

Platform consolidation and churn rising, finds research



Administration and processing errors are the most common reason behind financial advisers switching platforms, with platform consolidation and churn on the rise. Research from Investment Trends reveals that one in five advisers would change platforms if the decision was entirely up to them. “Platform consolidation and churn are both up at the moment versus what we’ve seen in recent years,” Mark Johnston, principal at Investment Trends, told last month’s I&T/Australian Custodial Services Association Investment Administration conference. “Two years ago the market had solidified, only 12 per cent wanted to change platforms. Now, 19 per cent or one in five say: ‘if it was up to me then I would like to change platform.’” Many planners are restricted by their dealer group as to what platform they can use. Of those advisers whose choice of platform is entirely theirs, 28 per cent said they would change their platform. The Investment Trends October 2008 *Planner Technology Report* found the amount of churn among platform use had increased. In 2008, 31 per cent of advisers stopped using at least one of the platforms they were putting new client money into, versus only 23 per cent of planners in 2007. However despite the findings, Johnston said there was “no inherent drive to reduce the number of platforms”. On average, planners use three to four platforms each and put 80 per cent of client dollars through one of them. One in four advisers use BT or Asgard as their main platform but Colonial First State’s FirstChoice and ING’s Oneanswer have gained ground. Often what causes advisers to move platforms is not just the platform itself but how it fits together with other software, Johnston said. He said only one in eight advisers had reduced the number of platforms they use for integration purposes, with administration and processing errors the biggest reason behind switching. Poor service and support also rated highly among the reasons for switching, followed by changing to a “better platform”. Johnston said 52 per cent of advisers highlighted “managing data to produce statements of advice” as the biggest technology and systems challenge facing the business, while 36 per cent said the biggest challenge was “keeping up to date with technology changes”. Online client functionality had become a “far more important driver” this year, while pricing and range of investments had decreased in importance, Johnston said. “It’s really not about the range of investments right now, that area is fairly well serviced,” Johnston said.

Related Articles

[Funds urged to consider cost of not rebalancing...](#)

[Woody, Annie...and Ken Henry...](#)

[Move away from flat super fees, urges Mercer...](#)

[Sharing of ‘commoditised’ tasks the key to managed fund STP...](#)

[Ice Break ...](#)