

Data, Disruption & Drive: Marcel Prins on how Technology Reshapes the Future of Asset Management

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For this edition we spoke with Marcel Prins, Robeco's Chief Operating Officer (COO), on technological changes in the industry. Marcel is a distinguished figure in the financial industry, providing a wealth of technological and operational experience and insights which are fundamental for understanding the current and future technology landscape of our industry.

INTRODUCTION AND PERSONAL BACKGROUND

Marcel has built a career in the financial industry that represents his fascination with technology and innovation, which already began in his youth. His entrance into finance was not a deliberate choice, but rather unanticipated. A consulting firm assignment within finance was the trigger for his move into the financial industry. His academic background in Informatics led him to a technology innovation department at the GAK (nowadays UWV). At that time, he already appreciated the practical application of technology that is front and center during the remainder of the conversation.

Marcel's career trajectory took him through various roles in the industry, eventually leading him to working for Fortis, ABN AMRO, APG and Robeco and an appreciation for the industry's intricacies and its reliance on technology and data. His move from the banking part of the financial industry into asset management was credited to an opportunity offered by Angelien Kemna to join the board of APG Asset Management as COO in 2011.

With several of his secondary roles he keeps himself abreast and inspired by technological developments in adjacent financial industry (sub)-sectors. It enriches his perspective and allows him to bring outside developments into his own organization. Even though his move into finance was by coincidence, he does not see him take on a primary role in another industry. He is not yet done with technological developments and innovation in finance.

During the interview we spoke with Marcel about the technological trends within asset management, the application and disruption from technology as well as the impact and role of regulation. We concluded the interview discussing his perspectives on the future and his subsequent advice for both seasoned and young investment professionals. Based upon the interview, AI has generated a comprehensive list of 6 main points taken from



Marcel Prins: Chief Operating Officer (COO) / Statutory Director & Chairman of Diversity, Equity & Inclusion Board Robeco

Marcel is Robeco's Chief Operating Officer (COO), where he became a member of the Executive Committee on 1 June 2022. He brings more than 25 years of experience in operations and technology in the financial services sector. Previously, he was Chief Operating Officer and Chief Digital Officer at APG Asset Management. Before that, Marcel was Managing Director for International Operations at ABN AMRO, where he was responsible for the effective operational integration of international entities following the merger with Fortis Bank Nederland. He started his career in 1991. Marcel holds a Bachelor's in Computer Science from The Hague University of Applied Sciences.

the conversation relevant for all investment professionals with respect to technological developments.

ASSET MANAGEMENT AND TECHNOLOGY TRENDS

Global multiclient versus national asset managers:

When asking Marcel about the differences in technology between his former employer APG and his current employer Robeco, he points out the difference between the number and location of their clients. Robeco has numerous international clients with localized and customized needs, that adds to the complexity of application and usage of data, technology integration and reporting requirements. International differences in regulations further add to this complexity. However, also lots of similarities exist in terms of the set-up of core business functions like investment management, risk management, finance, HR, and technology. Both firms use Bloomberg terminals, use index providers as data suppliers, but also apply AI in the main investment process. The main difference is that APG has the mid- and back office function in house, while Robeco has outsourced this to JPMorgan.

Data and data governance: In light of his background and the fact that he oversees the developments of Robeco and its global clients, we were keen to ask him about the critical trends that are reshaping the asset management industry. His immediate answer was: data and data governance. During the remainder of the interview Marcel kept emphasizing the importance of the role and proper use of data. At the forefront is the emphasis on data governance, which Marcel describes as foundational to any successful strategy. He explains: *‘Five years ago, the focus was on ‘know your customer.’ Now it’s ‘know your data.’ If you don’t know your data, you’re dead in the water. Data is the foundation for everything – from delivering better client experiences to driving investment automation and risk management. And across asset management, being able to operate effectively across multiple data channels and jurisdictions is becoming key to competitiveness. This includes the proper governance of data across the entire investment firm. And let’s not forget data is a key pre-requisite for AI at scale’.*

KNOW YOUR DATA. IF YOU DON'T,
YOU'RE DEAD IN THE WATER

Marcel sees significant opportunities for data and technology to transform asset management, particularly in areas such as portfolio management, risk management and sustainability integration. He advocates for a shift towards a data-centric approach, moving away from traditional processes and system-centric models. This transition, he argues, could challenge the relevance of large software packages, as firms increasingly rely on in-house developed software components tailored to their specific needs. In this respect Marcel emphasizes the risk of data poisoning: *‘As we increasingly rely on automated systems for investment decisions, we must be cautious of the risk of data poisoning. The automation of data generation can*

lead to a reliance on third-party data of varying quality, which poses significant risks to your internal decision making including in your investment strategies. It’s crucial to maintain stringent oversight and controls over our data sources.’

Artificial intelligence (AI): AI is another important trend that Marcel discusses. He explained that AI is already at the heart of Robeco’s investment engine. He highlights the need for asset management firms to experiment with AI applications beyond the core investment processes. This means exploring how AI can be used to benefit other areas of the business to further scale it as well as shifting from focusing on AI technology to driving the AI adoption within the organization. He explains: *‘At Robeco we took a conscious decision two years ago to start experimenting with GenAI tools like Copilot in a safe, exploratory way – not to rush but to learn. Now the conversation is no longer about what GenAI can do but how to ensure adoption across the organization. It’s about making sure teams – whether legal, development, or operations – embrace AI to avoid leaving productivity and ultimately value on the table. The challenge has shifted from the potential of the technology to culture and leadership.’* This implies ensuring that all teams and ideally all their employees embrace working with AI to avoid productivity gaps between employees and maximize the impact for the client. He also mentioned that as AI functionality is becoming commoditized, it is important for firms to experiment and learn in a free format way while focusing on core initiatives for general acceleration of AI. Curiosity, experimentation and learning agility is underscored by Marcel during the entire interview.

AI ADOPTION, NOT AI ITSELF, IS NOW
CENTRAL ON THE BOARD AGENDA

Blockchain: One important technological trend in the finance industry that seems less relevant for asset management and should be approached cautiously according to Marcel is blockchain. *‘Blockchain could be highly disruptive to the financial system and used for smart contracts and administering real assets. But that doesn’t mean it’s immediately relevant for asset managers. As asset manager we are at our core users of financial markets, not providers of the underlying infrastructure. Without clear, global regulatory frameworks, I won’t commit hundreds of millions to blockchain-based platforms. When our custodians and service providers adopt it at scale, we’ll be ready to integrate – but being first mover as Robeco does not make sense.’*

DISRUPTION, OPPORTUNITIES, AND APPLICATIONS

Fintech: We also discussed the emergence of fintech which has been a catalyst for change within the financial industry. He explains that fintech during their first entrance in the period 2015-2018 has served as a wake-up call for, especially, traditional banks, pushing them to innovate and improve client experiences. He notes that large financial institutions started with separated innovation labs to innovate at arm’s length of the main bank. However, they needed to learn how to innovate from within to truly, again he emphasizes this point, adopting new technology

effectively. This implies how to avoid the innovation lab and the legacy part of the business are not two separate worlds.

He notes that around 2017-2018, during his time at APG, they experimented with a different kind of innovation. Innovation and application of innovation was achieved more from within instead of at arms' length with business and technology closely collaborating. In addition to direct in-house (technological) innovation and adaptation, he believes that fintech can enhance various aspects of asset management, from improving operational efficiency, customized reporting to enabling more sophisticated risk management strategies.

In this respect he also emphasizes cross-industry learning, i.e. also looking beyond Fintech: *'To drive innovation, we must look beyond our own sector. Observing developments in other industries can provide valuable insights that we can apply to asset management. This cross-industry learning is crucial for identifying new opportunities and staying ahead of the curve.'*

CROSS-INDUSTRY LEARNING IS IMPORTANT TO STAY AHEAD OF THE CURVE

On the role of fintech and new technologies he recognizes that especially for the very large financial institutions like JP Morgan, StateStreet, Bank of New York, it really took time to adopt the new technology. While fintech solutions offer exciting possibilities, it was difficult to integrate these solutions within legacy systems. However it allowed them to learn and in various cases drove re-platforming of some of their core technologies. He concludes that while some smaller fintech firms have earned their place with differentiating products, the traditional banks have survived the attacks of fintech's. Clients, and especially global clients need global servicing across multiple financial products that most fintech simply don't offer.

AI and technology trends: their critical importance for analysts and PM's: We also quizzed Marcel upon the role of AI, data and technology when portfolio managers and analysts are researching individual companies and prepare their investment thesis. He states that first and foremost he observes investment professionals use technology more and more to do their research: whether it be using alternative data sources as extra data points on a company, moving analysis from Excel to python to using GenAI to accelerate content generations. Especially young investment professionals bring many of the skills with them when joining Robeco.

Additionally, when evaluating companies the analysts have to research the risks associated with data and technology of target companies and their business models. He argues that understanding the potential disruption of data and technology is mandatory for investment decisions. *'Digital strategies and tech capabilities should absolutely be part of investment cases. Over the last ten*

years, data and AI have proven disruptive across sectors. If you're not asking how resilient or advanced a target company's tech strategy is, you're missing part of the risk-return profile. Stated otherwise, analysts and portfolio managers have to assess whether a target company's digital strategy is robust, or whether it's strategy and business is at risk from AI or data disruption.'

This also requires that investment professionals keep themselves abreast on the broader set of technological developments, not just the ones that are most applicable in the financial industry.

RISK MANAGEMENT AND REGULATION

Regional differences in tech developments and

regulation: We asked Marcel about his perspective on the technological differences between the US, Europe and Asia. He responded quickly that he observes an emerging differences in technological advancements and regulatory environments across the continents. *'What we're seeing is a move away from a unified global finance infrastructure. The EU, US, and China are increasingly following separate geopolitical and technological paths. The various regions have their own geopolitical ambitions which have been emerging and changed rapidly in the last 10 years. That risks fragmenting the financial fabric – systems that used to run on global standards like SWIFT could split. In addition varying regulations across spheres will arise, for example GDPR in Europe with privacy playing a different role in other jurisdictions. It's a recipe for inefficiency, higher costs, and integration risk. Finance is no longer just about economics – it's increasingly shaped by geopolitical agendas'*

We discussed how a more stringent regulatory environment has maybe put European financial institutions at a disadvantage. He notes that it is the intention of European regulators to keep Europe competitive. However, he notices some positive developments at the European level, in terms of simplification of regulation and technology adaptation. These developments and green shoots don't make him desperate about the European finance industry. While European strict regulations could hinder

Marcel Prins (COO Robeco): Key Insights from the conversation for investment professionals with respect to technological developments (prepared with the help of AI).

- **Learning Agility:** Implement a program to enhance learning agility among employees to adapt to the accelerating pace of technological changes.
- **AI Adoption:** Develop a strategy to drive AI adoption across all departments, ensuring that employees embrace working with AI tools.
- **Data Governance:** Improve data governance practices to ensure better data management and customer experience.
- **Regulatory Compliance:** Engage with Dutch and European regulators to discuss the implications of current and future regulations on the industry.
- **Technology and Data Strategy:** Ensure that portfolio managers stay updated on technological trends and incorporate digital strategies into their investment cases.
- **Secure Base Leadership:** Continue promoting secure base leadership to create an inclusive culture where employees feel safe to express their concerns and ideas, especially also on technology and risks of technology, data and AI on the firms and business models of their investments.

agility, he also recognizes that constraints are often breeding grounds for creativity.

In terms of regional technological developments, he is very interested in what is occurring in China. The Chinese are developing their own chips and operating systems and subsequently application of new technologies and data in the financial industry. From that perspective China is likely to become more decoupled from the Western Hemisphere. While they still use Bloomberg, domestic alternatives like Wind are already mainstream in China.

Technology and risk management: Further exploring risk management and regulation with respect to technology, he starts by noting that first and foremost you have to have intrinsic responsibility yourself to manage your business and risks properly. *‘I always say, it starts with an intrinsic responsibility. Regulation raises the bar when collective behavior falls short.’*

In this respect Marcel emphasizes the importance of operational resilience. He highlights a shift from strict financial regulation to operational resiliency regulation, which he believes was long overdue. He strongly advocates for proactive governance and operational resilience. He regards European regulations like DORA not as burdens, but as overdue frameworks that compel firms to address real threats like third-party risk and cloud concentration. *‘With DORA and third-party risk, we’re being pushed by new regulation to address real and growing operational vulnerabilities’.*

YOU WON'T STAY RELEVANT IF YOU CAN'T KEEP UP WITH HOW DATA AND TECHNOLOGY RESHAPE YOUR JOB IN A RAPIDLY CHANGING SOCIETY

On regulation Marcel adds that consistent, long-term policy and regulation are crucial for organizations to build upon, providing a stable foundation for strategic planning and execution. *‘What organizations need is consistency, not regulatory whiplash. We’re happy to play by the rules, but we don’t want the goalposts are moved every few years. Predictability is essential to build resilient systems and make long-term decisions. Additionally, as an industry you should have a conversation on the really key concerns and the implications of all current and new regulations on the (technological) developments and innovation of the financial industry. Regulators should be careful about overreach that slows down innovation. Additionally, regulators and government should provide the proper conditions for providing EU-based cloud infrastructure if mandating to retain data within the EU. A continuous dialogue between regulators and financial markets participants is therefore foundational.’*

Concluding on the regulatory landscape, Marcel acknowledges the need for a balanced approach that considers both the benefits and risks of technological advancements. He advocates for a regulatory framework that supports innovation while ensuring the security and integrity of financial systems. He believes that

such a framework is essential for fostering trust and confidence in the industry.

FUTURE PERSPECTIVES AND ADVICE

Mastering data and technology in day-to-day work:

Looking ahead, Marcel predicts the continued evolution of data and technology, driven by developments in the US and increased regulations. He advises asset managers to focus on mastering data and technology usage in their day-to-day work, as it remains the core of any business and investment strategy. This again underscores Marcel main point during the interview: the application of data and technology in your day-to-day activities. He notes that while you cannot influence what is going on with technology developments in for instance China nor US politics, you should be aware of what going on and how this influences your work and investments. He emphasizes that the essence of the asset managers is that your data drives all decision making: *‘The future of asset management hinges on our ability to integrate data and technology into our daily operations. As we navigate global market complexities, being strategically independent in our technology choices and being in control of data will be a ‘no regret move’ that enhances our resilience against external shifts.’ It ensures independence from technological shifts across different regions and readiness for new emerging technologies that consume the same data but in different ways. Focus on your own (technology) strategy instead of just being reactive: know what no regrets are, focus where you can make a difference but be equally clear on what you’re not going to do (yet)’.*

Learning agility: For investment professionals and especially new entrants in asset management and adjacent technology fields, Marcel emphasizes the importance of learning agility. *‘I think what becomes extremely relevant in society at large is what is called learning agility. It’s about recognizing how incoming data and technologies are impacting your work and adapting accordingly and what it means for you as a professional in terms of skills and competencies required to remain proficient. Whether you work in education, medicine, or asset management, the rate of change is accelerating. If you can handle that, you’re equipped for the future. That mindset is what we value and foster at Robeco.’*

THE REAL RISK IS NOT THAT AI MAKES MISTAKES – IT'S THAT WE DELEGATE TOO MUCH TO SYSTEMS WITHOUT UNDERSTANDING THE DATA BEHIND THEM AND BLINDLY RELY ON THE OUTCOME

He suggests that individuals should stay informed about technological trends and develop the ability to adapt to changes in their work environment. To keep up to speed with a range of developments, including his personal interests, Marcel himself uses *Flipboard*. He stresses the importance of looking beyond one’s field, as that is common knowledge, to observe what’s happening elsewhere to gain a broader perspective. He believes that a proactive approach to learning and innovation is the key to success in this rapidly evolving field.

Danger: the Ouroboros Effect of AI: We also quizzed Marcel on the role academia plays or can play in the context of technological developments, AI and data for the investment industry. His response was mainly from a risk perspective. GenAI is nowadays also used to write (semi) scientific publications. Marcel stresses that one should always ask: *Are the article's conclusions real and properly investigated?*² However, a potential threat to LLM/GenAI is the so called Ouroboros Effect. That is a risk in general for AI, but especially in academia. The quality of the output of GenAI could be degraded over time. Reason being is that the set of all human written knowledge has been consumed by the AI-models and these models are now additionally trained on new material that is produced by GenAI. I.e. it is creating a self-reinforcing loop and additional hallucinations. Humanity is not attentive enough to the true source of knowledge, i.e. factual scientific research distinct and isolated from the GenAI generated research. The same holds true for data and being in control of the data and its sources within and used by your firm as Marcel emphasizes several times during the interview. As an asset manager you have to concern yourself about the risk of data poisoning. This risk arises if there is too much automation in data-generation and investment decision making. Can you control the Ouroboros Effect if third party data is automatically consumed in your organization, while AI produces so much data nowadays?¹

Figure 1
An AI generated image of an Ouroboros. Source: Image Generator



Robeco's Leadership program: At the end of the interview Marcel notes that: *'Amid all the talk about AI and data, we must remember it's ultimately about people. Their willingness to learn, to adapt, and to feel safe doing so. At Robeco, we introduced the 'Accelerate' leadership program across the whole firm. It has a strong link with topics we discussed today. We started the program three years ago and over a thousand employees across the firm worldwide were enrolled. The goal is to remain applauding results, but especially create a growth mindset among our people.'* Again, he emphasizes the role of learning agility that each person at the firm must have. The three leadership principles for Robeco as part of the program are:

1. Results: which speaks for itself.
2. Growth mindset: continuously develop yourself as a person.
3. Secure Based Leadership: he explain this as follows: *'You have to make sure that as a manager you are and feel responsible for an inclusive culture in your team where everybody can bring their best personal and professional selves to the workplace. I.e. psychological safety. This is not just related to investment decision making but also important to dealing with emerging technologies like AI. You should dare to speak up if you don't believe in either a stock or in the role of a certain new technology. Culture isn't a soft layer around strategy – it's at the core of successful transformation.'*

CONCLUSION

Marcel Prins provided a comprehensive overview of the challenges and opportunities facing asset management in the context of technological advancements. He conveyed the message that technology and AI are impacting each firm and person in the asset management industry. Effectively, technology has to be integrated into the 'People model' of each organization. It is important to approach this topic proactively with a continuously learning mindset, both as a firm and an investment professional. His insights underscore the importance of data governance, AI experimentation, and regulatory consistency. Marcel's emphasis on learning agility and cross-industry inspiration offers valuable guidance for professionals navigating the evolving landscape of asset management. His advice to (young) investment professionals and his strategic vision for the industry highlights the need for innovation, adaptation and especially application of technology.

Note
1 See more on this topic on for instance: <https://bmiddleton1.substack.com/p/the-ouroboros-effect-how-ai-threatens>.