

# Platforms in the advice space



Dave Magee explains why platforms remain a priority within the area of financial advice

**In its simplest of forms, the current role of advice platforms is to firstly deliver a seamless and efficient experience for the client and, secondly, to reduce the burden for advisers of building and managing investment portfolios. With the right platform in place and decent funds to offer, advisers can focus on delivering for the client and building that all-important relationship.**

In the main, platforms have been successful in achieving this, allowing savings and investments to be managed in one place and moved around quickly and efficiently. Having the open architecture allowed advisers to move clients in and out without the full surrender process. This enabled buying and selling online at a far greater pace, streamlined the experience and helped prevent out of market risk.

## The opportunities

As time has progressed and technology improved, so have the expectations of advisers. In the pursuit of greater efficiency, integration and lowering costs, advisers want to bring more tools to platforms. Instead of logging in and out of a multitude of different portals for fact finding, to view client investments or conduct cash flow modelling, they want to adopt smart tools and digital processes, often bespoke to their needs.

With greater integration with APIs, developers can provide a seamless journey which both advisers and clients can easily navigate through. It will also allow platforms to better mirror customer journeys and tailor-make additional services for firms.

After all, advisers are looking to introduce digital tools to not only support clients faster but to increase client load. Technology will continue to play an important role in client engagement, bringing greater analytics into processes. Applying smart tech, such as AI, within platform development will help personalise future client journeys and serve up faster options that are of relevance to each client and set client groups or tribes. This will be a powerful way to analyse client characteristics and use data to plug potential product gaps.

This opportunity for innovation has created an interesting time in the space, with increased competition for market share. The established firms continue to develop, modernise and expand through acquisition, all while the

disruptors bring fresh ideas and show real agility in how they support advisory firms and offer up real adviser bespoke journeys.

## The challenges

The winners and losers will be decided by how they address the historic challenges of advice. Eliminating the paperchase is a key example, along with flexibility to work with advisers on features that are tailored for individual firm requirements. While the back end of any client journey will never go away, digital adoption has long been far too slow.

And while platforms have been good at hosting investments and pension funds and providing a number of reporting and valuation services, a number have fallen behind the curve with their adoption of further digital processes. Just one example being retirement options offered to clients. From a customer experience, they want to activate from within the platform to start providing monthly retirement payments and having a platform facilitate more interesting and wider decumulation options.

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With investment pathways, we are seeing more strategies at retirement being developed. However, there is still a need for further work on this from some platforms and more creative collaboration with advisers to ensure the strategies and options continue to progress. We have seen a number of platform acquisitions in recent times, often resulting in a period of poor customer service as the platforms face the challenge of integrating one into another.

As a result, advisers can suffer from their platform service being disrupted and core developments put to the back burner for a

period of time. While it may have benefits in the long-term, it’s very easy to find firms sat in the weeds for an extended period as they unpick that engine and decide what to keep.

## The adviser as a platform

In an effort to take ownership and generate greater margin, hopefully to pass back to customers, some advisory firms have been exploring building their own platforms. While this movement certainly gathered pace over the past couple of years and was supported by a number of tech savvy platform builders, sentiment has been harder to judge in more recent times.

Even for the larger advisory firms, the additional revenue stream and control may be outweighed by the extra layers of compliance and regulatory permissions required to run their own platform. Add in a lack of infrastructure and in-house experience and it presents a threat of becoming somewhat of a banana skin for some businesses.

We may well see more advisory firms move to a co-branded or white-labelled model, which is a promising halfway house. Firms raise their profile and reduce their risk, while the client is clear where the report is coming from. It would be good to see incumbent platforms looking towards collaborations with tech savvy fintechs, where an abundance of creativity and new digital solutions would help keep them relevant and help overcome some of their legacy technology.

## The choice of stick or twist

With the vital role platforms play, it’s important advisory firms don’t get set in their ways. If they are not receiving a good service or the platform isn’t keeping track with the pace of change, advisers should scan the market and make the switch. Good practice would be to ensure a platform review is conducted on a regular basis. While no one wants the disruption or to start writing to clients and migrating funds, it’s part of our duty of care to customers.

Digital tools in financial advice are fascinating and gaining pace all the time. The next generation of financial planners coming through expect firms to provide seamless client journeys. While it’s challenging to stay on top of all the different platforms and innovators that are supporting wealth, it’s a clear priority as we grow our business.

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