



Simplify Consulting

# 2024 Outlook

## Q & A

Following our recent Wealth Ops: Live! event where we welcomed wealth professionals and industry leaders to discuss the future of wealth operations, we follow up some of the key themes from the day.

In this article, we ask **Dom House**, **Jayne Brown** and **Matt Short** their views on the hot topics for 2024.



**Dom House**  
Lead Wealth Consultant

Head of the Solutions and Architect team, Dom leads multiple engagements ranging from large-scale transformation to delivering strategic change initiatives.



**Jayne Brown**  
Lead Wealth Consultant

Jayne leads the Business Analysis team and delivers change initiatives across multiple propositions such as Transfer Agency, Platforms, Life and Pensions and Discretionary Management.



**Matt Short**  
Business Manager

Leading the Business Management team, Matt is responsible for managing all people and resourcing requirements, including the Simplify Associate Network and supporting the business deliver their consultancy engagements.

Where will or in which areas could firms trip up as Consumer Duty is fully implemented?



There is an expectation under the Consumer Duty for firms to clearly understand clients in their target market and be much more proactive and reactive in taking steps to protect them and avoid foreseeable harm. Firms need to act in the best interest of the customers, above profit margins, providing good outcomes for all customers and ensuring tailored support is given, considering health, life events, financial resilience, and capability.

It will be difficult for firms to implement the complex areas of the duty, understanding the definitions of the outcomes and evidencing. It's imperative that assumptions are not made about a customer, as that could lead to incorrect actions being taken. Embedding the duty culturally will take some time and will be difficult. Process designs need to switch focus to the customer outcome and not the internal efficiencies and potential cost savings alone. Using technology to help identify additional support needs in the customer journey, ensuring clean and simple journeys with minimal touch points should be a focus area.



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Jayne Brown

Will firms find it hard to attract talent/do firms need to reconsider recruitment techniques to attract talent, if so, what?



There will be changes to the types of skillsets wealth providers will need within Ops, driven by the advancement in technology, primarily AI. Whilst we don't expect to see a seismic / imminent change in 2024, especially as wealth providers are often slow to adopt new tech, we will see a further shift towards automation.

Cost pressure on wealth providers already seen in 2023 is likely to continue, which combined with advancement in AI is likely to drive businesses to try and realise direct cost benefit.

It's hard to say when this will start to have a large enough impact to affect recruitment strategies but if wealth providers aren't already planning for a new way of working then they should be.

We know Ops vacancies are often fulfilled by people recently out of education with limited working experience, making recruitment even on a large scale relatively easy. As firms use tech to fulfil many of the more basic tasks, this will change the skillsets required of their employees to a more technical nature and potentially the need for broader soft skills to deal with more challenging queries from customers.

Wealth providers will therefore need to think about how they attract people with greater experience and skills. Increasing retention of staff will become more important to reduce the risk of needing to hire large volumes of people at a time.

There are a few things wealth firms need to consider:

- **Proximity** – Consider the location of your offices as this will influence your ability to hire top talent, where are your competitors based? How does your pay and reward compare to your competitors? How easy is it to travel to the office?
- **Flexible working** – The more flexible you are with your working arrangement the easier it will be to attract top talent from a wider geographical location, including international.
- **Pay and Reward** – You will need to review your P&R to align with any changing skills requirement and direct competitors.
- **Training & Development** – You may want to hire people with high potential such as graduates with a relevant degree and invest more in your training and onboarding programme to deal with volume.
- **Retention** – Think about how you can ensure you keep your experienced/high performing people engaged and within the firm, what does a career path look like in the new world of Ops?

Will the wealth industry's gender gap narrow or is it going to remain a problem?



There are companies who are genuinely doing some great things

to create an inclusive and diverse workforce at all levels. In our gender gap whitepaper last year, we covered gender bias, misconceptions on women and their journey or potential journey into motherhood.

Our research concluded that these events have hindered career progression, being selected for interviews and promotion, or providing the flexibility required.

Simplify strongly agrees that more needs to be done in schools to educate girls, and boys, of the career opportunities in Financial Services overall, and to educate on the opportunities there are for both genders. It is great to see and hear about some of the initiatives across the industry seeking to close the gender gap, but this is an ongoing challenge and more needs to be done.

Will the wealth transfer force wealth firms to change their business strategy due to client demographics?



The shift in demographics in the customer base will be very important for wealth management over the next 20 years, whether that is due to a wider segment of society investing, or due to the impact of inheritance as wealth is passed between generations.

The market research we did for our 'Future of Wealth Operations' whitepaper showed how younger generations wish to engage in different ways with their advisers. This can range from how preferred communication channels are become more diverse, how customer journeys are going to adapt, or the use of AI and Data within wealth to tailor products and services.

This is something the wealth industry is focussing on as they look to create human-focussed wealth services, where customers have more freedom to choose how and when they communicate or receive information. Ultimately, whilst we can expect an increase in digital and automated services, it's fundamental that wealth management providers create joined up journeys and services which can be adapted to a much broader set of customer types, putting the customer at the heart of the service, and giving them control.

Contact **Simplify Consulting** today to see how we can help your business in 2024.

[info@simplifyconsulting.co.uk](mailto:info@simplifyconsulting.co.uk)

How should wealth firms balance treating clients as individuals alongside the Financial Conduct Authority's push for companies to segment customers?



A hot topic of discussion is the introduction of the FCA's Consumer Duty in 2023. Whilst a lot of firms have made great strides with ensuring compliance for the regulatory deadline, we are now entering the phase where the industry works towards a consensus of how to interpret the regulations and aided by the regulator's guidance aligns on 'what good looks like'.

Good customer outcomes are central to debates around how wealth management firms service their customers. As technology develops, especially increased use of AI, firms will have a much broader scope to treat customers more as individuals. This has massive potential for improving the customer experience, however, firms will not only need to navigate how to make best use of the data, but there are also moral and ethical problems thrown up by the potential intrusion into customers' lives.

The regulations may also need to adapt to provide wealth management firms with more clarity on how tailoring to individuals can support good outcomes, crucially without straying into advice. Customer segmenting is a key component with how firms are navigating their Consumer Duty obligations, however it's important that this is done in the right way so that it informs better outcomes rather than puts customers in to buckets without allowing flexibility to individual circumstances.