

Time is Money in Financial Services

Philip Story, Head of Distribution for EMEA at Investors Trust Assurance (ITA), advised attendees at the Hubbis Middle East Wealth Management Forum that embracing new technological systems and solutions can enhance customer service and increase earnings. Streamlining processes, delivering upon promises and prioritising face-to-face client contact are the keys to successful wealth management for today's world. In addition, deciding early whether to aim for scale or boutique specialisation will help focus efforts and assets in the right direction.

ITA IS A CAYMAN ISLANDS-based international insurance company, which specialises in providing medium- to long-term investment-linked insurance products. The firm's clients in the Gulf Cooperation Council (GCC) states are predominantly brokers and independent financial advisors working in the region for regulated entities.

In a late 2018 interview with Hubbis, Story had defined his role as supporting the third-party distribution of ITA products by these parties to their end clients. The products include savings and investment products which range from one-year, non-contractual savings plans to 25-year investment terms, portfolio bonds and fixed income guaranteed products.

Story began his latest talk by reporting that although his role is as head of distribution, he is an economist by trade and had worked in the wealth management industry for 25 years, with 15 of those in Middle East. He explained that his long experience confirms that in the world of financial services, time is money. "What I mean by this," he clarified, "is the more time you as advisers can spend face-to-face with your client, the more money you will make."

Story then urged the audience to consider the cost/ benefit ratios. "Consider how you are spending your time on a day-to-day basis, as time is a precious resource," he advised. "You could have all the money in the world, but you cannot buy more time."

Go big, or stay boutique?

Story is himself based in the United Arab Emirates for ITA, which is an international insurance company with headquarters in the



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Cayman Islands. The company specialises in providing medium- to long-term investment-linked insurance products which range from one-year, non-contractual savings plans to 25-year investment terms, portfolio bonds and fixed income guaranteed products.

Although little more than 16 years old and therefore far younger than the firm's main global competitors, ITA has smartly structured itself to be proactive in terms of product creation and adaptation. Moreover, the delivery of the company's products and services are fully technology-enabled, even to the extent of online access in multiple languages across the globe.

Story's experience and that of ITA show that with the myriad of technological solutions being developed each day, it is sometimes difficult to choose whether to go big or stay boutique and which areas to focus most intently on. "Should you spend your time becoming the largest in your niche, or the most specialised?", he asked, rhetorically. "Should

you outsource to third-parties for your technological needs, or try to build a bespoke back-office solution instead?"

Focussing first upon the size versus specialisation question, Story said that he observes that technology has the potential to transform modern wealth management for the better.

"Change is coming to the wealth management industry," he cautioned. As an example, "The passive fund industry in the US took in new money of USD458 billion in 2018, while the active fund managers lost USD300 billion. The main reason for this is the cost."

In the local Middle East market there is a lot of consolidation happening, in both the brokerage space and also in banking. Online-only fintech companies tend to have large wallets, often with major investors such as from insurance companies backing them, making it hard to compete for the traditional small offshore wealth management companies.

"However," Story explained, "size is not everything. If we

look at the retail market, on the one side, we have a handful of enormous online companies, but on the other side, there are many small boutique providers that are proving to be very successful in their niche. It is important to work out what you are aiming for and opt for size or specialisation."

Tech does overtime

Those who work in the back-office side of wealth management know that documentary procedures are increasing apace as more and more new regulation and compliance requirements. There is, of course, a cost to this, both in terms of time and money, which in turn translates to less time with clients.

"Ensure you are using the most efficient systems to decrease the time spent on paperwork," Story suggested. "The old-school way to cope with increasing paperwork is to throw human resources at the problem. But the most effective way is to streamline and automate processes by using technological innovation and ensuring staff are educated properly in how to use it efficiently." And as a result,

morale is also kept high, which often feeds through to a more positive client experience.

Listen and respond

Story then explained that it is important to work out what clients really want by listening and responding. “You can offer flexible products with bells and whistles,” he said, “but these volatile markets are moving clients towards products with more guaranteed returns. If you deliver what you promise, clients will trust you, they will stay with you.”

The amount of time spent with clients also increases their trust. “A recent survey found that only a third of clients in the Middle-East trusted their adviser,” he reported. “What are the other two-thirds of advisers doing wrong? If the markets are down but you are there, sitting with them and explaining it all, they are going to trust you more.”

How can this need for client contact be balanced with the increased time and cost it entails? Story advised that it is no longer necessary to fly all over the world to communicate with clients. Video-call software allows for face-to-face meetings and conducting deals right from your own desk, without the nuisance of airports, flights, visas, hotels and so forth. “This technology is available,” Story advised, “so use it.”

A streamlined front-end

In addition to having a streamlined back-office and using technology to keep in face-to-face contact with clients, Story suggested that there should also be a user-friendly front-end interface for clients that helps make their lives simpler and more pleasant.

“Provide that technological support,” he urged, “and aim for straight-through multi-channel

processing. Your client should be able to switch funds online, change their credit card online, alter their payment frequency, change address.”

All of those smaller, often annoying tasks should be thereby made as simple as possible. “Paperwork is obsolete,” Story added, “and instead, online applications should be streamlined and fast, and clients increasingly often expect instant replies.”

Story closed his forthright and insightful presentation with advice for the audience. “Focus upon working with 21st-century partners and with 21st-century technological solutions that will help you to save time,” he reiterated. “Rather than sitting on a plane simply wasting seven hours, use that time to focus on interacting with your clients.”

If so, the benefits in terms of client relationship enhancement, and revenue building will then flow through naturally. ■

