

What advisers want from investment platforms

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The needs of financial advisers and the trends shaping advice models in South Africa and globally remain a key driver of business strategies of investment platforms.

The role of technology, the ever-changing regulatory landscape and the effect of the broader investment industry, also play a part in shaping what platforms will look like in future. Generally referred to as LISPs, investment platforms are now officially known as Category III Administrative Financial Services Providers that are governed by the Financial Advisory and Intermediary Services Act (FAIS). The retail wealth industry in South Africa remains largely intermediated, with less than 12% of investments placed on investment platforms directly, ie being invested by clients who transact digitally themselves or clients who make use of a digital advice solution like a robo adviser.

We believe in the value of financial advice, and our investment platforms place financial advisers at the heart of it. Partnering with our financial advisers for the long term is what sets us apart. We make it personal for advisers, and their clients. The effect of the Retail Distribution Review (RDR) already reflects in our local advice businesses, but of course, still needs to run its full extent when implemented in South Africa. Advisers certainly look at platforms to run efficiently and that their

service and administration requirements are handled timeously. But most importantly, that they maintain their regulatory obligations in an environment of increasing costs. The paradigm shift would seemingly have begun as advisers and consumers alike demand more, but at a similar or lower cost. In future, successful platforms will be those that can enable integration with advice practices and support the creation of efficiencies for advice businesses, better than their competitors. Change ensures that we continuously deliver value to our advisers. Our role is to continually invest and optimise our platform through technology innovation to ensure that advisers can increasingly remove the burden of administration from their daily operations.

Successful platforms provide a comprehensive suite of capabilities for financial advisers to customise solutions for their clients' specific investment needs. More than 30 years ago, platforms started to give clients easy access to collective investment schemes (or unit trusts) across several different investment management companies, at lower required minimum investment amounts because of their ability to 'bulk' or aggregate investments across multiple clients. Although platforms continue to fulfil this role, the needs from advisers and their clients have shifted materially. Today, successful platforms play a key role across the entire investment industry's value chain.

Many advisers are moving away from using a broad range of unit trusts and exchange-traded funds to a narrower set of solutions to meet client needs. The preference for solutions has resulted in the increasingly important role of discretionary fund managers (DFMs). Platforms play a key role in enabling seamless integration with DFMs and ensuring that their capabilities allow for the efficient administration and reporting of model portfolios. Although platform fundamentals such as offering market-leading access, choice and seamless switching between investment components, facilitating transactions, consolidated and transparent reporting for clients, ease of use enabled by technology, eradication of duplication of work between advisers' offices and their own, are essential, these are no longer distinct differentiators. Advisers now compare platforms on how well they play holistically across the various parts of the industry. There is certainly a lot more to platforms than just the administration layer.

As we build our platform of the future, we at Momentum Wealth are placing our financial advisers at the core of our design. It is our commitment to make sure that by choosing us, advisers will experience a trusted and personal partnership for the long term.