

## How financial services can avoid that Kodak moment

Once upon a time, a Kodak moment meant immortalising a memory on film. Now, it's synonymous with the brand's notorious failure to accept and embrace the digital revolution which nearly brought about to its knees.



Jean Archary, development specialist at Old Mutual Wealth

Kodak's downfall should serve as an important lesson for financial services providers, that technology is constantly evolving, and a business' failure to be proactive and adapt to these changes can be disastrous, says Jean Archary, development specialist at Old Mutual Wealth.

“Being able to embrace and adapt to the changes in technology is not something financial services providers can shy away from anymore. Technology is driving change not only in how we engage with people on our social networks, but also in how we engage, attract and communicate with our clients.

### Risk losing relevance

“The profile of our clients is changing and along with it their expectations. They are becoming more tech savvy, regardless of age. And if we don't react to these changes soon we risk losing our relevance and being replaced by someone who is offering more value,” Archary explains.

She reflects on how the industry was threatened by technology not so long ago in the form of robo-advice. “While purely technology-based solutions definitely have their place in the industry, we have come to realise that whilst this form of advice is suitable for clients with simpler planning needs, technology alone cannot provide the reasoning, expertise and empathy that the human element of the advice process offers particularly in managing client's behaviour.

“However, we still need to embrace technology in order to continue having a say in how the industry is shaped. This combination of digital and human advice is referred to as a hybrid advice model.”

If embraced, Archary believes that technology can offer many benefits for clients, staff and businesses within the financial services industry. “But it does require the willingness to learn a new way of doing things

an initial outlay of time, and additional resources.

“Technology can replace components of the advice process, to enable more efficient back-office support ultimately improving service delivery and the overall client experience. Businesses will be able to cater to the needs of their more tech-savvy clients, especially those who expect simpler, more convenient engagements.”

“The freed-up time means that advisers can now focus on other aspects of their proposition and deliver value where it is actually perceived. Things like forging stronger, deeper client relationships and behaviour coaching to manage client behaviour.”

## **Change management**

Regarding the considerations that businesses need to be cognisant of when embracing technology, Archary says that new tools are likely to impact the delivery of many business propositions. This should result in a new, or at least advanced, way of doing business which needs to be supported by all those involved.

“Change management will become critical in the workplace as people will need to embrace new tools and new skills. Roles may shift as automation will result in freed up time. Technology is making some jobs and tasks obsolete, so people are likely to feel threatened.”

As such, business owners will need to rethink future strategies, Archary says. “Driving technological change within a business means outlaying initial costs and investing not only capital but resources and time. Reducing reliance on your own resources can be achieved by partnering with businesses or providers who already have digital tools available.

The adviser’s role is likely to shift and technology will need to be used to improve the overall client experience, she adds. “Advisers will need to focus their efforts on building deeper, more meaningful relationships with their clients. Their role will be to interpret advice rather than to generate it, to improve on behavioural coaching skills and to ensure a deep understanding of their clients’ goals and to help them reach them by means of a well-structured financial plan.”

Archary concludes that despite the challenges that lie ahead, advances in technology need not be seen as a threat. “If embraced, technology can provide opportunities for advice businesses to really set themselves to be future fit. It gives them the opportunity to demonstrate to their clients that they are able to adapt their strategies to cater to their clients’ changing needs. It also opens doors to scale their businesses so that they can help more clients achieve their financial dreams.”