

Shifting towards a digital - but still human - approach

By [Henry van Deventer](#)

6 Jan 2021

Relationships change all the time and the one between financial advisor (FA) and client is about to undergo a big shift due to regulatory issues, as well as more ordinary social trends after the Covid-19 pandemic.



Henry van Deventer, chief specialist in advice model design at Liberty

The financial advisory sphere has already seen incredible innovation over the past year, but that there will be new trends in how FAs deal with their customers – as well as a change in the products that clients really want.

More online engagement

Before the pandemic, virtual financial advice was rare, but with changes in the working environment taking place, FAs have been asking themselves how they can extend the value of their relationships online.

On one level, online meetings can save a lot of time, and in some ways, improve accessibility. An online advisor can be requested for discussion much faster than they would in the physical world of traffic jams and over-running meetings.

Studies have shown that once clients become comfortable with their advisor relationship having a virtual dimension, the vast majority are satisfied with this medium for certain future engagements. While it's unlikely that online consultations will fully replace face-to-face meetings following the pandemic, it was a relief that people were so willing to evolve and accept new mediums of interaction.

Regulatory changes that are shaping the advice environment

At present South African regulation and legislation is going through a profound and unprecedented process of changing what advice needs to deliver to consumers. This process is called Retail Distribution Review (RDR) and is seeing a number of key changes in the law around, amongst other things, what advisors do and how they will be paid.

The following are especially important changes we will see in the future advice landscape:

- There will be a shift away from product providers paying advisers commission to sell their products. As has been seen elsewhere in the world, we are likely to see a shift towards clients paying their advisers a percentage of their premiums and investment portfolios to pay for advice and services.
- Advisors will need to be able to demonstrate what they did to justify the fees they charged.
- As regulation around Treating Customers Fairly is becoming more entrenched, advisors will increasingly need to be able to show that their clients' interest were always put first in the advice that they gave and the products they selected.

ABOUT THE AUTHOR

Henry van Deventer is the chief specialist in advice model design at Liberty.

For more, visit: <https://www.bizcommunity.com>