

InvestorDaily

Planner use of platforms dips

Increase in online share traders

Julie May

Mon 06 Sep 2010

The use of platforms by financial planners for new client investments has fallen slightly and will potentially decrease further, Investment Trends principal Mark Johnston told delegates at the Wraps, Platforms and Masterfunds Conference last week.

"The use of platforms for new client investments, for the first time in eight or so years since we've been tracking it, has gone down slightly and planners have said that they expect it could go down further going forward," Johnston said.

"The proportion of inflows going on platforms has been stuck at 78 per cent for a long time.

"Looking at preliminary numbers coming out of the research we've got in field at the moment, however, we're getting about 75 per cent of new inflows on platforms and planners are predicting that might fall to more like 72 per cent in a few years from now.

"I guess it's consistent with the fact that there is a growing use of direct equities, cash and term deposits as longer-term investment vehicles, and because planners don't always or can't always do that stuff on platforms."

Johnston said while the use of direct equities on platforms was growing quickly, more people were doing online share trading than ever before, with the number of online share traders in Australia up from 600,000 half way through last year to 650,000 mid way through this year.

Meanwhile, he said if the Future of Financial Advice reforms eventuated, 30 per cent of advisers would look for platforms that help reduce the cost of doing business, while 25 per cent would just look for lower-cost platforms.

He said, overall, advisers wanted platforms that would help them administer opt-in arrangements, help them provide low-cost advice, and provide a better direct equities offering.