

## Editorial

# Digitalizing Asset Management – The Way Forward

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My first months at Union Investment have been very challenging. Not only with regard to the company or the people I am working with, but mainly because of the Corona pandemic. It was not what I was expecting to get into, but it helped me to get to know the asset management industry very fast including the challenges we and every other asset manager have to face now.

I was and still am very impressed by the rapidness we switched to a telework mode, and merely 90% of our staff worked from home during shutdown time. For me, this showed how digitalized we are already in our company. However, there are many other challenges coming up:

### **(1) Find a way to offer clients our products without visiting the bank**

Before the corona pandemic, we could already see a trend to more digitalization in the asset management industry. For example, Union

Investment established its own FinTech VisualVest in 2017. It enables us to give new digital trends a chance without integrating it right from the beginning in the infrastructure of a big asset manager. VisualVest and our tailored solution MeinInvest for our retail banks, Volksbanken Raiffeisenbanken – the cooperative financial network, allow banks to offer our investment fund products via a robo advisor to their clients. Investors do not need to visit their bank in person to invest in investment funds. This can be easily done by the Internet and a robo advisor.

### **(2) Make sustainability in portfolio management measurable and investable**

Digitalization is integrated in our sustainable investment processes. The Sustainable Investment Research Information System (SIRIS) is our proprietary digital research tool for sustainability in portfolio management. In-depth fundamental analysis, active portfolio management, and consideration of environmental,



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social, and governance (ESG) criteria throughout the investment process make it possible to systematically exploit market inefficiencies in order to achieve risk-adjusted outperformance for our clients. In the context of portfolio management, the analysis of ESG risks and opportunities is firmly embedded within our research work. Closer fundamental integration enables us to make better investment decisions and generate a positive impact on investment performance. The numbers of SIRIS are quite impressive: We cover 32,000 issuers, 5 asset classes, over 94,000 securities, 114 countries, and manage EUR 50.4 billion sustainable assets under management so far.

### **(3) Humanistic artificial intelligence will affect our business**

Artificial intelligence (AI) can be used in various areas. It covers the area of documents and texts (e.g., chatbots, CV scanning, sentiment analysis, document processing), image and video (e.g., gesture/face/handwriting recog-

nition, object detection), time series (e.g., forecasts, predictive maintenance, fraud detection, supply chain analytics), data analysis (e.g., pattern recognition, insight minings) and audio (e.g., voice detection, noise reduction, audio fingerprinting). Union Investment wants to become a leading player in the area of artificial intelligence for asset management. From our point of view artificial intelligence can develop our business in various ways and areas. But our overall goal at Union Investment stays the same with AI. We always have the best interests of our investors in mind and will use AI to improve our data and service level towards our banking partners and customers. But, with all the fancy and interesting things, you can do with AI, we shall never lose the focus and control over the machines and robotics. Therefore, Union Investment supports a humanistic AI approach. There always needs to be a person who teaches and controls the machines and stays responsible for the findings. Hence, our AI approach combines economic benefit and ethical principles.