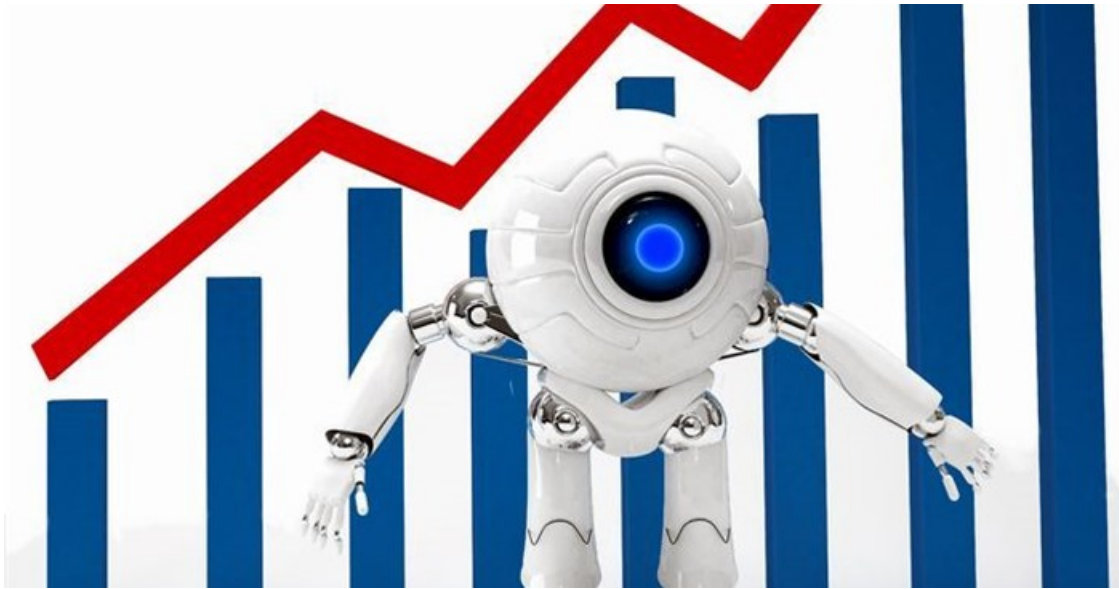


# Shifting from legacy technology to integrated systems

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Client expectations are evolving, regulation is proliferating, fees and profits are under pressure. With new, non-traditional competitors are emerging, financial services companies are operating in an uncertain landscape.



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In response, many financial services firms are revisiting their legacy systems as they strive to reduce overheads, maximise business opportunities and efficiently deliver compliant financial advice and solutions to their clients. Here are a few of the trends that they will need to cater for as they gear up for an era of ongoing digital transformation.

## The digital client

One of the major trends reshaping the financial services market is the way that clients' behaviour and expectations are changing as a result of the digital revolution. People are heading online to research complex financial services products such as pensions or investments and some are comfortable purchasing online.

And they also expect to be able to view and manage their financial products – bank accounts, mortgages, investments, insurance – in one place. Having become used to Amazon, Uber and Netflix, clients want a more personal and mobile experience. Branches and financial advisors still have an important role to play, but clients also want digital convenience at their fingertips. The desire for a more digital experience is no longer limited to the so-called tech-savvy or younger generations.

## The age of digital enablement

The term, robo-advice is increasingly used in markets such as the US, UK and Europe to refer to online wealth management services that provide automated, algorithm-based portfolio management advice. Robo-advisors manage a large and growing pool of assets in these markets.

There are a few robo-advisor offerings in South Africa, but they aren't yet mainstream. However, I expect growth to take off in the next couple of years, especially among younger consumers accustomed to shopping online rather than seeking face-to-face advice from a broker or holding in a call centre queue for an agent.

Because they minimise the need for human advisors or agents, robo-advisors can often offer lower management fees than traditional investment products.

But traditional financial services providers and advisors can also adopt digital channels alongside face-to-face advice. This gives them opportunities to reach new markets and to lower some of their costs of providing advice and support to clients. In addition, they can also offer clients that all-important flexibility – freedom to engage how and when they choose to.

## **Data and personalization**

Clients – whether high-net worth individuals, mid-income earners or institutions – are seeking a more holistic approach to their investments from financial providers and advisors. Data analytics is an essential discipline in this context. By more effectively combining and analysing various sources of client data, financial services companies can create a more complete picture of the client.

They can use predictive analytics to project a client's likely value, probable investment preferences and risk profile. Data also has an important role to play in regulatory reporting and compliance, giving organisations the insights into their risk exposure they need to comply with the growing list of local and international laws and regulations.

## **Integrated systems offer a new answer to the challenges**

As financial services firms strive to deliver the personalised and seamless experiences their clients expect across all channels (apps, call centres, branches, the web), they will need to put in place systems that efficiently connect channels, business functions and products from end-to-end. From the end-clients' point of view it must be a consistent experience across and between all channels.

Investment and trading companies need global market connectivity, order routing, execution management and post-trade processing across multiple markets and assets in one system. Financial advisors and companies that deal with retail investors should be able to bring together portfolio management, market data, self-service, CRM, account opening and more in one seamlessly integrated platform.

The benefits of an integrated platform are that it is easier to scale and manage, produces significant cost-savings over managing multiple vendors and platforms, and ensures better service for clients. Without integrated systems, financial services companies will not have the agility they need to remain relevant in a digital age.

## **ABOUT THE AUTHOR**

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