

Financial Standard

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NAB and Aviva rule platform land

Monday, 22 June 2009 12:40pm

NAB's acquisition of Aviva Australia's Navigator business will create the largest platform provider with \$69 billion in funds under management and more than 2,900 advisers using its services.

NAB, which announced it had agreed to purchase Aviva Australia's Navigator platform and insurance operations today, is expected to fork out \$825 million for the deal.

Currently NAB/MLC is number four on the charts with six licensees for 1,414 advisers or 11 per cent of the adviser market and \$34 billion in funds under advice, Rainmaker Information data shows.

Aviva, including its Professional Investment Services holding, sits at number five with five licensees and 1,538 advisers (12 per cent) and \$16 billion in funds under advice. The firm also has stakes in Meritum Financial Group, Financial Technology Securities, Infocus Wealth Management and AG Private Advisory.

Putting the two firms together would place the combined entity at the top with 2,952 advisers for 23 per cent of the market and \$50 billion in funds under advice. AMP, the firms' nearest rival would by comparison have 1,688 advisers and \$45 billion in funds under advice.

Mark Johnston, principal of Investment Trends, said however that depending on attrition through the integration process, the combined entity could end up being the second or third largest player in the platform market if the focus was shifted to primary adviser relationships.

"If you combine Navigator with MasterKey and MasterKey Custom, as of the end of last year around 16 per cent of planners said one of those products was their main transaction engine for their business," said Johnston.

The acquisition will also place the joint entity at the top of the platform league. NAB/MLC is already number one with 16 per cent of market share and \$52 billion in funds under management, according to Rainmaker Information.

Aviva currently sits at number eight with 5 per cent market share and \$17 billion. Combining the two would create a firm with 21 per cent market share and \$69 billion in funds under advice.

The result is a new entity that would be the overwhelmingly lead player in the market, with market share of about twice its nearest rivals.

The new group could also potentially come to market with 11 sub-brands, in turn strengthening competition in the platform market.

The interactions of the sub-brands and platform relationships means the deal is unlikely to be blocked by the Australian Competition and Consumer Commission (ACCC), especially as competition in wealth management is not as straight forward as simply being related to the number of advisers.

Moreover, NAB losing market in banking products implies the deal creates opportunities for NAB/MLC/Aviva to boost wallet share, which could ironically boost competition over the entirety of financial services.

NAB group executive wealth Australia Steve Tucker could not be contacted by press deadline.

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This story was found at: <http://www.financialstandard.com.au/news/view/26061>

Printed: **Wednesday, 24 June 2009 9:57am**