

# Making the transition towards a more portfolio-based approach

*Stuart Holdsworth, CEO of Financial Simplicity reveals the changes that the wealth management industry is going through and how a portfolio based business model is changing the game for advisors.*



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**T**HE WEALTH MANAGEMENT INDUSTRY WORLDWIDE is undergoing a number of major changes as regulators become more vigilant and as clients become more knowledgeable and aware. On the regulatory front, we are seeing the removal of commission payments on financial products, cutting into the earnings of financial institutions. On the client front, they are becoming “incredibly more informed than they used to be and are seeking transparency on what they are getting and what they are paying for”, says Holdsworth.

Industry professionals have been tailoring their services to continue to be relevant to the increasingly sophisticated clients and regulators. They are now essentially “professional buyers of investments for their clients rather than professional sellers of products”.

Today’s wealth manager needs to really think about how to manage the overall wealth of their clients, rather than one aspect of it. The services provided today need to range from asset allocation to investment selection - in what may be an active or passive managed portfolio or a mixture of both.

Another factor disrupting the industry is the application of newer technologies. According to Holdsworth, Artificial Intelligence (AI) is going to be of immense use as the industry moves towards a portfolio-based business model. As clients ask for greater customisation of their portfolio, current wealth management systems will not be able to cater to all demands of all the clients, and this is exactly the niche that AI can fill. ■