# A new era of asset management:
# The rise of the CTO

# Introduction

Nearly all industries have had to modernise to keep up with technological change and asset management is no different. This isn't just demand-led from investors, who now expect to be able to read factsheets and make investments with the tap of a tablet, but comes from a regulatory and competitive direction as well. These firms (some quicker than others) have recognised the need to embrace technology with billions being spent as a result. In a real case of 'evolve or die', asset management finds itself in a new era: the rise of the CTO.

**2017**
**4,300**

**2012**
**3,900**

**Across asset management, the average number of IT staff increased from** `3,900 in 2012` **to** `4,300 in 2017` **(Investment Association)**

Recruitment across financial services has levelled out in recent years, except in two main areas: technology and compliance. And as we will see, these two are heavily linked.

`25%` **of** `Goldman Sachs' 36,000 staff` **are computer engineers (CNBC)**

Goldman Sachs is one of the largest and most profitable financial service conglomerates in the world, but even they have needed to hire more tech roles.

**25%**
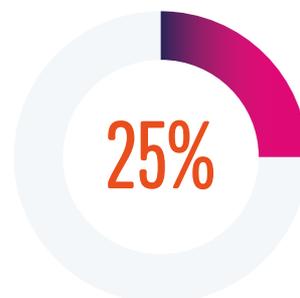
`Citi bank` **has a compliance staff of** `30,000` **– just three banks' compliance teams** `could fill Wembley stadium` **(Juniper Research)**

Along with technology, compliance has become the other significant area of investment for financial services firms. Hiring this many people is becoming costly and more firms are starting to consider how they can recruit in this area more strategically while using technology more intuitively.

# The CTO answer to RegTech

Hiring thousands of people for compliance and technology departments creates a headache of its own for asset managers. The need to be cost effective has led to a demand for automation and 'RegTech' (any technology that helps satisfy a regulatory requirement) has become a major hallmark of this era of asset management. Though increasingly popular, RegTech has not entirely voided the need for skilled personnel and has led to only the highest skilled and most experienced tech managers being needed – hence the CTO.

**RegTech spend, globally, could top $76bn by 2022 (Juniper Research)**

The area of technology to satisfy regulatory requirements has swelled by billions in recent years and is expected to continue experiencing rapid growth.

**39% of senior financial services decision makers say their biggest skills shortage is in the area of RegTech (FSTech)**

This area of technology is incredibly new and being created at the same pace as the regulations are being written. Therefore, there is a lack of skilled personnel who know how to use this technology and integrate it into a business model. This has further heightened the need for a CTO throughout the asset management industry.

**39%**

# The changing role of a CTO

Hiring a CTO isn't just about choosing a more cost-effective solution over recruiting thousands of IT engineers and compliance personnel. With technology encroaching upon all areas of asset management – from trade execution, to research, to distribution – this has now become front and centre to how these firms execute their growth strategies. And, in some cases, technology could indeed impact the entire direction of an asset manager's business.

**73%**

**86%**

**73%** of senior financial services decision-makers expect they will need to hire a CTO at board level in the coming years (FSTech). And to an even greater degree, within private equity **86%** of senior managers expect the need to hire a CTO at board level by 2023 (PrivateFundsManagement)

Having a CTO at board level is a watershed moment for asset management. In the past few decades, technology for asset managers has gone from just using a phone to execute trades, to having a member of an executive team having a direct say in what the business should do next.

The median salary for a UK CTO is now **£110,000**, up **22%** from the year before, with the highest salaries being in excess of **£160,000** (IT Jobscale)

As demand has increased for CTOs, inevitably their corporate value has rocketed as well. Having the knowledge and expertise that can help a firm embrace technology as part of its growth strategy now has the potential to be handsomely rewarded.

**90%**

**90%** of asset management CEOs believe AI has significant potential for their business models (PwC)

It's anyone's guess what the future holds for technology, given how rapidly it has advanced in the past decade alone. However, the above stat is extremely telling in that asset managers are looking ahead to new frontiers in order to stay both competitive and compliant. The CTO now not only has a seat at the (board) table of asset management, but a direct role in how the industry evolves.

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