

## Thursday 19 – Thursday 26 April 2018

Ellenborough Park, Cheltenham; The Mere, Manchester; Ridding Park, Harrogate & The Belfry, Birmingham

### THE SUBJECT MATTER

In anticipation of Winning Adviser, the following subjects should be considered a starting point for discussion.

#### The format:

Each day runs breakfast through drinks and is made up of a blend of:

- **Keynote** sessions geared to encouraging new thinking – typically from outside of the industry;
- **Roundtables** - small facilitated groups addressing a carefully researched agenda. The whole day is Chatham House and therefore participants are able to speak openly and freely.
- Plenty of **networking** opportunities including a formal seated luncheon.
- Some **me time** - as an innovation we have decided to introduce some optional sessions for you. We thought the art of sleeping might be a good start!

#### How do the roundtables work?

- On the day, the roundtables take place in a private room with, typically, some 15 people around the table. Tent cards with participants' names and companies are set out to make it easy to identify your peer group. The sessions are introduced by an expert on the subject. This introduction will last usually about 10 minutes before the conversation is opened up to the table, the goal being to ensure that everyone gets stuck in! The session facilitator will aim to bring the session to a conclusion, highlighting the key points raised.

In summary, your time is precious and our goal is to ensure that if you spend it with us, you spend it in the company of your peers, you address the subjects which matter to you, and all in a time efficient manner.

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## YOUR CLIENTS

### 1. OPEN BANKING – THE OPPORTUNITY FOR ADVICE FIRMS – ARE YOU TAKING ADVANTAGE OF IT?

- Now that the Payment Services Directive 2 (PSD2) has come into play, the banks are no longer the only Account Information Service Providers (AISPs). PSD2 calls on banks to give third party providers (TPPs) such as fintech companies, other emerging banks, retailers, telcos and indeed financial advisory firms secure access to customer accounts (with customer consent).
- From the client’s perspective, the opening of the payments market to new providers has widened consumer choice, lowered transaction fees and improved convenience.
- From the financial advisory firm’s perspective, it provides major opportunities to reduce costs, improve efficiency and offer clients extra services.
- Your clients can authorise you to access data from the AISPs and this knowledge combined with the data provided by the Pensions Dashboard will give you a holistic view of their financial affairs – indeed and more!
- It will greatly enhance fact-finding, and future needs analysis will be modelled with greater accuracy.

Are you up to speed?

### 2. PERSONAL FINANCE GOES DIGITAL. HOW READY ARE YOU?

Personal financial management is on the cusp of a fundamental transformation. For many years, the traditional face-to-face advisory model has provided a service to the minority of the population who can afford it. A confluence of factors including regulatory change and technological progress are now combining to enable a new means of customer engagement. With banking services slowly but surely moving mobile-first, digital innovators have wealth management in their sights as an industry that is ripe for disruption.

Meanwhile, a shift in pensions responsibility from the corporate to the individual and the rise of the gig economy has put retirement affordability, and more generally personal financial wellbeing, firmly in the spotlight. While traditional wealth management remains unattainable for most, a suite of digital products and services are being developed to fill the gap. The race is on to deliver financial wellbeing to the UK.

This session will:

- Examine how the landscape is shifting and how businesses will need to react
- Identify the key factors for success in a digital world
- Understand the role of a product provider in a new, customer-centric model

### 3. CLIENT DATA – ENSURING IT MAKES A DIFFERENCE

You will want to have a full picture of your clients; you will want a handle on the business flows; you will want to know how your advisers are performing by client segment and geographically ... well that sounds like a reasonable starting point.

Identification and prioritisation of only the most relevant data is the first step. Data scientists are big data wranglers. They take an enormous mass of messy data points (unstructured and structured) and use their formidable skills in math, statistics and programming to clean, massage and organize them. Well that is what it says on Google!

So as a starting point:

- Data is best used within organisations when shared on a wide scale. Success can be demonstrated from aggregation and simplification of all relevant data to align internal disciplines behind one shared view.
- Sharing data and giving unrestricted access democratises customer insight enabling more effective decision-making at the point of action, creating significant impact on customer engagement.
- Data needs to be simplified and continuously improved.

Well those are the headlines. Whether you work for a big or small organisation, it makes huge sense to have a data strategy. The technology exists – make sure it is helping you to improve your business.

#### **4. INFORMATION OVERLOAD. IN A WORLD WHERE INFORMATION COMES AT YOU 24/7, HOW ON EARTH DO YOU KEEP UP?**

And, if by some miracle you do manage to keep up, how on earth do you ensure that your clients are keeping up too? Or maybe they are already ahead of you!

- Business as usual probably demands at least 100% of your time so how do you keep up with evolving trends in terms of client needs; how do you evaluate new propositions and solutions coming across your desk?
- As a firm with an innovative product, Goji are keen to trigger this debate – not because they want to take the opportunity to pitch but because they want to understand how you go about “keeping up”. How do you evaluate the new stuff?
- How do you take your “news”? Websites, emails, videos, blogs, webinars, meetings, seminars? Do you set aside quiet time for a review or do you rely on your para-planners to do this on your behalf? How do you/they work out what is worthwhile investigating further and what to park? Do you have a systematic approach?
- And on the flip side how do you attract your clients’ attention when they too are suffering from information overload? Indeed, where do they get their information? You need to be on the same page!

#### **5. CLIENT CARE AND COMMUNICATING RISK – A CONFUSING CONUNDRUM?**

- Targeted, thoughtful communication can create real benefits for your clients but how can you make your mark in a data-rich digital environment? What sets you apart as a business and how are you engaging with clients? How are you harnessing the unique insight you have into each and every client you engage with?
- From an investment perspective specifically, how confident are you that one bad year won’t undo ten good?
- In this session we will discuss what, how and when we should be communicating risk.
- We will touch on behavioural bias and financial education whilst focusing on building a robust and respected communication strategy.
- Having increasingly used volatility as a measure of risk, is this appropriate in a stretched world? Central Bank policy has been supportive of markets and most investors’ portfolios have benefitted accordingly - but where next? What can clients expect or anticipate?
- Managing future expectations is much easier when everything is coming up roses but far more difficult when times are tough. Memories can be short, so what do we communicate, how and crucially when?
- This session will be strictly strategic in nature with no product solution or angle. Expect a debate with an investment bias but with clear client communication at the core.

### **REGULATION**

#### **6. GDPR – LET’S DO THE DETAIL**

- Ok so the deadline will only be one month out when we meet towards the end of April, but you may feel like you need a final check list.
- This will be your opportunity.
- For now - what does GDPR mean in practice for financial advisory firms? Crudely speaking, it is about “changing the culture and changing the mind-set around data protection.” It might also help to think in terms of compliance for existing customers and new customers.

*“It will affect even the pen and parchment client partnerships that some IFAs have.” Crikey!*

- Time to buckle down and look at the detail.

## **7. SENIOR MANAGERS REGIME – DOING THE RIGHT THING AND MAYBE BEING SEEN DOING THE RIGHT THING?**

The regulation:

- Under the regime, anyone who holds a senior management function at an advice firm will need to be approved by the FCA and every senior manager will need to fill out a statement of responsibilities.
- This will need to be approved by the FCA when it is first filled out and when there are changes to it.
- The regime sets out a series of “prescribed responsibilities” which firms will need to give their senior managers, but these will not apply to some firms – including sole traders of firms – and larger firms will have more responsibilities.

However, let’s broaden out the conversation:

- As a business owner or at the least a senior person within the organisation, do you actually consider the way in which your firm is perceived in the wider world? Do you take an active role in society? Do you and your team get involved doing good works in the community? Do you seek to save the planet?
- Maybe it didn’t do those who participated in the Presidents’ Club any good ... but in this new more “judgy” world do you think maybe you should consider doing so?

## **8. LOOKING AFTER YOUR OWN PEOPLE – THINK #METOO!**

- And whilst we are on the subject of “judgy” – are you looking at your gender pay differentials? We suspect it is unlikely that your firm will have more than 250 employees, but as a senior decision maker within your firm, perhaps you should take the lead rather than wait for Governments to impose it. Thanks to Hollywood and #MeToo, women are on the march.
- And whilst on the subject of marching women (and I am one!), are your team fully aware of the tough rules around sexual harassment within the office these days?
- Having worked through a case study on sexual harassment with a well known law firm recently, we were traumatised at the potential for your team to be hauled over the tiles in terms of sexual harassment. Some will say it has been a long time coming, others will say it is brutal! Again, it might be worth considering.
- We will field the lawyers! And the smelling salts!

## **YOUR BUSINESS**

### **9. HOW DO YOU SET YOUR FEE WHEN SO MUCH OF WHAT YOU OFFER YOUR CLIENTS IS INTANGIBLE? AND WHAT SORT OF FEE DO YOU CHARGE?**

- We are not encouraging cartel behaviour nor are we asking you to set out your charging structures, but at an earlier session we had a very interesting conversation around the fact that a lot of the benefits you offer are actually intangible. And that this makes it difficult to charge for.
- Trust, peace of mind, and continuity of relationship were considered the key benefits you offer but at what price?
- We will put forward a summary of what was discussed at the previous meeting and see whether you all agree with the list of components.

**And on to the charging piece:**

- As you seek to build a sustainable business for the future, you have to calculate how your advice charges should be structured, justify your fees and ensure the service being charged for is being delivered.
- According to FCA data, a percentage of investment-based charging is still the most common among advisers, with 47% charging on that basis; and the truth is that there are not a lot of new exciting charging structures. It is just like pre-RDR but with a different name.
- What is the best way to demonstrate value through transparent pricing?
- Are there any pricing structures there breaking the mould?

**10. BUYING, SELLING, BUILDING OR RETIRING – YOU NEED A PLAN!**

- It is likely that you are all so busy coping with the day to day that your next step is little more than a pipe dream. So maybe this is a good time to sit back and think about writing that Plan.
- This is really a game of two halves! There is the conversation around buying and building and then the conversation around selling and retiring.

Some thought provokers:

**Succession planning:**

- It is estimated that just over 10% of advice firms have a succession plan in place, even though it is crucial. There is even the financial encouragement that an acquirer would pay more for a business if the owner had planned to make him or herself redundant.
- “Grow your own” talent is challenging – with graduates there are very significant costs, and often a poor retention rate and/or an unwillingness to take on responsibility or step up.
- You can retire slowly. Ease out gently ... but you still have to have someone at the helm.

**On the building front:**

- It is all about cultural fit.
- Economies of scale?

**11. THE DANGERS OF CYBER CRIME ARE BECOMING EVER MORE REAL. ARE YOU TAKING THE THREAT SERIOUSLY ENOUGH?**

- As questions remain around the veracity of the US election result and your appointment at the local GP gets affected – the cyber threat is now mainstream. And on a personal front, how many emails do you delete because you suspect they may be fake?
- You may feel your firm is well-protected but don't get complacent! Cyber criminals are working on new techniques for getting through the security of organisations, including yours. They are doing this so that they can cause damage, access sensitive data and steal intellectual property. They are becoming more sophisticated and harder to defeat and as old sources of cyber threat fade, new sources will emerge to take their place.
- This session will presume that you have the foundations in place, that your cyber security is dynamic and better aligned and already integrated into key business processes. It will instead address the real opportunity which comes from getting ahead by focusing on the unknowns – the future and your business's broader ecosystem.
- You can start building capabilities before they are needed and begin to prepare for those unknown

**12. THE FUTURE OF WORK – AND ATTRACTING THE ADVISERS OF THE FUTURE?**

- Apparently there are 3.5m truckers in the US. Enter driverless vehicles and it could have a bit of an effect on their day to day. Staying with the vehicle thing – how are we going to source all that electricity to ensure we can recharge our cars every night! The march of technology will affect all our lives – not least in the work place. So how do we go about preparing for this Brave New World?
- As a starting point, maybe fewer full-time employees. Think about who you need to fit into your

organisation versus those you can tap into as needed.

- Help employees stay valuable. Artificial intelligence will take on the professions, including medical professionals, accountants and teachers, so employees will need to become creative problem-solvers.
- Reorganise your workforce by project. Organising by geography or function makes sense in an industrial world, but not in a knowledge world.
- Give people a reason to be excited to work for you. Create an environment where people want to think and where they want to pour ideas into your company.
- Millennials value a voice over a steady income! They want to make a difference.
- And we worry about hot desking?

### **13. ARE YOU INNOVATING? TODAY YOU ARE WITNESSING THE SLOWEST PACE OF CHANGE YOU ARE LIKELY TO SEE IN YOUR LIFETIME**

- Thought you might like that encouragement! Mr Google said it!
- There is “no point creating something for 2018 – you need to be creating it for 2020/2022.”
- So when it comes to best practice, who is innovating well? Do you consult the end clients or do you base your approach on a gut instinct?
- Do you have a structured approach to innovation?

### **14. SO DO YOU KNOW YOUR CRYPTOCURRENCY FROM YOUR BITCOIN FROM YOUR BLOCKCHAIN?**

Indeed do you know your Bitcoin from your Ripple from your Banana?

In 1903, the president of the Michigan Savings Bank infamously said "The horse is here to stay, but the automobile is only a novelty – a fad". There may well be people out there thinking exactly the same about cryptocurrencies. They could be right or it could be the case that we are about to experience an Uber moment and go all crypto?

To get us going, here are some of the alleged key benefits of Blockchain.

That it:

- enables you to realise efficiency gains and capitalise on opportunities to innovate;
- is very secure (completely tamper proof); and
- is easily accessible.

Our experts from OFX, specialists in moving money around the world, will update us as to the latest developments – the potential, the rewards and the pitfalls – and the big issues around how on earth do you regulate it?

And there was me thinking I had cracked it going all contactless.