

Re-defining the IFA industry in Hong Kong

The last few years of regulatory-driven change in Hong Kong has led to a big shift in the landscape and opportunities for IFAs. Hubbis, in collaboration with Old Mutual International, brought together some of the leading local and expat firms to look at how individual firms – and the industry as a whole – can adapt and evolve in order to survive.

Hong Kong's IFAs are no different from their peers around the world in having to confront significant macro-economic and other external factors re-shaping the business. Yet Hong Kong has witnessed its own particular brand of regulatory-driven change. This is forcing all types of IFAs – big and small, local and expat focused – to work hard to (re)define clear value propositions, as well as explore the extent to which they can become more efficient, embrace the digital wave and even look to create more of a collective voice in raising standards of professionalism and representing the industry to the regulator.

These were among some of the many high-level take-aways from discussions involving more than 15 senior practitioners and business leaders from across the Hong Kong IFA community.

Uncertainty among industry players has been lingering since the regulator imposed steps to further protect customers and guidelines to regulate the advice

process to establish more transparency. Via guidance notes GN15 and GN16, its aim has been to make industry practitioners, including the IFAs, less focused on transactions to generate commission, and more on the evolving client needs and fair treatment in relation to product charges.

The combination of fee disclosure, the elimination of indemnity commission, business competition and, most importantly, the changing customer expectations, has made IFAs realise they need to adapt their approach to how they do business.

But these and other challenges, coupled with the arrival of a new independent insurance authority, also give local and expat IFAs reason to be optimistic.

The opportunity stems from being able to steer their business proposition to incorporate new regulatory requirements and emerging customer expectations in terms of how they get serviced.

More specifically, they can focus on (re) defining, articulating and demonstrating their value proposition to clients.

This includes being clear on customer and product segmentation, enhancing their processes, systems and tools to improve the user customer experience. Internally and industry wide there is an opportunity to increase the level of professionalism and attracting / retaining new talents.

And for local IFAs especially, the desire to come together in a more unified way to drive discussions with the regulator and increase representation for the independent advice channel is high on the agenda of senior industry players. ■

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- [New tools needed for survival](#)
- [Playing a new insurance game](#)