



# MAKING SENSE OF CHAOS

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**Man: *Vrou, wat sal jy doen as ek die Lotto wen?***

**Vrou: *Ek sal die helfde vat en jou los.***

**Man: *Dis wat ek will hoor.***

***Ek het R12 gewen.***

***Hier is vir jou R6.***

***Stuur groete vir jou ma.***



**THERE'S A LOT  
ABOUT TO HAPPEN**



# STATE OF ADVISORY PRACTICES



*Advisory practices at the beginning of 2018 will need to:*

- *manage a somewhat volatile marketplace,*
- *maintain cash flow,*
- *work in relative isolation,*
- *battle new and differing types of competitors,*
- *find/keep good quality staff,*
- *achieve their life-balance and... so it goes on.*

*While facing these challenges, practices are under the microscope of an ever scrutinising public and demanding regulator!*

DECISION TIME



# IN OR OUT?



- **If out...**
  - Close shop, do nothing
  - Do something else
  - Retire - live off the capital
- **If in...**
  - You're in control
  - Robo can't replace the human touch
  - RDR changes already in play
  - Build/maintain an income for life

## Why go IFA?

Bigger business  
Bigger clients

AUM = R142bn  
Ave = R156m

Clients = 659'000  
Ave = 552

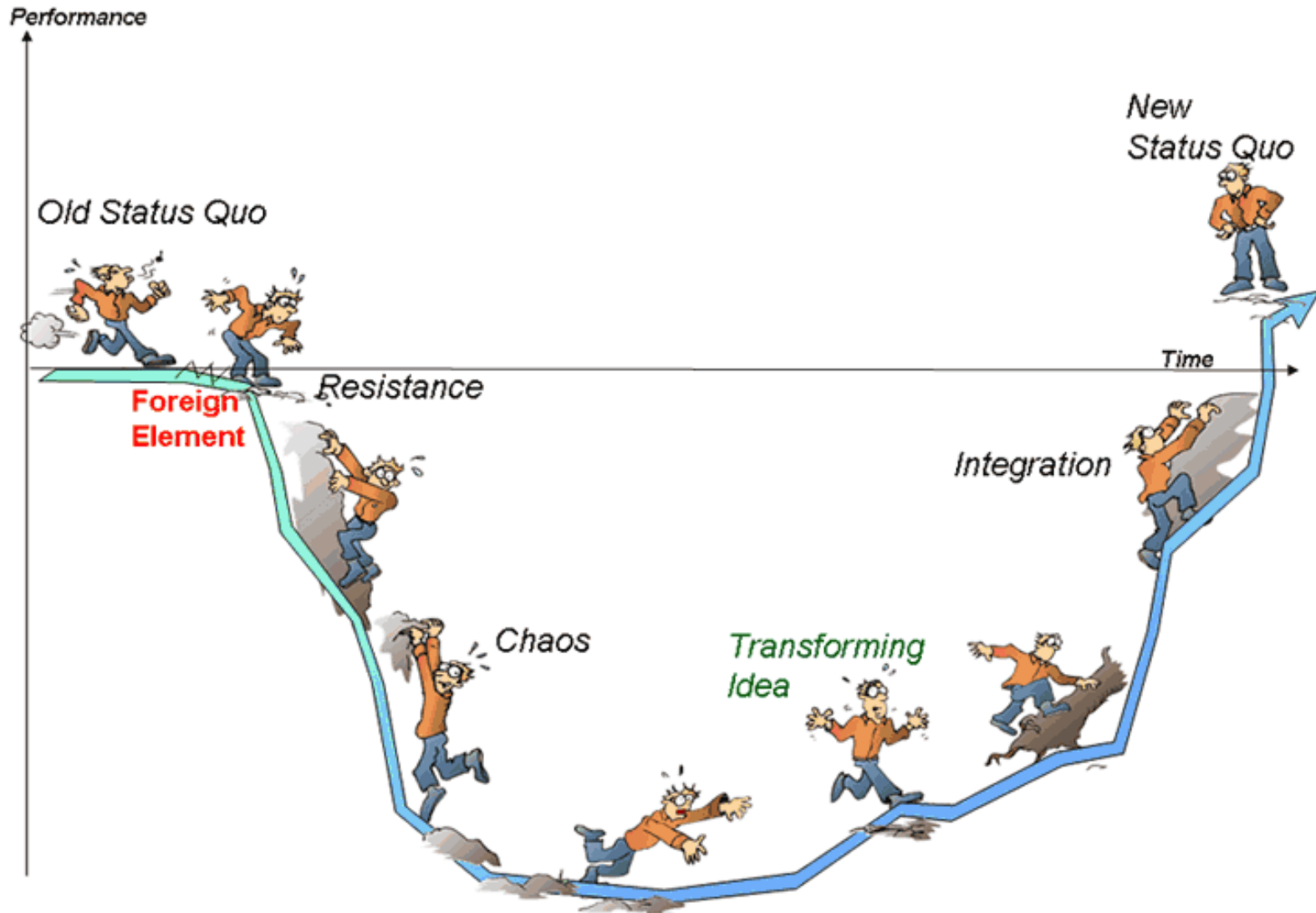
Invs = 7.5  
LT = 9  
ST = 12



**TRANSFORMATION**  
 (CHANGE OR ALTERATION,  
 ESPECIALLY A RADICAL ONE)



# CHANGE IS A PROCESS ... AND A CHOICE







**MINDSET**

**GET YOUR  
HEAD  
IN THE  
GAME!**

A small, stylized red basketball icon with white lines, positioned at the end of the word "GAME".

# SURVIVING THE CHANGING LANDSCAPE



- A change in mindset
- What got advisors to where they are today, very likely won't get them to where they want or need to be.
- Remove 'advisor' hat and put on 'business-owner' hat

# RULES OF THE GAME



# REGULATORY DEVELOPMENTS



1. FSR Act (Financial Sector Regulation) ..... ✓
2. Fit and Proper..... ✓
3. PI requirements ..... ✓
4. Equivalence of Reward (EOR) ..... ✓
5. FAIS General Code of Conduct ..... ✓
6. PPR Long-Term Insurance ..... ✓
7. PPR Short-Term Insurance ..... ✓
8. Insurance regulations ..... ✓
9. FIC Amendment Act ..... ✓
10. RDR workstream - ST ..... ✓
11. RDR workstream – LT ..... ✓
12. RDR workstream - Investments ..... ✓

# STAYING IN THE GAME



*“It takes 20 years to  
build a reputation and  
five minutes to ruin it.”*

*Warren Buffet*

# **BUILDING TRUST**

# THESE BRANDS HAVE ONE THING IN COMMON ...



# THESE ALSO HAVE SOMETHING IN COMMON

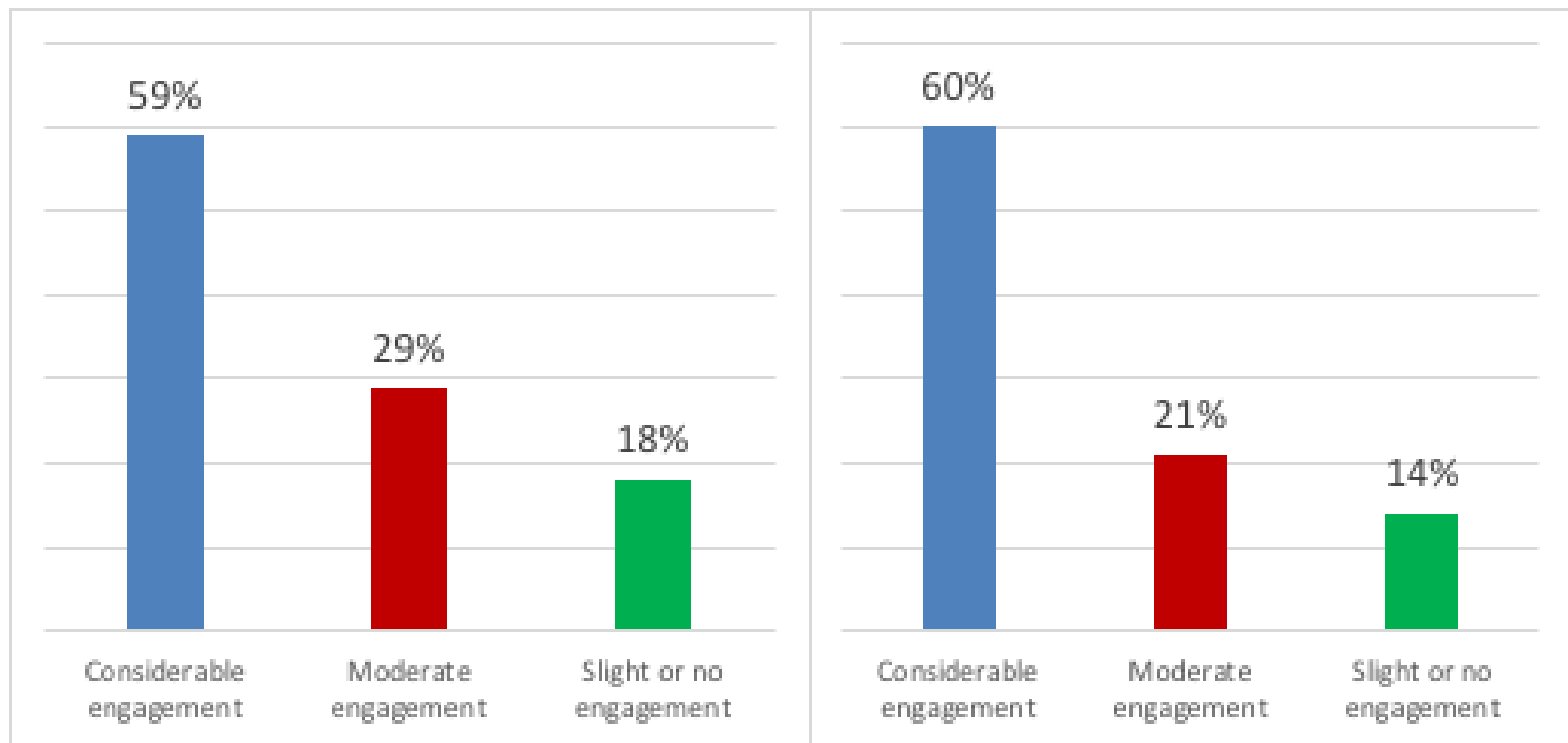




# ENGAGEMENT BUILDS TRUST



**The more engaged affluent clients are in retirement planning consultations, the more they trust their advisor and the advice.**



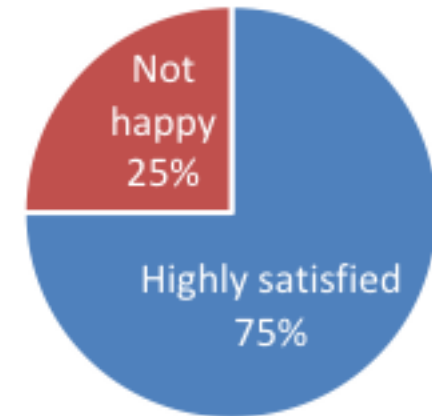
**I trust the advice of my advisor/broker**

**My advisor provides value beyond what I could achieve on my own**

# CUSTOMER SATISFACTION = LOYALTY



- $\frac{3}{4}$  affluent clients are highly satisfied with their advisors
- “Satisfaction”
  - Ability to reach the advisor when needed most
  - Transparency
  - Clear communication ... especially about cost and value of a service
  - $\frac{1}{2}$  would like to work with their current advisor for life
- Predictors of lifetime loyalty
  - Are you accessible ... and do your clients know?
  - Do you have at least 50% of client assets?
  - Do you have relationships of >10 years?
  - Are you engaged with clients in their retirement planning?



# IMPACT OF GOOD CLIENT CONTACT



## Facts & Stats from Future Ready VII

Profit Drivers - Prepared by Business Health Dec 2017

'A' client contacts	% Aus Practices	Profit Impact
Less than 5 times per year	14%	-
5 – 10 times per year	47%	+1%
More than 10 times per year	39%	+31%

Seek client feedback	% Aus Practices	Profit Impact
No	66%	-
Yes	34%	+37%

# SATISFIED CLIENTS' HIGHEST RATINGS



- Great advisors (more than financial guidance and education)
  - Good listening skills
  - Trustworthy and demonstrate integrity
  - Show that human relationships matter
    - Establish deeper emotional connection with clients
  - Have more satisfied and confident clients
- Top reasons for terminating advisor relationship
  - Slow to respond to clients' calls and emails
  - Mistaken advice
  - Poor communication
  - Long term portfolio losses

***hasta la  
vista baby!***

STAY RELEVANT



# COMPETITORS



- Who are they?
  - Direct, Robo, f2f, you?
- What do they provide?
  - Keep your friends close and your enemies closer...
- How do you stack up?
  - Do you know?
  - F I G J A M
- Will they try to take your clients?
  - **YES**
  - Will they succeed?

# RELEVANCE/TECHNOLOGY



**NETFLIX** Ai

**airbnb**

**Spotify**

**UBER**

**Disruptors – challenging paradigms**



**We're all doing it!**



**MasterPass** Secure online checkout in South Africa is now this quick and simple. A quick guide to using MasterPass at South African e-tailers.

**FIRST TIME USERS ONLY**

1. Register with a trusted bank. MasterPass will then verify your identity by linking your bank account to your MasterPass account.
2. Add an online store to your MasterPass account. You can add up to 10 online stores to your MasterPass account.
3. Use the MasterPass account to shop at an online store. You can use your MasterPass account to shop at any online store that accepts MasterPass.
4. You will receive the goods from the store and you will receive a confirmation message from the store.
5. You can use your MasterPass account to shop at any online store that accepts MasterPass.

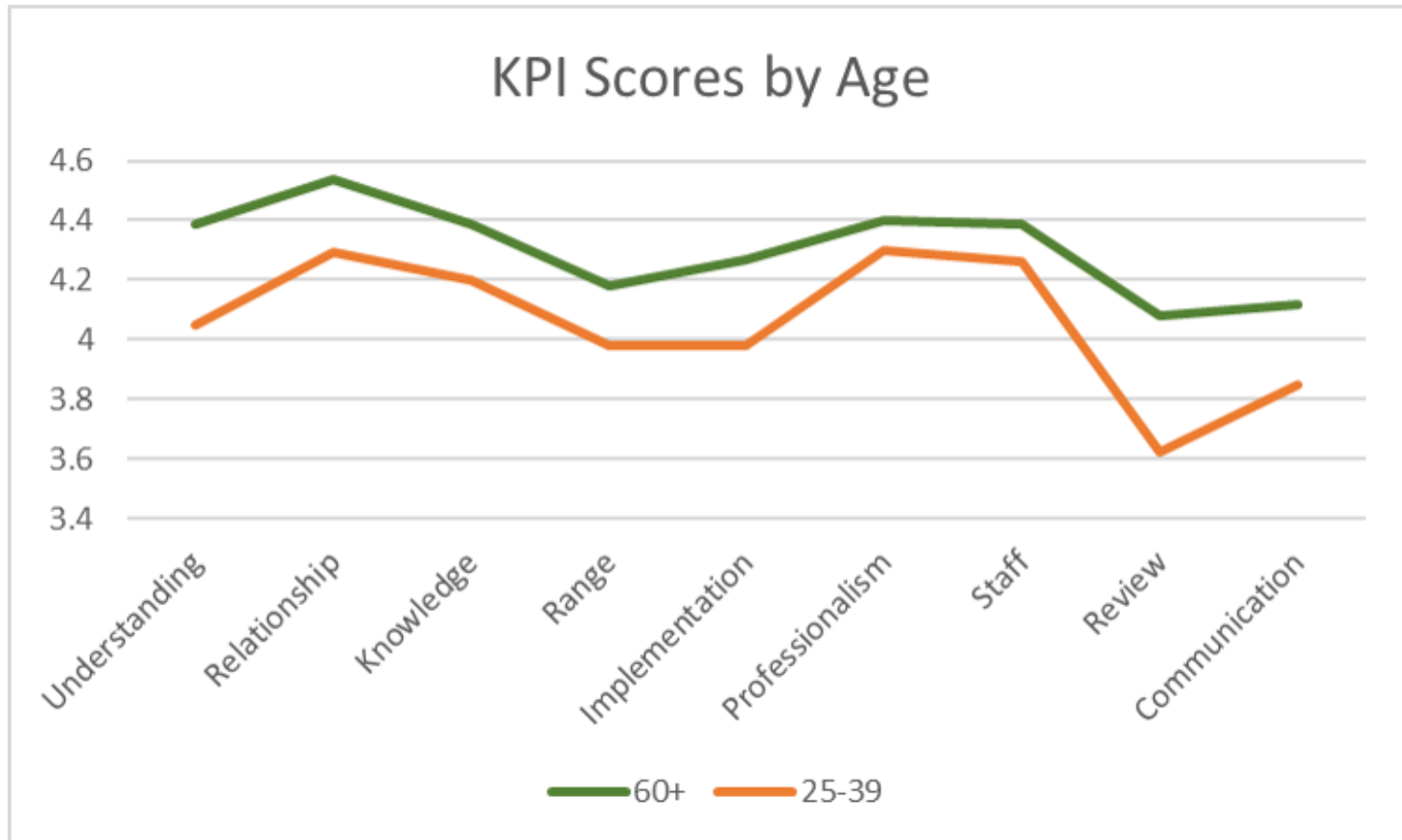
**\*You can now shop online using your debit card, all you need to do is add it to your wallet.**

## Serious Fraud Office fights crime with 'robo-lawyer'

TAGS: [ROBO](#) | [SERIOUS FRAUD OFFICE](#) | [SFO](#)

By Kirsten Hastings, 11 Apr 18

# NOT ALL CUSTOMERS ARE TURNED ON BY THE SAME THINGS





**DON'T DO IT  
ALONE**



# “CREATIVE SWIPING”

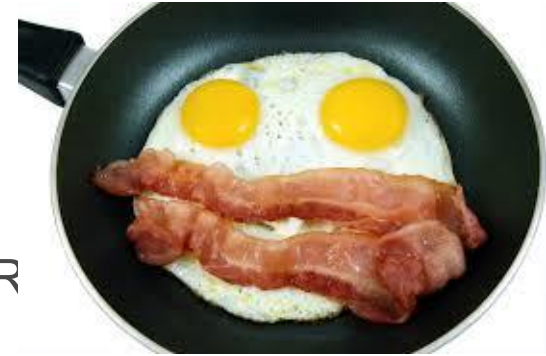


- WIFI code for guests in the reception area
- CRM alert
  - 'A' client hasn't been contacted in 90 days
- Tips in flyers (email, reception)
  - *“How to prepare for a life insurance medical”*
- Annual Fiduciary Forum/Seminar
  - Update SME clients on their legal responsibilities
- Preparing staff to earn equity in the business
  - Sent staff on courses about being a business owner
- Article in client newsletter
  - *‘The Big Dreams We’ve Made Come True’*

# MAKING SENSE OF THE CHAOS



- Your role
  - Take time out to be business owner
  - Have your head in the game
  - Be committed, not just involved!
  - Invest in your practice – expense vs investment (R
  - Do maintenance on your business
- Our role
  - Keep you informed
  - Small Business Development Programme for Fin Advisors
  - Specific assistance
    - e-Learning portal - F&P competence training - CoB, PST, CPD
    - Implementation plans/packages
      - FICA, F&P
      - If you want ... we can help customise and implement





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