

Why IFAs with Eyes on the Future must Embrace Digital to Thrive in a New Normal

The Covid-19 pandemic has seemingly brought with it a digital revolution, in which firms have been quick to recognise the importance of a comprehensive digital offering amid a global state of cautiously restricted movements at best, and lockdown and circuit breakers at worst. Saxo Markets' Ivan Chang has shed further light on the importance of digital solutions, not only in the context of the Covid era, but in the longer term as the region's next generation of tech natives begin to step up to the plate, taking over from Asia's wealth-creating generation, with many of this NextGen used to capitalising, and expecting to capitalise on the convenience offered by technology in all aspects of their lives.

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When we think of Independent Financial Advisers (IFAs) today, a few things come to mind. Typically, engagement starts with coffee meetings where discussions hover around income, spending, family responsibilities, and retirement goals.

For good reasons, conversations tend to focus on planning for contingencies in case of debilitating illness, severe accidents or passing on, which lead to a focus on insurance policies. Meanwhile, savings and pensions in Singapore, such as the Central Provident Fund (CPF) and the Supplementary Retirement Scheme (SRS) are less talked about and are often put into a “balanced portfolio” mutual funds.

While that model of personal touch and focusing on financial planning has worked well for a long time, there is a strong desire from IFAs to go digital and get to scale quickly, but many are bogged down by high costs and a multitude of disconnected systems.

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The Covid-19 pandemic has accelerated the digitisation journey, for better or worse. IFAs who want to thrive in the next generation need to urgently jump on the digital acceleration train if they want to stay relevant in a post-pandemic New Normal. Here are some reasons why, and how they can embrace digital transformation sooner rather than later.

Changing meeting formats: As clients have less time for meetings, opting to spend time on the various pursuits in life, in-person coffee meetings as a standard engagement format will decrease, with digital engagement becoming more commonplace. Apps have also become a more acceptable touch point, with many having been created to address financial planning encompassing aspects described earlier.



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Rise of robo-advisers: With the advent of robo-advisers breaking into the Singapore investment scene since 2017, users are offered multitude of such providers today converting their spare cash into portfolios. In addition, on top of start-ups, large insurers have also gone digital, with banks and asset managers providing investment solutions as well.

Less fees from product sales: As the cost of providing investments or insurance products, now available at the fingertips of clients through a plethora of apps and providers, become lower, this in turn means less fees for the adviser from a product sales standpoint.

Client servicing demands fresh approach: IFAs must rethink the way they service clients and how their business model can be sustainable and successful in the future. Specifically, they need to be nimble in serving clients anywhere and anytime, be more efficient to serve more clients, provide quality financial planning and investment advice (still the hallmark of the advisory business still requiring the human element of understanding one’s needs), and move from product sales-related fees to advisory fees as remuneration for the services.

To thrive in the New Normal, IFAs need simple yet sophisticated tools to help them achieve the scale, automation, and effectiveness they need to succeed.

A first end-to-end tool in the market

Designed to close the gap in the market, a new adviser-led end-to-end tool to meet the needs of the next-generation IFAs is now available. The first such IFA workstation solution in Singapore, the tool equips advisers with the following:

- Ease of monitoring and managing clients in a single view
- Engaging clients 1-to-many via App
- Helping clients identify the best suited portfolios and setup regular savings plans via App
- Automated impact analysis on market events and inform clients accordingly
- Centrally created and maintained portfolios by the CIO
- Dissemination of portfolio rebalancing requirements and gather client consent digitally
- Reduction of up to 70% the time taken in paperwork when onboarding new clients through a fully Digital

Onboarding Flow that connects to the adviser and broker seamlessly

- A tenfold increase in operational efficiency by optimising and digitising operations and backend functions

This solution, built on top of Saxo Markets' OpenAPI together with Quantifeed's digital adviser and portfolio management technologies, streamlines the portfolio and account management process, saving advisers time and reducing costs dramatically. Advisers can only benefit from having powerful tools to deliver in-depth and personalised investment advice to customers more quickly and effectively.

Scaling up efficiently to serve more clients in the best possible way is a win-win for independent financial advisors looking to emerge stronger than ever in 2021. The wealth industry is evolving to meet challenges head on, and IFAs would do well to start planning now to get ahead of the curve, as they would likewise advise their own clients. ■

