

# GLOBAL TRENDS OF THE FINANCIAL PLANNING PROFESSION

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# Overview

- ❑ Behaviors & Expectations are shifting
- ❑ The Core Needs Remain The Same
- ❑ Key Findings/Trends in Financial Services
- ❑ The Six Common Themes Across Segments
- ❑ Factors Impacting Wealth Management Industry
- ❑ The Future of Financial Profession
- ❑ Fintech & Financial Planning with Clients

# Behaviors & Expectations are shifting

## Six Emerging Consumers Trends:\*

1. Data as Currency
2. Younger Customers Seek New Models
3. Automated Support is Welcome
4. Personalization at Each Stage of Life
5. A New Route to Trust
6. A Channel Agnostic Environment

\*[www.accenture.com/FSCConsumerStudyInvestmentAdvice](http://www.accenture.com/FSCConsumerStudyInvestmentAdvice)

# The Core Needs Remain The Same

## *Functions of Financial Services\**

- *Payments*
- *Insurance*
- *Deposits & Lending*
- *Capital Raising*
- *Market Provisioning*
- *Investment Management*

\*The Future of Financial Services Report --An Industry Project of the Financial Services Community | Prepared in collaboration with Deloitte for the World Economic Forum

# Key Findings in Payments

**Disruptive Trends are in: “Cashless World”** *Mobile Payments, Streamlined Payments, Integrated Billing, Next Generation Security*

**Disruptive Trends are in: “Emerging Payment Rails”** *Cryptographic Protocols, P2P, Transfers, Mobile Money*

# Key Findings in Insurance

## **Disruptive Trends are in: “Insurance Disaggregation”**

*Disaggregated Distribution, Sharing Economy, Self-Driving Cars, 3<sup>rd</sup> Party Capital*

## **Disruptive Trends are in: “Connected Insurance”**

*Smarter Cheaper Sensors, Wearables, Internet-of-Things, Standardized Platforms*

# Key Findings in Deposits & Lending

## **Disruptive Trends are in: “Alternative Lending”**

*P2P, Lean Automated Processes, Alternative Adjudication*

## **Disruptive Trends are in: “Shifting Customer Preferences”**

*Virtual Banking 2.0, Banking as Platform (API), Evolution of Mobile Banking*

# Key Findings in **Capital Raising**

**Disruptive Trends are in: “Crowdfunding”**

*Empowered Angel Investors, Alternative Adjudication*



# Key Findings in Market Provisioning

## **Disruptive Trends are in: “Smarter, Faster Machines”**

*Machine Accessible Data, Big Data, Artificial Intelligence and Machine Learning*

## **Disruptive Trends are in: “New Market Platforms”**

*Fixed Income, Funds / Fund of Funds, Private Equity and Venture Capital Shares, Private Company Shares, Commodities & Derivative Contracts*

# Key Findings in Investment Management

## **Disruptive Trends are in: “Empowered Investors”**

- *Social Trading, Automated Advice & Wealth Management, Retail Algorithmic Trading*

## **Disruptive Trends are in: “Process Externalisation”**

- *Advanced Analytics, Natural Language, Process-as-a-Service, Capability Sharing*

# Six themes that cut across functions

1. Streamlined Infrastructure
2. Automation of High-Value Activities
3. Reduced Intermediation
4. The Strategic Role of Data
5. Niche, Specialised Products
6. Customer Empowerment

# Factors Impacting Wealth Management Industry

- Cyber Security
- Technology
- Investor Protection
- Regulatory Reforms & its Impact
  - Embedded Compensation
  - Fiduciary Duty/Best Interest Standard
  - Enhanced Disclosure

# Cyber Security

- Cyber Attacks – in terms of scale, sophistication, impact

# Technology

- Increasing Reliance on Technology

# Investor Protection

- Regulators focus on protecting clients and consumers

# Targeted Reforms

| Targeted Reforms |     | Targeted Reforms |                                  |
|------------------|-----|------------------|----------------------------------|
| Australia        | NO  | Singapore        | YES                              |
| Canada           | NO  | South Africa     | YES                              |
| Denmark          | YES | Sweden           | YES                              |
| European Union   | YES | United Kingdom   | YES                              |
| Germany          | YES | United States    | YES                              |
| Hong Kong        | YES | Belgium          |                                  |
| India            | YES | France           |                                  |
| Ireland          | YES | Israel           |                                  |
| Japan            | YES | Italy            |                                  |
| Netherlands      | YES | South Korea      |                                  |
| New Zealand      | YES | Switzerland      | <b>Source:</b> IFIC,<br>May 2018 |



# Embedded Compensation

| Ban on Embedded Commissions |         | Ban on Embedded Commissions |                               |
|-----------------------------|---------|-----------------------------|-------------------------------|
| Australia                   | YES     | Singapore                   | NO                            |
| Canada                      | NO      | South Africa                | YES                           |
| Denmark                     | NO      | Sweden                      | NO                            |
| European Union              | PARTIAL | U. K.                       | YES                           |
| Germany                     | NO      | United States               | NO                            |
| Hong Kong                   | NO      | Belgium                     | NO                            |
| India                       | NO      | France                      | NO                            |
| Ireland                     | NO      | Israel                      | NO                            |
| Japan                       | NO      | Italy                       | NO                            |
| Netherlands                 | YES     | South Korea                 | NO                            |
| New Zealand                 | NO      | Switzerland                 | NO                            |
|                             |         |                             | <b>Source:</b> IFIC, May 2018 |

# Fiduciary Duty/Best Interest Standard

| Fiduciary Duty/Best Interest Standard |     | Fiduciary Duty/Best Interest Standard |                                   |
|---------------------------------------|-----|---------------------------------------|-----------------------------------|
| Australia                             | YES | Singapore                             | NO                                |
| Canada                                | NO  | South Africa                          | NO                                |
| Denmark                               | NO  | Sweden                                | NO                                |
| European Union                        | YES | United Kingdom                        | YES                               |
| Germany                               | NO  | United States                         | YES                               |
| Hong Kong                             | NO  | Belgium                               |                                   |
| India                                 | NO  | France                                |                                   |
| Ireland                               | NO  | Israel                                |                                   |
| Japan                                 | YES | Italy                                 |                                   |
| Netherlands                           | NO  | South Korea                           |                                   |
| New Zealand                           | YES | Switzerland                           | <b>Source: IFIC,<br/>May 2018</b> |

# Enhanced Disclosure

| Enhanced Disclosure |     | Enhanced Disclosure |                                  |
|---------------------|-----|---------------------|----------------------------------|
| Australia           | YES | Singapore           | YES                              |
| Canada              | YES | South Africa        | YES                              |
| Denmark             | YES | Sweden              | YES                              |
| European Union      | YES | United Kingdom      | YES                              |
| Germany             | YES | United States       | YES                              |
| Hong Kong           | YES | Belgium             |                                  |
| India               | YES | France              |                                  |
| Ireland             | YES | Israel              |                                  |
| Japan               | YES | Italy               |                                  |
| Netherlands         | YES | South Korea         |                                  |
| New Zealand         | YES | Switzerland         | <b>Source:</b> IFIC,<br>May 2018 |

# Regulatory Complexity

- Mounting Regulatory complexity – will increase demands for harmonization

## As the Trends & Innovation continues..

1. Innovation in financial services is **deliberate and predictable**;
2. Innovations are having the **greatest impact** where re they employ business models that are **platform based, data intensive, and capital light**
3. **Collaboration** between regulators, incumbents and new entrants will be required to understand how new innovations alter the **risk profile of the industry** – positively and negatively

## As the Trends & Innovation continues..

4. Disruption will not be a one-time event, rather a **continuous pressure to innovate** that will shape customer behaviors, business models, and the **long-term structure of the financial services industry**

# The future of Financial Planning?

- ✓ 15% from 2016 to 2026 (faster than other occupations)
  - ✓ Driven by aging population, longer life spans, retirement planning options and advice
  - ✓ Replacement of employer based pension plan will also be a driver, as individuals must plan
  - ✓ Robo-advisors will partially temper demand, as in more complex scenarios a human advisor is preferred
- **SOURCE:** U.S. Bureau of Labor Statistics, Employment Projections program (as of April 2018)

# Fintech & Financial Planning with Clients\*

1. Start the “fintech” conversation
2. Help define the technology
3. Promote the Value of Professional, Holistic Advice from a Financial Planner
4. Understand and Appeal to the Consumer of Automated Advice
5. Design the Model for the Bionic Adviser

\*Source: Financial Planning Standards Board Ltd.



# Fintech & Financial Planning with Clients\*

6. Upgrade Financial Planning Professional Standards/Certification Requirements
7. Help Level the Playing Field
8. Help Strengthen Consumer Protections
9. Promote Increased Financial Literacy/Capability

\* Source: US - Financial Planning Standards Board Ltd.

# Conclusion

- ✓ Behaviors & Expectations are shifting
- ✓ The Core Needs Remain The Same
- ✓ Key Findings/Trends in Financial Services
- ✓ The Six Common Themes Across Segments
- ✓ Factors Impacting Wealth Management Industry
- ✓ The Future of Financial Profession
- ✓ Fintech & Financial Planning with Clients

A word cloud featuring the phrase "Thank You" in various languages and colors. The central and largest text is "THANK YOU" in orange and green. Other words include: "TERIMA KASIH", "GRACIAS", "MERCÌ", "K SALAMAT", "OBRIGADO", "GRAZIE", "DZIĘKUJĘ", "감사합니다", "DANKIE", "DĚKUJI", "СТАСИБО", "DANKU", "תּוֹשָׁקוּר", "DANKIE", "DANKE", "MULTUMESC", "TACK", "FALERMNDERIT", "ありがとう", and "PAKKA PÉR". The colors used are primarily red, orange, green, and blue.

# Sources of Information

**Slide #2:** [www.accenture.com/FSConsumerStudyInvestmentAdvice](http://www.accenture.com/FSConsumerStudyInvestmentAdvice)

**Slide # 3 to 10, 21 and 22:** The Future of Financial Services Report -- An Industry Project of the Financial Services Community | Prepared in collaboration with Deloitte for the World Economic Forum

**Slide #16 to 19:** Global Regulatory Developments in Investor Protection published by IFIC, May 2018,