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**00:00:09 Chris Cummings**

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**00:00:23 Andy Mitchell**

Welcome to Insights to Impact, a SIMA podcast where we sit down with leaders from across the investment industry to talk about the trends shaping our industry and what they may mean for our future.

**00:00:34 Andy Mitchell**

I'm Andy Mitchell, the President and CEO of SIMA.

**00:00:37 Andy Mitchell**

Today I'm joined by my friend, my colleague, and one of the most influential voices in the UK's investment fund industry, Chris Cummings, Chief Executive at the Investment Association.

**00:00:49 Andy Mitchell**

Over the past decade, Chris has been at the center of some of the most important shifts in the UK industry, from expanding access to investing to driving innovation and to strengthening the industry's role in the broader economy.

**00:01:01 Andy Mitchell**

As he prepares to retire, this is a great opportunity to step back and reflect on what's changed, what still needs to change, and what he thinks about for the future of our industry, including here in Canada.

**00:01:13 Andy Mitchell**

Chris, it's great to have you with us.

**00:01:16 Chris Cummings**

And it's a pleasure to join you.

**00:01:19 Andy Mitchell**

Chris, before we get into it, let's just give our listeners a bit of context.

**00:01:23 Andy Mitchell**

You have led the IA since 2016, representing over 200 firms managing roughly 5.7 trillion pounds in assets.

**00:01:32 Andy Mitchell**

And you play a central role in shaping how the industry engages on policy, regulation, and broader market issues in the UK.

**00:01:39 Andy Mitchell**

You also chaired the International Investment Fund Association, the IAFA, for 2023 and 2024.

**00:01:46 Andy Mitchell**

You've had a wide-ranging career across banking, insurance and consulting.

**00:01:51 Andy Mitchell**

So you really have seen this industry from multiple angles.

**00:01:55 Andy Mitchell**

So let me start there.

**00:01:57 Andy Mitchell**

When you look back at your time at the IA, what are the one or two things that genuinely change the trajectory of the industry?

**00:02:05 Andy Mitchell**

And what can other jurisdictions, including good old Canada, take away from that?

**00:02:12 Chris Cummings**

Well, Andrew, thank you.

**00:02:13 Chris Cummings**

What great questions to ask.

**00:02:15 Chris Cummings**

Actually, 10 years at the helm of the IAA seems to have passed at a moment.

**00:02:20 Chris Cummings**

It must be an age thing, but I remember when 10 years was a long time.

**00:02:23 Chris Cummings**

These days, it seems to pass remarkably quickly.

**00:02:27 Chris Cummings**

And actually just to pick up on something, so when I joined the IA 10 years ago, our industry here in the UK was managing around 5 trillion pounds of other people's money.

**00:02:37 Chris Cummings**

Today it's nearly 11 trillion pounds.

**00:02:39 Chris Cummings**

So that's not all down to me.

**00:02:42 Chris Cummings**

But what we've seen is the industry grow from strength to strength here in the UK.

**00:02:47 Chris Cummings**

And where does that money come from?

**00:02:49 Chris Cummings**

Well, actually about 4 trillion from the UK alone.

**00:02:54 Chris Cummings**

About 4 1/2 trillion comes from the European Union.

**00:02:58 Chris Cummings**

And although the UK is not a member of the EU anymore, we manage more money from the European Union than we did before Brexit happened, a thing in the last 10 years.

**00:03:08 Chris Cummings**

And of course, we have under management now over a trillion from North America, from our great friends in Canada and south of the Canadian border as well.

**00:03:20 Chris Cummings**

as well as countries across Asia and so on.

**00:03:22 Chris Cummings**

So for me, one of the great trends of the last decade is how international the investment management industry really, really has become.

**00:03:31 Chris Cummings**

And that's been played out here.

**00:03:34 Chris Cummings**

But what we've also seen is the ongoing ripples and consequences of the global financial crisis.

**00:03:42 Chris Cummings**

And one of the areas that we've thought long and hard about and have taken now action on is

**00:03:48 Chris Cummings**

is that overabundance of caution in the regulatory environment, because certainly in the last decade, what we've seen is more and more regulations coming to investment management.

**00:03:58 Chris Cummings**

And not necessarily because they're about investment management, but because they seem to affect all of financial services, like bank capital.

**00:04:05 Chris Cummings**

Here in the UK, to be an investment manager, you have to have capital on your balance sheet because banks have capital on the balance sheet.

**00:04:12 Chris Cummings**

So that's been spread through.

**00:04:15 Chris Cummings**

And look, when you're an industry here in the UK where 75% of households use your services, politicians are going to be interested in what you're doing.

**00:04:24 Chris Cummings**

Regulators will be interested in what you're doing.

**00:04:27 Chris Cummings**

The media will ask big questions and it's up for us as an industry to recognise that we have to get used to life on the public square.

**00:04:35 Chris Cummings**

We're not a small industry.

**00:04:36 Chris Cummings**

We're not that cottage industry we were and therefore that's been one of the uber trends we've seen over the last decade.

**00:04:43 Chris Cummings**

The fact that the industry has had to mature and recognize its relationship with politicians and regulators matter.

**00:04:50 Andy Mitchell**

Interesting lead in because you've consistently pushed on financial literacy and participation for the UK investor, but also you were echoing that throughout our international meetings as well as how to get savings into investments for better investor outcomes in the long run.

**00:05:06 Andy Mitchell**

What do policymakers still get wrong?

**00:05:09 Andy Mitchell**

And remember, Chris, we're unfiltered today.

**00:05:11 Andy Mitchell**

And what needs to change if we're going to take meaningful steps forward?

**00:05:16 Chris Cummings**

So what we've done here in the UK is recognize that for the best of reasons, we got into the worst possible position, which was we tried to remove risk from the system.

**00:05:27 Chris Cummings**

Now, it may be true that risk is a four letter word, but we needn't treat it like one.

**00:05:31 Chris Cummings**

So what we were actually trying to do was call out that overabundance of caution and system.

**00:05:36 Chris Cummings**

And I use the phrase, the words safetyism.

**00:05:42 Chris Cummings**

And that has led to all these new and extra regulations coming in.

**00:05:45 Chris Cummings**

And that actually led to here in the UK, the lowest level of retail investment in the G7.

**00:05:52 Chris Cummings**

It led to a population that's oversaved but underinvested.

**00:05:56 Chris Cummings**

We have something like 2 million people with more than 100,000 pounds sitting in cash, more than 10 million with 10,000 pounds sitting in cash.

**00:06:03 Chris Cummings**

I mean, it's just a crazy notion.

**00:06:05 Chris Cummings**

And all of that led to our high growth companies being starved of the investment they needed.

**00:06:11 Chris Cummings**

So working with government and our regulator, what we've decided to do is address that root problem.

**00:06:18 Chris Cummings**

And so we've now embarked on an initiative that's going to change the way that we think about getting people to invest here in the UK.

**00:06:27 Chris Cummings**

And it's a really bold step because what it means is that regulators have got to be pro-risk for the first time since the financial crisis.

**00:06:37 Chris Cummings**

One of the great lessons I would point to is the fact that the industry persuaded government to set the regulator a competitiveness objective.

**00:06:46 Chris Cummings**

Of course, keep your eye on consumer protection, of course protect market integrity, but markets have got to grow to function.

**00:06:52 Chris Cummings**

And certainly our economy needs economic growth.

**00:06:55 Chris Cummings**

And our investment management industry is the great engine of growth that we need in our industry.

**00:07:01 Chris Cummings**

So for me, the big lesson has been work with government, work with regulators to rehabilitate risk, help them to recognise that not everything is a bank and shouldn't be managed like a bank or regulated like a bank, and then start to have the discussion about the great role that investment can have in helping ordinary citizens around the country have better, more financially resilient, wealthier lives.

**00:07:26 Chris Cummings**

And it's a great story to tell.

**00:07:29 Andy Mitchell**

It's actually a great global message.

**00:07:31 Andy Mitchell**

I know you've been beating that drum at our international meetings. And I think those with smaller markets, newer markets are learning those lessons that you've been through. So I greatly appreciate your words there.

**00:07:44 Andy Mitchell**

A big theme of your work at the IA has been making investing also more accessible, from auto enrollment to opening up private markets and most recently tokenization.

**00:07:54 Andy Mitchell**

You mentioned in the past that global markets share this common challenge, as I mentioned. How do we get investors to save more in the case of the UK and the EU to invest more?

**00:08:05 Chris Cummings**

So in the UK, we have become risk averse.

**00:08:09 Chris Cummings**

Investment is not a dinner table conversation where it is in some of the jurisdictions.

**00:08:15 Chris Cummings**

And in the UK, we look at those with envious eyes to say, how can we invite more people to the party?

**00:08:20 Chris Cummings**

Because we know that we've had some major policy successes in the UK.

**00:08:24 Chris Cummings**

We have auto enrollment, which has meant that 11 million people in the UK now have access to a pension that they simply wouldn't have had in the past.

**00:08:32 Chris Cummings**

Those tend to be lower earning people or those on zero contracts and part time and so on.

**00:08:38 Chris Cummings**

And auto enrollment brought those people into the pensions environment.

**00:08:42 Chris Cummings**

But what we didn't do is we didn't do auto escalation.

**00:08:47 Chris Cummings**

So we've only about 8% of earnings going into an individual's pension pot.

**00:08:52 Chris Cummings**

And even with the best will in the world, great investment performance can't get 8% up to the standard of living that people would want to get in retirement.

**00:09:00 Chris Cummings**

So the message for us and to our current government by saying this, but it is a message globally is auto enrollment wins.

**00:09:07 Chris Cummings**

Just help people to do the right thing.

**00:09:09 Chris Cummings**

A lot of them talked out if they'd like to, but opt them in.

**00:09:12 Chris Cummings**

Secondly, make sure you've got auto escalation built in there, whether that's save more tomorrow or payroll splitting and promotion splitting ideas and so on.

**00:09:21 Chris Cummings**

And thirdly, use that as the springboard to financial literacy. Because while that should and could be delivered through the school years, just to help people understand how markets work and how to balance a chair book and all those great things that we were probably taught in our own youth, the thing that really brings people alive is seeing their own money grow.

**00:09:43 Chris Cummings**

And actually, auto enrollment, it just happens. It's magic. It's just money that's taken out of your pay packet before you get your hands on it. And different people have got different trigger points. It could be to pay for a holiday. It could be enough money to buy a car, to put a deposit down on a flat, a house and so on. But after a year, two, three, five years, the money that goes into auto escalation really adds up. And that is a light bulb moment for people.

**00:10:09 Chris Cummings**

And so by bringing those three things together, auto enrollment, auto escalation, financial literacy, that's how you generate a nation of investors, people who realize that as investors, they have as many choices as they do as a consumer, which phone to buy, which coffee shop to go in, which I was going to say hairdresser, but then again, I'm fully challenged and it's more of a search and rescue mission when I go to the barbers.

**00:10:34 Chris Cummings**

But as consumers, we all have these choices and as investors, we have them as well.

**00:10:38 Chris Cummings**

So that for me is the great lesson of how you inculcate financial literacy into a population.

**00:10:44 Chris Cummings**

It's to go where people are, not where you'd like them to be.

**00:10:49 Andy Mitchell**

Excellent.

**00:10:51 Andy Mitchell**

If you put your consulting hat on now, maybe a part-time gig in your retirement,

**00:10:57 Andy Mitchell**

A lot of what you're describing really resonates here in the Canadian marketplace, particularly around competitiveness and investor participation.

**00:11:05 Andy Mitchell**

If you were advising us directly, what are one or two concrete things Canada should be thinking about differently now to stay competitive globally?

**00:11:14 Chris Cummings**

Well, the UK looks at Canada with a huge amount of envy because of the wonderful pension system you have in Canada.

**00:11:24 Chris Cummings**

And we're trying to replicate that here in the UK.

**00:11:28 Chris Cummings**

The move from DB to DC, we didn't navigate terribly well, and that's led to other issues.

**00:11:34 Chris Cummings**

And we're trying to try to make sure we avert a generation of pension and poverty through doing things more like financial literacy and the retail savings campaign.

**00:11:45 Chris Cummings**

So I'm who am I to offer advice to Canada when we went to we went to sit at your knee and learn lessons from you?

**00:11:52 Chris Cummings**

But perhaps a couple of things I would reflect on.

**00:11:54 Chris Cummings**

The first one is that new generation of potential investors.

**00:11:59 Chris Cummings**

I don't know what it's like in Canada, but here in the UK, young people love to watch sports, particularly young men.

**00:12:07 Chris Cummings**

And we've got a generation growing up of young men that love watching football and rugby and those great sports.

**00:12:15 Chris Cummings**

And there are always gambling adverts in there.

**00:12:19 Chris Cummings**

And that's fine.

**00:12:20 Chris Cummings**

people should have fun as long as they do it with responsibility.

**00:12:22 Chris Cummings**

But what we've also seen is now crypto adverts in there as well.

**00:12:26 Chris Cummings**

And advertising, just how easy it is to buy your Bitcoin and invest in crypto doing this.

**00:12:30 Chris Cummings**

It's almost that gambling overlay.

**00:12:34 Chris Cummings**

And one of the things that concerns me is how do we make sure that we encourage people to invest, but we don't lose a generation of up and coming potential investors because they see investing as very similar to gambling but they lose sight of nuance and actually what they're investing for and not everything's high risk, bank a million or lose a penny. it's just we've got to make sure that we are there and that the industry, the investment industry is presenting as an attractive a proposition as some of the more racy elements of investing can put across.

**00:13:12 Chris Cummings**

And that we're also helping them recognise what a scam advert is, because what worries me as well is the number of adverts that they kind of look plausible, but they're guaranteeing 100% return or 50% return with almost risk free.

**00:13:25 Chris Cummings**

So helping our up and coming generation who are digital natives better understand technology and better understand what sensible investing looks like.

**00:13:36 Chris Cummings**

Bit of a challenge there for us as an industry, because of course, many of us running

**00:13:40 Chris Cummings**

great firms, trade associations weren't born in the generation of being digitally native.

**00:13:45 Chris Cummings**

So we need to learn lessons from others.

**00:13:47 Chris Cummings**

We need some reverse mentoring from the up and coming people in the industry.

**00:13:53 Chris Cummings**

And we also need to make sure that the people we're bringing into the industry are the best and brightest we possibly can do from a wide variety of backgrounds.

**00:14:01 Chris Cummings**

And you know, my campaigning issue is diversity because

**00:14:05 Chris Cummings**

If we don't have diversity of thought as an investment industry, we lost.

**00:14:09 Chris Cummings**

There is no point in us all hiring people who look, act, sound like us with the same background because we'll miss the wonderful investment opportunities for the future.

**00:14:19 Chris Cummings**

And that really is my passion for how we're going to keep our industry competitive, globally successful and delivering to our investors what they need.

**00:14:29 Andy Mitchell**

Well said, sir, as usual.

**00:14:32 Andy Mitchell**

Before you count down those 41 days to day number zero, I'm going to grant you one wish and only one, Chris, for the global asset management industry and all the investors that we serve.

**00:14:46 Andy Mitchell**

What would that wish be and why?

**00:14:51 Chris Cummings**

Andy, that is such a great question.

**00:14:53 Chris Cummings**

That really is.

**00:14:53 Chris Cummings**

So I think the thing that marked us out compared to other industries and indeed other parts of financial services is the fiduciary duty.

**00:15:03 Chris Cummings**

The fact that we know this is not our money and that we are trusted by hard working people across our countries, our regions around the world to look after their money for them and to do well by them.

**00:15:17 Chris Cummings**

And that is that's our noble calling.

**00:15:21 Chris Cummings**

And I think as long as our industry clings to that, that is the foundation of our industry then that gives us the credibility, the right to talk to regulators, to politicians and say, we are here for society's benefit, for individuals benefit.

**00:15:40 Chris Cummings**

And when you talk about things like consumer protection, who are you protecting against what?

**00:15:44 Chris Cummings**

You're protecting hard working people against what?

**00:15:46 Chris Cummings**

Investing for a better retirement?

**00:15:48 Chris Cummings**

You need to be encouraging that.

**00:15:51 Chris Cummings**

And so making sure that is at the heart of everything we do that will be our North Star.

**00:15:59 Chris Cummings**

And then we can talk about artificial intelligence and what that means as an investment and how it will change the industry and improve people's lives.

**00:16:06 Chris Cummings**

We can then talk about diversity and why it's so important to us.

**00:16:08 Chris Cummings**

We can talk about products and solutions and move to ETFs and segregated mandates and so on.

**00:16:14 Chris Cummings**

All of those things follow because they are in service of that industry objective, which is to do well by the people who trust us with their money.

**00:16:26 Andy Mitchell**

Great.

**00:16:27 Andy Mitchell**

Okay, we're going to do a real quick run through here. We call 5 quick hits.

**00:16:32 Andy Mitchell**

So we're going to shift gears.

**00:16:34 Andy Mitchell**

I'm going to throw 5 quick questions at you.

**00:16:38 Andy Mitchell**

Short answers, whatever comes to your mind first.

**00:16:40 Andy Mitchell**

Are you ready?

**00:16:42 Chris Cummings**

All good.

**00:16:43 Andy Mitchell**

Okay.

**00:16:44 Andy Mitchell**

One trend in the investment industry we need to be watching closely globally.

**00:16:49 Chris Cummings**

Crypto.

**00:16:49 Chris Cummings**

Make sure people understand what they're buying.

**00:16:52 Andy Mitchell**

Excellent.

**00:16:54 Andy Mitchell**

One risk global policymakers may be underestimating.

**00:16:59 Chris Cummings**

The risk of taking no risk.

**00:17:01 Andy Mitchell**

One opportunity the industry should be paying more attention to.

**00:17:06 Chris Cummings**

Getting people to invest early and often. Time in the market wins.

**00:17:11 Andy Mitchell**

One thing you wish more people understood about investing?

**00:17:15 Chris Cummings**

It's easier than you think and better for you than you could imagine.

**00:17:21 Andy Mitchell**

Sounds like a TV ad.

**00:17:24 Andy Mitchell**

On a lighter note, what was the funnest part of your role?

**00:17:28 Chris Cummings**

Oh, working with you, Andy. Every time, day in, day out, working with you.

**00:17:33 Chris Cummings**

Having the opportunity to work with you and colleagues in the IIFA was an incredibly rich learning experience and one I'll be forever grateful for.

**00:17:43 Andy Mitchell**

I totally agree.

**00:17:44 Andy Mitchell**

People that are not in our industry that don't know it and I tell them about the diversity of thought and diversity of people and just the great connections you have locally and globally.

**00:17:52 Andy Mitchell**

It really is a small universe that we can do such good things with purpose. It's really rewarding.

**00:17:59 Andy Mitchell**

Chris, before we wrap up and now you're stepping away. Is there one last piece of candid advice you would give the industry that you may have held back or framed more carefully before you announced your retirement?

**00:18:15 Chris Cummings**

So the future is digital.

**00:18:18 Chris Cummings**

And for any industry, the sooner that we understand that AI, quantum computing, are the bedrock of the future of our industry, the move to distributed ledger technology will happen.

**00:18:35 Chris Cummings**

And that means all of us have got to be willing to feel uncomfortable in the transition to tokenized assets, tokenized funds, but work with regulators to pave the way for the success of the industry and help consumers realize and understand why this is going to be in their long term interests, reducing friction, cutting costs and allowing us to deliver better returns.

**00:18:58 Chris Cummings**

And for people who are used to growing up with this wonderful 19th century product called a fund, that transition is going to be a little bumpy at times, but just get with it.

**00:19:10 Chris Cummings**

Survival is optional, but I'm putting money on our industry survival.

**00:19:15 Andy Mitchell**

Agreed.

**00:19:16 Andy Mitchell**

Listen, Chris, thank you so much for the candid conversation today.

**00:19:20 Andy Mitchell**

And I want to personally thank you for your leadership and being at the forefront to drive real change and make impact on our industry.

**00:19:27 Andy Mitchell**

I wish you great, great rewards and enjoyment in your retirement.

**00:19:32 Andy Mitchell**

And thanks again for joining us today.

**00:19:34 Chris Cummings**

Wonderful.

**00:19:35 Chris Cummings**

Thank you, Andy.

**00:19:35 Chris Cummings**

Thank you.

**00:19:36 Andy Mitchell**

Thanks for listening to Insights to Impact and stay tuned for our next one.

**00:19:40 Andy Mitchell**

Thank you.