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Planners divided over platform needs

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Platform providers need to pay more attention to the divide between financial planners and their platform needs, if they are to better service the market, privately-owned researcher Investment Trends has said.

"I think the most important thing that platforms should be thinking about at the moment is that planners have fractured neatly into two distinct markets now," Investment Trends principal Mark Johnston said.

"There are really two different tribes and what they want from platform providers going forward is a little bit different."

The two markets that planners have split into are advisers who are looking for greater integration and efficiencies from platforms, and those servicing the high net-worth investor (HNWI) market, according to Johnston.

"It's a combination of integration between the platform and the planning software but also between the planning software and the Microsoft office applications that they are using," he said.

"It's [also the] integration risk onto the platform. So if they are only writing a small amount of risk but they need to be doing it, they see the investment platform as a really convenient way to execute that going forward, much more so than it is doing at the moment."

In terms of advisers servicing the HNWI market, the main focus is on the tools that help them service this sector.

These include lower costs on high balances, particularly with regards to direct equities in the current economic climate.

"SMAs [separately managed accounts] are part of the direct equities stories but is a relatively small part of the direct equities story so far. But direct equities, more broadly, is one of the most important areas of change of the moment in our view," Johnston said.

One of the areas of importance for the HNWI at the moment is the impact of the market downturn and market volatility, according to preliminary findings from the Investment Trends 2008 High Net Wealth Investor report.

Just over half of the survey respondents, 55 per cent of the HNWI market, said their investments experienced a moderate or major impact due to falling markets over early 2008, the report said.

About one in five said they have stopped trading shares all together for a while, and 16 per cent have said they have stopped making all new investments for a while.

"The volatility is really important in that it does have an impact on adviser relationships. Here we're talking more broadly, not just with financial planners but with full-service stock brokers at this end of the market and with private banks," Johnston said.

"What we see is about 10 per cent of HNWI saying they are now making more use of financial advisers, given the market conditions. But at the other end you have 11 per cent saying they are making less use, and 8 per cent saying they have stopped using advisers altogether."

The preliminary findings are based on 850 respondents with more than $1 million in investable assets.

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