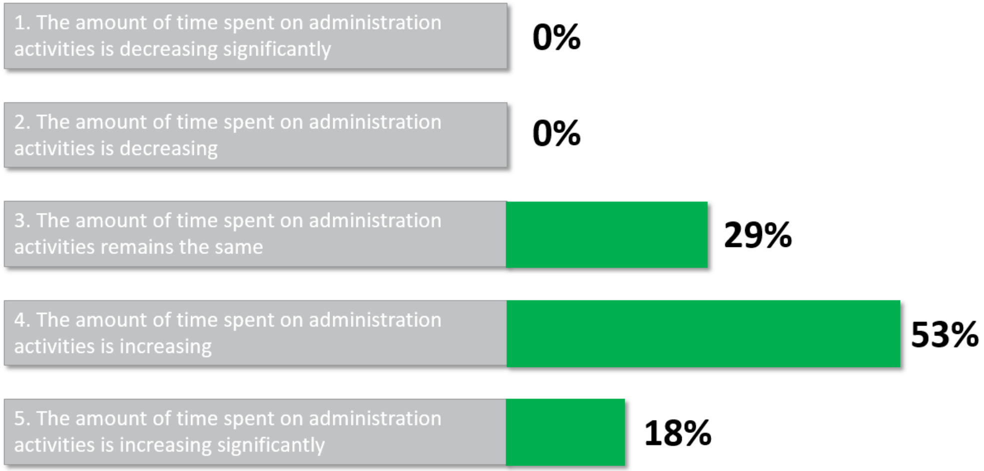
Process, Technology and the Financial Adviser

A research study by:

Simplify Consulting

We surveyed over 50 Financial Advisers about their challenges and whether technology has had the right impact on their business. The results are detailed below:

1. On a scale of 1 to 5, is the amount of time you are spending on administration activities increasing or decreasing?



Overwhelmingly, not a single Financial Adviser said the administration burden upon them was decreasing. 71% stated the amount of administration was increasing and the remaining 29% said it remained the same as before. When speaking with a few Advisers, the reasons for the increased administration were primarily service failures of providers and inconsistencies in processes and procedures across the providers i.e. they all seem to have different approaches, making it difficult for the Adviser to standardise processes, which increases the administration burden (especially for those that aren't offering restricted advice)

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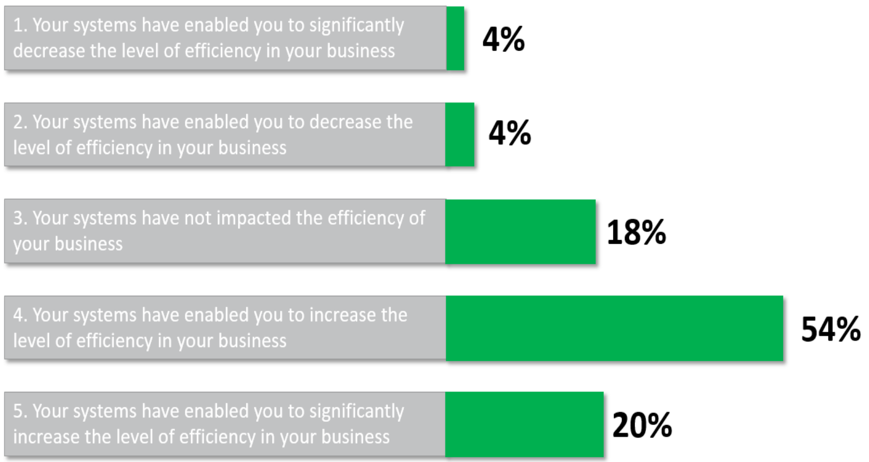
We wanted to understand the relationship between technology within Adviser firms and overall organisational efficiency

When we asked if technology had improved the efficiency of their processes and business, 74% confirmed it had. Only 8% stated technology had adversely impacted the efficiency of a business, whilst the remaining 18% stated technology had no impact. We have come across some great examples of how technology has effectively supported processes and created efficiency within Adviser firms:

- *Utilising an online risk profiler questionnaire and completing this with the client in real time, so the client gets an immediate response and it reduces the amount of "paperwork" in the back office.*
- *Using skype to hold client meetings.*
- *Having transactional capability on the firms website to drive self-service and reduce administrative overheads e.g. clients being able to obtain and submit documents securely online, being able to check fund performance, being able to link to provider portals to update details.*
- *Integration between a back office, a risk profiler and a provider's system to reduce the need to re-key, reducing the risk of error and streamlining the process end to end.*

2. On a scale of 1 to 5, have your systems enabled you to increase or decrease the level of efficiency in your business?



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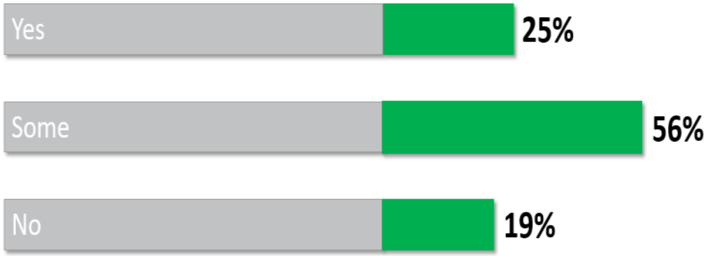
Were investments in those technology capabilities worthwhile?

Only 19% of Advisers stated they are not fully utilising the technology (back office system, risk profiler, social media, website) they have invested in, whilst 56% said they are fully utilising "some" of it. We were told that there are four main reasons why Advisers aren't getting the best out of their technology:

- *Lack of time. This is a vicious circle – investing a bit of time in understanding and fully adopting a solution may result in a time saving; however, many Advisers don't have the time to do that upfront. In our experience, we find a common problem is there is often a time lag between when Advisers purchase a system and when they are ready to implement and use it.*
- *Lack of ongoing support from the system provider. As with any service or product provider these days, the sales and new business part of the journey is always exceptional…support and interest soon wanes once you have handed over the money…or there is an additional charge for further training and support*
- *The system is too complex and may not be appropriate for some of an Adviser's processes.*
- *The process is too complex to automate. The challenge here is not to replicate what they already have but look to see if there is a different way of doing something to achieve the same outcome. Process change can be difficult to achieve, especially if they have done something in a certain way for years.*

3. Are you fully utilising the systems you have invested in (e.g. back office system, risk profiler, website, social media)?



Our research identified a number of conclusions:

There is a lack of standardisation across the industry in relation to:

- *Administration processes amongst the platforms, making it difficult for Advisers to implement "one way" and therefore streamlining processes is difficult*
- *Technology solutions, where the providers are striving to provide a differentiator, which again results in fragmented processes*

Although some integration exists between some back office systems, risk profiler tools and platforms, it is certainly not consistent or universal. This then presents a challenge relating to independence and due diligence. How can an independent financial adviser be truly independent when integration with platforms is so complex?

The administrative and regulatory requirements continue to be a burden on Advisers businesses, creating capacity issues.

There is currently a big unknown around how to develop a customer journey that is fully integrated, especially with emerging requirements around robo advice; and how to develop an online solution that is compliant and cost effective.

These are all challenges which we are familiar with; we are experienced in helping Financial Advisers make the most and best out of their investment in technology. Contact us for more information: ***info@simplifyconsulting.co.uk*** *or visit out website:* ***www.simplifyconsulting.co.uk***

About us

Simplify Consulting work with businesses in the financial services sector, across the whole value chain: platform providers, fund managers, technology providers and advisers, to help them:
Build & Grow – help businesses grow their revenue.
Manage & Measure – help businesses manage their risks.
Optimise & Save – help businesses reduce costs and improve efficiency.

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