

The year technology took centre stage



Very few of us could have predicted the unprecedented events of 2020, not least that a global pandemic would accelerate the role and influence of technology in nearly every aspect of our lives.

In January 2020 headlines were dominated by Brexit, the impeachment of US President Donald Trump and the prospect of fresh conflict in the Gulf. But within weeks all of that had changed as the COVID-19 pandemic emerged with shocking speed, bringing with it unprecedented disruption and devastating human consequences.

As the first lockdowns got underway, we came to rely more than ever on technology to help us work, rest and play.

The power of connection

Technology was ready to meet this sudden surge in demand.

Videoconferencing enabled millions to work from home with relatively little disruption, keeping businesses and even entire sectors in action as physical interaction ground to a halt.

In April 2020 alone, some 70% of UK adults used videoconferencing¹ and Microsoft Chief Executive Satya Nadella reported that the company, provider of the Teams videoconferencing platform, saw 'two years of digital transformation in two months' as a result of the pandemic.²

The banking sector experienced a 72% rise across Europe in the use of fintech apps - which support banking or other financial services - as a result of the various lockdowns,³ along with a spike in contactless transactions.⁴

A new era for working from home?

According to data from the Office for National Statistics (ONS), 47% of employed UK adults did some work at home in April 2020. Of those that did 86% did so as a result of the pandemic.⁵

In the US only around 7% of US employees regularly worked from home but COVID-19 saw that figure increase to over 60%. More than half (59%) of those working from home during the pandemic would like to continue to do so.⁶

Many companies are now reviewing their long-term remote working policies while Germany is in the process of making working from home a legal right,⁷ potentially maintaining the current high level of demand for supporting technology and infrastructure.

Pre-pandemic progress

Technology was changing the face of saving and investing even before the pandemic. Online investment platforms, like many other types of online services, reported a spike in demand as the pandemic took hold.⁸ This was driven by people looking to buy investments with an eye to future profits as global markets began falling in March 2020.

In fact, millions of us now use online investment services. These allow us to research investments, make our own decisions about what to buy or sell as well as check latest values and performance at any time. It's possible too, to access ideas and guidance online to help you with your decision making, and even regulated personal advice services.

In short, the advance of online tools has allowed investors to take more control of their investment journey and potentially reduce their costs along the way.

Understanding the risks

That potential for greater control brings a need to take greater care too. While there are many carefully designed online services available from responsible providers, scams are a risk and even experienced investors can make what turn out to be costly mistakes.

That's largely because while investing can seem quite simple on a rational level, our emotions can come into play. When markets are doing well, for example, we can fall into the trap of overconfidence, while in the leaner times there is a risk of being too cautious and perhaps selling as markets are going down, potentially the worst possible time. Either way, our decisions can be driven by emotions such as greed and fear, rather than by

rational factors, not always a good combination when you can potentially buy or sell in just a few seconds online.

Behind the scenes, some technology can work against individual investors too. Algorithms, for example, trade at speeds far greater than any human can manage, which can exaggerate the natural ups and downs of investment markets. This is just one of the reasons many individual investors choose to put their money into collective investment schemes, managed on their behalf by professional investors like Santander Asset Management.

Managing your risks online

- **Understand your rights** – before using any online investment service check if you'll have access to the Financial Ombudsman Service (FOS) and the Financial Services Compensation Scheme (FSCS) if you have complaints or things go wrong.
- **Understand your needs** - if you have more complex financial needs or want more than a simple investment portfolio, consider whether a real-life adviser might be best for you.
- **Understand what you're paying** – how much you pay in charges can affect what you get back from your investments. So make sure you understand exactly how much you'll be paying, from service charges to your ongoing investment costs.
- **Watch out for scams** - UK investors lost £339m to investment fraud in 2019, with cybercrime and cryptocurrency scams a particular threat.⁹ Visit the FCA's ScamSmart pages for tips on avoiding investment scams and what to look out for.

On the plus side, many global regulatory bodies have accelerated or introduced initiatives on digital infrastructure since the pandemic began, according to a report by the World Bank and the Cambridge Centre for Alternative Finance.¹⁰ Much of that regulatory activity has been aimed at tackling increased risks around cybersecurity and scams.

Bringing it back to the basics

However much technology changes the detail of investing, the fundamentals remain constant:

- While there are never any guarantees and past performance is not a guide to future performance, investments do tend to outperform cash savings over the long-term.
- Don't be distracted by short-term ups and downs.
- Spreading your investments helps to manage risk.
- Investment markets run in cycles with downturn followed by recovery.

Support is available if you need it

Financial advisers are responding to technological change too. Many are making their services more responsive, accessible, flexible and tailored than ever before. Whether it's for ongoing reviews or simply to get help at a particular stage of your investment journey, such as the approach to retirement, expert support from a professional adviser can make a real difference.

A fresh perspective on investing

At Santander Asset Management, we think everyone should be able to access clear, easy to understand articles and guides to help them find their way in the world of investing. Our **'About Investing'** articles give a fresh perspective on important themes for investors while our new **'Rethink InvESTinG'** series brings focus to key issues around sustainable investing.

[Read more here.](#)

¹ Wired – How the pandemic has sped up digital transactions, 5/11/20

² Microsoft – 2 years of digital transformation in 2 months, 30/4/20

³ EY – How Covid-19 has sped up digitization for the banking sector, 3/11/20

⁴ Wired – How the pandemic has sped up digital transactions, 5/11/20

⁵ ONS – Coronavirus and homeworking in the UK: April 2020, 8/7/20

⁶ TalentLyft – Covid-19 & Work From Home Stats: Is Remote Work Here to Stay? 18/5/20

⁷ World Economic Forum – Germany drafting law to give people the legal right to work from home, 14/10/20

⁸ FT – Surge in investment account openings on UK platforms – 3/4/20

⁹ FT Adviser – Victims lost £339m to investment fraud last year, 5/2/20

¹⁰ Finextra – Covid-19 spurs fintech regulation innovation, 29/10/20

Let's be clear!

Investment terms explained

Portfolio: a group of investments that are managed together to meet a particular objective.

Important Information

This material is for information only and does not constitute an offer or solicitation to buy or sell any securities or other financial instruments, or to provide investment advice or services.

Past performance is not a guide to future performance. The value of investments and any income is not guaranteed and can go down as well as up and may be affected by exchange rate fluctuations. This means that an investor may not get back the amount invested.

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