

FINANCIAL SERVICES

Millennials' investments more driven by values than returns: UBS exec

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Millennials use technology, but they also crave in-person engagement. Image credit: UBS

By SARAH JONES

NEW YORK Values and a desire to be responsible with their wealth drive millennials' investment and spending decisions, enabling them to be activists with their assets.

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During a fireside chat at LuxeCX/AMCX 2019 on Sept. 25, an executive from UBS explained how millennials are making choices about their finances as they inherit and earn significant wealth. More than other generations, these consumers let a company's sustainability or social impact guide them.

"The returns come second," said Marielle Schurig, vice president for wealth management at [UBS Financial Services](#). "What the money means comes first.

"They want to know that their values are being expressed in the way that they consume and the way that they invest," she said.

LuxeCX/AMCX 2019 was produced by Luxury Daily and sister title American Marketer, with venue sponsor UBS

Millennial mindset

Millennials today have about \$20 trillion in private wealth, but in the next three decades they are projected to hold a total \$30 trillion.

This is partly due to the biggest wealth transfer in history, as millennials inherit wealth from boomers or seniors. Ms. Schurig noted that she is more frequently seeing clients who have come into money as heirs.

Millennials are also entering peak earning years, and some have sold businesses, leading to large assets.

Inheritors act differently from those who earned their money themselves.

Many times, an inheritance is a surprise to the recipient, and they can be overwhelmed. They also tend to feel a responsibility to their loved one, making them more careful with how they spend and invest, since they do not feel as though it is actually their money.



Millennials are guided by sustainable values. Image credit: UBS

Inheritors are also focused on safeguarding their assets for generations to come, wanting to preserve the legacy of the wealth creator.

In contrast, millennials who come into money through work are more apt to splurge on luxury goods.

On the whole, millennials' experiences have shaped them to be risk aware. From the dot-com bubble to the Great Recession, they have seen how finances can change quickly.

But even with the concern to invest wisely, returns come second to values. Ms. Schurig said that she has conversations with clients about companies' environmental, social and corporate governance structures.

For instance, millennials want to know about diversity and a company's ecological footprint.

This consciousness and desire to be sustainable extends to purchases, with millennials seeking information about how a product was produced.

High-tech meets high touch

Millennials are driving the financial services industry to adopt more digital tools. For instance, UBS is using artificial intelligence to personalize client experiences.

The financial services industry has found itself under mounting pressure to yield immediate investment results as consumer behavior continues to gravitate toward instant gratification.

From shopping at a beauty counter to booking a five-star hotel property stay, consumers' demand for personalized attention and instantaneous results is growing, and artificial intelligence has emerged as a popular response. But, for the financial sector, which relies heavily on a one-on-one personal relationship to invest an affluent's wealth, the technology is poised to disrupt the traditional role of a financial advisor ([see story](#)).

As millennials continue to age, their influence and consumer needs have reached new industries including wealth management, increasing the demand for digital tools.

Wealth management firms are evolving to cater to a wider range of demographics, providing the tools and communication that all customers are seeking. According to a report from Accenture and IIROC, their evolution has not only affected firm-to-client communication, but also the types of service models offered and how the firms themselves are regulated ([see story](#)).

While mobile applications and Web sites can serve as an education tool and provide access to financial planning to more consumers, they cannot supplant the role of in-person engagement.

Even though millennials grew up surrounded by digital devices, they still want a personal touch. According to Ms. Schurig, they seek tailored outreach that makes them feel like an individual rather than a statistic.

"Everyone is craving for that human connection and that human touch, and millennials are not any different," Ms. Schurig said. "They may go online, they may do research, they do their own due diligence, but at the end of the day, they want that face-to-face interaction."