PRESENTER: Technology is becoming ever more important to the back office and front end of adviser businesses, but what are the key trends and how can intermediaries futureproof their propositions? In this programme we invited a panel of experts and tech providers into the Akademia studio to take questions in front of an audience of financial advisers. Answering the questions were Mark Loosmore, Executive General Manager of Wealth at IRESS; Mike Barrett, Consulting Director at the Lang Cat; Matt Noble, Head of Business Development at Origo; and Tessa Lee, Managing Director at moneyinfo. And the learning outcomes covered are what the tech providers are doing to facilitate data flows between platforms; how the costs and benefits of tech impact an adviser business; and how robo propositions are likely to fit with face-to-face advice in the future. I began by asking Mark Loosmore to give an overview of the UK adviser tech landscape. Mark Loosmore, if I can come to you first. Can you give us a little bit of an overview of where you think the tech adviser market is at the market and where IRESS fits into that? MARK LOOSMORE: Well IRESS fits in across quite a broad space within that. We're clearly a software provider. We provide software to help the distributors, such as the IFAs, with the running of their back office systems, their CRM systems, their financial planning systems, but we also provide solutions out, such as portfolio management solutions out to the DFM market, and trading solutions as well, so go across quite a wide range of different solutions. PRESENTER: And Mike, the Lang Cat, you're a consultant, what are you consulting on? MIKE BARRETT: Yes. So, like Mark's business, it's quite a broad footprint, broad set of customers we work with. Myself in the last 12 months as Consulting Director, it's been more centred around some of the private equity and investment bank activity that's happening in adviser tech. There was a couple of very large players up for sale effectively 12 months ago, and we did a large piece of research around that to help drive some of those decisions, which in turn let us work with advisers to understand the technology, how they're using it and what efficiencies they're getting and what opportunities there are to grow the market. So it's a market we know really well. PRESENTER: And Matt Noble, what's Origo looking at at the moment? MATT NOBLE: So Origo is 30 years old this year. So we're renowned for things like industry standards and messaging between technology and providers. We're known for Origo Options Transfers, Unipass, Agency Services. Our focus really at the moment is looking at ways of connecting the marketplace and the industry. Our goal is reducing costs, producing efficiencies; ultimately trying to make the adviser journey, and indeed then the end client journey, as efficient as possible, reducing costs and giving clients the best advice basically. PRESENTER: Thank you. And Tessa Lee, where does moneyinfo fit into this ecosystem? TESSA LEE: moneyinfo are a financial technology provider, and we work with financial advice firms, DFMs, wealth managers to provide them with client portal, branded client portal technology, which allows them to bring together their clients' entire financial life in one place, alongside documents and secure messaging, to help support those advice and service processes within those businesses. PRESENTER: So are you in competition with any of the others on the panel? TESSA LEE: We're friends and competitors. MARK LOOSMORE: Yes, we've known each other for years. TESSA LEE: We have yes. MARK LOOSMORE: But no, we overlap a little bit, but we also work together and partner work if clients want them to. TESSA LEE: Absolutely yes. MARK LOOSMORE: Likewise with Matt, that's just scared me, because I remember Origo starting off I think, so that's kind of ageing me. PRESENTER: And in terms of where the tech market is today, Mark, for advisers, in the round, how well are advisers using tech? MARK LOOSMORE: Some people would be critical, and I think look there is room for improvement. I think there are some really good things happening though in technology with financial advisers. I do certainly think the stuff around the automation of the back office is a lot stronger than it was if we look back 10-15 years. I think we're now beginning to be better at how we interact with the client as well. However, if we take it back to its basics, a lot of what we offer is really a virtual product. It's based on data. It's based on service around that data. So we should be more advanced than we are when we start looking at how we interact with the client, particularly during the advice process; how we link up different parties within the industry. So I think there's room to go. But it's not doom and gloom, I see pockets of good activity. PRESENTER: And Mike, in terms of how the adviser community uses tech, how does that compare with how other sectors in the British economy use tech? MIKE BARRETT: I think it's echoing Mark's comments that there's a lot of good technology in place, but it's perhaps not being used as effectively in delivering the benefits that the people who are designing and manufacturing and selling the technology had anticipated. Broadly, we would see the advice sector generally as being very buoyant, the demand for advice has probably never been greater, and advisers we speak with are increasingly confident in what they're doing. But you look at it more negatively, and the industry's constrained by its legacy, there's an awful lot of old data, old products, which despite being labelled as legacy customers will still hold them and it'll be very valuable for them. And an adviser's role is to collate all of that into one place, and it's very challenging in some cases. PRESENTER: Well I want to open this up now if I may to our audience, and data is obviously such a big issue here. Anna Sofat of Addidi Wealth, if I could come to you first, what are your issues around data, and how all this technology talks to each other? ANNA SOFAT: I think technology talking across different providers, different platforms, I think it's pretty poor from an adviser point of view. We use an increasing amount of technology, but the efficiencies at the moment aren't necessarily there. The platforms, we won't be tied to one platform, so we have several; as well as the fact that we have non-platform assets as well. And so trying to get sort of live valuations that we can use and be proactive with is an issue. Performance is an issue, CGTs. So a lot of what should technology be used for, it's still I think far too much manual. And part of that issue is that we want robust data we can go back to and verify time and time again, and actually that's really quite difficult to do. So yes I think from my point of view at the moment I'm looking for technology to almost lift us up so we can be more client facing, but even just the back office side of things I think at the moment isn't very pretty. PRESENTER: Thank you very much indeed for your question and your points there. Tessa, what's your thoughts about that, because on the face of it technology should be effortless, why isn't it? TESSA LEE: Wouldn't that be lovely, wouldn't that be nice? I think I agree with what you've said there, Anna. I think it's getting better in terms of integration. I think the breadth of data we can get from platforms and providers is still limited, particularly around transaction histories, which would be incredibly useful for advice firms. Requirements around fees and charges reporting, those things aren't there yet. Valuations are there, and they've been there for a long time, but they're in lots of different formats. And they do fail. The feeds do fail. But that's our problem as a technology supplier to solve; it's not an advice firm problem. And I think because we're partnering more with each other, we're integrating more closely, there is a realisation across our industry that there isn't necessarily going to be a one size fits all tech solution, and firms want to be flexible in what they can introduce in and out of their business over time. I think that helps, because we are more open as technology suppliers to talking directly with each other to solve those problems. But I think there is work to be done, particularly on the platform and provider side to give us a broader dataset so that we can start and help you deliver that information down to your clients, and then you can focus on the conversation that you have with them and not the data that you're trying to deliver. PRESENTER: But, Tessa, you say it should be your problem, not the advisers, but surely it is the advisers' problem. TESSA LEE: It is, but historically what you would have seen in the past is that advice firms would get stuck between platform and back office, back office and portal provider. It's their issue, it's your issue. And actually that's not something they should be dealing with. It's our job to manage that data process within our technology businesses to make sure that if something goes wrong under the authority of that advice firm we can talk directly to each other and get it sorted out. Monitoring is a lot better these days as well. So we can put processes in place that monitor those data feeds, and make sure that if something goes wrong ideally we know about it before the advice firm does. And particularly before their clients know about it, and then it's our job to sort that out, and make sure that client experience is as good as it can be. PRESENTER: Matt, picking up on that, how important is it behind that to have people who can, as and when things go wrong you've actually got a human being that can solve it, so how important is it to have human resource behind your business? MATT NOBLE: Absolutely, it's key. Tessa was saying that there are errors that happen, and these services and valuations integrations that are being built, they do fail, and when they do fail you have to have a responsibility as to why they're not working properly. And both the platform and the technology provider need to work on that. What you've got to remember is that all of these integrations that have been built over the last 15 years, whatever it might be, they're all point to point generally, so they're all single integrations between a platform and a technology provider. And you repeat that across multiple platforms and multiple technology providers it becomes very costly and very risky. And it needs some type of, dare I say it, hub, step into the Origo shoes at this point, and what you have is Origo integration hub, which is one single point of integration, and then connecting platforms and technology providers, or technology providers to technology providers through one integration, but then deployed many and multiple times. Because it's a hub you then end up with a monitoring process. You end up with a consistency of data. You end up with less risk across the multiple integrations. And then we start to expand those sort of services from valuations to things like transaction history, where you want that greater level of detail to be able to provide reports in line with MiFID and so on, I think it becomes very powerful. It's exciting times to be able to look at a potential way of, and I'm not saying bringing the industry into one place only, because clearly there will always be point to point integrations, and they will continue, but actually to be able to connect multiple points to multiple points at very little cost will grow the breadth of services across platforms and technology providers. MARK LOOSMORE: I would add something else, because I don't disagree with people have been saying, particularly around the transactional data. I think there's a thirst. And I think from a software provider I think there's quite a thirst for transactional data. I think we need to encourage jointly the platforms for providing that out, because some of them don't want to provide that out for multiple reasons. But I think the other point that we need to consider is the underlying data in the back office systems needs to be correct in the first place. So if the policy are wrong in your core data, then that's often why some of these things fail. And Tessa's absolutely right. It's down to us to work with people to get that data clean, so there are data cleansing tools that people are building into solutions now. There are just tips, going back to your human point, that we know that certain policy numbers have to be in certain formats for certain platforms. All of that we need to work with collaboratively with the adviser market to make sure that the data at the centre is right, and then a lot of these links will happen a lot more seamlessly as well. TESSA LEE: And I think as well on that, Mark, it's about avoiding keying in of that data in the first place. MARK LOOSMORE: Absolutely yes. TESSA LEE: Because the reason data goes wrong is because somebody in the back office has to type in that policy number. We can get that from the platform or the provider. You shouldn't have to type that in, it should come in on an automated basis, and then it's correct from the off. So I think there's more that can be done on that as well to avoid that. MARK LOOSMORE: Yes agreed. PRESENTER: But, Mark, very quickly before we move on, what incentive have you got if you're a product provider, maybe a closed life office, and it was all paper based? These are policies going back 30 years, why are you going to invest money to do that now? MIKE BARRETT: Yes, probably very little I think is the short answer to that. I think even for the more modern forward thinking open for new business providers, and having worked for one for 18 years, the challenge certainly has been over the decade that there's been such a never ending wave of regulatory change. Whether that's RDR, GDPR, sunset clause, pension freedoms, etc. etc., that has much as you hear this feedback from advisers, from technology partners, etc. etc., and you think yes that's something we're going to address, you get George Osborne announcing pension freedoms, which goes straight into the to do list for your project budget and knocks everything else out of the way. And with the regulatory landscape hopefully calming down for the next few years, then perhaps this is the time that platform providers and others have got the bandwidth to actually deliver some improvements, rather than just doing the bare minimum of project change. PRESENTER: Thank you. Well that brings up actually I think a really important point, which is whether the tech can keep up with the regulation? Henry Tapper, you do a lot of work in the pension space, and we've had things like pension freedoms and goodness knows what, what challenges has that thrown up? HENRY TAPPER: I think that people are expecting real time information, and they're not getting it. The problem is that people have to wait a couple of weeks to get their information, and they have to wait a couple of weeks to get their money. And they're used from open banking to be able to get their information immediately at the swipe of their phone and their money the next day or possibly the same day. PRESENTER: Do you think that's realistic for people to be able to expect to access things like pensions, things that are in equities, shares, all sorts, as quickly as you can get into your current account? HENRY TAPPER: There's plenty of liquidity in the market: if you can liquidate an asset like an equity in a day, why can't you have the money in a day? PRESENTER: Thank you very much for that. And let's bring that back to the panel, I mean what can you do to provide if you like an instantaneous service? Mark, how much does the reputation of the adviser or your firm depend on being able to do that? MARK LOOSMORE: I do agree, particularly around the information piece. So I bank with First Direct, and if you go on there you'll see your transactions instantly as it's coming through. I do think we're getting better at that though. So I think some of the client portals that Tessa was talking about would get that data down, and it's certainly not weeks out of date. It may be end of day pricing or whatever, but you should be able to get your data far more instantaneously there than maybe the two weeks. And yes we've got to work on the processes throughout the industry to try and streamline them to get other things happening more seamlessly. I don't think any of us would defend some of the times that it takes to move money around the industry, and I think that needs a whole heap of people working together, not just the tech providers, but the produce providers through to the distributors to solve that. PRESENTER: Taking that point on, I can see the importance of working together, but if I compared the adviser industry in the UK and the resources of the firms behind it to HSBC Bank, which is global, or Barclays, I mean they can throw far more money in terms of tech and resource couldn't they as an individual organisation to what you could all do collaboratively, so isn't this a little unrealistic? MATT NOBLE: Yes, the cost of digitalisation could be vastly expensive, and because of that will stop, it will be a barrier for certain firms moving forward in digital processes. What we need to look at then is methods of I suppose making digital processing available to as many technology providers and smaller platforms or DFMs or asset managers as we possibly can. There are certain aspects of processes around trying to get money out, as Henry was saying. They're all around paper processes typically. If you look at things like letters of authority, or a transfer of an investment from one provider to another, a lot of those processes will be based in some way around a paper process, so if you can digitalise that in some way then that will then lead to efficiencies. It might not necessarily mean that the money gets delivered overnight, but it will certainly take a big part of the process away and create the efficiencies there. PRESENTER: So, Mike, did you want to come in on that? MIKE BARRETT: Yes, I think one of the findings we discovered when we spoke with a number of adviser firms last year about how they were using technology, is their procurement and internal governance processes tend to be in a lot of cases non-existent. So they've picked up, they're using a system because of reasons, and they've got no regular way to review the use of that system to decide actually here's a competitor product which is more suitable, how we manage that. They have no technology roadmap and plan for the future. And it's quite, they're very set in their ways around that. And I think actually it goes back to what I've mentioned earlier, adviser businesses are in a strong position. You look at how well capitalised they are and the myth that adviser firms are months away from going out of business is exactly that. As I said they're very well-funded, they're doing very well at the moment, but the revenues are growing, but the profit margins are falling ever so slightly off the back of that. And I think you point the finger at the technology there, it needs to be doing more for the business and for the advisers and for clients they're working with. But it's a skillset you have to have. Just because you're a brilliant adviser and can run a business, an advice business, doesn't necessarily mean you have the skills which have been alluded to here around data management and technology migration and all the rest of that; I think you need to step back and look at actually what it is you're using, and how you want the technology to be supporting your business and your clients. PRESENTER: Well let's open that, I wonder if I come now to Claire Walsh. Clare, you're at Schroders but I think you're at Aspect8; a business that I know did a lot around tech. How did you there work out a tech procurement strategy, what you wanted technology to do for you? CLAIRE WALSH: So when I was an adviser at Aspect8, which was part of the Benchmark Capital Group, they have their own technology arm. I think that's quite interesting in itself. That was borne from Ian Cook - who's the Chief executive - 15 years ago frustration at the lack of decent systems out there for advisers led him to hiring a young tech chap and getting him to build a system. And I think over time that's developed in that different parts have been integrated into that. However it doesn't do everything. So personally I also use Voyance, which I think one of my frustrations as an adviser, which I still see throughout the industry, is you've got lots of good systems doing different things, but coming back to what the panel already mentioned, they don't necessarily talk to each other. And I think that the industry has lagged behind other industries, and I think our competitors are not necessarily another advice firm or another platform or such like, it's the other experiences that people are having out there in the world when they touch with other companies where they're getting much better tech solutions. PRESENTER: Sorry Susie, you had a comment. SUSIE GRAY: Yes, actually I'm quite interested to know from the panel that in light of the fragmented nature of the tech solutions that are currently available to the industry, whether they actually think we need regulatory reform or amended, newer legislation in order to actually real make progressive change in this arena. PRESENTER: Thank you very much for that question. Let's bring in Mike. What's your thoughts? MIKE BARRETT: In a word yes. So you immediately jump to things like pension dashboard, where great aspirations, a lot of tremendous work being done within the industry for people like Origo to create the standards for that, and the prototypes etc. But the fact remains that there's a lot of pension providers I know where the data, the information you need is stored on a microfiche in a warehouse separate about 10 miles away from the main head office, which goes back to the point around delays. Somebody normally gets in a care and drives to that, goes and looks at the microfiche, works out what the hell a microfiche is, and then gets the information; goes back to the office and then sends it on to the client. That is a huge barrier to those policies, and there's billions and billions of client money sat in these plans, which is locked away at the moment as a result. PRESENTER: Mark, as IRESS, do you ever give the FCA a nudge and say this is a bit of regulation that you really should get involved with for the good of the industry? MARK LOOSMORE: We clearly talk to the FCA on a number of things, but I guess it depends which bit of the integration around the industry that we're looking at, because some of the integrations we talk to have been between different systems used within an advisory practice, such as cashflow planning and back office systems etc. I think that's difficult to legislate against or to force that integration. Many of those firms are quite small and would have niche solutions. I think we should highly encourage them to integrate. And I think we are seeing that. We are seeing people becoming more open and plugging those solutions together. Absolutely though, in terms of getting more data down from the product providers and platforms, I completely agree that we'd really encourage anything that would help us get access to that data, we're hungry for it. I think the other thing I would say what is probably needed is for some people to put the end client's needs right at the centre rather than their own business model driving certain behaviours. So for example we've stopped charging for doing the contract enquiry integrations with platforms, because that was a barrier to that happening, but that was very much in our business model 10 years ago. I think there's lots of examples where maybe people want control of the desktop, so they’re not releasing data. So I think there’s some egos and some business models that are getting in the way as well that we need to try and cut through. PRESENTER: Matt, when you talk to the FCA, what’s their appetite for change? And picking up on Mark’s point that there are perhaps some business models that don’t facilitate the improvement in the tech space, is it having a pop at any of them, eyeing them up? MATT NOBLE: So we have regular dialogue with the FCA of course. As you’d expect, we’ve been having discussions with them about the dashboard as well. Coming back to Clare’s point around multiple systems versus one, perhaps your own system that you might have built, I think if you have one system that covers all of the tools and the solutions that you need, then that’s great because clearly there’s no re-keying of data across any of the functions within that one system. You have the likes of Simply Business Centre for instance that is doing something similar in that sort of realm. But there’s absolutely no reason why if you had a collection of a back office system and two or three tools, a risk profiling tool, a pension forecasting tool or whatever it might, there’s no reason why you couldn’t use those in conjunction with one another. But you have to run the risk of errors of re-keying data. If you can integrate those things together via simple integration feeds where data is sent from the back office system into the risk profiling tool for instance at the press of a button, and then anything that happens on that risk profiling tool is sent back to the client record on the back office system, then that’s absolutely great. That creates your benefits and your efficiencies. As Mark has said, we need to be in a position where the industry is more connected to allow those sort of integrations to happen. I’ve said already point to point integrations are typically very expensive. Sometimes they are charged for, sometimes they’re not as Mark has alluded to, but in terms of how you then inspire the market to do it, I think you need potentially a single point to do that so that very easily you can connect various tools to other tools. PRESENTER: Tessa, anything else regulatory or aside that could be done to encourage better behaviours? TESSA LEE: I think, I mean there are two barriers aren’t there to particularly big platforms and providers giving us access to more data. One is a certain element of protectionism, particularly around things like transaction histories and things like that. But the other is they are stuck really with these big legacy technology platforms that don’t allow them to get the data out easily, and their priority is not giving us data, and spending lots of money doing that. So I think legislation will help with that. It would help force people to deliver the data and give us broader access to data. And I would hope that things like open banking are giving us a bit of a blueprint for that moving forward. Pension dashboard as well if it gets off the ground would be a fantastic opportunity for the industry. Things like open banking still early days. That’s taking a long time for the big banks to get the data out there, and the breadth of data we can get today with open banking is not what I’d hope to see moving forward. But there are other methods of getting that data. So I think it would certainly help in terms of forcing platforms and providers to give us broader access to better data to support you in your business. PRESENTER: Forgive my ignorance on this, and it might be something that’s done already, but would you ever pay a closed life office, just say we’ll give you this money, can you just get the data out for us, is that something you’re picking up? TESSA LEE: No is the short answer to that. Technology as an ecosystem in this industry has moved leaps and bounds forward from where we were; 20 years ago we were talking about straight through processing, weren’t we, and look, we are much further on than we were then now, but we’re still nowhere near that utopia. And I don’t know whether we’ll ever get that in my lifetime to be honest that utopia of being able to get data from every provider, closing prices last night, real time data coming in. But the key to that, you know, the challenge with that for firms is the clients coming more into that process. And if the client’s coming into the process you’ve got to give them access to their data, they’re expecting digital capability from you, so then it becomes about that transparency. And those providers that can give the data and that do give the data, and perhaps the newer platforms, they’re the ones that will win out in the end. Because a client will see, as long as you’re transparent on their online system, that I’ve got this data coming from one platform. It’s bang up to date, I can see my transactions. Whereas this one over here isn't, it's not giving me anything rich. So this is what the platforms and providers need to see as well, but I think the challenge for a lot of the legacy systems is how on earth they get data if it's on microfiche particularly, how they get that out to the… MARK LOOSMORE: But I think the important thing that Tessa's saying there is that some platforms now do give you access to that data. TESSA LEE: They do yes. MARK LOOSMORE: So we work with some people that you have straight through processing, you have very tightly integrated solutions with them. And as the clients get involved in digitally being served you cannot do that unless you've got that accurate client data to do that. So that will drive the others to catch up, or they will start being selection criteria for people when they're choosing their platforms. So I think we are seeing some light at the end of the channel. We're nowhere near 20 years on where we should have been, and we've been doing this for a long time and it hasn't moved at the pace, but there is that chink of light I think, because there are some people that we're seeing that have very tightly integrated solutions. MIKE BARRETT: Yes, we do a lot of work with advisers on their selection of providers and helping with their platform due diligence. And it's not top of the list for everybody, but increasingly the integration of the systems, they integrate with the depth of information which you can get out of a system is a binary factor. If a provider isn't going to give you what you need, then they off, they don't even get as far as the short list for selection. And I think that's part, if advisers are a little bit more demanding around that, then that will put it to the top of a provider's agenda to address. PRESENTER: Well we've talked a lot about what technology can do, and some of the choke points in technology. I wanted to move on now to the cost of that technology and how that fits into an adviser business. Lee Robertson, I think you've got some issues around that. LEE ROBERTSON: The Scot in me always gets to cost. When you look at the aggregated cost of platforms, back office, risk profiling portals, do you think if we get to this, closer to this nirvana of all these bits of tech talking to each other more efficiently, we will see some real time costs falling to help the advisers? Particularly as we go into what looks to be perhaps a fee compression world, lower investment returns, where, as the panel's already said, that whilst turnover may be increasing for advisers, profitability is falling to a degree, do you think we'll ever get to that point? PRESENTER: Matt, can I come to you on that first? MATT NOBLE: Of course. Yes, I do think the savings that platforms can make in connecting in the right way efficiently to the right things and delivering data to empower the advisers and ultimately the end client, doing all of those things in a way that ultimately will save them time and effort and resource, has to have at some point some effect upon their bottom line in terms of the costs to providing that data. Mark has quite rightly said the business model from point to point integrations traditionally was a very costly model, both internal costs and external costs for platforms and providers; quite a lucrative model though for technology suppliers. That has kind of changed now. And it's come full circle in that actually the things that technology providers like to do is give better services to the people that use them. So ultimately if we bear the brunt of the cost of doing that work ourselves, and the platform bears the brunt of doing that work themselves, then the chances are we'll sell more licences of our software for instance to people that will use it, because it's richer in functionality. I think how it will, how quickly it will pass on those cost savings to advisory firms, I'm not sure, but in theory it should have an impact. If you go one step further and look at things that you as an advisory business can then, the cost savings that you can make on certain things to your business. So by removing paper processes in some areas, using latest digital technology to do things like automated letters of authority or transfer tracking, rather than phoning up and waiting on the phone for 45 minutes to find out nothing has changed, if you can use services like that in your business, then you'll become leaner and more efficient. You can pass those savings on to your customers should you wish to, up to you, but ultimately if you're using digital processes to the max, then your business will also become more profitable. PRESENTER: Mark Loosmore, do you think your role is to strip cost down to adviser businesses, or to add value? MARK LOOSMORE: Well both. PRESENTER: Which is a polite way of saying put your fees up. MARK LOOSMORE: And I do think we need to differentiate maybe between the integration of systems down a supply or a value chain, so an integration between the platform and the advisory office, and maybe the integration of systems within an advisory practice. And I think the openness that we've talked about is important in the second example, because it gives choice, but there is an opposite trend, which is more technology solutions offering more functionality and spreading out. And that is one that's addressing the cost issue, I think, because if that solution provides the cashflow within it as a back office system, it provides the cashflow, provides the digital portal etc., then you can make different sort of cost savings: cost savings in licences, one supplier to manage, one set of user interfaces to be trained on. So I think you see that side happening as well. And in reality you'll mix and match. I always say to people try and get as much as you can from one, but there might be a good reason why you want the banking integration of moneyinfo, so you want to still keep the digital portal with moneyinfo and put that in with the rest of the solution. But the more you can consolidate I do think you'll get more value for your licence fee as you go forwards, because you'll be able to switch bits off elsewhere. PRESENTER: We're moving into the final five or 10 minutes of the programme. I suppose one key issue is to get a bit of a though from everyone around what they think the future of financial advice is going to look like. Could I come to you first on this, Tessa, where do you see the industry being in say five years' time? TESSA LEE: From a technology perspective I think it's ever evolving isn't it? It never stops. There are always new pieces of technology, new startups coming out. I think the initiatives we're seeing, open banking, pension dashboard, regulation, reg tech we're seeing now, I think we will only see more technologies evolving. And I think that's a good thing. I think we're seeing themes around using data to start to drive customer interaction. Artificial intelligence is a big buzzword in the industry now. Don't mention the word robo. But we're seeing, for me what we're seeing is that the client is increasingly being brought more and more into the process. And that's not using digital to replace the adviser; it's to complement the processes. So if we can take the paper out of your processes, if we can deliver the information more efficiently with technology, if we can allow you to collaborate and communicate with your clients digitally on those administrative things that perhaps the client doesn't value, then it gives the adviser more time to have the conversations with the client. And that's what the client really values. And I think we're seeing that consumers want to use digital technologies. They're using it in every other aspect of their lives. So because they're coming more and more part of the process, I think that's a big theme that we're going to see moving forward over the next five years or more. PRESENTER: You've mentioned the dreaded robo advice. I'd be very keen to get thoughts from the audience on whether robo advice is a genuine threat or competitor to financial advice, or something very different. So where shall we start? Anna, if I could come to you on that first, what's your thought on it? ANNA SOFAT: I think most technology will act as a complement. I don't think any of them can replace human contact or human interaction and communications. I think robo advice is a bit of a misnomer, because all it's doing is taking somebody through a process around risk management and timescales, and then matching a set portfolio to that. That's not advice; it's just mapping out what the preference should be. I think a very good adviser job is to get inside a client's head, and no amount of technology can do that. I think where technology for me is really interesting is the likes of Facebook and Google, where they're picking up what people are doing online, and then linking that to their behaviours. So actually for me it's the behaviour bit around what people are doing, and then linking it to investments and advice where the future has to go. And I have to say in our industry we don't even talk about that. And at the moment I think we're a few decades away, so as an adviser I think we're all right for the time being. PRESENTER: Thank you very much for that. I'm going to come back to our audience in a second, but that whole point about making use of behavioural stuff, Mark, where is it all in the…? MARK LOOSMORE: I think it's a fascinating idea. I actually read about one project where they were looking at one of the universities about doing attitude to risk by actually looking at the activity on

Facebook. And they claimed, and I'm not sure we'd convince the FCA of this, but they claimed it was more accurate than using a traditional attitude to risk, because they were actually looking at their interactions and gaining so much information about a person. And I think we're really poor at that sort of big data, using all the client information. Yet it's been happening around the world in other industries for years. I remember going back to the early 90s when I was heavily involved in data analytics and I was looking at Walmart I think it was. And they worked out to put beer next to nappies on a Friday evening increased their sales, because there were a load of men looking after babies while their wives were going out on that night. We have nowhere near that sort of behavioural type analysis of our client base. Yet you think about the wealth of data you hold in your business, you've collected via fact finds, you've got all the trends, and we're not using that data in that way at all. And that has to be a massively untapped area for us. So I think that, and at the same time you look at how underserved the general population is from financial advice, and this would help us reach the right people. We can use things like artificial intelligence, which I find fascinating, behind the scenes, so not replacing the adviser, but to make the adviser more productive, so they can see more clients. You put those two together and you've got a really exciting world to operate in. PRESENTER: Thank you very much for that. I have to say the childcare implications of leaving dads with these children on a Friday night are quite frightening. I wanted to get some other thoughts. Susie Gray, what's your thought on how technology can help the advice market on say a five year view, what do you think some of the issues are? SUSIE GRAY: I think I'd very much agree with you. I think that at the lower end, if we want to call it that, the easily commoditised repeatable business, I think there is potentially a risk to the advisers that are currently serving in that area from technology. But actually for me the future with technology, for us at a high level advice based point, is actually more about how it can support us better and increase our efficiencies. And I would like to think that it will progress slightly more swiftly into that area than it has done so far. PRESENTER: Thank you very much for that. So I guess there the importance of the adviser and that relationship is crucial there, Matt, but is there anything technology can do to buttress that, and perhaps record and help with some of the softer skills that are involved in advice, rather than just hard data? MATT NOBLE: Well you could of course build magic integrations between back office systems and social media, and I think that's been done in some cases already. And you can record that against client records as to where those people have necessarily been on holiday and things like that. It sounds all great, but I think for it to be used widely we're probably a little bit way off. I'm a great believer that in probably five years' time there'll be big green buttons in every single bit of technology, which says send data to here, or send data to there, and it'll all just work seamlessly. Humour me for two seconds, but I remember a time in 2004 when the life insurance portals launched their electronic application processes, and they were all slightly different to one another, they didn't work very well, and nobody really used them. But it was what the adviser market wanted at that time, and they were built. Roll on two or three years later, they created a bit more consistency, there were better processes, and the portals and the life officers spent a bit of time training and promoting those sort of services. Roll onto 2018, pretty much all of your life insurance applications that are started in a portal are going through a big green button that says applies now to L&G. No re-keying of data happens at all. Data sometimes gets sent back to back office systems. My point is that that was an easier and quite a simple product to try and create an online application and straight through process for; investments, pensions, slightly more complex, but there still should be a process to do that. And I think we're probably about 5-10 years behind the life insurance curve. So as I say I firmly believe that there will be a big green button in X plan, well in fact there is already, but in other technology services where you simply send that data and start an application process. So I think that's how, in answer to your question, one of the things will change. PRESENTER: And, Mike, from your point of view, and how do we, picking up on Matt's point, how do we work out on backing technology that's useful rather than just because it sounds exciting?

MIKE BARRETT: I think that’s the really important point around this is for technology to enable the types of positive conversations that the advisers in the room have with their customers and to not encourage really negative behaviours. Probably one of the best on-boarding and end to end experiences I’ve seen in the last couple of years was Wonga, where I could go on there, I could instantly get what I want. And picking up on Henry’s point, within about a matter of seconds it would be sat in my bank account giving me what I needed, giving me that gratification as a customer. But it’s one of the most horrifically heinous business models we’ve seen in the last few years as well. I can go onto trading platforms and buy a bitcoin between the time it would take me to walk to Bank Station, and it’s not the behaviours which the financial advisers who as I said earlier are increasingly professional and qualified and delivering great outcomes to their customers. That’s not the type of business models which are being delivered online. There needs to be a balance struck. PRESENTER: We have to leave it there I’m afraid. Mark Loosmore, Mike Barrett, Matt Noble and Tessa Lee, thank you very much indeed. Thank you for your questions, and for being such a fabulous audience, and thank you for watching, from all of us here goodbye for now. In order to consider the viewing of this video as structure learning, you must complete the reflective statement to demonstrate what you’ve learned and its relevance to you. By the end of this session, you will be able to understand and to describe what the tech providers are doing to facilitate data flows between platforms; how the costs and benefits of tech impact an adviser business; and how robo propositions are likely to fit with face-to-face advice in the future. Please complete the reflective statement to validate your CPD.