

## Pandemic Perspectives (Part 4) – Asset Manager Service Quality: Pre- and Post-COVID-19 Onset

April 15, 2020

As we share with you our fourth weekly Pandemic Perspectives blog, there are tentative signs that the spread of the COVID-19 virus is plateauing, with the increase in new infections no longer following an exponential curve. Market volatility has come down in tandem but while no longer at the exceptional levels observed mid-March, is still elevated.

Time, then, to make an initial assessment of how well asset managers have been able to serve their institutional clients through this exceptional period of market dislocation that has caught most of us by surprise.

### Leaders Emerge at Times of Crisis

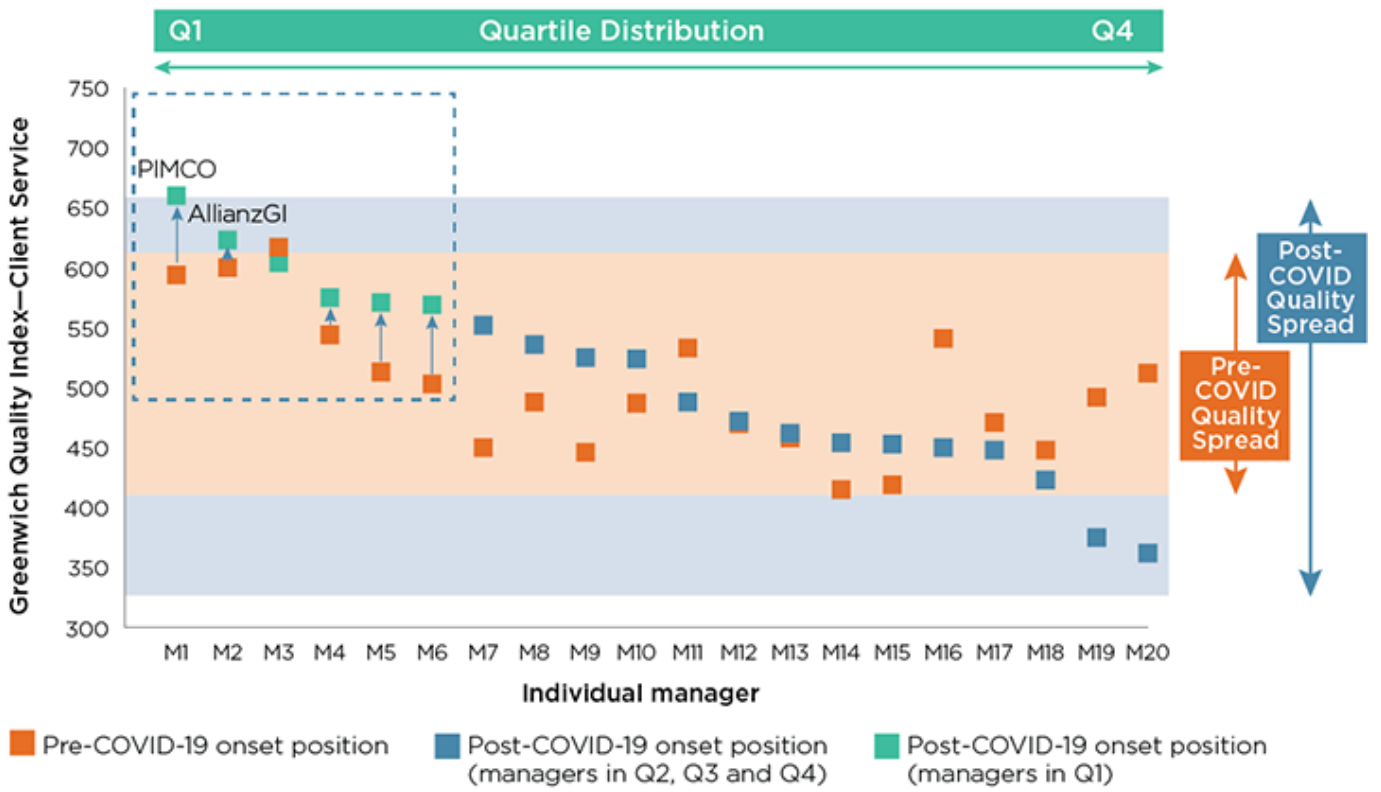
The COVID-19 crisis should remind asset managers of the old adage, “Never let a crisis go to waste.” Over the past decade, market volatility has mostly been low and, in an immensely competitive industry, it has often been difficult for asset managers to provide distinguishing levels of service.

The coronavirus pandemic has changed this entirely, providing a huge opportunity for asset managers to set themselves apart in the way they service clients when their investment portfolios, workplace arrangements and often their private lives are subject to completely unexpected changes. This leaves them well positioned to win additional business and gain market share once the world undoubtedly overcomes this crisis.

The best performing managers during the crisis – such as PIMCO and AllianzGI – demonstrate that a culture committed to service excellence optimally positions such firms to really excel in their clients’ eyes in times of crisis.

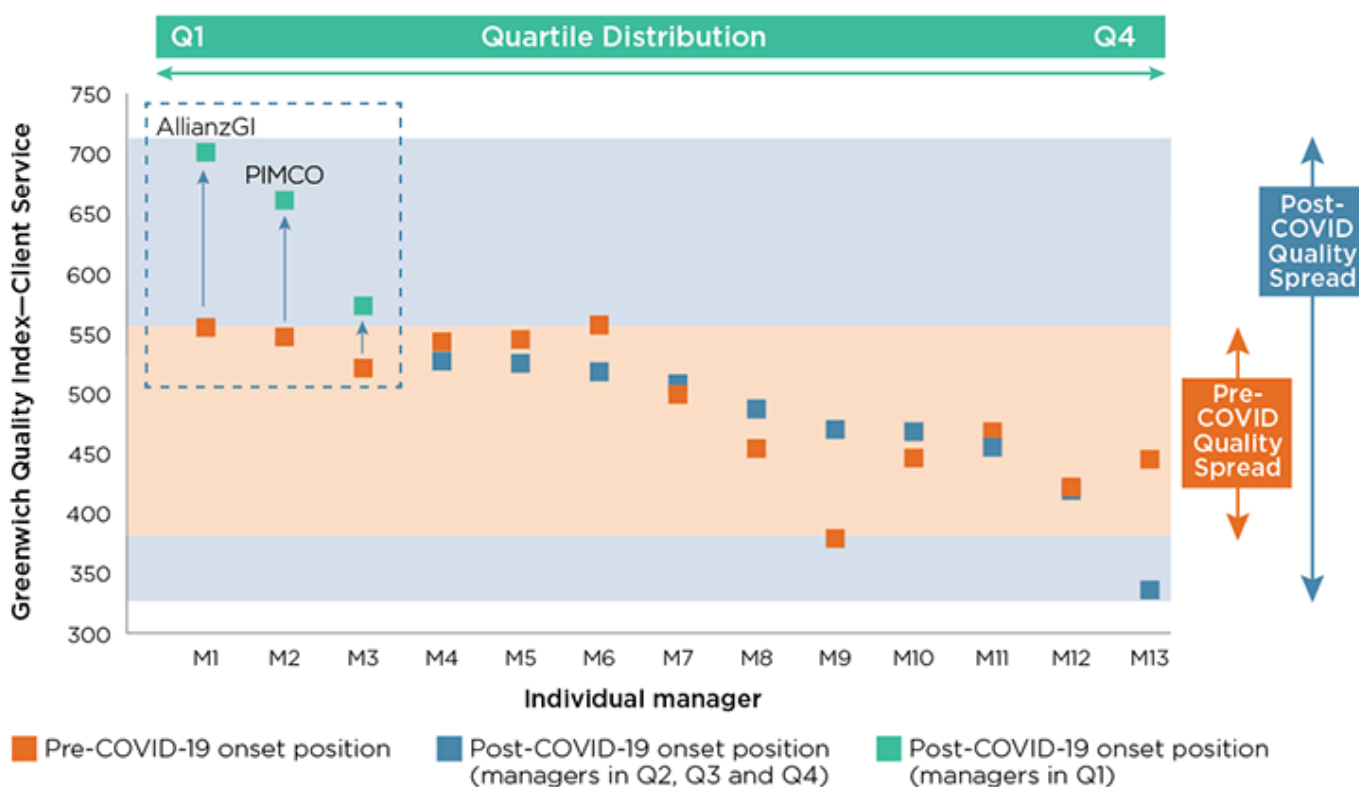
As shown in the charts below, the change in feedback from institutional investors in Continental Europe and Asia about the perceived quality of service from their respective asset managers reflects this. Between the periods prior to March 1st – when COVID-19 had not yet made a genuine impact on markets and most people’s lives – and after March 1st, the spread in the Greenwich Quality Index for Client Service widens dramatically, illustrating the increasing difference in perceptions from the best to the worst performing managers. (We chose a cut-off date of February 16th in Asia since the coronavirus crisis arguably made itself felt earlier there than in Europe.)

# ASSET MANAGER CLIENT SERVICE QUALITY RATINGS PRE- AND POST-COVID-19 ONSET CONTINENTAL EUROPE



Source: Greenwich Associates 2020 Continental European and Asian Institutional Investors Studies

## ASSET MANAGER CLIENT SERVICE QUALITY RATINGS PRE- AND POST-COVID-19 ONSET ASIA EX JAPAN



Source: Greenwich Associates 2020 Continental European and Asian Institutional Investors Studies

A similar pattern is also visible in the U.K. market, with a widening spread in client perceptions of service quality pre- and post-COVID-19 onset.

The Greenwich Quality Index for Client Service is derived from client evaluations of asset managers' service quality along such metrics as understanding of clients' goals, reporting quality and ability to support clients with intellectual capital and insights. The interviews took place primarily during Q1 2020, allowing us to divide the feedback into pre- and post-COVID-19 datasets.

## Chance Favors the Prepared Mind, and Opportunity Favors the Bold

While this famous quote by French microbiologist Louis Pasteur has relevance for the preparedness of health services around the world dealing with a virus pandemic, it also has similar implications for asset managers' business.

**First implication - client service:** the analysis of the increasing heterogeneity in asset manager client service levels with the onset of the crisis shows that many managers that truly excel in their clients' eyes are firms that excelled in client service prior to the crisis.

In Europe, the correlation coefficient between pre- and post-COVID-19 Greenwich Quality Index scores is a moderately strong 0.6 and in Asia it is even 0.7. This means that in order to be able to excel in client service

at times of crisis, it helps if an asset manager already has a proven culture of service excellence prior to the crisis.

Nonetheless, it also reveals that some asset managers have genuinely been energized by the crisis. The asset managers denoted in the European graph by M7 and M9 have made a big jump in service quality, illustrating that some organizations need a wake-up call to really demonstrate to their clients what they are capable of. Once the market environment enters again into calmer waters, they should ensure that the lessons learned from this crisis on service excellence are institutionalized so that their organizations do not fall into the “business as usual” service routine.

Regardless of whether a manager has entered the crisis with an already excellent service platform or has leveraged the crisis to transform the service culture, the patterns emphasize the need for a consistent focus on service excellence with clear-eyed willingness to benchmark service quality to competitive standards (as opposed to often self-serving client satisfaction research endeavors).

**Second implication - IT infrastructure:** a highly resilient and scalable IT infrastructure has rarely been so valuable, not only for portfolio management and operations but also for frontline client-service professionals.

A person at a European asset manager whose client service professionals have smoothly conducted portfolio reviews from the comfort of their living rooms says he no longer questions his firm's robust IT spending. A California-based firm already had most of its staff work from home simultaneously once a month as part of business continuity preparation for a major earthquake - an exercise that also allowed for a smooth transition toward work from home for the entire organization.

On the flipside, no firm committed to service excellence in normal times has been able to provide nearly adequate service levels if issues such as insufficient bandwidth, lack of user licenses for remote services, etc. prevented their staff to seamlessly work from home.

## Conclusion

In asset management, the boldness that Louis Pasteur referred to is the commitment and resources required to build up an excellent client service culture and supporting IT infrastructure. For sure, this commitment will be rewarded with increased business and market share over the years following this crisis.

### **Pandemic Perspectives Series**

[Part 1 - Greenwich Investor Resilience Index](#)

[Part 2 - Lessons from the Past](#)

[Part 3 - Supporting Consultants During Coronavirus](#)

[Part 5 - Leading through Crises](#)

[Part 6 - Useful Content in Times of Crisis](#)

---

[www.greenwich.com](http://www.greenwich.com) | [ContactUs@greenwich.com](mailto:ContactUs@greenwich.com)

Coalition Greenwich, a division of CRISIL, an S&P Global Company, is a leading global provider of strategic benchmarking, analytics and insights to the financial services industry.

We specialize in providing unique, high-value and actionable information to help our clients improve their business performance.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

## About CRISIL

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better. It is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics, and data to the capital and commodity markets worldwide.

CRISIL is India's foremost provider of ratings, data, research, analytics, and solutions with a strong record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights and efficient solutions to over 100,000 customers through businesses that operate from India, the U.S., the U.K., Argentina, Poland, China, Hong Kong, and Singapore.

For more information, visit [www.crisil.com](http://www.crisil.com)

## Disclaimer and Copyright

This Document is prepared by Coalition Greenwich, which is a part of CRISIL Ltd, an S&P Global company. All rights reserved. This Document may contain analysis of commercial data relating to revenues, productivity and headcount of financial services organisations (together with any other commercial information set out in the Document). The Document may also include statements, estimates and projections with respect to the anticipated future performance of certain companies and as to the market for those companies' products and services.

The Document does not constitute (or purport to constitute) an accurate or complete representation of past or future activities of the businesses or companies considered in it but rather is designed to only highlight the trends. This Document is not (and does not purport to be) a comprehensive Document on the financial state of any business or company. The Document represents the views of Coalition Greenwich as on the date of the Document and Coalition Greenwich has no obligation to update or change it in the light of new or additional information or changed circumstances after submission of the Document.

This Document is not (and does not purport to be) a credit assessment or investment advice and should not form basis of any lending, investment or credit decision. This Document does not constitute nor form part of an offer or invitation to subscribe for, underwrite or purchase securities in any company. Nor should this Document, or any part of it, form the basis to be relied upon in any way in connection with any contract relating to any securities. The Document is not an investment analysis or research and is not subject to regulatory or legal obligations on the production of, or content of, investment analysis or research.

The data in this Document may reflect the views reported to Coalition Greenwich by the research participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Coalition Greenwich compiles the data received, conducts statistical analysis and reviews for presentation purposes to produce the final results.

THE DOCUMENT IS COMPILED FROM SOURCES COALITION GREENWICH BELIEVES TO BE RELIABLE. COALITION GREENWICH DISCLAIMS ALL REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, WITH RESPECT TO THIS DOCUMENT, INCLUDING AS TO THE VALIDITY, ACCURACY, REASONABLENESS OR COMPLETENESS OF THE INFORMATION, STATEMENTS, ASSESSMENTS, ESTIMATES AND PROJECTIONS, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT. COALITION GREENWICH ACCEPTS NO LIABILITY WHATSOEVER FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT.

Coalition Greenwich is a part of CRISIL Ltd, an S&P Global company. ©2024 CRISIL Ltd. All rights reserved.