, including external sources such as social media. Client profiling will be supported by data analytics. Key features of online platforms will be education, risk & performance metrics, account management functionalities, wealth reports vs investment goals and market insight. These enhanced digital platforms will stimulate direct-to-consumer (“D2C”) distribution channels in both retail and the institutional investor segments.

Luxembourg has very strong investment fund and private banking sectors efficiently working together for the prosperity of investors and the market place. Transfer agents, order management platforms, central administrators and custodians have a major role to play in the Fintech change. Luxembourg players must actively drive the Fintech innovation locally and engage with disrupters, modernizers and enablers in order to be ahead of developments, adapt their operating models with agility and avoid innovation imposed from abroad.

**Denise Voss** concludes: “The asset management industry has a once-in-a-generation opportunity to reimagine and modernize its distribution model to address market and operational challenges – for future and current investors. Luxembourg asset servicing providers should make engagement in the FinTech revolution a top priority to remain relevant and competitive to continue to provide best-in-class services to their asset management clients and investors.”

To download the study, please click [here](#).

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**Notes to editors:**

**The Association of the Luxembourg Fund Industry (ALFI)** is the representative body of the Luxembourg investment fund community. Created in 1988, the Association today represents over 1500 Luxembourg domiciled investment funds, asset

management companies and a wide range of service providers such as custodian banks, fund administrators, transfer agents, distributors, legal firms, consultants, tax experts, auditors and accountants, specialist IT providers and communication companies. The Luxembourg Fund industry is the largest fund domicile in Europe and a worldwide leader in crossborder distribution of funds. Luxembourg-domiciled investment structures are distributed on a global basis in more than 70 countries with a particular focus on Europe, Asia, Latin America and the Middle East. For further information, do not hesitate to consult our website at [www.alfi.lu](http://www.alfi.lu)

To keep up with all the news from ALFI and the fund industry in Luxembourg, join us on [LinkedIn](#) (The Luxembourg Fund Industry Group by ALFI), [Twitter](#) (@ALFI-funds), [Youtube](#) and [Vimeo](#).