Presentation of the 8th edition of the Deloitte Private & ArtTactic **Art & Finance report**

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ARTIST ACKNOWLEDGEMENT

Jonathan **Prince**_

Thanks to Jonathan Prince for elevating our report with his artworks

Introduction

Table of content

Introduction

Methodology

Art & Finance report Survey participants by category

Table 1: Art & Finance report Survey participants by category

Sample	2011	2012	2014	2016	2017	2019	2021	2023
Private banks	19	30	35	53	69	54	59	63
Family offices	0	0	14	14	27	25	21	32
Art collectors	48	81	90	94	107	105	115	123
Art professionals	140	112	122	126	155	138	182	197
Art-secured lenders	-	-	-	-	-	-	11	20
Sample total	**207**	**223**	**261**	**287**	**358**	**322**	**388**	**435**

Section 1_ of the report also includes a 12-month outlook across various geographical art markets. These findings were based on a qualitative ArtTactic Art Market Confidence Survey conducted among 117 art experts in July 2023.

Section 1 also features auction data analysis of various modern and contemporary art markets. This data is predominantly from Sotheby's, Christie's and Phillips.

This year, we have also included data and market analysis of the nascent non-fungible token (NFT) market; this is based on data and analysis provided by Meta4 Capital.

In the art investment section of the report (Section 6), we examine the performance, risk and correlation between art and other asset classes, drawing on data analysis from Artnet.

31 articles from 54 experts: these provide our readers with new insights on a wide range of initiatives and models that tackle the opportunities and challenges facing the art market and the wealth management industry over the next decade.

This year we expanded further our analysis by focusing on family offices and NextGen collectors (35 years and younger). In section 1, we have a focus on Japan and in section 2, we have a focus on UAE.

KEYNOTE

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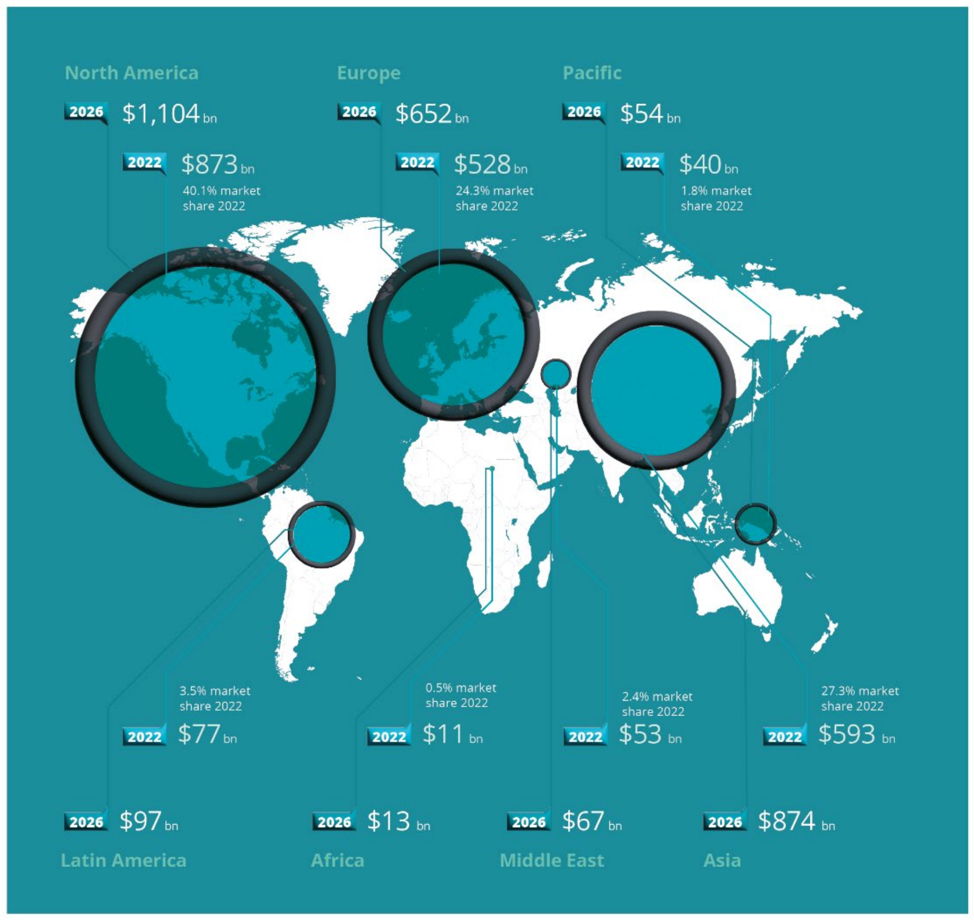
Section 01_

Section 01_ Wealth and the global art market

Global UHNWIs art and collectible wealth estimated at over $2 trillion

Global UHNWIs art and collectible wealth estimated at over $2 trillion: We estimate that UHNWIs' wealth associated with art and collectibles was US$2.174 trillion in 2022 and predict this figure could grow to an estimated US$2.861 trillion in 2026.

Art and portfolio allocation: According to this year's Art & Finance survey of wealth managers and family offices, an estimated average of 10.9% of their clients' wealth is associated with art and collectibles (8.6% for private banks and 13.4% for family offices).



Total art and collectible wealth

- US$2.174 trillion allocated to art and collectibles (based on a 5.2% allocation) in 2022

Section 01_ Wealth and the global art market

Global art market resilience in times of uncertainty

Global art market shows resilience, despite heightened uncertainty: The art market slowed down in the first half of 2023, as high-end supply dried up. However, H2 2023 shows sign of a bounce-back.

Art market sales fail to outpace inflation: The anemic 14-year annual growth rate of 0.6% in the art market has failed to outpace inflation, with global art market sales shrinking in real terms since 2008.

Top-heavy market: In the past eight and a half years, 1% of artists have controlled more than three-quarters of total auction sales.

The rise of the ultra-high price segment: Evidence of how UHNWIs and billionaires influence the global art market can be seen clearly by the number of works sold in the US$10 million-plus segment over the last eight years, with a particular surge in interest following the 2020 COVID-19 pandemic. The US$10 million-plus price segment accounted for 50% of the share of impressionist, modern and contemporary auction sales in 2022, up from 32% in 2020.

Figure 2: HWNI wealth growth (US$) vs. global art market sales (US$) growth vs. luxury goods sales growth (US$) (Index base year: 2008)

Source: Capgemini's World Wealth Report, Statista, The Art Basel and UBS Global Art Market Report 2023

Section 01_ Wealth and the global art market

Luxury collectibles a new opportunity for the Art & Finance industry

Luxury collectible sales reach new heights in 2022 and could signal new opportunities for the art and finance industry: We expect to see a growing interest in the financialization of luxury collectibles and the potential to tap into the much broader and larger US$1.5 trillion luxury goods industry.

Figure 3: Luxury collectibles: auction sales (US$) 2012–H1 2023 (in US$ millions)

Source: ArtTactic. Analysis is based on public auction data from Christie's, Sotheby's and Phillips

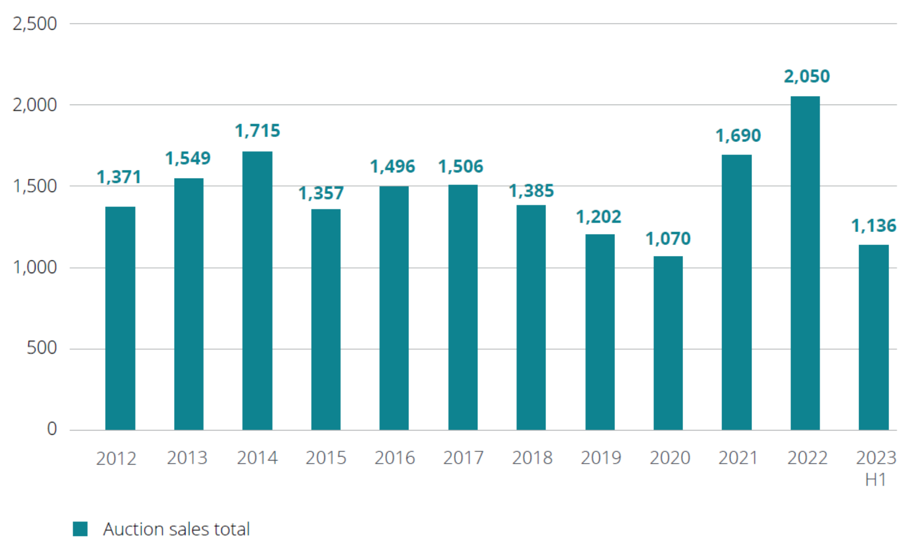
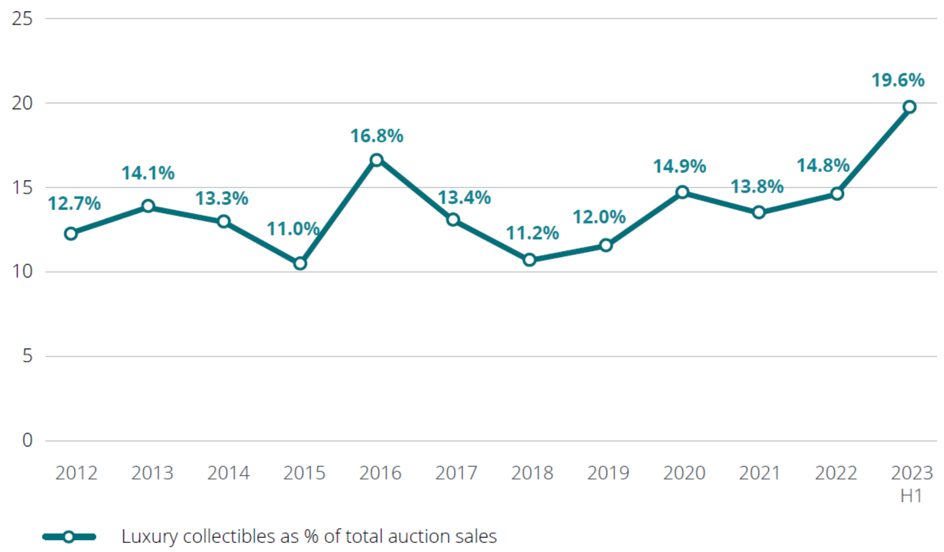


Figure 5: Luxury collectibles: auction sales (US$) 2012–H1 2023

Source: ArtTactic. Analysis is based on public auction data from Christie's, Sotheby's and Phillips



Thank you

to all contributors of Section 01_

Where art, science, space and tech meet

Mariam Brian, CEO and Founder of Holo Art

Japanese art scene trends 2023

Kiyohiko Nagai, Managing Director,
New Business Development,
FSI Competency, Risk Advisory, Deloitte Japan
Ayari Mima, Senior Staff, Deloitte Japan

Demystifying the Japanese art market

Josephine Ayako Yamada, Head of Innovation & Governance, CEO Office, Corporate Planning, Startbahn
Katsunori Takahashi, Head of Private Banking, Sumitomo Mitsui Banking Corporation

Impact of import VAT on art circulation within Europe and implementation of new Directive (EU) No. 2022/542

Andrea Sirio Ortolani, Member of the Board of Apollo Group
Matteo Rumor, Custom duty expert, Deloitte Italy
Davide Bleve, Tax Partner, Deloitte Italy

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Section 02_

Section 02_ Art and wealth management survey

Over the last 12 years, art and wealth management has gained broader acceptance and found its natural place in a holistic, goal-oriented wealth management offering

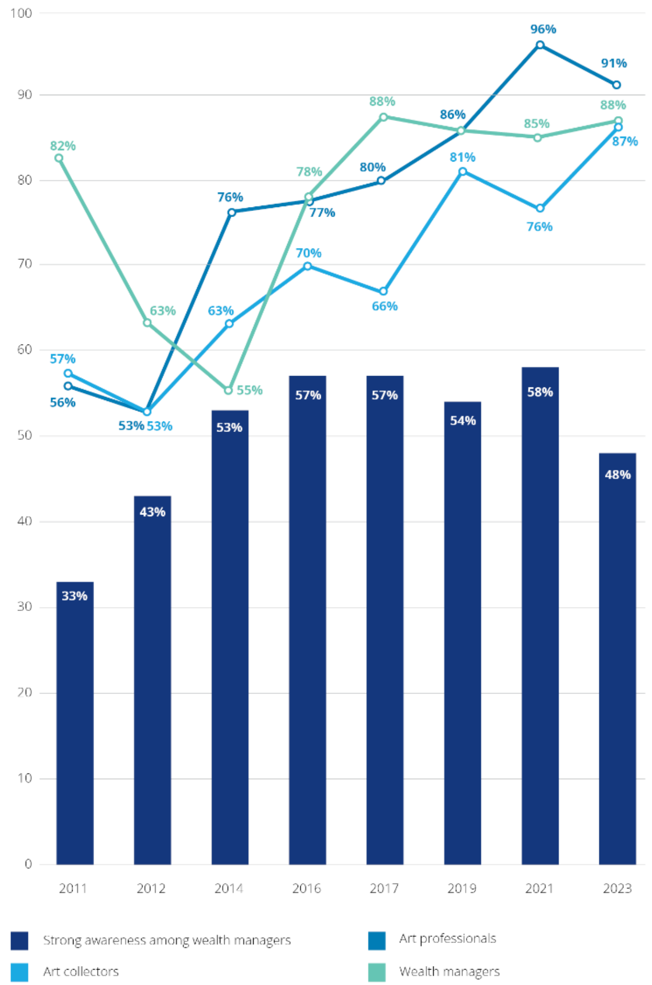
Convergence between stakeholders reaches new high: an average of 89% believe art and collectible wealth should be part of a wealth management offering vs. 65% who said the same in our first survey in 2011. **This is the highest percentage since we launched the Art & Finance report twelve years ago**.

The evolving role of "advice" in wealth management and the push towards holistic wealth management offering is likely to benefit the art and finance industry : 90% of wealth managers (94% private banks and 81% family offices) said that the need to develop a holistic advisory relationship with their clients was one of the primary reasons for including art and collectibles in a wealth management service offering.

Of the wealth managers surveyed in 2023, **63% have integrated art and collectibles in their wealth management offering–a stable figure since 2016 and 74% intend to offer art specific wealth management services** in the next 12 months (vs 26% in 2011).

Figure 42: Do you think that art and collectibles should be part of a wealth management offering? (% saying 'yes')

Source: Deloitte Private & ArtTactic Art & Finance Report 2023



Section 02_ Art and wealth management survey

A shift towards the underlying economics of art ownership

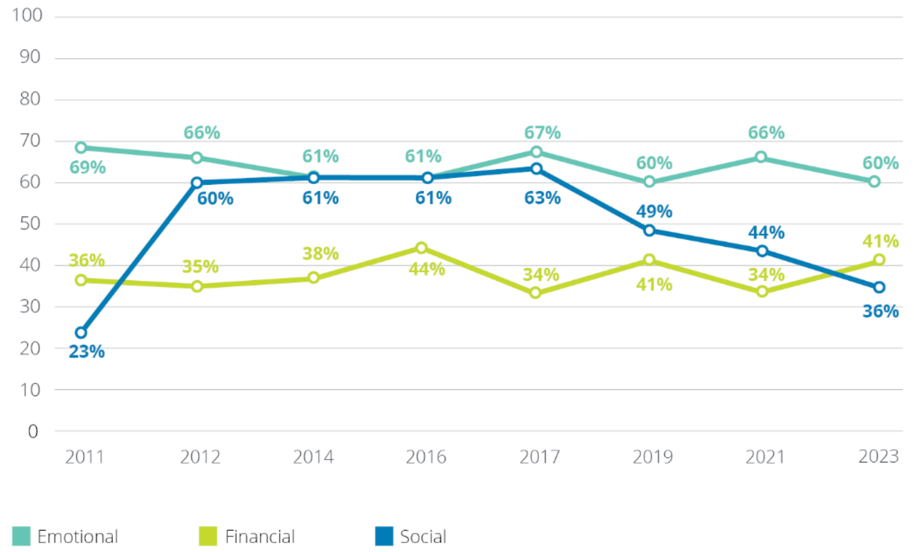
For the first time in 12 years that financial value, with 41% of collectors said this is the primary motivation **is replacing social value** (36%) **as the second most important motivation**. Emotional value remains the key driver for buying art (60% of collectors said so).

12-year perspective : **Art as an asset class factors** is the second strongest argument for including art and collectibles in wealth management 60% (vs 50% in 2021) for WMs and 62% (vs (39% in 2021) for Family Offices. **Highest percentage since we launched the Art & Finance report.**

Financial gain and social impact are priorities to younger generation of collectors: 83% of younger collectors said that investment returns were a key motivation (up from 50% in 2021). Stronger motivation (41%) for social impact investment (up from 31% in 2021).

Figure 66: Collectors: which of the following motivations are the most important when buying art?

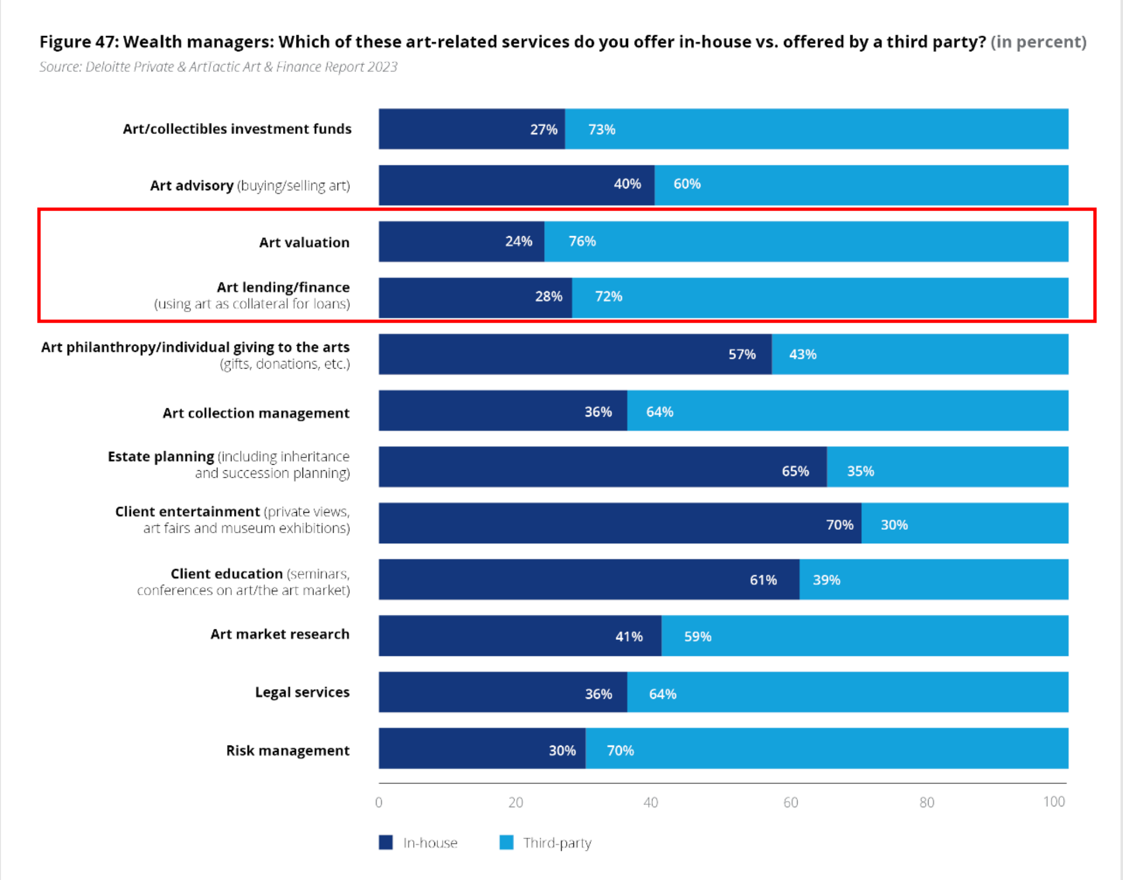
Source: Deloitte Private & ArtTactic Art & Finance Report 2023



This unique social and alternative capital asset provides great opportunities for wealth managers to engage with their clients, fostering a distinctive relationship built on emotion, purpose, and financial considerations

Section 02_ Art and wealth management survey

Increasing balance between wealth management offerings and the demand for art-related services valued as meaningful services by collectors



Outsourcing of services suggests closer connection with art professionals: Wealth managers tend to focus on their core activities (e.g., client engagement and education, estate planning, and philanthropy and for (67%) outsource specific art wealth management services including valuation (76%), art investment services (73%) and art-secured lending (72%) to third-party providers.

Confirmation of the long-term trend that collectors expect more from their trusted advisors: 72% find valuation and 90% find market research services relevant, indicating an increasing interest in the financial attributes of art assets.

NextGen collectors–a different perspective: NextGen collectors do not have the same expectations. Art advisory is clearly more of a priority for them. Depending on the age group, it is important to adapt the wealth management offering

Thank you

to all contributors of Section 02_

Wealth management trends

Jean-Francois Lagasse Partner, Financial Services Industry Switzerland and Global Wealth Management Leader, Deloitte Switzerland

Dr. Christoph Künzle, CFA Director, Monitor Deloitte, Wealth and Asset Management Industry Switzerland, Deloitte Switzerland

The advancements of art investment in the Middle East

Arif Amiri, Chief Executive Officer, DIFC Authority

Five takeaways from five years of reflection on art & collectibles

Monica Heslington, Head of Goldman Sachs Family Office Art & Collectibles Strategy

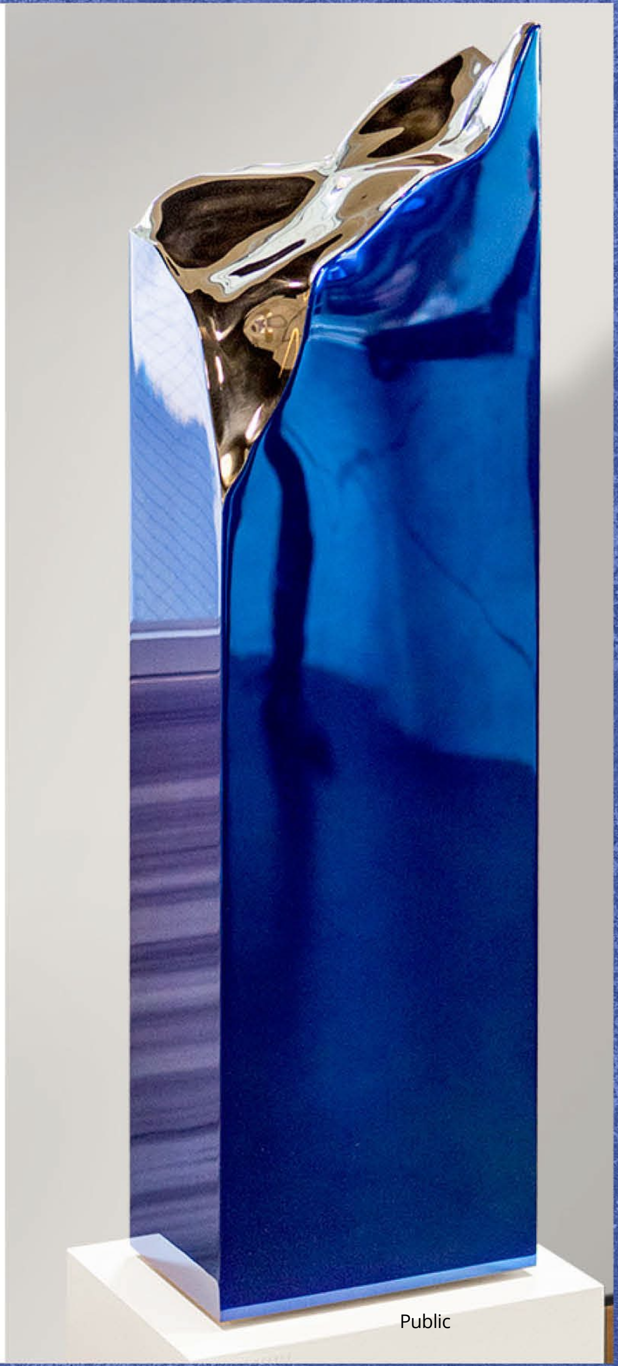
Why art collections need the same strategic risk management as other family assets

Maria de Peverelli Partner, Executive Chairman -Art Management, Stonehage Fleming Financial Services limited

Anna Smith Senior Collection Manager, Art Management, Stonehage Fleming Financial Services limited

What family offices and principals need to know about the art market

Hannes Hofmann CFA, Managing Director Global Head, Global Family Office, Citi Private Bank



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Presentation of the 8th edition of the
Deloitte Private & ArtTactic **Art & Finance report**

Section 03_

Section 03_

Art wealth protection, estate planning and philanthropy

Generational wealth transfer already feeding into the art market

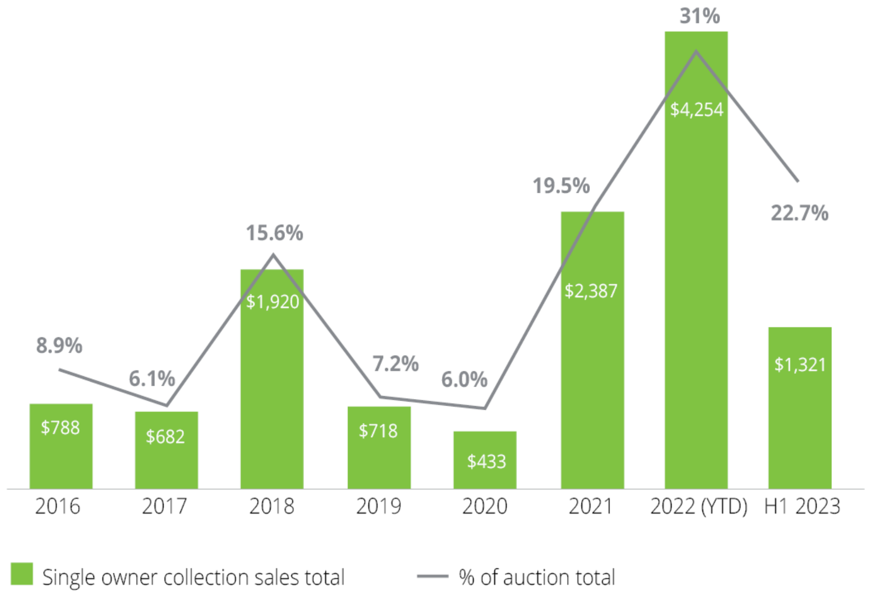
The Great Wealth Transfer

Generational wealth transfer already feeding into the art market: With a conservative average of 10.9% of wealth allocated to art and collectible assets, wealth transfer increasingly involves art and collectible wealth.

Art wealth transfer gathering pace: Evidence of this art wealth transfer has become apparent in recent years, with 2022 emerging as the record year for single-owner collections entering the auction market, with sales in 2022 up 64% from 2021.

Figure 74: Single owner collections auction sales (US$ millions) 2016-H1 2023

Source: Christie's Sotheby's and Philipps



Section 03_

Art wealth protection, estate planning and philanthropy

The need for inter-generational dialogue

Succession planning: Services and advice relating to how to best manage the transition of art-related wealth between generations is t likely to become one of
the main drivers of art wealth management services over the next decade.

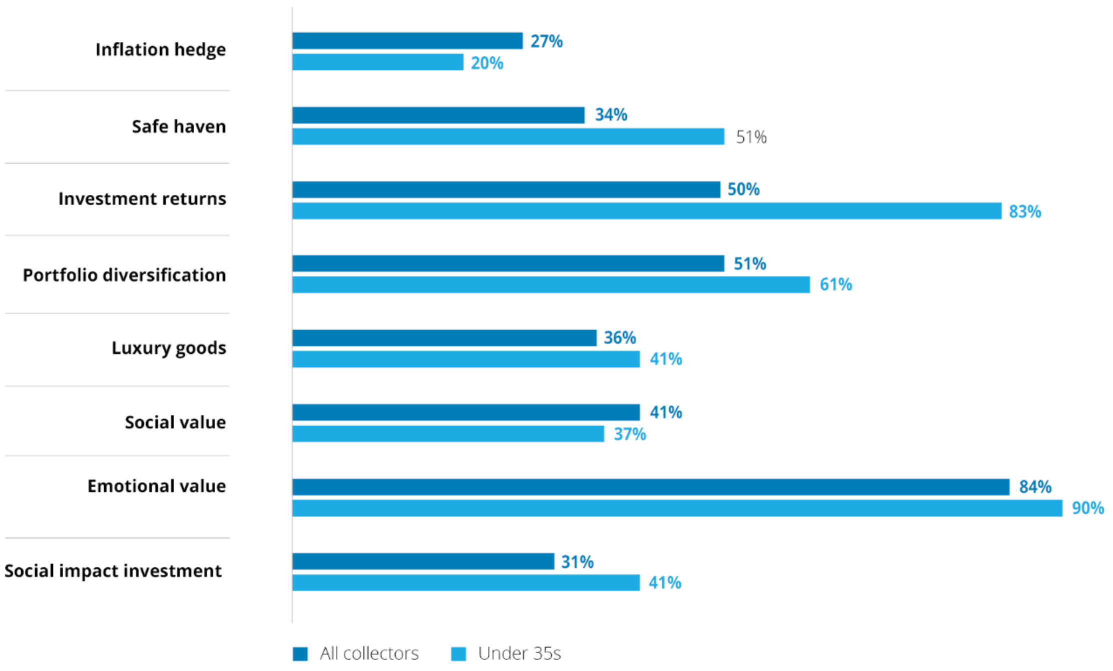
Connecting with the next generation: This year's survey shows that younger collectors differ from the previous generations when it comes
to motivations and needs when buying and investing in art.
This is an opportunity for wealth managers to engage with the next generation on their plans and preferences regarding art and collectible wealth.

Philanthropy has become more strategic: As donor sophistication increases, it is paramount that wealth managers understand the tools, language and vehicles that might be most effective in meeting the donors' goals.

Art philanthropy will need to align with broader societal issues to stay relevant: We see an increasing shift towards a more selfless and holistic form of philanthropy generated by art-related wealth, enabling donors to use the value of a collection to generate broader societal impact.

Figure 70: NextGen collectors: what are the most important motivations when buying art?

Source: Deloitte Private & ArtTactic Art & Finance Report 2023



Section 03_

Art wealth protection, estate planning and philanthropy

Urgent need to focus on art and estate planning

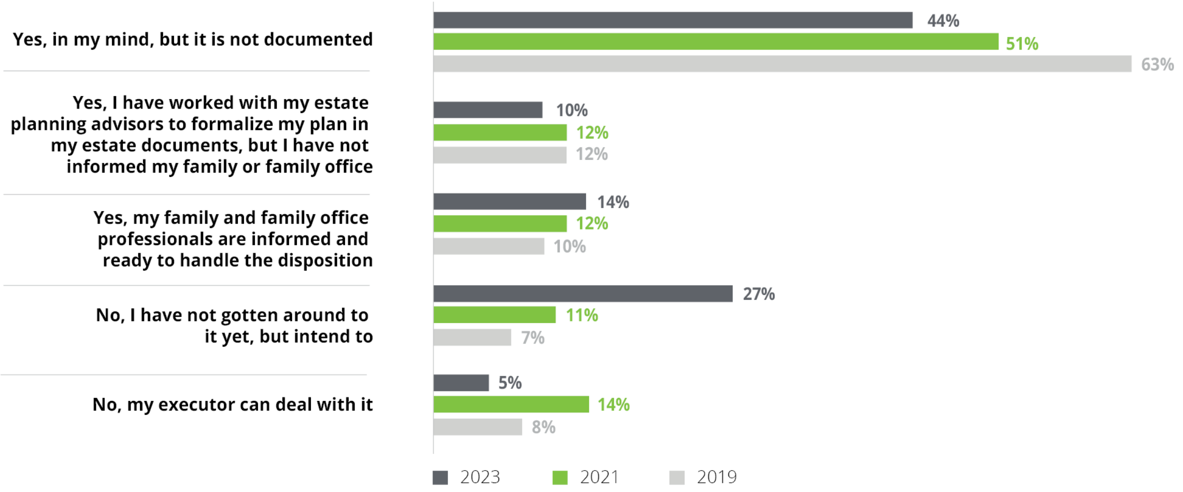
There is an urgent need to focus on art and estate planning: Only 24% of the collectors surveyed have a long-term plan for their collections, indicating an urgent need for wealth managers to start having conversations
with their clients about art and estate planning.

Collectors would like art and collectibles included in overall wealth reporting: Most collectors (73%) view their art and collectible wealth as part of their overall asset portfolio, and would like to have a holistic view of their overall wealth.

Collection management is the basis for protecting art-related wealth: A fundamental part of art and wealth protection rests with how clients manage their collections. Keeping an inventory of their clients' collections would also allow wealth to take a more proactive approach when it comes to protecting its historical, cultural and financial value.

Figure 85: Collectors: do you have a long-term plan for your collection?

Source: Deloitte Private and ArtTactic Art & Finance report 2023[1]



Family offices facing stronger demand for holistic wealth reporting: 53% of private banks vs 61% of family offices said their clients expected them to consolidate art and collectible wealth into their overall reporting

Thank you

to all contributors of Section 03_

The "Great Art Mismatch"
by Morgan Stanley

Addressing pitfalls in art collectors' estate planning: a family office approach
Dr. Sara Adami-Johnson, VP, HNW Planning Services specializing in international estate, art and digital legacy planning for RBC Family Office Services

A glimpse into the world of art foundations today
Helena Stork, Co-Founder, World Art Foundations

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Section 04_

Section 04_ Culture and social impact investment

Sustainable impact investment in art and culture could become an attractive investment model, especially for the younger generation

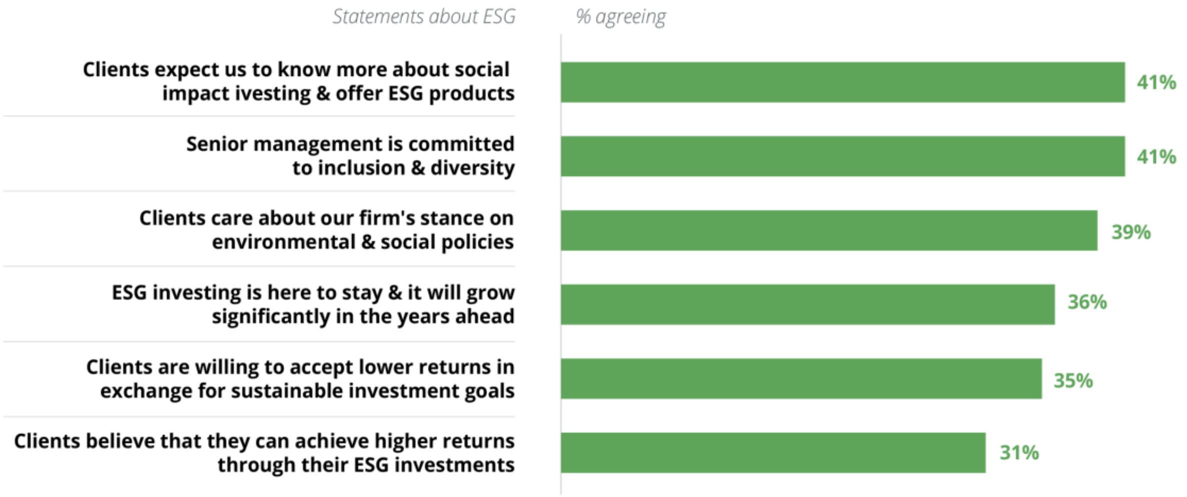
G20 reaffirmed that the cultural and creative sectors (CCS) are a major engine for sustainable socio-economic recovery but social impact investments for art and culture still lag behind.

There is a more prominent role for private investors: In parallel with a downward trend in government arts and culture spending, there is greater appreciation for the positive impact culture and creativity can have on economic development. As a result, new financial ecosystems are emerging around investment into culture, including public, private and philanthropy funding and investment.

Wealth managers recognize the mounting importance of social impact investing to their clients: Culture, social impact investment and sustainability is a relatively new domain for the art wealth management industry. However, the intersection between philanthropy and investment can provide wealth managers with a new client service focusing on social impact and purpose-led investment in the arts and cultural sector.

Figure 88: The rise of social impact investing

Source: ThoughtLab, Wealth and Asset Management 4.0, 2021.



It is essential to have a better understanding of the relationship between responsible finance and Art & Culture

Section 04_

Culture and social impact investment

Sustainable impact investment in art and culture could become an attractive investment model, especially for the younger generation

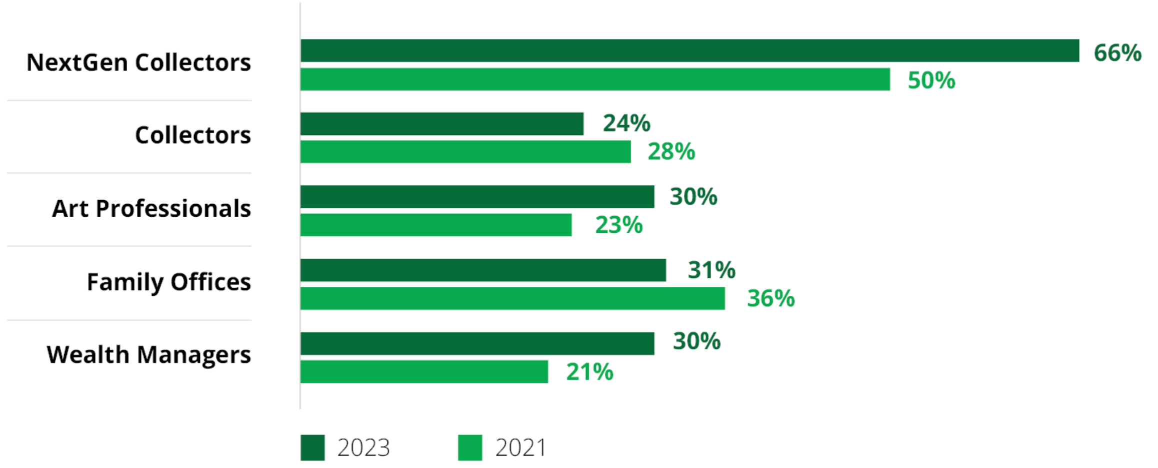
Sustainable impact investment in art and culture could become an attractive investment model, especially for the younger generation: slight increase in interest in arts and culture-related sustainable impact investment Wealth managers who expand their sustainable investment offerings are well-positioned to attract and engage the younger client segment.

Close to a third of family offices maintain an interest in social impact investments in art and culture: 31% of the family offices surveyed expressed a strong interest in investment products focusing on social impact investments in culture.

Monitoring and reporting are, in fact, fundamental tools for boosting the potential of arts and culture in promoting sustainable development: there are not enough cultural and art operators promoting sustainable measures. 40% were familiar with the UNESCO Culture 2030 Indicators, with 8% using them. 78% of all respondents are interested in measuring the social impact and 57% the economic impact. Greater understanding and awareness on this topic is becoming increasingly urgent.

Figure 89: Demand for social impact investment products in culture (% interested/ very interested)

Source: Deloitte Luxembourg and ArtTactic Art & Finance Report 2023



Section 04_ Culture and social impact investment

Sustainable impact investment in art and culture could become an attractive investment model, especially for the younger generation

New technologies can also support impact investment in creative and cultural organizations: By combining digital ownership, access rights and utility, new financial models could emerge for the not-for-profit sector in the near future

Sustainability reporting: New EU Corporate Sustainability Reporting Directive (CSRD). Companies will be required to gather and disclose information related to their approach to social topics which could result in increased support to art and cultural activities. Cultural and creative industries will need to be able to report and demonstrate that the resources received as a part of companies' CSR commitments have been invested in a proper and impactful way.

Social impact bond: If the CCS are to fulfill their role in sustainable development and in society, the time is now to find better ways and models for connecting impact investors with the sectors' financing needs. Could we eventually see a CCS impact bond market develop in the same way we have witnessed the green bond market develop?

Smart cities and culture: from livable to lovable: To ensure that cities are stimulating and exciting places to be, local governments need to make more effort to promote creativity. With the growing recognition that CCS can contribute to quality of life and economic prosperity in smart cities, more sustainable investment products (e.g., Culture Creatives Cities impact bonds) could emerge to help policymakers, planners and developers to better implement CCS initiatives in the future.

Thank you
to all contributors of Section 04_

Mapping cultural and creative impact funds around the globe
Florencia Giulio, Co-founder of Pulso
Luis Berruete, Partner & Co-founder of Creas
Patricia Gabeiras, Partner & Co-founder of Gabeiras & Asociados

The art of investing: how social impact investment drives cultural change
Chase Mayo, Senior Consultant, Finance & Enterprise Performance, Deloitte Consulting LLP

Measuring and reporting the impacts of culture
Proposal for a new methodological approach
Roberta Ghilardi, Sustainability Manager, Deloitte Italy

Art assets and cultural initiatives as a driver for social sustainability - Preliminary results
Roberta Ghilardi, Sustainability Manager, Deloitte Italy
Italo Carli Head of ARTE Generali Italy

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Section 05_

Section 05_ Art-secured lending

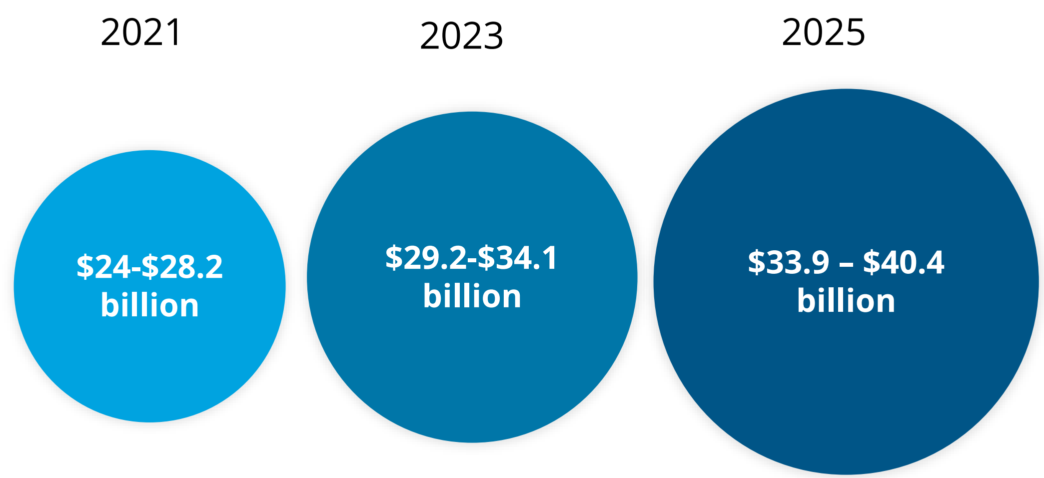
Globalization of the art-secured lending market

The art-secured lending market could reach US$29 billion by the end of 2023: Despite higher interest rates, we estimate conservatively that the overall size of outstanding loans against art could reach a market size between US$29.2 billion and US$34.1 billion in 2023, up 11% from 2022.

Private collectors vs. art trade: We also estimate art-secured loans to private collectors between US$26.3 and US$30.7 billion in 2023, with the art trade (galleries and dealers) accounting for an estimated US$2.9 billion to US$3.4 billion.

Economic uncertainty fuels growth: Strong growth in the art-secured lending market in 2022 suggests that collectors were taking advantage of higher valuations and the opportunity to lock in lower rates ahead of anticipated interest rate hikes. However, survey results show that asset-based lenders expect the strong growth experienced in 2022 to continue over the next two years, despite the increased cost of funding.

Estimated total art loan portfolio against art



Section 05_ Art-secured lending

Softer art market fuels the need for acquisition finance

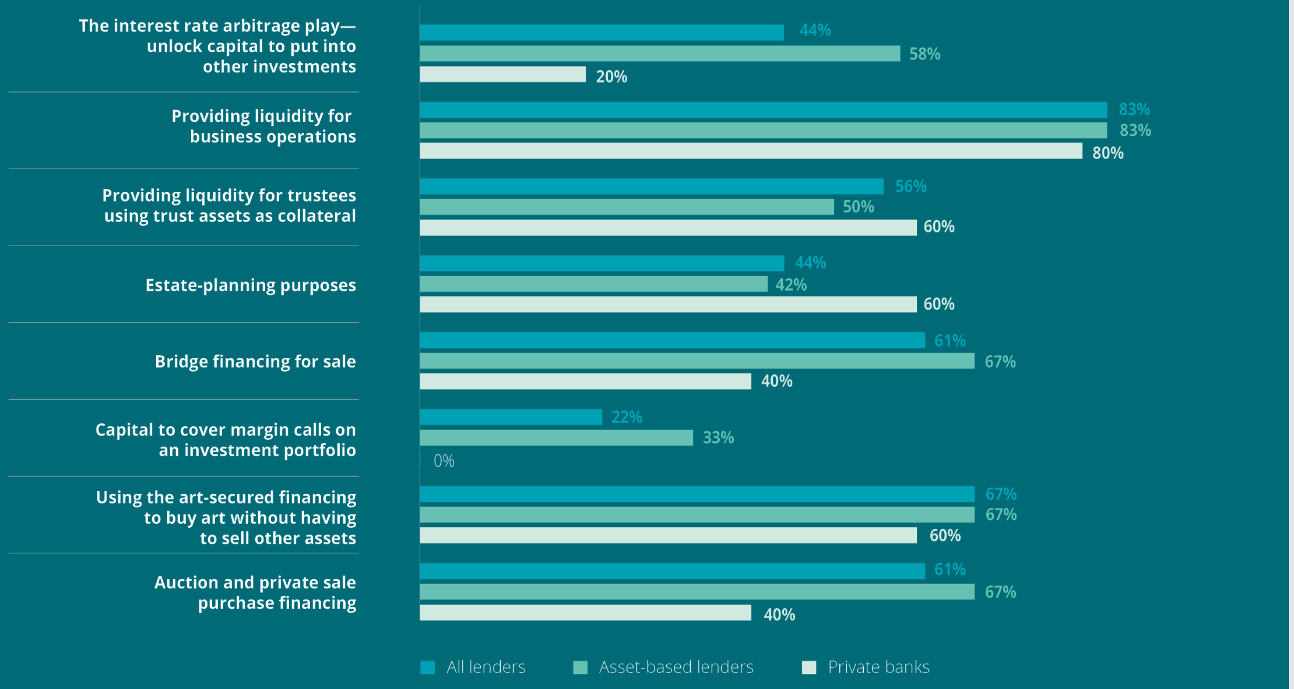
Tougher economic conditions could lead to higher demand for art financing: As economic conditions become more challenging in many parts of the world, 63% of wealth managers believe we will see an increase in the number of cases where art owners use their art collections as collateral for loans.

Providing liquidity for business operations has been the primary driver of growth: 80% of the private banks surveyed said that the need for liquidity for business operations was a key driver for art-secured loans, and 83% of asset-based lenders said the same. For family offices, buying more artworks is the strongest motivation for using art leverage: (41% up from 8% in 2021).

Acquisition finance grows in a softer art market: 60% of the private banks surveyed and 67% of the asset-based lenders say that using art-secured financing to buy art without having to sell other assets was a key driver for their art-lending businesses.

Figure 107: In 2023 - what are the most important "demand drivers" for art-secured lending services over the last 2 years?

Source: Deloitte Private & ArtTactic Art & Finance Report 2023[1]



Section 05_ Art-secured lending

Globalization of the art-secured lending market

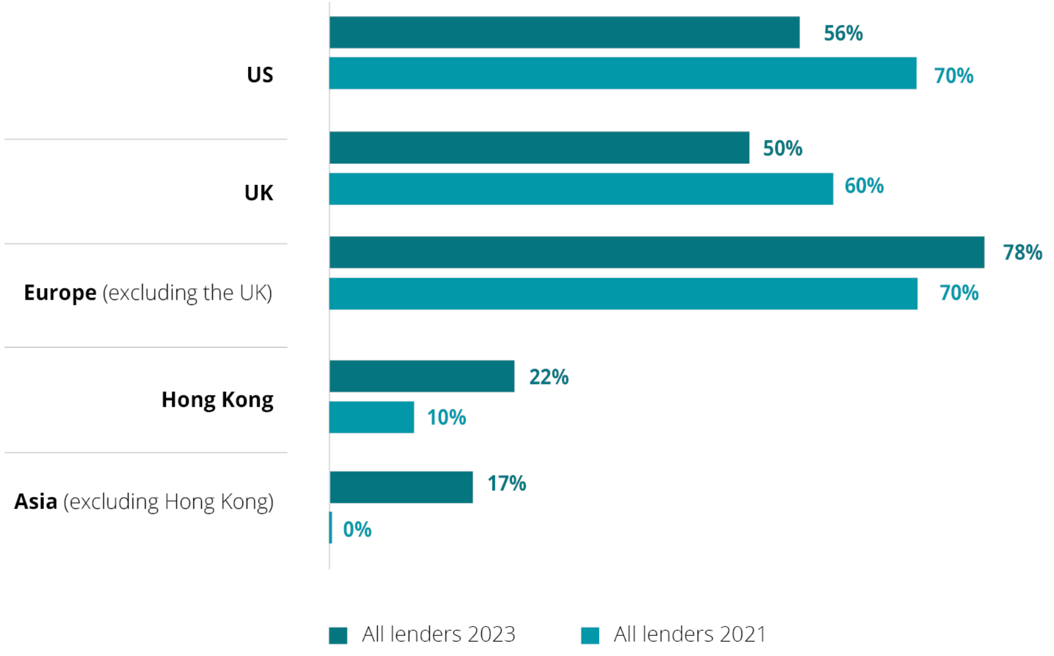
Globalization of the art-secured lending market: Asia and Europe are becoming strategic markets for art-secured lending, as the US market reaches maturity.

Asia emerges as a strategic market: 39% of art-secured lenders said that Asia (and Hong Kong, in particular) will be a strategic market for growth over the next two years, compared to 10% in 2021.

Europe is also seen as an untapped market, with 78% of art-secured lenders viewing it as an opportunity, compared to 70% in 2021.

Figure 108: Which of the following regions are the most important for your business at the moment?

Source: Deloitte Private & ArtTactic Art & Finance Report 2023[1]



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Exploring the full power of your art as a financial asset

Sam Cook, EMEA Head of Specialty Lending Solutions, J.P. Morgan Private Bank
Levi De Feyter, Wealth Advisor Benelux, J.P. Morgan Private Bank (Brussels)

Painting a picture of the art-lending landscape:

A leading non-bank lender's perspective

Rebecca Fine, Managing Director, Art Finance, Athena-Art Corp

Bridging Industries and the road to optimizing art as a financial asset

Harco van den Oever, CEO, Overstone
Mia Bouriss, CEO, Overstone Finance
Chen Chowers, Head of Operations, Overstone

Artworks on tour: is security interest also along for the journey?

Marcell Baumann, LL.M., Rechtsanwalt, Deloitte Legal Rechtsanwaltsgesellschaft mbH

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Presentation of the 8th edition of the Deloitte Private & ArtTactic **Art & Finance report**

Section 06_

Section 06_ Art and Investment

The multifaceted appeal of fine art investments

Art serves as a partial hedge during times of uncertainty, displaying mixed long-term performance. **Blue-chip art market remains positive , despite uncertainty**

Four out of the six art movements have gained momentum in the 12 months to July 2023.

These results highlights, the need for potential investors to be particularly careful and diligent when analyzing the performance of art as an investment

Increasing interest for pure art investment among family offices, but it remains a niche service: Over the next 12 months, 22% of family offices show a stronger appetite for art investment services than private banks (14%).

Table 6: Compound annual growth return up to H1 2023

Source: Artnet Worlwide Corporation

	Up to H1 2023				
Artnet indices and financial indices	**12-month return**	**5-year CAGR**	**10-year CAGR**	**15-year CAGR**	**20-year CAGR**
Fine Art (Top 100)	3.8%	-0.4%	-0.1%	2.5%	5.8%
European Old Masters	8.9%	1.6%	0.1%	-0.8%	1.4%
Impressionist Art - Global	4.3%	-0.8%	-0.8%	-1.5%	1.9%
Modern Art - Global	5.8%	-0.4%	-1.3%	-1.3%	1.9%
Post-War Art - Global	-9.8%	1.4%	2.2%	1.1%	5.4%
Contemporary Art - Global	-10.6%	-0.3%	-0.1%	1.4%	5.4%
S&P 500	17.6%	10.4%	10.7%	8.7%	7.9%
MSCI World	11.7%	10.9%	10.4%	7.8%	8.8%
Case-Shiller US National Home Price Index	-4.7%	7.4%	6.4%	3.8%	4.0%
Gold Fixing Price	4.2%	8.8%	4.7%	4.9%	8.9%
CPI-U	5%	4%	3%	2%	2.5%

Section 06_ Art and Investment

Store of value is a stronger motivation than return on investment in the current economic environment

The majority of collectors (76%) and art professionals (73%) see higher inflation as a trigger for increased interest in art as an asset class.

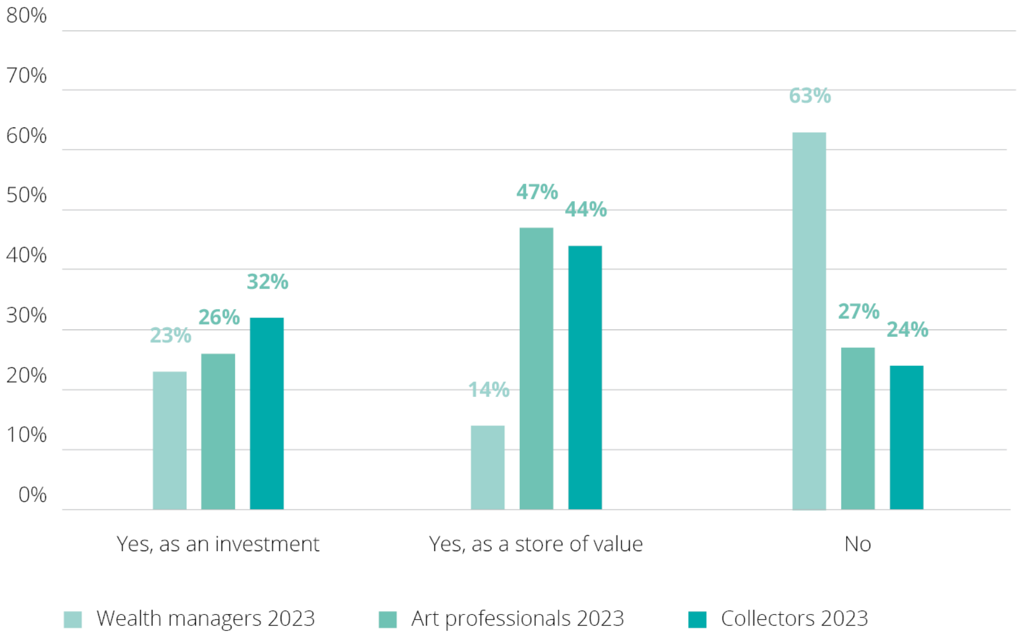
Collectors and art professionals are seeing increasing interest in art and collectible assets as a store of value rather than investment 44% of collectors (up from 30% in 2021) and 47% of art professionals (up from 37% in 2021).

71% of family offices said that asset diversification was one of the strongest arguments for incorporating art and collectibles in traditional wealth management, up from 55% in 2021.

There is a clear generational difference, with younger collectors expressing a much stronger appetite for new art investment models. This could act as catalysts for introducing the next generation to new forms of art ownership and investment models

Figure 131: Due to the higher inflation environment, have you seen an increasing interest in art and collectible assets as an investment or store of value?

Source: Deloitte Private & ArtTactic Art & Finance Report 2023



Section 06_ Art and Investment

The time for fractional ownership in art may have arrived as more regulated fractional art ownership initiatives emerge

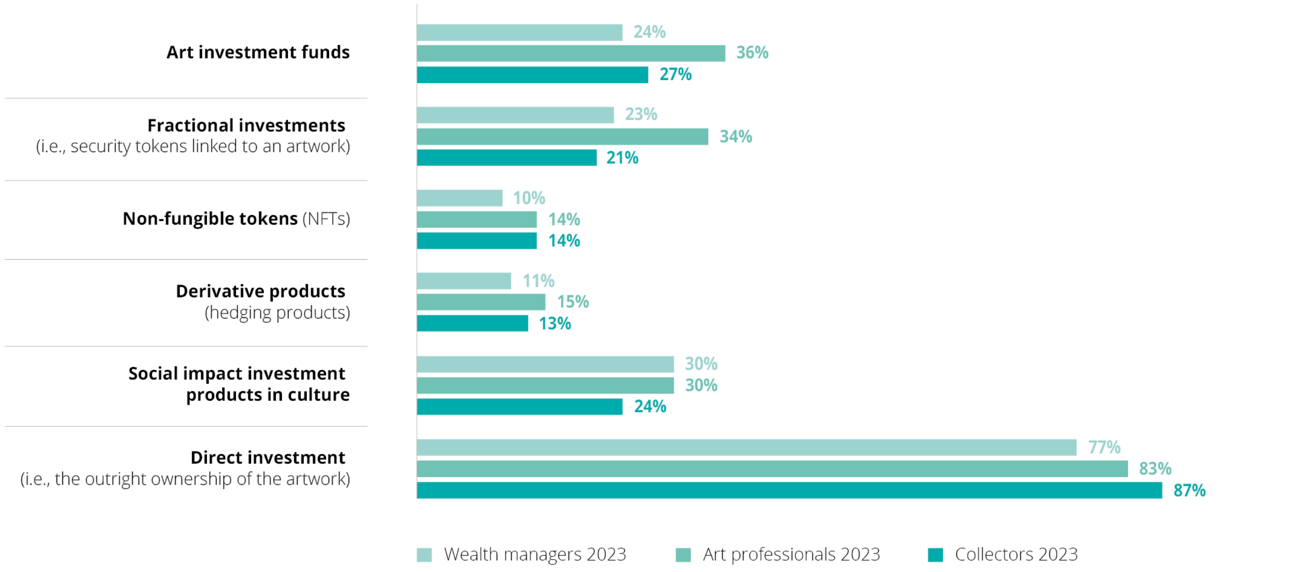
Multiple initiatives being regulated by financial regulators for the first time.

Conservative approach to fractional ownership and tokenization possibly due to a lack of track record and the emerging nature of the fractional ownership industry,

- only 23% of wealth managers (FO 30%) believed fractional ownership and tokenization of art and collectibles would be investment products of interest to their clients (down from 29% in 2021),
- 34% of art professionals stating the same (up from 26% in 2021)
- Collectors remain slightly more cautious, with 21% saying this would be an investment product of interest (the same percentage in 2021). 50% for the NextGen collectors.

Figure 134: In terms of investing in art, which of the following art investment products would be of most interest to you?

Source: Deloitte Private & ArtTactic Art & Finance Report 2023



Thank you

to all contributors of Section 06_

A look at the performance of art as an asset class

Robert Cacharani Director, Business Intelligence, Artnet
Mia Fernandez Data Analyst, Business Intelligence, Artnet

Case study: ARTEX MTF AG

Understanding art IPOs: risks and rewards of investing in iconic art stocks
Yassir Benjelloun-Touimi Co-Founder & Chief Executive Officer, ARTEX

KEYNOTE

KEYNOTE

Presentation of the 8th edition of the Deloitte Private & ArtTactic **Art & Finance report**

Section 07_

Section 07_ Art and technology

Technological innovation is driving the art and finance sectors closer together

Strong optimism for change arises from technological innovation: 64% of wealth managers surveyed this year said that technology could be a catalyst for incorporating art and collectible assets into their existing wealth management services.

Technological innovation will drive more transparency in the art market: This year, 81% of wealth managers, 79% of collectors and 83% of art professionals said that technology could be a catalyst for creating more transparency in the art market.

Figure 148: Wealth managers: key areas where online art businesses and new technology can make an impact

Source: Deloitte Private & ArtTactic Art & Finance report 2023[164]

Section 07_ Art and technology

New technologies could take art and finance to the next level

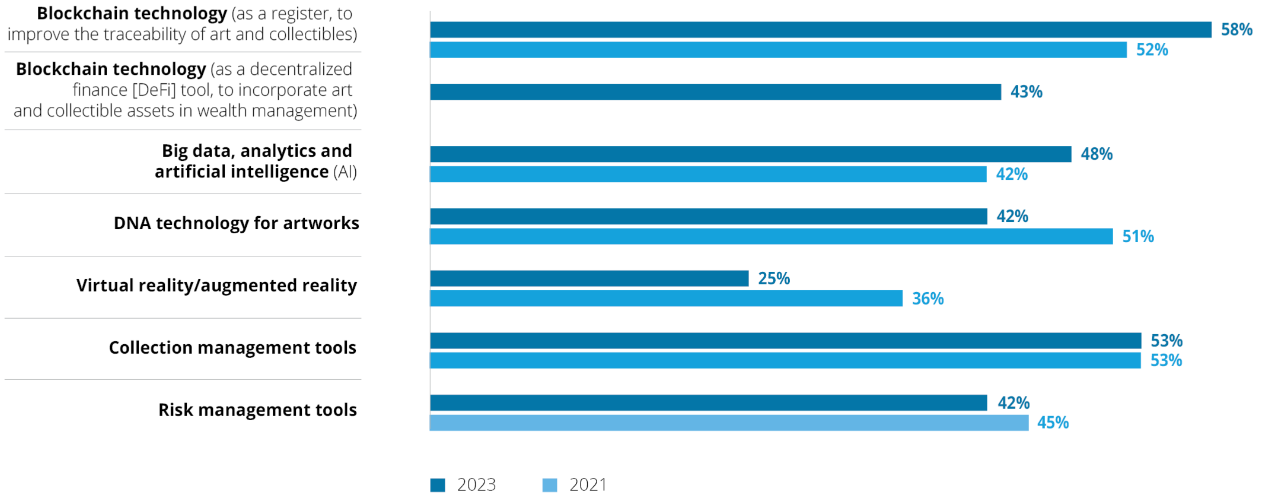
Blockchain technology gains traction among art stakeholders: Following the rise and fall of the NFT market, we have seen increasing adoption of blockchain technology as an infrastructure tool for payment, royalties, KYC and AML verification, as well as for storing information concerning provenance and ownership of physical artworks.

Track and trace: 82% of wealth managers, 88% of art professionals and 82% of art collectors believe that technology (e.g. blockchain) will improve the provenance tracking and traceability of art and collectibles. 80% of young collectors believe in blockchain as an asset register for art and collectibles.

Authenticity concerns can be addressed through improved technology: 70% of wealth managers, 81% of art professionals and 80% of art collectors believe that technology (e.g., AI and DNA technology) will help address authenticity issues related to art and collectibles.

Figure 142: Wealth managers: Which of the following technologies could have the most impact on the development of art and wealth management services?

Source: Deloitte Private & ArtTactic Art & Finance report 2023[1]



Thank you

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The art of creating a legacy

How technology takes family art collections to the next level

Cindy van de Luijtgaarden-Braat, Partner & Lead Private Client Services, Deloitte Netherlands

Frank de Vries, Director Private Client Services, Deloitte Netherlands

Arts & Culture on and off the blockchain

History and use cases for collectors & family offices

Valérie C. Whitacre, Trilitech, a London adoption hub of the Tezos blockchain ecosystem

From storerooms to blockchains:

How Web3 and NFTs can unleash your art collection's untapped potential

Paul De Blasi, Partner, Head of Deloitte Legal & Private Romandie

Fabien Lopez, Innovation Director, Deloitte Switzerland

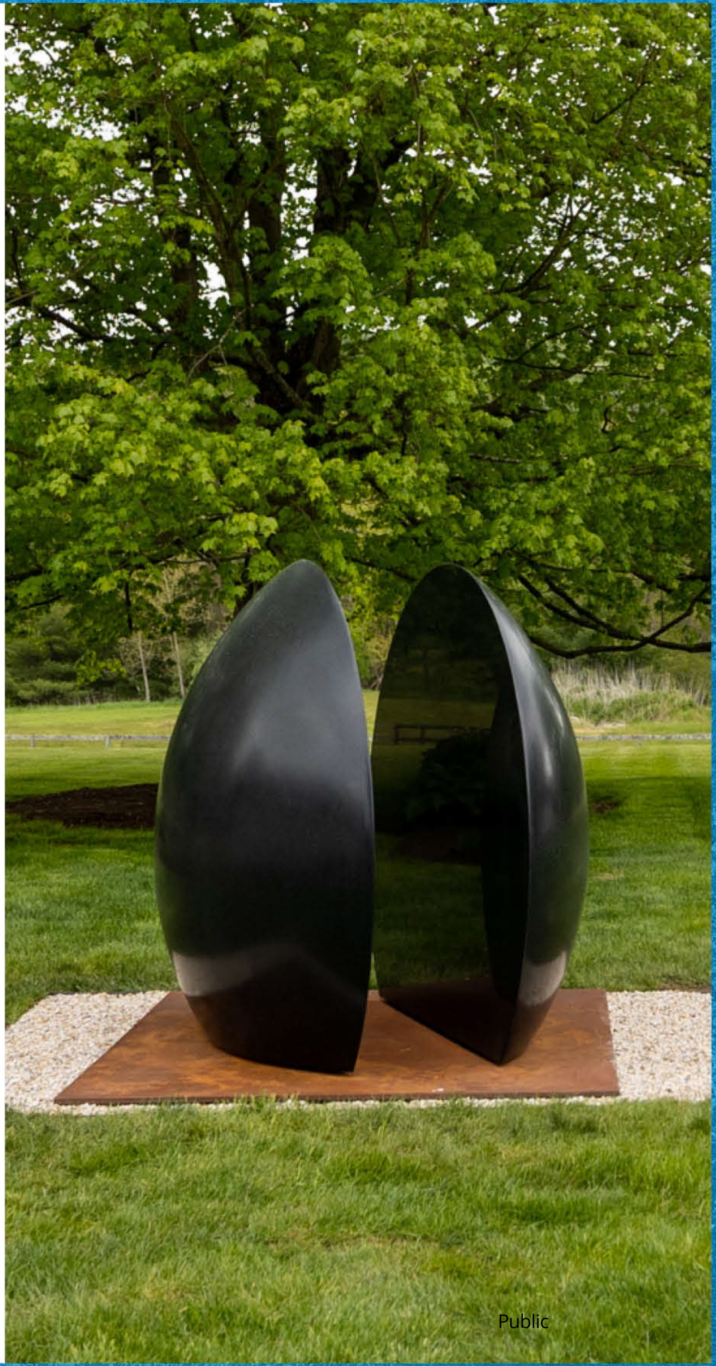
Alberto Lenzi, Innovation and Web3, Deloitte Switzerland

Visual art in the age of AI

Igor Rodin, AI Expert, Art collector, Ex-partner, Deloitte

Navigating art investment: enhancing family offices' decision-making through risk analytics

Chloris Yu, Manager, Risk Advisory, Deloitte LLP



KEYNOTE

KEYNOTE

Presentation of the 8th edition of the
Deloitte Private & ArtTactic **Art & Finance report**

Section 08_

Section 08_ Risk management and regulation

Urgent need for modernization

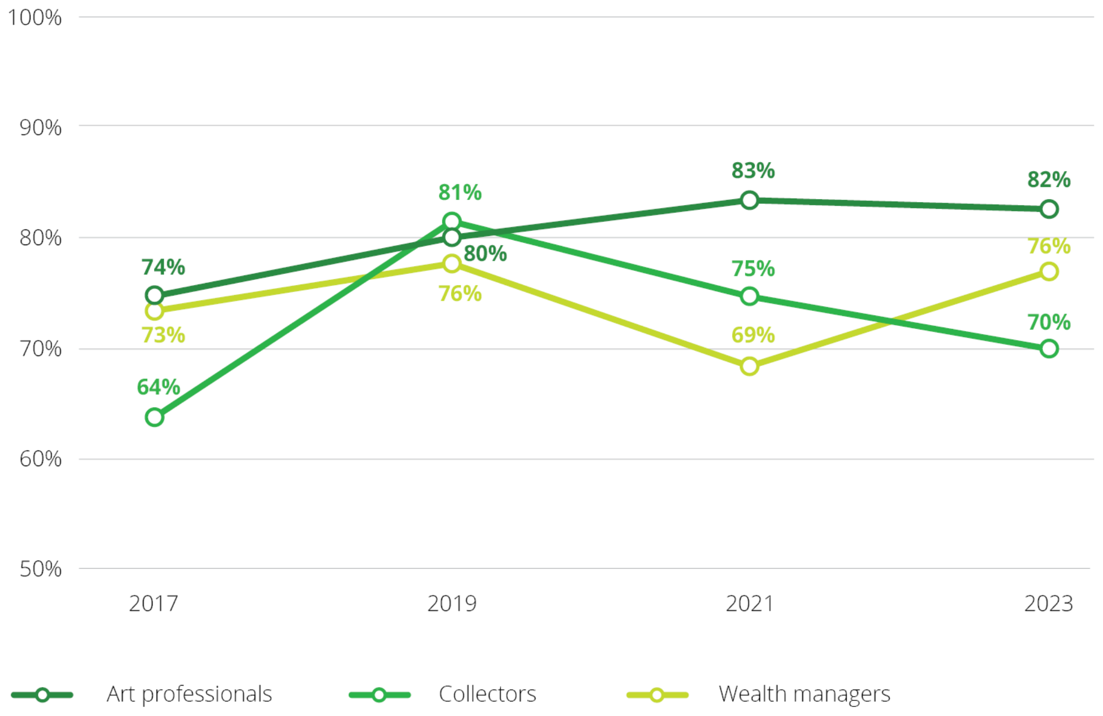
After 12 years of monitoring stakeholders in the art and finance industry, a large majority of wealth managers, collectors and art professionals still believe the art market's existing business practices are not fit for purpose

- **Lack of international standards for professional qualifications in the art market**
- **Conflicts of interest and blurring of roles within the art market are still a problem**
- **Low transparency is still a major issue, but there are signs of improvement**
- **Price manipulation dents trust in the art market**

More than a third of stakeholders find the existing practice of using auction guarantees to facilitate auction sales undermines transparency and trust in the art market.

Figure 155: Does the art market/art industry need to modernize its business practice? (% saying yes)

Source: Deloitte Private & ArtTactic Art & Finance Report 2023

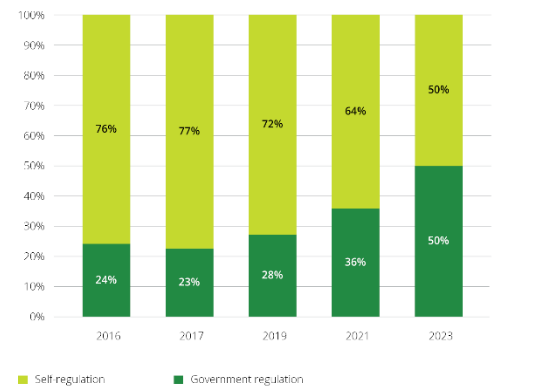


Section 08_ Risk management and regulation

Self-governance vs. more regulation–opinions are divided – A call for a hybrid approach

Figure 160: Art professionals: which regulatory approach do you favour when it comes to establish trustand credibility in the art market?

Source: Deloitte Private & ArtTactic Art & Finance Report 2023



This is the highest percentage ever recorded, which could suggest that stakeholders within the art industry are increasingly leaning towards more government intervention as a remedy for restoring trust and credibility

Figure 162: Wealth managers: which regulatory approach do you favour when it comes to establish trustand credibility in the art market?

Source: Deloitte Private & ArtTactic Art & Finance Report 2023

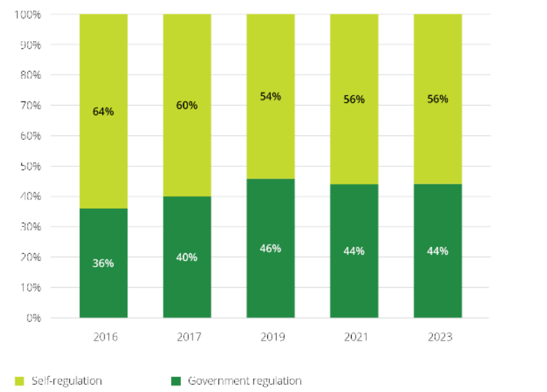


Figure 161: Collectors: which regulatory approach do you favour when it comes to establish trustand credibility in the art market?

Source: Deloitte Private & ArtTactic Art & Finance Report 2023

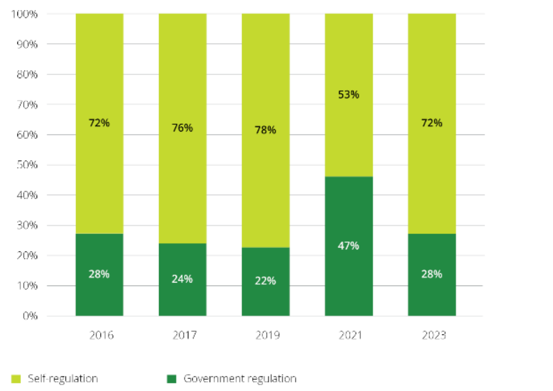


Figure 170: Family offices: Which regulatory approach do you favor to establish trust and credibility in the art market?

Source: Deloitte Private & ArtTactic Art & Finance Report 2023

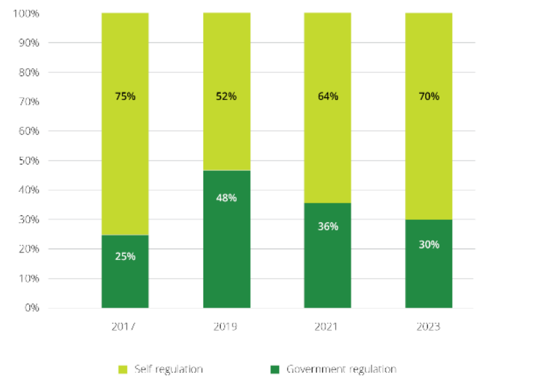
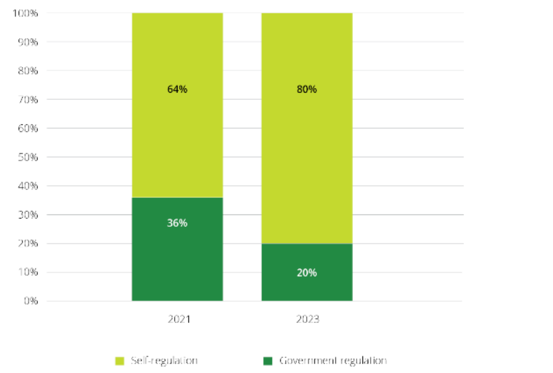


Figure 167: NextGen Collectors: Which regulatory approach do you favour when it comes to establish trust and credibility in the art market?

Source: Deloitte Private & ArtTactic Art & Finance Report 2023



Section 08_ Risk management and regulation

Adoption of more transparency and regulation not happening fast enough

The general view across stakeholder groups is that the adoption of more transparency and regulation will take longer than what they envisaged in 2021

Figure 163: Wealth managers: In your view, when do you think we can see an acceleration in adoption of more transparency and regulation in the art market?
Source: Deloitte Private & ArtTactic Art & Finance Report 2023

Figure 164: Art professionals: In your view, when do you think we can see an acceleration in adoption of more transparency and regulation in the art market?
Source: Deloitte Private & ArtTactic Art & Finance Report 2023

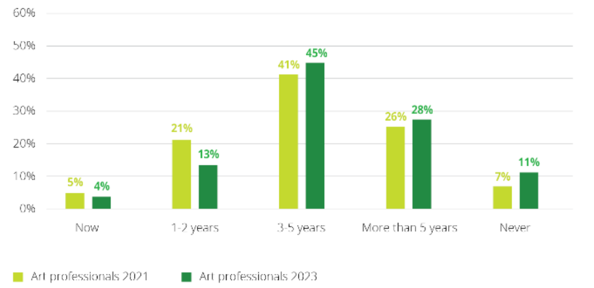


Figure 168: NextGen Collectors: In your view, when do you think we can see an acceleration in adoption of more transparency and regulation in the art market?
Source: Deloitte Private & ArtTactic Art & Finance Report 2023

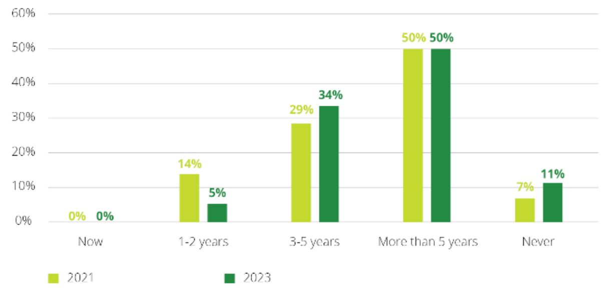


Figure 171: Family offices: in your view, when will we see an acceleration in the adoption of more transparency and regulation in the art market?
Source: Deloitte Private & ArtTactic Art & Finance Report 2023

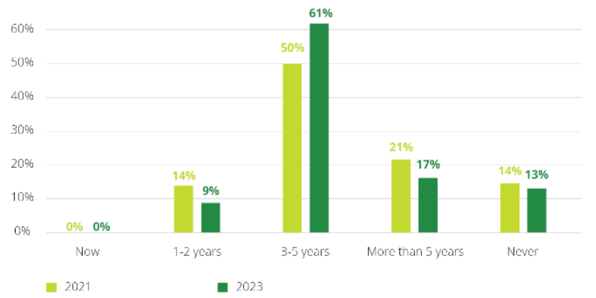
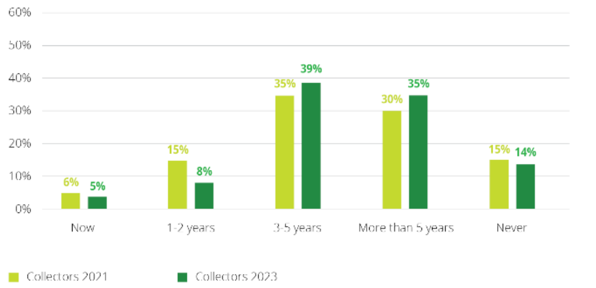


Figure 165: Collectors: In your view, when do you think we can see an acceleration in adoption of more transparency and regulation in the art market?
Source: Deloitte Private & ArtTactic Art & Finance Report 2023



New technologies (like blockchain) and new data ownership and access models could support both confidentiality where it is required while providing the right level of transparency to create a more efficient and trusted marketplace

Thank you

to all contributors of Section 08_

Anti-money laundering regulations for art market participants:
A state-of-the-art analysis
Nicolas Marinier - Partner, Forensic & Financial Crime, Deloitte Luxembourg
Maxime Heckel - Partner, Forensic & Financial Crime, Deloitte Luxembourg
Astrid Brandy - Senior Manager, Advisory & Consulting, Deloitte Luxembourg
Andrea Marchetto - Manager, Forensic & Financial Crime, Deloitte Luxembourg

Markets in Crypto-Assets Regulation (MiCA) and the art market
Arnaud Duchesne - Managing Director, Risk Advisory, Deloitte Luxembourg
Maria Josefin Johansson Juup - Senior Manager, Risk Advisory, Deloitte Luxembourg
Érica Ventura - Senior Consultant, Risk Advisory, Deloitte Luxembourg

The time to act is now: how to increase accountability in the art market:
Redefining dispute resolution to grow customer confidence
Ashley Gallant - Managing Director of the British Antique Dealers' Association (BADA)
Fred Clark Senior - Associate at law firm Boodle Hatfield LLP

Managing financial risk at public auctions from a seller’s perspective
Christine Bourron - CEO Pi-eX Ltd

A comparison between Family offices & Wealth managers (ex.FOs)_

A comparison between Family offices & Wealth managers (ex. FOs)

	Wealth managers (ex. FOs)	Family offices
Need to develop a holistic advisory relationship	94%	81%
Art as an asset class factors as an argument	60% from 59% in 2021	62% from 39%
Allocation to Art & Collectibles of clients' wealth	8.6%	13.4%
Have integrated art and collectibles in their WM services	67%	60%
Holistic wealth reporting demand	53%	61%
Better prepare for estate planning	31%	60%
Interest in Art investment services	14%	22%
- out of which interest in social impact investment (main)	*30%*	*31%*
Main reason for Art-secured lending demand	Provide liquidity for business operations	Buy more Art
Favor self-regulation to improve regulation in the Art market	56%	70%

Source: Deloitte Private & ArTactic Art & Finance report 2023

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