

Innovative platforms create \$397 bn industry

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By Elise Burgess | In Financial Planning

Investment platforms use innovation to compete for adviser business in a \$397 billion industry, with advisers the main winner.

Australian platform providers are now competing at a higher level, according to the 2010 Investment Trends Platform Report, which found the level of innovation throughout last year gave advisers the tools they need to survive FOFA reforms.

Key features revolve around a fee-for-service business model and platforms that navigate more intuitively.

"The arms race between platforms intensified in 2010, with a range of providers developing significant new functionality," said Recep Peker, analyst for Investment Trends.

"We are likely to see rapid development continue as platforms move to address new planner needs arising from the FoFA reforms."

Trends noted in the report include sophisticated model portfolios that can be linked to clients in bulk, the introduction of investment models such as Separately Managed Accounts (SMAs) and term deposits, more control to dealer groups and practice managers for over approved investment lists.

"Over the past few years, our industry research has identified portfolio management tools as a key gap in platforms' service offering," said Peker. "But in 2010 providers moved to close that gap."

MLC Wrap and Navigator were named number one platform for the second consecutive year and maintained the number one ranking for the individual categories of transactions and integration, and received a Platform Excellence award for integrated functionality.

Investment Trends said the platforms were awarded the highest position due to its model portfolio functionality, end-to-end self managed superannuation administration service, new n-link interface, range of adviser service fee options and tax management capabilities.

"We are delighted to be recognised again for the strength of our Navigator platform and for our innovation in developing the new MLC Wrap platform," said Michael Clancy, executive general manager of investment platforms for MLC & NAB Wealth.

MLC Wrap and Navigator have a combined FUA of \$14.5 billion as at 30 April 2011.

The top five full function platforms were:

1. MLC Wrap & Navigator
2. FirstWrap
3. netwealth
4. Asgard eWrap
5. Macquarie Wrap

Other awards included best new functionality for Colonial FirstChoice and Best Navigation and User Interface award for Asgard's AdviserNET.

Australia's platform industry recorded funds under administration (FUA) by end December 2010 of a significant \$397 billion, just below its pre-GFC \$400 billion 2007 peak

These figures, from Rainmaker's latest Advantage report, found the platform sector grew some 6.5 per cent in 2010.

According to the report, there are now 18,848 financial advisers operating in Australia, up 2.6 per cent per annum in five years, which accounts for much of this platform growth.

The 2010 Investment Trends Platform Report is based on detailed analyst reviews comparing 26 leading master trust

and wrap platforms across over 440 aspects of their service offerings.

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