

FINANCIAL STANDARD ONLINE

Platforms secure planners direct shares preference

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By Elise Burgess | In Financial Planning

Planners prefer direct equities with around 30 out of every 100 planners already including direct shares in their advice model, 70 per cent of which through a platform although cost is still a factor.

Direct shares is surging in popularity in planner practices based on the Investment Trends Planner Direct Equities June 2010 report which surveyed 719 planners on their use of direct equities.

The report found that 30 out of every 100 planners is expected to jump to 43 in the next three years.

Additionally, the report found that some 64 per cent of planner respondents use investment platforms for direct equity trading, 42 per cent use full service stockbrokers for their share transactions and 37 per cent use an online broker.

A remaining small use planning software or others means.

"When you add those up it equals one and a half different sources," said Recep Peker, Investment Trends analyst.

When asked on what they would choose if they could only transact on only place what would they prefer, on or off platform, which results showing that 70 per cent of planners would like to mostly transact on platform, wraps or mastertrusts.

"In an open ended question asking why, 53 per cent of planners said platforms provide better reporting, it is easier to monitor performance, tax reporting while 34 per cent cited ease of use," said Peker.

But 30 per cent of planners say they don't prefer platforms due to cost, a major barrier in terms of platform direct share offerings.

Justin Delaney, head of insurance and platforms for Macquarie Adviser Services said planners prefer platforms as running a portfolio of direct equities is a more cumbersome activity so using a platform makes it much more efficient mechanism to manage.

"More clients are preferring direct shares over other types of investment options so over the last few years I think most platforms evolved their direct equities capabilities, there has definitely been a trend in the market towards that. Equities have always represented about one third of investments on a platform," said Delaney.

Delaney said that planners want a platform that will let them build their client base through efficiency, which is what the Investment Trends findings support.

"I think the role of a platform is a conduit to allow the planner to provide advice and it need to be rather agnostic in terms of the investment menu and choice of broker and margin lender," said Delaney.

"Clearly that plays into the efficiencies angle simply because platforms are the most efficient way to manage direct equities from an planner perspective."

This story was found at: <http://www.financialstandard.com.au/news/view/8445797>

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