



**Survey Report**  
**by Merlys**

**The Impact of Covid19**  
**on the**  
**Fund Management Industry**

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[www.merlys.uk](http://www.merlys.uk)

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# 1. Introduction

## *Who we are and what this report is about*

### Who we are

A mission by respected regulatory expert Verena Charvet, brought about the founding in 2017 of **Merlys** as an agile, regulatory-specialist boutique law firm with the intention to be the go-to for all things regulatory for the Funds Management and Asset Management sectors.

According to our clients, Merlys stands out from the crowd of regulatory legal advisors for two key reasons:

- the rare combination of dedicated and trusted Funds & Asset Industries legal knowledge, with extensive hands-on commercial experience gained in-house in funds and banking
- the practice's agile structure and team of expertise who can be called upon to deliver a regulatory **end-to-end** scope of service which goes beyond that of a traditional advisory lawyer

Merlys provides expert advice and support on regulation, risk management, implementing regulatory change and developing strategic solutions for regulatory compliance in the funds sector in the United Kingdom, the Republic of Ireland, Europe and Asia.

### The Why and What of this report

#### The Why

In the early months of 2020 as the world succumbed to the COVID19 pandemic and we were driven from our offices, we found ourselves having an increasing number of non-legal conversations with our funds and asset management clients relating to how businesses and their people were responding to the challenges of the situation.

Initially we thought that as people grew more accustomed to the changes to everyday life (or as everything got back to normal) these conversations would cease, and everyone would revert to the purely legal conversations of previous years. That however, was *not* the case.

Rather than keeping the results of those conversations to ourselves we considered it would be interesting and informative for many if we were to undertake a survey among our clients and other friends to see if the trends that we were beginning to notice were common to others across the diverse sectors in which we work.

Many agreed and were kind enough to complete the survey with the assurance that we would publish and circulate the results of our findings. So here we are.

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## The What

In order to establish whether there were commonly held concerns about the challenges of a different way of working; one which had to be developed very quickly *we asked*

- How others were responding to the demands of a different way of working?
- How companies and individuals were dealing with teams being managed remotely?

We *had* intended the survey to be a quick snapshot, but as the tiered lockdowns came into play and more and more survey-responses were received, we were able to draw a more in-depth set of findings. We stopped accepting responses at the end of November 2020.

## About the Survey Results

This report is not intended to form the basis of any academic research, but we hope that it is of interest to the reader, including providing some reassurance and ideas for the future.

The results described in this report are based on soundings taken from the financial services industry, and in particular the fund management sector, which were often able to carry on working, unlike the much-publicised retail and hospitality industries which literally were forced to shut up shop.

Accordingly, we see our survey containing the opinions of those who continued to work remotely from home, whether at the kitchen table, in the bedroom or garden shed... and whose difficulties were not blasted across headlines in the press.

## 2. Key Findings

### *Executive Summary*

Our respondents work mainly in control functions (for example heads of and members of in-house legal and compliance teams as well as external service providers). We also asked a group of those in the business (fund managers, for example) to respond. Engagement with the survey was most encouraging and we would like to thank everyone who took time out to complete the survey.

The **three key findings** we observed were:

1. despite initial reservations remote working has been successful
2. staff morale is high where there is good leadership
3. there are significant benefits to be gained from different ways of working but some modifications to established remote working practices were suggested by many respondents, on possible ways to achieve as closely as possible, the rapport of an office environment.

### 3. The Survey

#### *What we asked and what we were told*

As referred to above, our aim was to establish whether our understanding of how our clients were responding to the pandemic was correct: for example, a greater use of internal resources and greater flexibility (including longer working hours) by their employees who were now working from home.

#### Question 1: the “how” of what businesses do day to day, had changed

*We asked* how as a result of changes forced upon them businesses were delivering:

- Shareholder meetings and communications
- Regulatory changes such as BREXIT, DAC6, and SMCR
- In-house training
- Programmes of change
- Their response to regulatory change

**The most significant area of change**, noting that we started the survey at the end of the fund “AGM season”, was the delivery of shareholder meetings and communication (73.91% changed this) especially to deal with meetings involving several hundred participants. *Interestingly I.T. issues were not seen as presenting significant problems.*

**The second most significant change** was in the provision of internal training (60.87% had changed this) though the types of changes were not specified in the responses.

**Fewest modifications** were in the area of organisations structuring their response to regulatory developments. One respondee's comment "everything is being done remotely" seems to sum this up. Only 21.72% of respondees reported that they had made modifications to the structuring of their response to regulatory developments, such as Brexit and ESG issues.

**Conclusion:** This leads us to the conclusion that, if properly managed, high levels of remote working by all levels of organisations can be a resounding success. There are certain exceptions to this. *A key one being concerns over the lack of interaction of junior members of staff with more experienced colleagues as would frequently happen in an office situation.*

#### Questions 2 & 3 considered how the changes have been managed

*We asked* how many organisations had used **external help** with managing changes and how difficult on a scale of 1 to 5 (with 5 being very difficult) respondees had found implementing the necessary changes.

On being asked **how the developments had been managed** and the level of ease of managing those changes (Questions 2 and 3), the majority of respondees (95.65%) stated that the changes were managed internally but 17.39% said that they had external assistance.

We looked into this apparent **discrepancy** by examining the more detailed responses from which we could see some respondees' organisations. To quote one respondee, they were "deeply rooted in [the use of the] freelancer community" and others indicated that they had an existing outsourcing arrangement which was considered as being "internal" given they were seamlessly integrated.

**We did note** that a significant number of respondees reported that they **had found the implementation of change very difficult**, *especially if it was carried out internally within their organisation without any additional resources.*

## Questions 4 & 5: the day to day concerns

**In these questions we asked** what aspects of working life were the most worrisome on a day-to-day basis:

- Regulatory changes
- Updating documentation and repapering exercises
- New product development
- Meeting internal deadlines

Interestingly there were **similar levels of concerns** (about 30% for each) between ensuring the successful implementation of new regulations, launching new products, and meeting internal deadlines.

There was **less concern** about not being able to maintain day-to-day **up-dating activities that were not mandatory**. Such activities were de-prioritised by some organisations, so this is not a surprise. **However**, this may mean that normally seamless up-dating process are likely to now have a backlog which could give rise to increased stresses within hard-pressed teams.

**The real concern** identified was about **employees' well-being**. This has been seen across all sectors and commented on extensively in the news.

**An interesting insight** that came to the fore was that many organisations had introduced **team and one-to-one meetings that concentrated solely on personal issues and concerns** arising out of working at home. Concerns such as juggling children and jobs and lack of space were often openly and frankly discussed. Perhaps this is surprising given the norm and frequently-found reluctance of staff to discuss apparent personal-life issues impacting on their work-life.

The feedback was that where these meetings had been offered, employees really appreciated them. It delivered a strong positive feeling about employer-concern for the wellbeing of their 'people'.

**The overall view** was that there was no obvious negative impact (of remote working) in the delivery of work, but employees are working long hours with little spontaneous 'water cooler' conversations/solutions or idea sharing. Some commented that the fact that zoom meetings were pre-arranged meant a loss in the spontaneity of 'pop your head round the door' questions.

## Question 6: areas of concern | longer-term impact

Here it became clear that respondents were concerned about a future lack of technical expertise coupled with inability to train subject matter experts using internal resources alone.

## Technical Updating

As many know, organisations' technical up-dating is frequently provided by third parties. While numerous course providers have been producing online seminars and webinars, respondents told us that they have started to feel that these are less efficient and effective than face-to-face training.

The respondents said that once online delivery methods ceased to be a one-off and *novel*, "zoom fatigue" set in and many found themselves switching off in such sessions.

As the trainer is unable to gauge the audience's reaction when using remote delivery methods (for online seminars and webinars only the presenters' video feeds are live), they are not able to adjust their pace or tone to wake up the audience. *eg: As expert course providers at Merlys, when we are working with a live audience, we can see when members are tired or distracted, and we then work quickly to bring their focus back to the subject. This interactive element is now missing, making online training sessions less effective than everyone would like.*

One positive from the development of these online resources has been the on-demand capability (ability to listen to recordings when convenient to the trainee).

However, and unfortunately, many respondents confessed that they were finding that the more convenient time never arrives due to the pressure of their day-to-day work. As a result, they now feel stressed that they have a backlog of training that they have not been able to review. This may mean that training to recap recent developments will be needed, once face-to-face sessions are again possible.

## Resource & Budget Concerns

Respondents were also concerned that there were insufficient resources overall or insufficient budget. These concerns were high on the list of matters "keeping [respondents] awake at night".

## Well-being & Mental Health

Again, we saw concerns about **managing delivery** and the **impact** on **employee morale** and the **mental health** of staff working remotely - *although those matters can be effectively addressed as outlined under Questions 4 & 5 above.*

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## Question 7: the positives

We asked an open question: What if any, positive outcomes have arisen from the remote working experience?

The key benefits cited were:

- Better use of technology
- Near paperless “offices”
- More engagement from senior management
- Senior management appearing more accessible
- Greater flexibility regarding working hours
- No need to commute

***and finally***

- An extra hour in bed!

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## 4. Conclusions

### *What we found*

Based on conversations with our clients which made us curious to learn more about the new working environment, the survey reveals that

**Virtual working**, where it is possible, is a largely successful way of working.

There were few surprises in the responses that we received. However, we do not consider this as good news.

Our findings **highlight concerns** with **morale and mental health** although many employers had gone to considerable lengths to address these with the positive result that management seemed more accessible to the workforce.

**On the downside** long term, resilience concerns were apparent: Respondees highlighted long term resilience issues such as **resourcing and budgetary threats including hire freezes**. All of these matters can create greater strains on teams and pressure on the dynamics of day-to-day operations as well as longer term strategy planning.

We at Merlys, have noticed an increase in clients looking to **delay projects** due to **uncertainty** (both economic and political) and also to avoid putting **more stress on their staff**.

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## 5. What does this all mean to the industry?

### *Recommendations*

#### Leadership Engagement

The most successful organisations with which we work, in terms of business achievements (including low employee turnover – which is disruptive and costly) have excellent leadership engagement - at all levels - with their colleagues.

That engagement is **personal** (e.g. regular “town halls”); clear communications (not just the usual cascades of memos but personalised and authentic) and includes remote social interactions (e.g. regular chats or quiz evenings).

As many will attest, this engagement has been crucial to ensuring that **organisational morale** is as high as possible.

Most organisations recognise that never before have human resources been so important. However, many organisations are now facing having to review their workforce levels.

*Readers may like to consider how these principles of openness, integrity and humanity can remain the guiding force in making these types of decisions.*

#### Value For Money

**On the business front the critical element for many organisations must be value for money**

Budgets have been necessarily curtailed. More work is required from fewer people.

To **avoid burn out** (which can of itself be costly - with the risk that employers become liable for damages payable to employees who suffer work-exacerbated illnesses) and still maintain the **quality of services and products**, a **potential solution** points clearly to an increased engagement of external resources; providing cost-effective support rather than taking on additional overheads.

Professional services providers may be part of your solution. *For 5 tips see our earlier article [“How to get value for money when buying legal services”](#)*. Those principles are generally applicable to other service provider sectors.

#### IR35

**One final point to consider is the potential negative implications of IR35.**

Many external service providers are just that. They are undertaking activities which cannot be done in the same way as an employee role. Do not cut yourself off from suitable service providers (consultants) by making potentially inappropriate declarations that roles are subject to IR35 to make “life simpler” – you may just find you don’t get anyone wanting to help you.

*Continues...*

**We very much hope that you found this report interesting and informative.**

We would love to get your feedback – hear your thoughts/comments and we here at Merlys are happy to discuss any matters arising out of this report (*contact details below*)

*This briefing note is intended to act as general guidance and is not intended to offer specific legal advice.*



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