



# Process, Technology & the Financial Adviser

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# 01

## INTRODUCTION

A research study to assess how technology is helping to improve operational efficiency for Financial Advisers and the challenges encountered in achieving this. We have compared the results from a previous survey in 2016 against a 2020 survey to see what if anything has changed.

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# 1 INTRODUCTION

Four years ago Simplify Consulting conducted some market research amongst Financial Advisers, whereby we surveyed 50 Advisers from within our network. We asked 3 key questions around their process efficiency, the impact of technology and resulting improvement to their operations. The aim was to understand how they were utilising the technology they had invested in including back office systems, websites, risk profiler or client portal. We wanted to understand if they felt they were getting a return on investment or if there is still a way to go.

Given the advances of technology in the adviser space with Customer Relationship tools and Advice Tools, we have refreshed this research to establish if there have been any improvements or conversely new challenges for Financial Adviser firms.

## 1.1 Previous research conclusion

Our previous research indicated that there was a lack of standardisation across the industry in relation to:

- Multiple administration processes amongst the platforms, making it difficult for Advisers to implement “one way” and therefore streamlining processes was difficult to adopt
- Technology solutions, where the providers were striving to provide a differentiator, resulting in fragmented processes

Although some integration did exist between some back office systems, risk profiler tools and platforms, it was certainly not consistent or universal. This then presented a challenge relating to independence and due diligence.

The administrative and regulatory requirements were a burden on Advisers businesses, creating capacity issues.

It wasn't clear how advisers could develop a customer journey that was fully integrated, especially with emerging requirements around robo advice; and how to develop an online solution that is both compliant and cost effective.



## Comparison of results

**3**

**Questions**

**50**

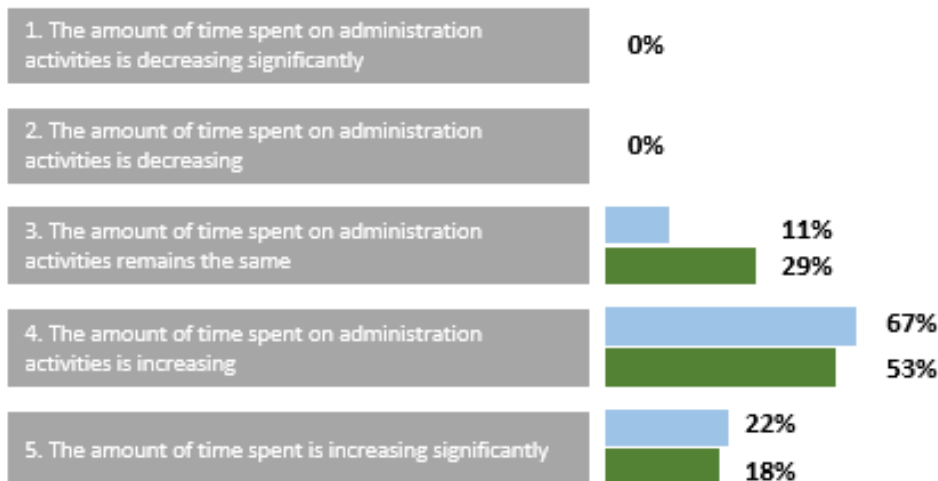
**ADVISERS**

\* In 2016 we surveyed 50 advisers compared to 20 Advisers in 2020

# 2 RESEARCH

## 2.1 Question 1

1. On a scale of 1 to 5, is the amount of time you are spending on administration activities increasing or decreasing?



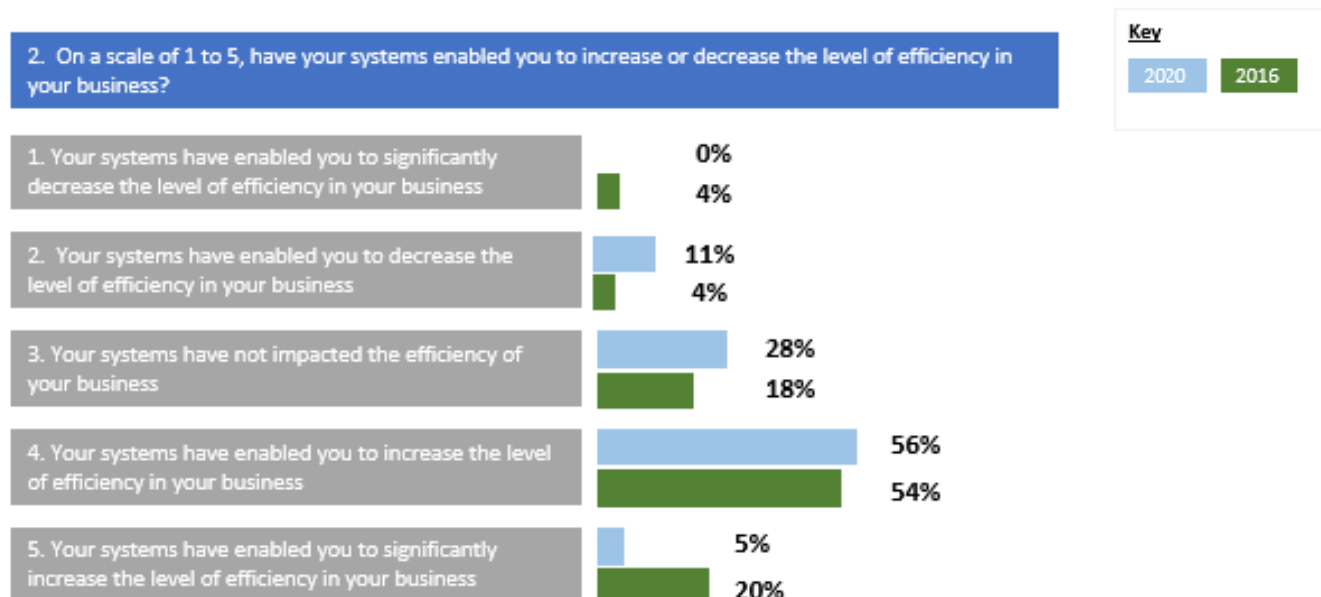
In 2016, not a single adviser said the amount of time being spent on administration was decreasing and 4 years on this has not changed. With the advances of technology and refinement of processes as a result, the industry is still failing to reduce operational time spend significantly.

In fact more advisers, 89% compared to 71% in 2016 are saying time being spent on administration is increasing.

Advisers told us at the time of our initial research that the increase was primarily due to service failures of providers and inconsistencies in processes and procedures across the providers i.e. they all seem to have different approaches, making it difficult for the Adviser to standardise processes, which increases the administration burden (especially for those that aren't offering restricted advice).

Roll forward to 2020 and advisers are feeling the pinch of extra workload related to regulation, such as The Markets in Financial Instruments Directive II (MIFID2) and anti-money laundering requirements, with additional checks being needed on an ongoing basis for new and existing clients. The Senior Managers & Certification Regime (SM&CR) is likely to create just as much additional administration with greater responsibility within the firm and record keeping becoming even more of a central function.

## 2.2 Question 2



The refreshed research has indicated that technology has improved efficiency with 61% of advisers in 2020 confirming this. Comparing to previous results though it shows that this has dropped and more advisers in 2020 indicating that technology is having an adverse effect on business efficiency or that the technology in place isn't impacting efficiency at all.

Technology is advancing all the time, enabling less paperwork; -

- Time consuming data gathering is being passed on to the client to populate themselves via a client portal
- Video conferencing software present time saving opportunities, less travelling time
- Transactional capability on the firms' website to drive self-service and reduce administration overheads e.g. clients being able to obtain and submit documents securely online, being able to check fund performance, being able to link to provider portals to update details.
- Integration between a back office, a risk profiler and a provider's system to reduce the need to re-key, reducing the risk of error and streamlining the process end to end.

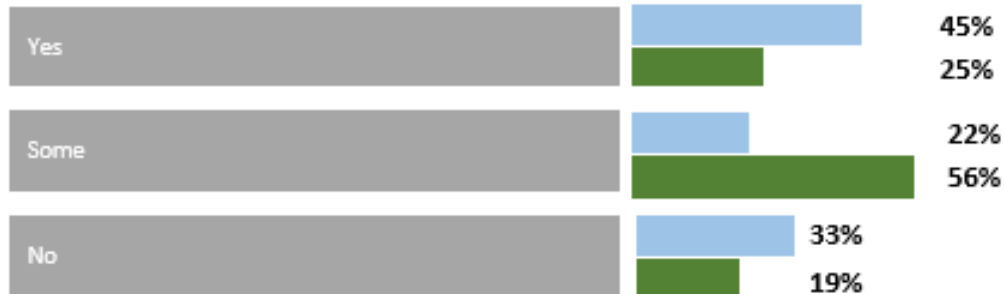
Technology can provide standardisation to processes with the addition of workflow, allowing everyone to follow the same steps, the same checks and providing a consistent service.

We followed up with some Financial Advisers and their input suggests that poor integration between technology platforms and systems is still a problem. The technology available within the industry is not able to connect efficiently which costs the adviser firms who need to deal with the inadequacy.

There needs to be a push to address this, for all parties to work together to meet the common goal.

## 2.3 Question 3

3. Are you fully utilising the systems you have invested in (e.g. back office system, risk profiler, website, social media)?



Key

2020

2016

Now 45% of advisers are fully utilising the systems they have invested in compared to just 25% in 2016, with a further 22% utilising some of their systems. This is great news though still leaves 33% who say that they aren't.

There are a number of reasons for this and we think regardless of the 4-year gap between the research these are still true:-

- Lack of time – knowing that the solution will save time in the long run, but not having that time available upfront to invest in understanding the solution and fully adopting the functionality on offer. A common problem being the time lag between the purchase of the system and when its implemented and used.
- Lack of on-going support from the system provider, additional cost for further training and support.
- Systems too complex
- Processes are too complex and need optimisation to enable automation within the system. This can be a valuable exercise but often not at the top of the agenda with the need to run the business as usual activities, winning new clients and serving the existing clients.
- Systems with rich functionality, some of which can be complex processes, it can be beneficial to have a plan to keep focused on the adoption. All too often the system is implemented, used for a sub-set of functions and then the focus switches. This then reverts to the lack of time issue and therefore a vicious circle.





# 03

## CONCLUSION & CASE STUDY

# 3 CONCLUSIONS

## 3.1 Current Challenges

It is great to see such a large proportion of advisers utilising the systems they have bought and those systems are providing some efficiency savings.

However, In four years it's interesting and also frustrating that the advance of technology is not significantly helping adviser firms to become more efficient. Lack of standardisation remains at the core of the issues; -

- Technology unable to integrate with each other working in silos
- Where integrations do exist they can be complex to implement successfully
- Vastly different processes from one platform to the next
- Inconsistent processes
- Technology solutions striving to be the industry leader rather than bringing the industry together
- The burden of regulation, injecting continuous change to adapt to.
- Lack of support from the technology providers once a solution has been implemented

Many of these issues cannot be changed by the advisers themselves and whilst feedback can be given, unless action is taken by the technology providers or the platforms these issues will always exist.

For advisers to realise the benefits of the technology they have invested in, and to become more efficient, their processes need to be defined across the firm. The processes should be documented clearly and in a standard format, optimised for efficiency and the challenges in the current operation identified.

Regulation is continually changing and will always provide an added overhead. Knowing the impacts to existing processes and being able to adapt quickly could help to minimise the impacts when reacting to change.

Simplify Consulting are familiar with these challenges and we are experienced in helping Financial Advisers make the most out of their investment in technology. We have outlined a case study at the end of this paper.

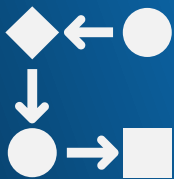
Contact us for more information: [info@simplifyconsulting.co.uk](mailto:info@simplifyconsulting.co.uk) or visit our website: [www.simplifyconsulting.co.uk](http://www.simplifyconsulting.co.uk)

# Case Study: Process Optimisation

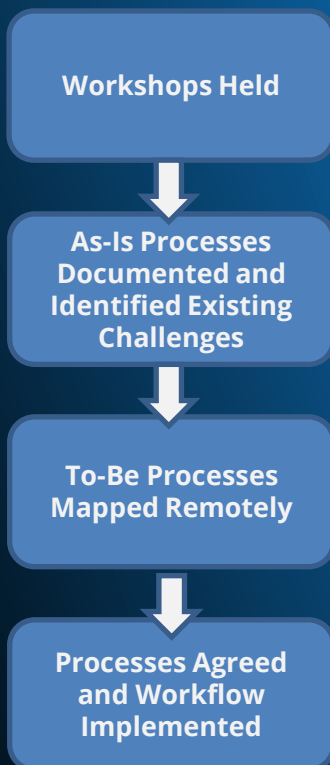
## Overview

An adviser firm requested some support to document their key processes with a view to achieve a number of objectives; to optimise the processes and identify automation opportunities; to adapt the to-be processes to accommodate a new back office system and to standardise all of the processes with a view to documenting procedures for consistency across their firm. We also conducted a review of their document management organisation and implemented a framework for the storage of all files, including naming conventions to be taken forwards.

## Document Management Framework Implemented



## Process Mapping Framework



## Approach

We utilised our own process mapping framework a pragmatic, proportionate approach to mapping end to-end processes that is appropriate to the intended audience.

We held workshops with key experts, mapped the as-is processes and identified existing challenges.

The to-be process were mapped remotely, considering the challenges and the system capabilities.

The to-be processes were agreed, and the processes implemented in the system as a workflow, where appropriate.

## Results

Process maps for all processes were documented for training and procedures to be developed.

Improvements to the manual processes were implemented providing some automation, creating valuable time saving.

System based processes were implemented through the workflow capability.

Organised Document Management System and framework implemented



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