

Scotland's wealth management sector moving towards a greener future

'Generational swing' to ESG funds puts clued-up professionals in demand

Wealth fund managers who align investment strategies to green and sustainable stocks are highly prized recruits in a restricted Scottish employment market.

The generational swing to considering ESG (Environmental, Social, and Governance) issues across all business sectors presents opportunities for proactive wealth managers who are looking to retain and grow their client base.

ESG can also act as a "hook" for the next generation of candidates – who often hold significantly stronger views on green investing than older generations – if they believe they can shape future investment decisions.

These findings are highlighted in the sixth Annual Salary Guide into Scotland's financial service sector from [Core-Asset Consulting](#). It is a forensic review of salary levels and also a gauge of market sentiment, activity and the themes that are impacting financial services across Scotland.

Betsy Williamson said: "Post-lockdown, clients' perceptions have changed on personal health, wealth planning and succession planning, amplifying the appeal of ESG principles.

"A new generation is evolving, whose sensitivities are being shaped and decisions are increasingly based on environmental

influences which barely troubled the generation before them. Potential wealth management candidates from this cohort will be more enthusiastic if they feel they can meaningfully influence ethical investment, which not only meets financial goals, but does not impact on global environmental issues.

“Experienced investment managers and financial planners who can bring a book of clients with them are always of premium interest in the recruitment market and that interest increases exponentially if the book has a heavy ESG emphasis.”

The report’s findings were backed by the CEO of leading Edinburgh private investment firm, Brian O’Connor, who established North Capital as an alternative to boutique London investment firms for clients who have investible wealth of between £20 million and £250 million.

He said: “Responsible investing has become embedded in the stewardship of portfolios. Flows into ESG labelled funds have been significant over the past 12-24 months. From a moral perspective it’s right and just.

“There is an incumbent responsibility on us as practitioners to have discussions with our clients in this area and in fact the regulator will be including the topic as an item to discuss when profiling new clients.

“We do have a range of ESG portfolios available for clients to invest in and as wealth transfers to the next generation we’re expecting there to be more of an ESG focus from this part of the client base.”

The Annual Salary Report notes that wealth managers face a challenging macro environment and the demand for green and sustainable investment strategies is a complex equation to navigate. The pandemic has accelerated a previously evolving strategy, bringing sustainability to the forefront and it is now top of the list of requirements for many private clients.

It is anticipated that during 2022 a number of experienced individuals will leave the fund management industry or take early retirement as they reprioritise – exacerbating an already delicate succession planning equation and adding further fuel to the sector's current labour market crisis.

As the economy stabilises post-Covid and with inflationary increases taking effect, job security will be at premium and employees may decide that it's best to stay put and weather the storm with their current employer over considering a new position.



Betsy Williamson

Betsy Williamson added: “Culture, reward, sustainability, progression, variety of work and ethics will be some of the metrics applicants will be evaluating fully in this more complex marketplace.

“Diversity agendas also remain of paramount importance in the private wealth sector. People want to work for progressive businesses with diverse workforces and flexible working practices. It is not unreasonable for employees, who have managed through lock-down to balance their various personal commitments and childcare responsibilities, to expect or ask for flexibility to core hours.”

Despite various recruitment pressures, Edinburgh remained a “crown jewel” location for those businesses operating in the financial services sector, said the North Capital CEO, with many of the large banking groups defaulting to the Scottish capital when looking to establish a regional presence.

Mr O'Connor added: “There's good talent here, and a natural financial acumen that exists within the city. It's an outstanding place to live and work. It's no surprise to see Coutts, James Hambro, Waverton and LGT Vestra enhancing their presence recently too.”

Initially the firm carved its reputation in Scotland's globally-renowned asset management sector. However, the success of its model allowed it to expand across the wider financial services market. It now boasts dedicated accounting, investment operations and finance teams and also works in Scotland's thriving legal sector.

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