

Transparent, clear communication & T-shaped skills key to success in marketplace of the future

Industry leaders take to stage at CFA Societies Australia Beyond Disruption Conference

18 October 2019

Times are tough worldwide. Almost 17 billion USD or 20% of global GDP is currently invested in negative yielding bonds, returns are likely to be lower going forward, and the financial marketplace of the future will be both fragmented yet more consolidated. But the big question that really needs answering is “where is the client or the member in all of this?”

This was the question moderator Marian Poirier, Senior Managing Director, Head of Australia at MFS Investment Management put to her panel of experts, who were tasked with predicting the financial marketplace of the future at today’s CFA Societies Australia Beyond Disruption Conference. On the panel were Adam Gee, Head of Strategy at Grow Super, Giselle Roux, Chief Investment Officer, Escala Partners and Vicki Doyle, Chief Executive Officer, Rest Super.

According to Ms. Roux, the fragmented nature of the financial services industry means that there has been a lack of willingness for the industry to step up and defend itself, and equally, to call out bad behaviour by the few, as soon as it’s recognised.

As a wealth manager, Ms. Roux said she decried the poor communication she receives from many investment managers, which focuses far too much on specific stock movements in the short term, without comment on the broader economic picture and why markets are moving one way or the other or why value parameters have changed.

“Much of the communication I receive is of no use to me in communicating with my clients,” she said.

The importance of clear and easy-to-understand communication proved to be common theme. Vicki Doyle, the CEO of REST Super, which represents 2 million members, and is the number one superannuation fund for Australians under 30, expressed her strong view about the importance of making communication transparent and accessible.

“In my view, there are massive shifts that we as an industry need to respond to – the fact that generation alpha use mobile as their preferred channel, that millennials, who insist on the alignment of their values with investment decisions, will soon be the largest segment of the workforce, and the rise of the frictionless society and the importance of cognitive ease,” she said.

Ms. Doyle used examples of existing product disclosure statement to demonstrate the complex and opaque nature of so many of these documents, and how difficult it is for the average investor to understand where he or she is invested and what the fees are.

“We have reached a new low in how we disclose investments. And the truth is that cognitive ease, or how easy it is to access or understand something, absolutely impacts how positively or negatively we view it – if it can’t be communicated clearly through an app, we’ve lost trust,” she said.

According to Adam Gee, technology is, and will continue to be a huge enabler – but our challenge as an industry lies in the fact that we currently have a duopoly in the provision of administration services. And both rely on legacy systems developed in the late 1990s.

“Using technology developed in the late 1990s is problematic – integration is almost impossible in some cases - it’s like trying to merge an eight-lane highway into one small road – and the cost of change is enormous.

“The good news is that there are significant opportunities change, and block chain technology is helping us to develop better solutions, which offer more tailored and timely products for members,” he said.

Maria Wilton, Chair, National Diversity Council then asked whether we should all be worried about robots taking our jobs in the financial marketplace of the future. The answer was yes, if your job is repetitive and boring.

“But the good news is that you can do something more interesting than the robot,” she said.

Ms. Wilton said that there will be lots of jobs for investment professionals, particularly in Australia where growth in jobs for core investment management professionals is growing more rapidly than in other countries in the world, they will just be different jobs.

Ms Wilton continued by saying that the pressure to upskill and innovate is real, and that when industry leaders were recently asked to specify which skills will be most important, 49% specified so-called T-shaped skills - which combine deep expertise in a single field, with wider knowledge in other fields, and the competency to connect them.

“So, if I could leave you with three things to think about it would be the necessity to collect new skills, including technical skills, to remain confident that there will be jobs, just different jobs, and perhaps most importantly, to work on your T-shaped skills,” she said.

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