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## Understanding the Future of Finance: Retirement Assets, Innovation & Data Integration

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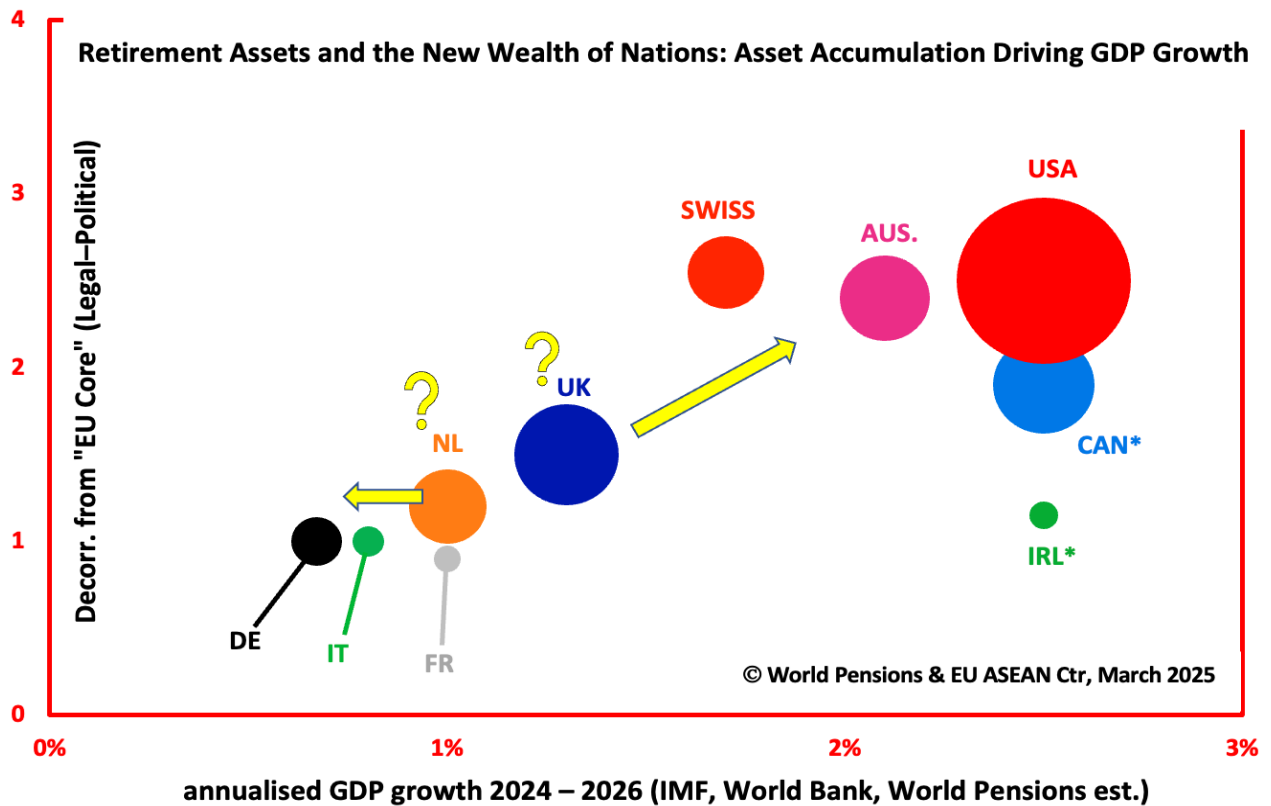
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## Increased Market Volatility and Geoeconomic Fragmentation

This short primer summarizes some of the comments made by the authors in various forums and policy gatherings in the past four months – notably but not exclusively the **World Pensions**<sup>®</sup> Conference (City of London, 21– 22 October 2024), and the **G20 Pensions** Conference organised with the Brazilian National Association of Pension Funds, **ABRAPP**, (Rio, 18 November 2024) on the sidelines of the **G20 Summit**<sup>1</sup>, as well as closed-doors meetings with US, Canadian, UK, EU, Australian and ASEAN policy makers and trade union leaders (Nov. 2024 – Feb. 2025), and our readings of recent primers and white papers published by leading experts in the fields of retirement, financial economics and corporate strategy.

In the United Kingdom, after six months of hesitations, the new Labour-led government finally clarified its economic programme for the “Post Brexit Era”, PM Keir Starmer embracing the notion of “modern supply side economics”,<sup>2</sup> including the idea of encouraging pension boards to deploy more pension capital domestically, into rapidly growing non-listed UK enterprises and venture capital funds focusing on tech and high-value-added startups (“the firms of the future”) and key infrastructure assets (energy, transportation). This policy mix is embodied by the establishment of a **National Wealth Fund**.<sup>3</sup> The UK government is clearly seeking to build upon Britain’s most important (albeit untapped) comparative strategic advantage over the **European Union**: the existence of a relatively large asset owners base with \$ 3.2 trillion (USD) in assets, representing 95% of GDP (not counting life insurance and non-pension related savings, see chart below).



Our **New Wealth of Nations and Pension Superpowers** mapping represents the relative size of a country's overall pension assets, the US being rescaled here for visual purpose (America should look bigger). Clearly, the EU's big three, Germany, France and Italy, have tiny domestic pension assets, which could constitute a financial impediment going forward: poor domestic capital base eventually hindering economic growth etc., whereas the United Kingdom possesses one of the world's largest pension assets base (cf. chart pg.2). This original policy making tool builds upon earlier research conducted jointly by M. Nicolas J. Firzli, Executive Director, World Pensions® and Dr. **Joshua Franzel**, Senior Executive & Director, US **National League of Cities** (NLC).

Here, annualised **GDP growth 2024 – 2026** is based on **IMF** and World Bank data as well as World Pensions® proprietary research. The Y-axis shows “Decorrelation from EU Core”, a hybrid **legal–political-monetary metrics**, level “1” meaning perfect alignment with Berlin (German government) and Brussels (European Commission) etc. Yellow arrows simply show some possible economic trajectories, among others, e.g., for the Netherlands, we show a “pessimistic pathway” as an example of “what could happen in the future” if EU growth remains sluggish etc.

### **ESG and Defense Spending: Are They Compatible?**

The current transatlantic tensions about the future of **NATO**, pitting American ‘neo-realists’ against European ‘neo-conservatives’ and ‘liberal hawks’ have seen a resurgence of defense spending programmes in both Britain and the EU. In Germany, the incoming chancellor, conservative leader **Friedrich Merz**, is trying to put together a unity government with the center-left Social Democrats. A new policy consensus seems to be emerging in favor of exempting the German government from the nation's strict balanced budget and public debt rules. Germany's €800 bn. ‘double bazooka’ defense investment plan would include ‘**dual use**’ **civilian and military infrastructure** investment projects (see e.g., Financial Times, 4 March 2025).

In the UK, many pension fund board members (trustees) and beneficiaries still view investments in arms manufacturing companies as potentially antithetical to the notion of ESG itself – it's the case notably at **NEST**, the **National Employment Savings Trust**, a large occupational pension scheme controlled by HM government etc. These ‘internal cultural tensions’ come at a time when the UK seeks to increase defense spending and attract more institutional investment into large, listed UK companies manufacturing modern weapons systems: notably **BAE Systems**, **Rolls-Royce Group**, **QinetiQ** and **Babcock International**. In other jurisdictions like Denmark, Sweden and Finland, pension trustees now seem more amenable to the notion of defense sector investment e.g., **Finland's Varma Pension**. But in BeNeLux jurisdictions, large public pension boards such as **Holland's Pensioenfond UWV** are still split on the issue, making such investments unlikely in the short-medium term: “We've also asked [our members] what [they] think about investing in weapons or arms trade. You may have thought this was an unusual question. But it is an important one. The results are about 50/50: 45% of respondents say they don't want this, 43% don't think it's a problem and 12% are neutral”.<sup>4</sup>

## A Holistic Look at the Future of Pensions and Retirement Savings

Digitalization, risk management and mitigation, increased regulatory and fiscal complexity, and the need for investment managers and future retirees alike to control operational costs and have a clearer view of their assets and liabilities etc. are some of the forces accelerating the holistic convergence of retirement and wealth management at industry level: “individuals are looking for financial service providers to help beyond retirement savings. They are seeking assistance with building financial well-being that considers their holistic financial situation and money choices and provides them with a sense of security and freedom of choice. To effectively meet this need, providers across the globe will likely need to reimagine the way they operate and engage with individuals, accelerating the convergence of wealth and retirement solutions into an integrated offering focused on financial wellness.”<sup>5</sup> (SS&C and Deloitte research, see below)

The recently published **SS&C** and **Deloitte** white paper titled **Global Retirement Outlook** Trends, Opportunities and Market Forces Shaping the Industry offers some fascinating insights on the rapidly materialising techno–financial dynamics reshaping our industry, including the central role of data as a [strategic] differentiator: “in addition to internal data, providers are using data tools like metadata and application programming interfaces (APIs) to expand the pool of data available, enriching their ability to identify client needs, develop new products/services, personalize experiences and provide affordable advice. Providers have made investments in their architecture to enable efficient data storage and access by different consumers of data and analytical tools. Of particular focus are holistic financial wellness solutions that consider an individual’s full financial profile when matching objectives, current state and needs.”<sup>6</sup>

These issues will be discussed by the authors of the white paper **13 March, 2025** at 10:30am ET/**2.30pm GMT** in a thought leadership webinar (duration: 1 hour) led by **Rafael Couto**, Retirement & Wealth Leader, Deloitte Consulting LLP, **Wade McDonald**, Sr. Director, Asset and Wealth Management, **SS&C Technologies**, and Larry McQuaid, Chief Revenue Officer, Retirement Solutions, SS&C Technologies. The webinar will explore key trends, including the shift from defined benefit to defined contribution plans, the rise of financial wellness, and the convergence of wealth and retirement solutions. Registration :

<https://event.on24.com/wcc/r/4856078/02007503EB28441EFDA3908AA64A5CF8?partnerref=worldpensionsforum>

These important themes will be further explored at the **Washington Roundtable** on the Future of Finance and Fiduciary Ownership, held in Washington D.C. 24 April 2025 on the sidelines of the **International Monetary Fund** and **World Bank** Group Spring Meetings, co-chaired by Nic Firzli, World Pensions® and Elliott W. Wislar, founder and CEO, **Clearbrook**; and the **Windsor Roundtable**, 13 May 2025, co-chaired by Wade McDonald, Nic Firzli and the Hon. Nicholas Sherry, TWUSuper, high-level roundtables bringing together senior pension, insurance and asset management executives and board members (trustees) from across Europe, the Americas, South Africa, APAC and the Arabian Gulf. Learn more: [fiduciaryforum.org](http://fiduciaryforum.org)

**M. Nicolas J. Firzli** is founder of the World Pensions conference, the retirement & savings industry research and advocacy platform, co-chair of the G20 Pensions Roundtable held on the sidelines of the G20 Summit, founding-member of the Advisory Board for the Global Infrastructure Facility (GIF), the World Bank and G20-led global initiative, and managing director of the Singapore Economic Forum (SEF). Nicolas is a graduate of Canada's McGill University (Statistics & Financial Economics), an alumnus of the HEC Paris School of Management (MBA Corporate Strategy & Marketing) and the University of Paris Law School (LL.M. Corporate Law) and has conducted research at the University of Louvain (UCL) Doctoral School of Economics and Management in Waals Brabant (Belgium)

**The Hon. Nicholas John Sherry** is the former pension minister of Australia (Minister for Superannuation) and one of the fathers of the 'Australian pension miracle'. Nick Sherry is the cofounder of the EU ASEAN Centre (EuAC), Singapore Economic Forum (SEF), which he chairs, chairman of TWUSUPER, the Australian transport industry pension fund, and chairman of the board of Household Capital, a leading Australian fintech providing home equity retirement funding and longevity income. He was educated at the University of Tasmania (BA Classics & Political Science) and is a fellow of the Australian Institute of Superannuation Trustees (AIST) and a graduate of the Australian Institute of Company Directors (AICD)

**The views expressed herein are solely those of the coauthors of the primer and do not necessarily represent the views or positions of TWUSuper or the World Pensions<sup>®</sup> Centre and Conference Series or their stakeholders**

## ENDNOTES & RESEARCH RESOURCES

- <sup>1</sup> Chieco, Bruna. "Diálogo dos Fundos de Pensão do G20 Reúne Especialistas Internacionais", 22 Novembro 2024  
<https://blog.abrapp.org.br/blog/dialogo-dos-fundos-de-pensao-do-g20-reune-especialistas-internacionais/>
- <sup>2</sup> Firzli, M. Nicolas J. and Nick Sherry. "Labour's Modern Supply Side: Infra & Tech Driven Growth, VC Hubs and Pension Capital." Video Voice Series. 2024 July 9
- <sup>3</sup> Lee, Neil and Cassandra Chong. "How to Make Labour's National Wealth Fund Work". 12 February 2025  
<https://blogs.lse.ac.uk/politicsandpolicy/how-to-make-labours-national-wealth-fund-work/>
- <sup>4</sup> Uitkomsten Onderzoek Duurzaam Beleggen, Pensioenfonds UWV, Gepubliceerd: 25 February 2025  
<https://www.uwvpensioen.nl/nieuws/uitkomsten-onderzoek-duurzaam-beleggen>
- <sup>5</sup> SS&C and Deloitte White Paper: "Global Retirement Outlook Trends, Opportunities and Market Forces Shaping the Industry", January 2025, pg. 3  
White paper available online: <https://www.ssctech.com/resources/form/global-retirement-outlook-deloitte-ssc>
- <sup>6</sup> cf. SS&C and Deloitte white paper, pg. 8