Adviser Barometer 2024/25

in association with the
Allan Gray Investment Platform

THE LANG CAT

Contents

Introductions

Hello and welcome to the Adviser Barometer in association with the Allan Gray Investment Platform. My name is Mark and I run a research and consulting business out of the UK called the lang cat. Why it's called that is a story for another time.

What matters for now is that for the last seven years we've run a major, independent survey of independent advisers in the UK, which we call State of the Advice Nation. This survey isn't so much about what funds UK advisers pick, or even what platforms they use, but more about what the world looks like from their perspective, what the main issues are and what their hopes and fears are for the future.

There are a couple of important differences between this and the UK version – first, it was commissioned by Allan Gray and the research base of around 600 advisers is drawn from their own database of independent advisers who do business with the Allan Gray Investment Platform. So you should read this as a state-of-the-nation type survey for Allan Gray supporters rather than the market as a whole. Second, because it's a commissioned document, we agreed the question set with Allan Gray, which is something we don't do in the UK. However, the Allan Gray team was a delight and there's nothing weird in the survey we feel uncomfortable about.

You'll read all about our findings in the pages to come, and I hope you find them interesting. For me, I was struck by the positivity of most responses, and the constructive way in which you and your colleagues face the challenges your market presents. There are always things the industry that supports your profession can do better, and having studied advisers for many years I know all too well that you're not shy about letting your frustrations be heard. That's a polite way of saying it. But that hits different when it comes from a place of sound fundamentals, and that's what we see when we look at your responses.

Throughout the paper you'll find little corners where we compare some of your responses to our UK work, just for interest.

If you find yourself thinking "this doesn't sound like Allan Gray" as you read, that's because it was written by me and the team at the lang cat. Be warned: there may be some pockets of Scottish humour as you go through, and certainly a different perspective.

If you were one of the 600 respondents we will soon send you a hopefully interesting excerpt of our brand new State of the Advice Nation paper, published in February 2025 as a thanks.

Enjoy the read.

Mark Polson

Chief executive, the lang cat
Edinburgh, February 2025

Thank you for taking the time to engage with the first Adviser Barometer, a report we commissioned to get a sense of the state of South Africa's advice industry and give you as advisers some fresh perspectives on your sector. We hope the insights shared will provide good visibility of the environment in which you operate and equip you with useful data points to consider when running your own businesses.

The report, compiled by UK-based financial services-focused consultancy the lang cat, is derived from answers to a survey conducted toward the end of 2024. All advisers contracted with the Allan Gray Investment Platform were invited to participate irrespective of the size of their book with us, and the lang cat collected, collated and analysed the data independently. Although we sponsored the initiative and some skew toward supporters of our platform is to be expected, we feel the results nevertheless provide perspectives which are relevant and representative of the independent advice industry in South Africa.

The local independent financial adviser market is largely fragmented and heterogenous, with limited information available on peer operating models.

We hope that the ability to draw credible comparisons to other businesses will be insightful whether you are an established adviser reviewing and refining your business processes, or if you are earlier in your growth trajectory, seeking to implement best practices from the outset. In addition to findings on more topical issues like technology, regulatory burden, and succession, the report covers business matters, such as staff compensation, charging models, and the scalability of adviser and broader staff complements.

Since our success is directly linked to yours, we launched this survey to gain deeper insights, and with the aim of providing you with useful information which is not readily available. We hope you enjoy the format and find the content beneficial.

If you have any questions or feedback, please engage with us by emailing ifa@allangray.co.za.

Kind regards

Daniel van Andel

Head: Adviser Proposition
Cape Town, February 2025

Key Findings

HOW MUCH?

39% of firms charge clients **0.5% a year ongoing**

9% charge **1%**

R1bn
The mode average respondent firm manages

R500m
The median average respondent firm manages*

*Excluding the largest firms with over R5bn

TIERS BEFORE BEDTIME

Personalised contacts each client enjoys each year…

TOP TIER **4.9**

MID TIER **2.8**

LOWER TIER **1.6**

HOW MANY?

The average firm (excluding the largest) has seven staff:

1.75 Owners who are also advisers

0.25 Owners who don't give advice

1.5 Non-shareholding advisers

2.25 Administrators

1.25 Others

9% of firms have adopted some kind of AI already (mainly for client comms)

HOME OR AWAY?

31%
fully or mainly at home

51%
fully or mainly in the office

SHARE & SHARE ALIKE?

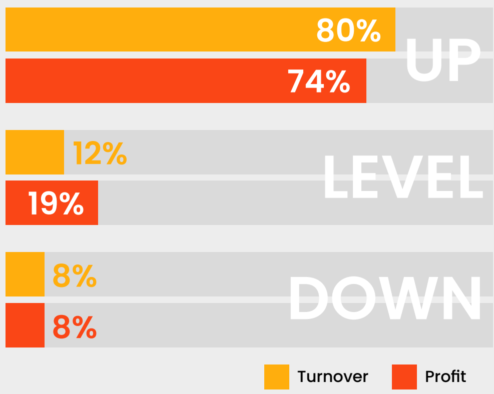
33% offer advisers equity

9% offer non-advice staff equity

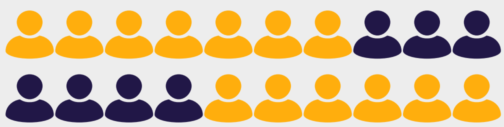
34%
of firms have had a valuation done in the last 12 months

On average respondents have 46% of their clients' platform assets with Allan Gray

LOOKING GOOD
for profit & turnover next year



Modelling behaviours
7 out of 10 firms use model portfolios for at least some clients

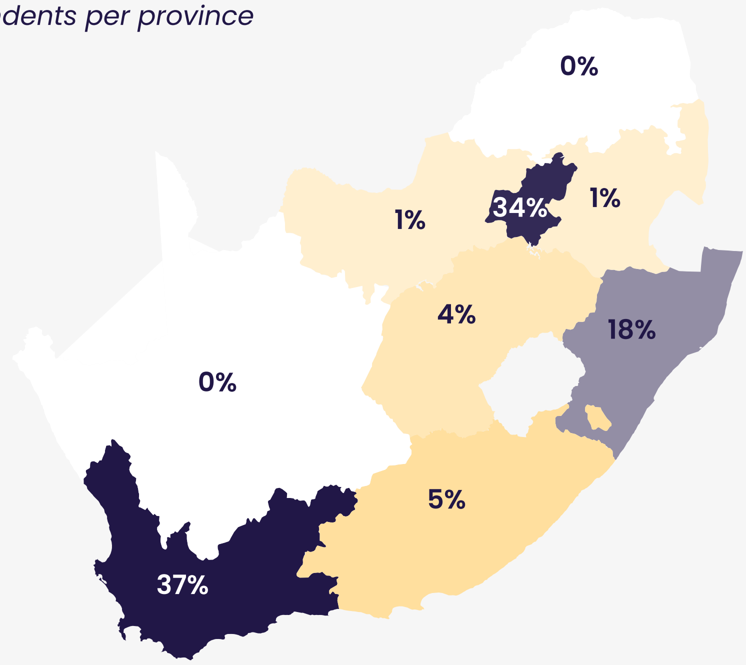


Not going anywhere
More than 6 out 10 respondents plan to keep going for more than 10 years

All About You
The Respondents

Before we get into the survey proper, let's meet the team. It's a big team – 595 of you took part – and this is what you look like.

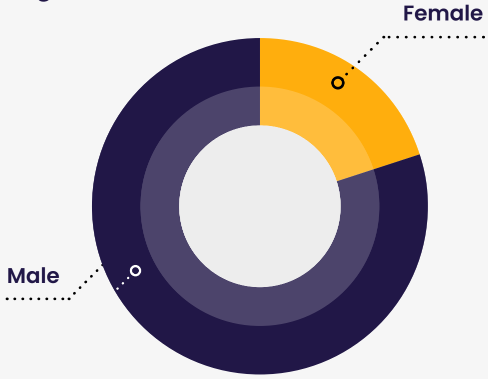
Respondent residential location
Number of Respondents per province
Figure 1.1



In this our first section proper, we take a look at the profile of the firms who took time to participate in the Barometer. A total of 595 individuals representing hundreds of firms took part, spending on average 22 minutes to give their answers. To put it another way, over 9 solid days of adviser time went into the creation of this – and we're very grateful. Some questions were mandatory, but most of them allowed respondents to skip if they didn't want to answer. As a result the response rates for individual questions ranged from as little as 250 or so for some quite detailed areas through to the full sample for others. We haven't included any results where we have any doubts as to the response rate giving us a representative picture.

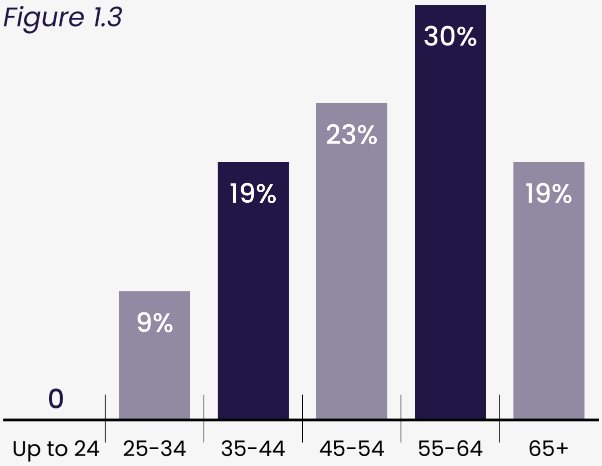
The Pareto Principle: Gender Balance Edition. *Almost exactly an 80/20 male/female split*

Figure 1.2



Age profile

Figure 1.3



All respondents were from lists supplied by Allan Gray, and all contact with firms was also carried out by them. They offered every adviser with a contract to place business on the Allan Gray Investment Platform the chance to take part – there was no preference for region, size of assets under advice, level of Allan Gray support or any other factor that could tilt results.

This is important to remember as you read through the Barometer – it doesn't pretend to be representative of the advice profession as a whole in South Africa. Rather it's a snapshot of Allan Gray supporters, and specifically those who are the kind of firms or people who will spend time on a survey. You'll see us fight to avoid using phrases like "South African advisers say this…" but if any sneak in you now know what we mean.

GETTING TO KNOW YOU

As you'll see above, our respondents tend to come from – maybe unsurprisingly – more developed metropolitan areas where the wealth of South Africa tends to congregate. Just over 70% come from Gauteng or the Western Cape provinces, and by the time we include KZN we are very nearly at 90% (figure 1.1).

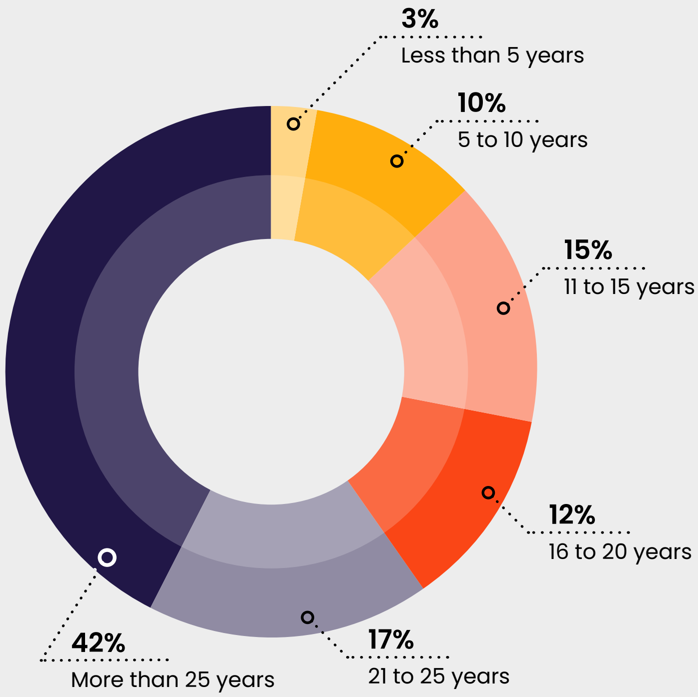
Only 20% of respondents were female. In our UK sample it's only 27%; a symptom of the profession as a whole (figure 1.2).

Also, famously, advisers and planners are in their 50s. This has been true for at least the last three decades, meaning there are some pictures in some attics looking pretty wrinkly about now. In our sample just over 50% of respondents said they were between 45-64; this is a slightly younger profile than our UK base (figure 1.3).

ALL ABOUT YOU THE RESPONDENTS

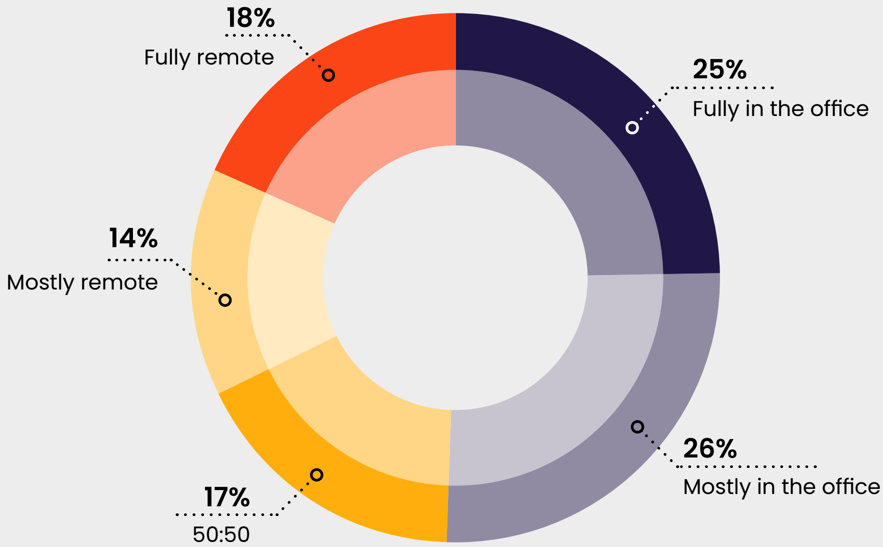
How long have you worked in the industry?

Figure 1.4



Home office vs work office

Figure 1.5



ALL ABOUT YOU THE RESPONDENTS

What's your role?
Figure 1.6

HOME OR AWAY (FIGURE 1.5)

Industries all over the world reshaped themselves during the pandemic, and financial advice was no exception. Having embraced remote working, interminable Teams and Zoom calls and all the rest, we are all now trying to work out what the future looks like. Almost a quarter of firms in our Barometer are now fully back in the office with 28% mainly coming in; 17% are fully remote and 14% say they're mainly still pyjama-clad. A similar number – 17% - say they're half and half. Clients do still like a physical presence they can visit; perhaps we'll see those office numbers climb.

THE LANG CAT'S VIEW FROM THE UK

Throughout the paper you'll see boxes like this. We'll use them for two things – to share some bits of UK research where we think it's worthwhile, and to point out things that we've noticed along the way which we think are particularly worthy of a closer look.

Let's ease ourselves in gently with a comparison of role types who participate in our surveys between South Africa and the UK. In your market 95% of respondents are involved in the act of delivering financial planning or advice.

In the UK we have a much lower percentage of advice-giving respondents; around 70%. 7% are owner/directors who aren't "on the tools" any more, and the biggest difference is that most of the balance are paraplanners who work on either an insourced or outsourced basis.

We'll look more at role types in a moment, but it's certainly the case that more and more key functions in advice firms seem to be being handled by paraplanners in the UK market; we don't have space to cover it here but opinions are definitely divided as to the desirability of that trend.

Your Commercial World

For the most part there's a sense of settling into a new and hopefully more predictable landscape. While few respondents mentioned political stability explicitly, a positive outlook on turnover and profitability suggests that the independent financial planning sector is set to benefit. Here's how firms are structuring themselves and the commercial reality they face.

Average firm statistics

Figure 2.1

1450	Average (mean) number of clients per firm
525	Excluding top decile
c. R1bn	Mode average AUA (all respondents)
R0.5bn	Mean average AUA (excluding the few firms with over R5bn)

1.75	Owners who are also advisers
0.25	Owners who don't give advice
1.5	Non-shareholding advisers
2.25	Administrators
1.25	Others

SIZE MATTERS (FOR STATISTICS ANYWAY)

This may not come as a galloping shock but the SA market is a game of wildly differing firm sizes, from just a few very large firms through to one-person lifestyle businesses. As a result, averaging out funds under advice and numbers of clients can be a little misleading, so we've given a couple of ways of thinking about those top-line figures above.

On a straight average, each firm has about R1bn under advice. When we miss out the very big shops of over R5bn, that falls to around R0.5bn (figure 2.1).

As we'll see later in 'The Future' most firms identify organic growth as a key focus for their practice in the next two years, so while it's far from clear the size firms find themselves at now is sub-optimal, there's plenty of room for getting bigger.

In terms of firm size by headcount, when we strip out just one or two mega-businesses from the numbers we find the classic research result of an average firm that doesn't exist (figure 2.1). That firm has seven staff, of whom just under half are giving advice.

A couple of quirks sit behind the data – first of all, 20% of firms with between three and ten advisers (note: advisers, not total staff) have someone whose job it is to do IT development and infrastructure. That's really progressive compared to some other territories.

THE LANG CAT'S VIEW FROM THE UK

The profile of firms in South Africa isn't wildly different to the UK, where a few mega-firms or big networks like St James' Place and Openwork dominate with thousands of advisers. In fact, there are only 48 firms in the UK with more than 50 advisers, whereas over 4,000 of the total 4,650 have 5 or fewer advisers.

This is despite a very strong theme of consolidation and merger/acquisition activity in our market - over 40 firms have now taken in fairly major investment from private equity in order to become the next mega-firm. The experience, so far at least, is that it remains very challenging to offer advice profitably at scale.

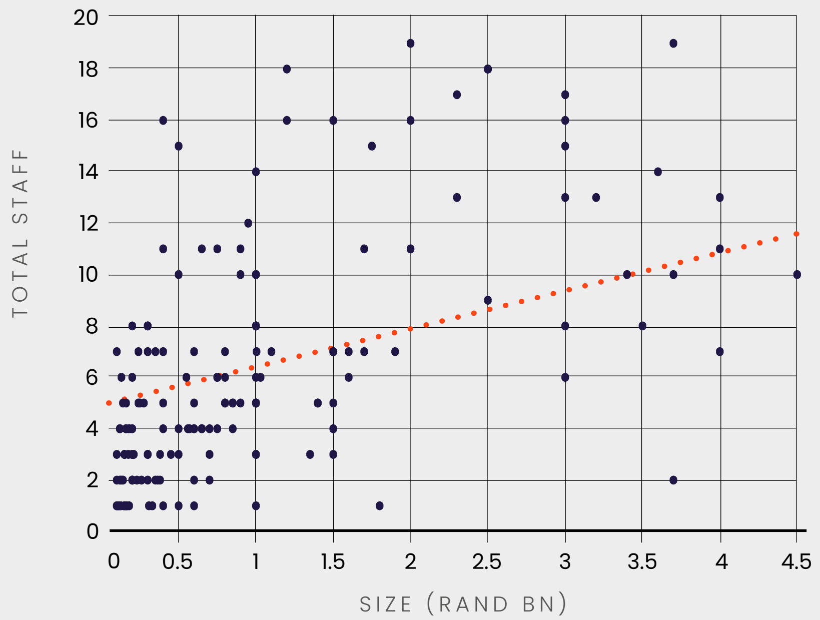
In the UK the support staff to adviser ratio is a bit more established and generally hovers around 1.5:1. But we have a much more developed CRM and practice management sector – which doesn't mean advisers are happy with their lot.

And UK advisers are also bullish in terms of outlook for the year to come, even more so than their South African cousins.

YOUR COMMERCIAL WORLD

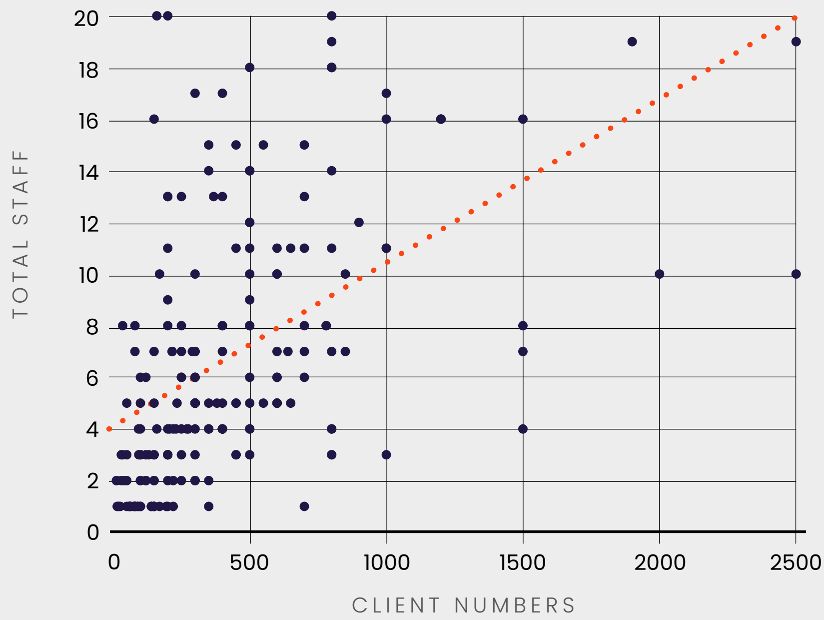
Total staff to size vs AUM

Figure 2.2



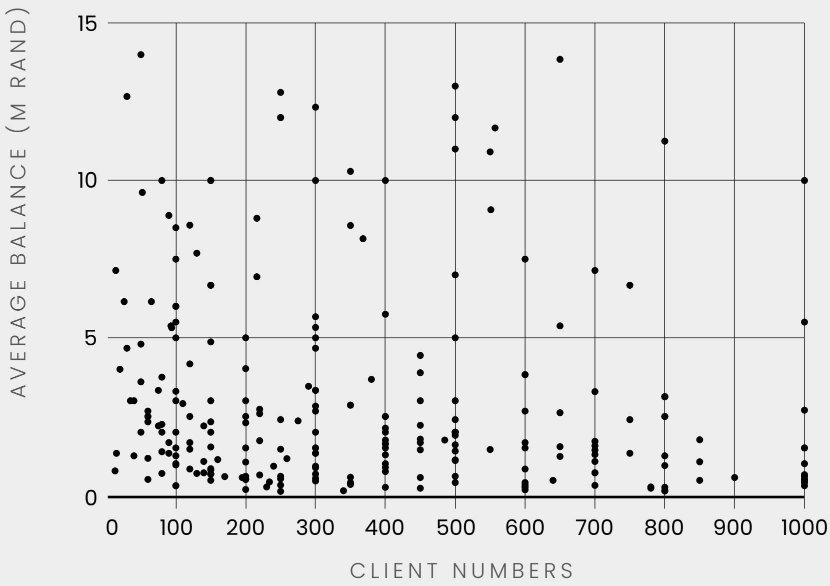
Total staff numbers vs client numbers

Figure 2.3



YOUR COMMERCIAL WORLD

Average AUM per client
Figure 2.4



Second, we often measure the ratio of support to advising staff as an indicator of how systemised an advice market is. In SA the ratio varies enormously even in this sample from 0.5 up to 3 members of staff per adviser. This indicates a market where technology hasn't done what it's meant to do yet, and in financial advice that generally means practice management and CRM tools. We'll look at this more on page 33.

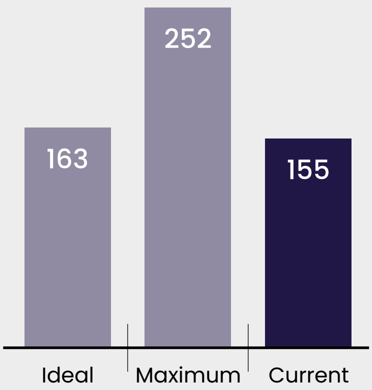
When we look at the distribution of number of staff vs assets under management and vs client numbers (figures 2.2 and 2.3) we see pretty much what we'd expect; there are a few outliers which raise an eyebrow but then again those staff might be doing completely different fee-earning things. Generally speaking, though, staff numbers rise as AUM rises, and that's understandable. The real trick – and one UK adviser firms haven't really cracked – is to get that AUM up without staff numbers heading the same way.

The picture isn't quite the same when we look at staff numbers vs total number of clients – there is evidence of the correlation you'd expect, but there are a lot of firms with quite a lot of staff for a relatively small client load. That may well drive the fascinating statistic you'll read in the next bit, or it might indicate that those firms are dealing with more complex, affluent client situations. More than one thing can be true at the same time, of course.

YOUR COMMERCIAL WORLD

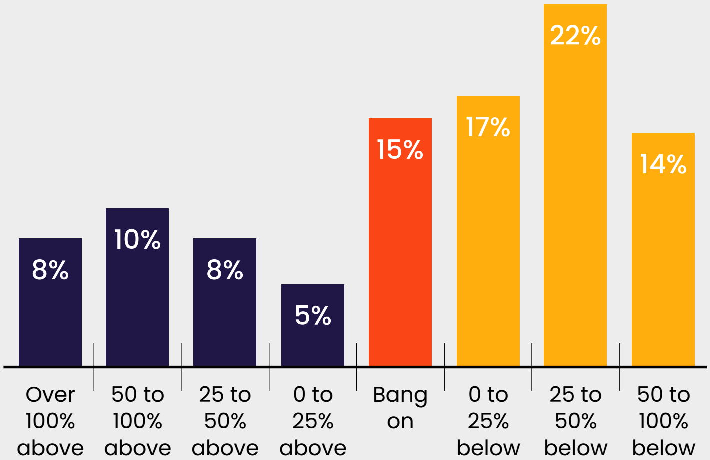
Number of clients per adviser

Figure 2.5



Where firms are versus ideal- per client

Figure 2.6



DOING MORE WITH...THE SAME?

Are firms efficient enough? It seems most respondents don't think so. When we ask how many clients each adviser should ideally be able to handle, the average response is 163 (UK: 119). Currently the average each adviser actually handles is 155. But when we ask about the maximum, the total average shoots up to 252 – for maths fans that's a 55% increase. To put it another way, if you were taken over by a red-in-tooth-and-claw private equity firm tomorrow, your first order of business might be to increase your efficiency by an average of up to 50%. This may be something you would enjoy, or perhaps not.

If you were reading that last paragraph carefully you'd notice that we used one word a lot, and that word is 'average'. Averages here are problematic; they hide all sorts of quirks, much like the family with 2.4 children. That's why we've unpacked the averages using the actual data firms told us about their current situation versus their ideal capacity. You can see that in figure 2.6. When we look at this chart we see that only 15% of our respondents reckoned their firm is right-sized.

More dramatically, over 50% of respondents feel they could take on more clients. That's a huge amount of potential that's currently not being used.

YOUR COMMERCIAL WORLD

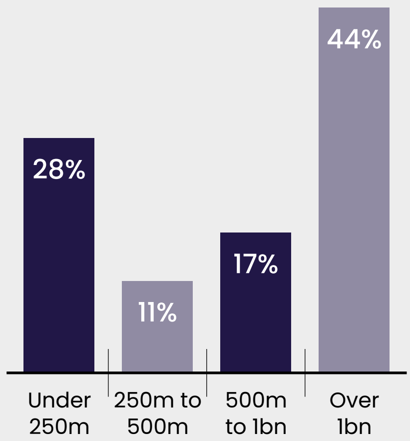
Firm valuations

Figure 2.7

34%	of firms have had a valuation done in the last 12 months.
WHY?	"To sell owner/founder equity to a larger firm." "We had a clearer idea of the value of the business and could give shares to a new director."
HOW MUCH?	"It was too low for my liking. I thought the calculation method was wrong." "The initial valuation was about 45% below our internal estimate" "Our business is valued about 6x earnings."

Firm AUM

Figure 2.8

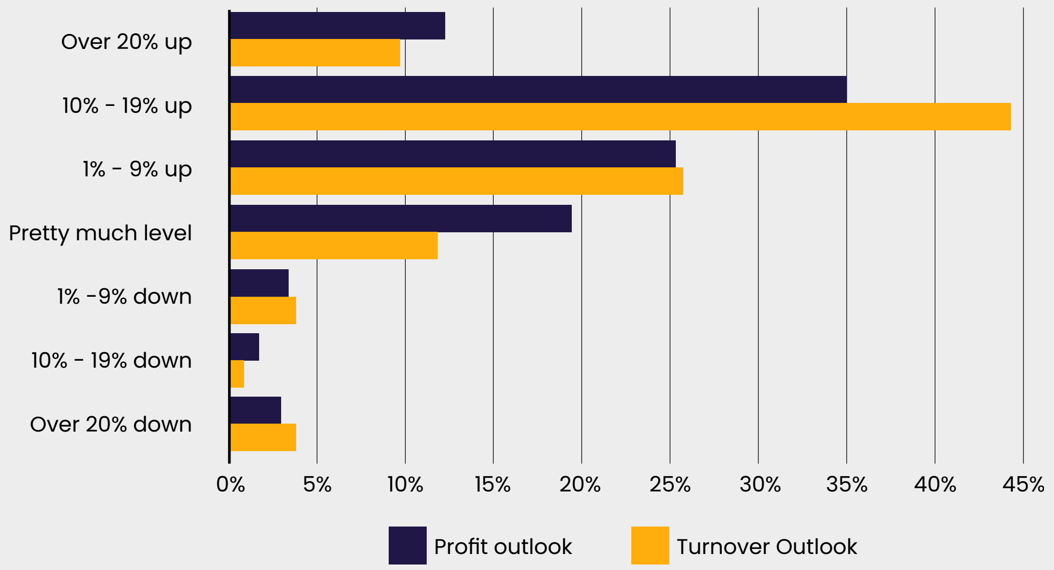


In the UK market the maximum is much lower – only around 156 and that only if the perennial industry issues of UK provider inefficiency, fragmented technology and over-regulation were fixed. Is one more realistic than the other? Probably not - the UK and SA markets have fundamental socio-demographic differences and there is probably a readier supply of affluent individuals who may value an ongoing planning relationship in the UK. So while we think we can discern a greater penetration of planning as opposed to single-need, point-in-time advice compared to SA, at least some of this is down to simple economic reality as opposed to unrealistic worldviews or even a reluctance to embrace holistic planning. You can only work with what you've got.

YOUR COMMERCIAL WORLD

Turnover and profit outlooks, relative to the previous year

Figure 2.9



YOU'RE MISTER BRIGHTSIDE…

The nature of exercises like the Barometer inevitably means we look for chinks in the armour; for things that could be better. But perhaps our favourite statistic of the whole paper resides in the resolutely positive outlook that respondents have in terms of both turnover and profitability for the year to come (figure 2.9). Just under 70% reckon turnover will be up, with over 50% expecting the rise to be 10% or more. Conversely, only about 8% reckon the year's figures will be painted red. That's a tremendously positive outlook, driven of course in part by rising stock markets, but good times are good times and anyone charging a percentage of client assets quickly learns to take the good with the bad.

Turnover is vanity, profit is sanity, as someone who might have been Plato, or maybe Nietzsche put it. So we also ask respondents about their bottom line outlook, and here we find a similarly positive story. Nearly ¾ of firms think profitability is heading North[1] and almost half think the increase will be more than 10%. The doomsayers once again find themselves in the significant minority with about 7% expecting tight rations when the books are closed.

We also asked to what extent firms think the current economic situation is placing a strain on their business, where 0 is none and 10 is an intolerable amount. The average response was 5.17 out of 10, which chimes further with this strong outlook.

[1] You don't know this, but this report is being written by Scots and so for the avoidance of doubt, North is always good.

YOUR COMMERCIAL WORLD

Average remuneration
Figure 2.10

Senior Adviser	R 1,700,000
Intermediate Adviser	R 800,000
Senior Admin	R 400,000
Junior Adviser	R 390,000
Junior Admin	R 170,000

This is one of those areas where the absolute numbers don't really matter, and to an extent it doesn't even really matter if results are not as positive as expected. What is important is the clear sense of bullishness from very nearly all firms. When responses to questions like this get negative answers, it either means the economy is in bad shape or something else is eating away at adviser confidence – often regulation or taxation reform. The fact that responses are free of those weighty considerations speaks volumes.

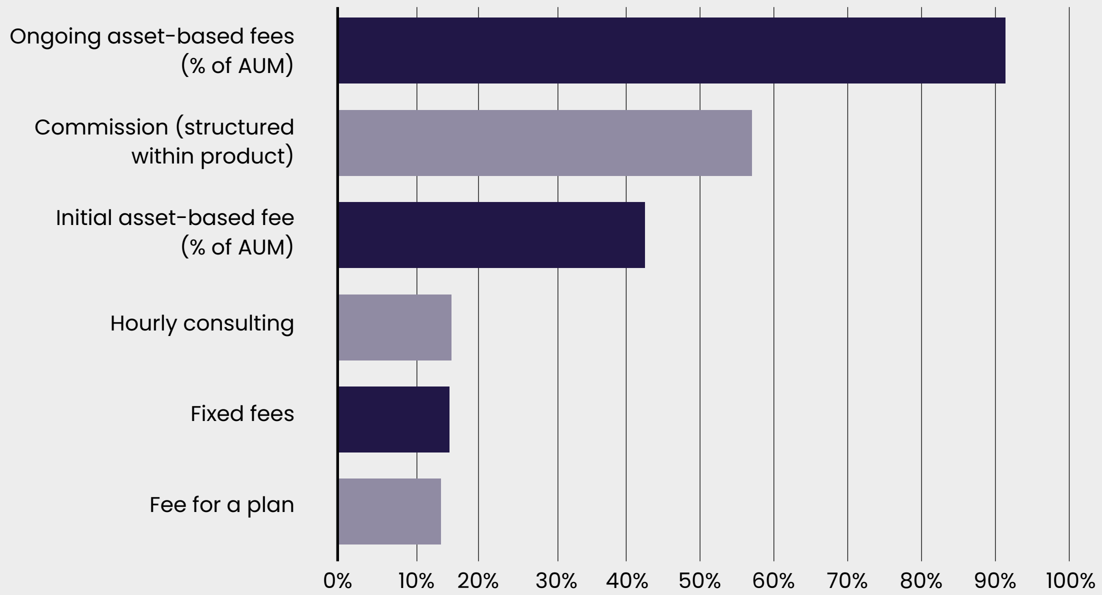
In case anyone's wondering, your UK cousins are even more bullish than you; we've seen a real uptick in adviser business confidence since last year.

Finally, if you have a little look at figure 2.10 you'll see average remuneration for different role types. Again, these averages can hide a lot of variation, and it's important to remember we only asked respondents to give their best understanding of how it works in their firm free from specific guiderails on what the notion of "senior" or "junior" meant to them. Nonetheless, we see pretty much what we expect in terms of differential. One interesting difference with UK firms is that senior administrators are more highly valued in pay terms; a really good individual can earn up to £60,000 a year plus bonuses. That's about 80% or so of what an intermediate adviser might make until they've developed their client bank a little more. And a typical fully-trained adviser would expect to make in the region of £100,000 to £120,000.

Client Propositions & Charging

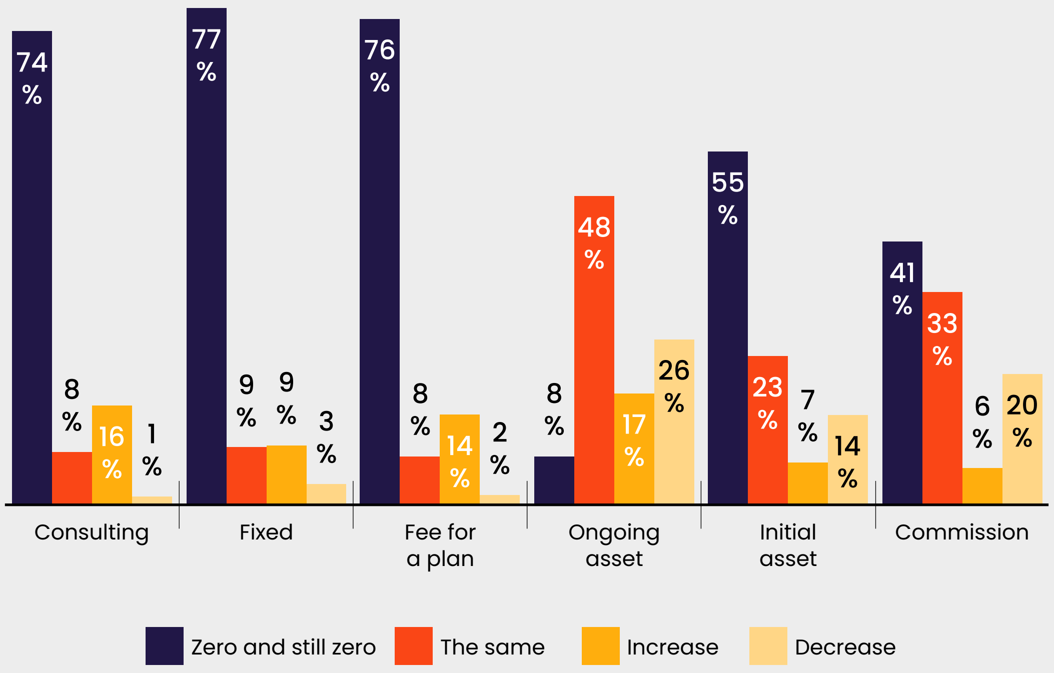
Our respondents clearly work at the highest standards of financial planning and advice. But what does it cost clients, and what kind of service do they get in return?

How firms make their money: types of remuneration used
% relates to the proportion of firms who earn revenue from the charging model in question
Figure 3.1a



How firms expect to make their money

Figure 3.1b



LIKE A WOUNDED BULL

So we turn our attention to adviser charging - how much clients pay and what they get for their money (figures 3.1a and 3.1b). If one looks at the charts in tandem you can see the split of types of charges both for now and for where firms think they'll be in five years' time. We included lots of different options to try and get a sense of the appetite for change, and as you'll notice there doesn't seem to be all that much.

So, for example, 74% of respondents have no consulting-based revenue, and expect that to stay the same over the next five years. 8.5% make some money this way and think they'll stay level, whereas 15.7% think it'll increase over time. Just 1.4% think their consulting-based income will decrease.

Broadly speaking, the sector as it appears from our survey shows relatively little appetite for fee-based planning, fixed fees or the aforementioned consulting revenue. Initial and ongoing asset-based charges rule the roost along with commission, and this of course won't come as a surprise to you.

One point of interest is the outlook our respondents had for different remuneration shapes. Clearly there is limited adoption of hourly consulting, fixed fees and fee-for-a-plan, with around 3/4 of respondents stating they don't use them and don't plan to. But we do see an expectation from a reasonable minority of firms that these shapes will increase - 16% of firms think hourly consulting will increase as a percentage of their overall turnover, for example.

CLIENT PROPOSITIONS & CHARGING

Interestingly, though, when we look at potential threats to future revenues, 26% of respondents expect their asset-based ongoing revenue to decrease over five years – given most firms want to grow; we wonder if this is firms anticipating overall fee compression, or perhaps moving to other shapes. We don't see any evidence of concern from respondents that clients are rejecting ongoing charging. The same is true of commission; SA has not headed down the UK path of full bans, but nonetheless one in five respondents reckon the share of their income generated by commission will fall.

Fees and charges are always emotive for advisers no matter where you are in the world. Oftentimes when we ask UK advisers about potential changes to their remuneration models they'll respond that their clients don't demand change, so they see no need to – the missing part of that equation being that no-one has asked them (without the adviser present) whether they would favour any other kind of structure.

Asset based fees (% of AUA)

Figure 3.2

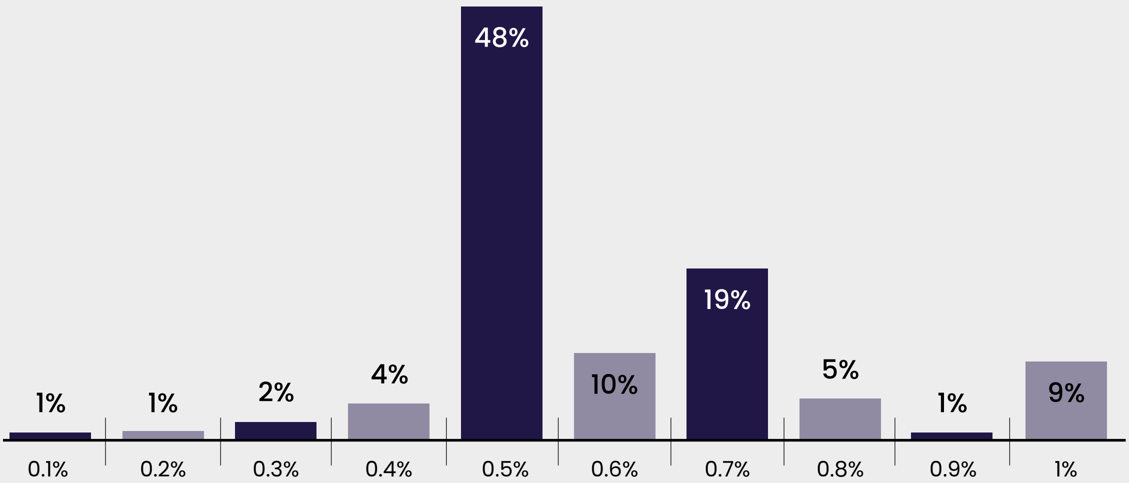


Figure 3.3

0.56% the weighted average ongoing charge*

48% of firms charge clients 0.5% a year ongoing.

* excluding one very large firm charging 1%; the weighted average rises to 0.61% if you include it.

CLIENT PROPOSITIONS & CHARGING

An interesting difference between SA and other markets - and not something you can see from the chart - is the relative lack of enthusiasm for initial fees. Nearly a quarter of firms say 100% of their revenue is from ongoing charges, and that's unusual. Across the UK, US and Australia we'd generally expect to see a one third:two thirds split for initial:ongoing fees, with a range of methods for collecting initial fees. Only 4.5% of respondents reckon they get a third of their income from initial fees; nearly 45% get none at all.

GOING ON ABOUT ONGOING

Given the importance of ongoing, let's look at it a little more closely (figure 3.2). 48% of respondents are charging 0.5%, 34% between 0.5% and 0.99%, and a further 9% a flat one. We'll leave the higher and lower charges as outliers for now (but let's take this opportunity to tip our hat to the brave respondent who said he charges 100% a year for advice and assume he meant 1%).

When we average out those who gave an ongoing percentage figure[2] we get to 0.63%. That's not all that helpful as it's not asset-weighted; when we weight for assets this drops to 0.61% (figure 3.3). As we've mentioned earlier, the market is skewed by just a few very large firms, and one of the largest in our sample charges 1% a year. So if we strip them out that asset-weighted average falls to 0.56%, which we think is probably the most usable figure for you to compare yourself to.

THE LANG CAT'S VIEW FROM THE UK

That 0.56% figure is interesting; by international standards it's far from toppy. The equivalent in our UK survey is around 0.77%.

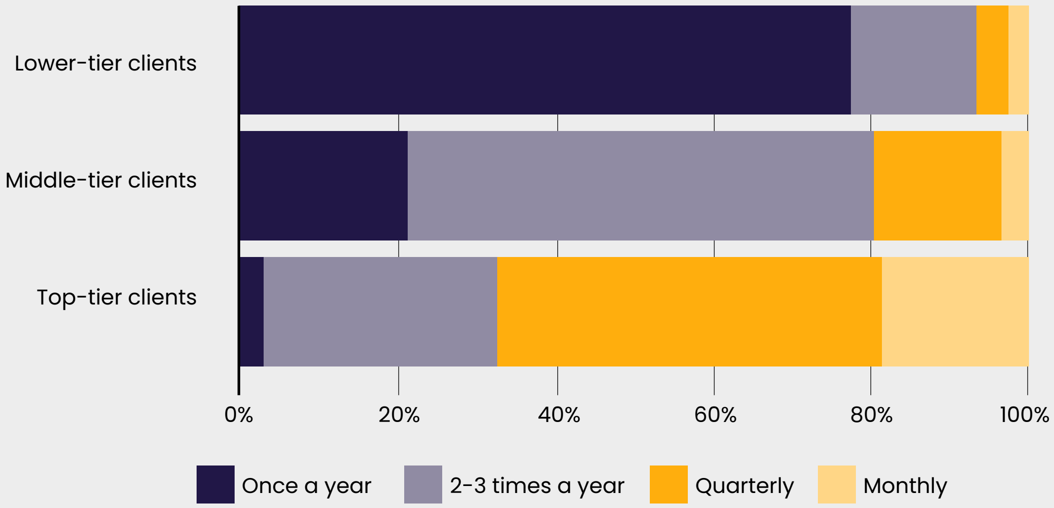
There's a clear market anchor at 0.5% - but the fact that a fair number of respondents (57 to be exact) charge 0.75% or have this as the mid-point in their range suggests that the SA market can bear the extra 25 basis points for those looking to bolster their takings and move further to the right on the turnover expectation graph we saw in the last chapter. This might also help firms move down from the 160 or so clients per adviser figure down closer to 120 or so which is around the UK average for planning-centric firms.

[2] We excluded VAT, and used a mid-range figure for those who gave a range, so if their response was "0.5% to 1% sliding scale" we used 0.75%. We missed out those who gave figures in rand.

CLIENT PROPOSITIONS & CHARGING

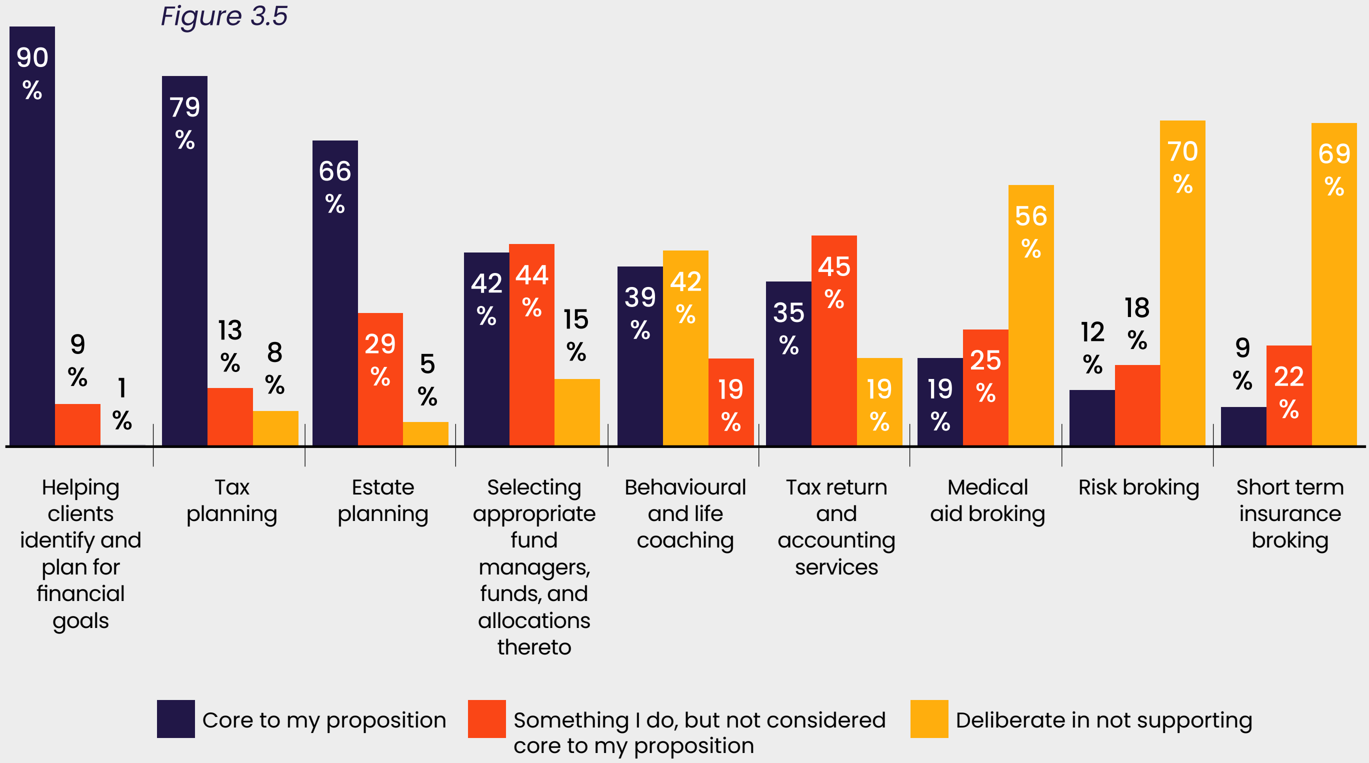
How frequently advisers engage with their clients

Figure 3.4



What do you do for your clients?

Figure 3.5



CLIENT PROPOSITIONS & CHARGING

PLEASED TO MEET YOU

So much for charging; the next question is what do clients get for their money? To help us understand, we asked how many personalised contacts a client might get each year depending on whether they're mid, high or low tier (figure 3.4). As you might expect, one planned contact a year, though as is the case in most counties we've studied, few advisers will ever refuse to help clients in any segment on an ad-hoc basis when they need it. Over-servicing of lower-tier clients is not just a SA issue!

Top tier, more affluent clients are comparatively spoiled with nearly five personalised contacts a year on average.

Generally we see firms trying to create greater bonds with clients by contacting more frequently; some use generative AI to do this (we'll come back to this very soon). As mentioned earlier, the nature of the South African market means that more clients present with single-need situations which don't necessarily justify ongoing full holistic planning relationships. There is an interesting challenge for firms to walk the line between keeping these relationships alive - as you never know when a client might inherit money or change their situation - and being coldly commercial. This is one area where technology really can help.

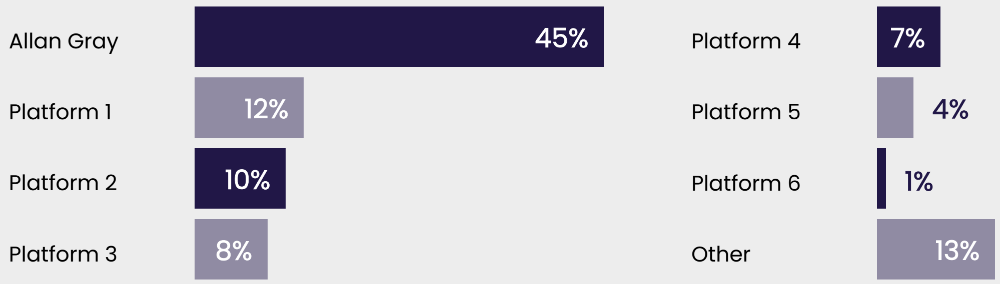
In terms of the services our respondents offer, (figure 3.5) we can see that investment advice, financial, tax and estate planning are all core to most advisers. Broking of various insurances goes on but is ancillary; it's clear that this group at least are behaving as we'd expect holistic advisers to behave. However, it's also interesting that only 40% of respondents highlight behavioural coaching and life planning as core: this is quite a bit lower than we might have expected, lower than we'd find in the UK, USA, Australia or northern Europe, and we wonder if we will see that gap close over time.

Platforms

Platforms are crucial to advisers in lots of ways and in general firms are relatively comfortable for the moment with what they're being offered. That doesn't mean there isn't always room for improvement though…

Average proportion of total platform AUM invested

Figure 4.1



This – along with the investment section – is the area of this paper and survey which is most susceptible to what researchers call "client capture"; that is to say the sponsor of the paper makes very sure no awkward questions make it in. To Allan Gray's eternal credit, this didn't happen and the team's main concern was that these sensitive sections were not only free from influence but were seen to be so. You'll have to trust us, but you can have confidence in what you see here.

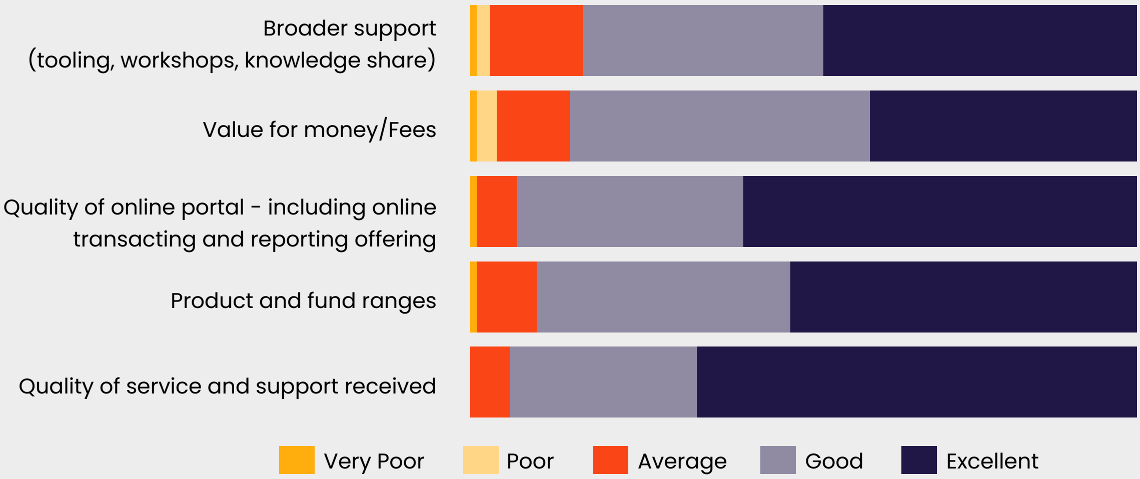
POSITIVE CHOICES

Given the sample of advisers was recruited from Allan Gray supporters, it's perhaps not at the pull-me-up-a-chair level of shocking that the Allan Gray Investment Platform comes out as the most favoured platform in this exercise (figure 4.1). On average each respondent has 45% of their platform book with Allan Gray, and if you think that number isn't leading to some new and exciting target-setting for Allan Gray business development managers then you are very much mistaken.

It is worth noting that satisfaction scores for those who tipped someone other than Allan Gray were also high; we like to see good levels of overall satisfaction in the market as it tends to mean firms are selecting what they think works for their clients rather than just avoiding sub-standard offerings.

Experience with primary platform provider(s)

Figure 4.2



THE LANG CAT'S VIEW FROM THE UK

There's clear sample effect in the numbers here, but even allowing for that we can learn something else useful from these figures and from Allan Gray's dominance in particular. And that's about how many platforms each adviser tends to use, and for what. We didn't test existing book against new flow in this study, but might do in potential future waves. In such a concentrated market with only six or seven key platforms, we'd expect to see strong loyalties and that's absolutely what we see here.

By contrast, in the UK advisers have about 30 platforms to choose from, not that this makes them happy. In this market, the 'primary' or favoured platform will generally take about 80% of new flow and in any given year only a third or so of advisers will have a serious look at changing platform. The main reason that they move? There are three: service, service and service.

FOUR STARS OUT OF FIVE

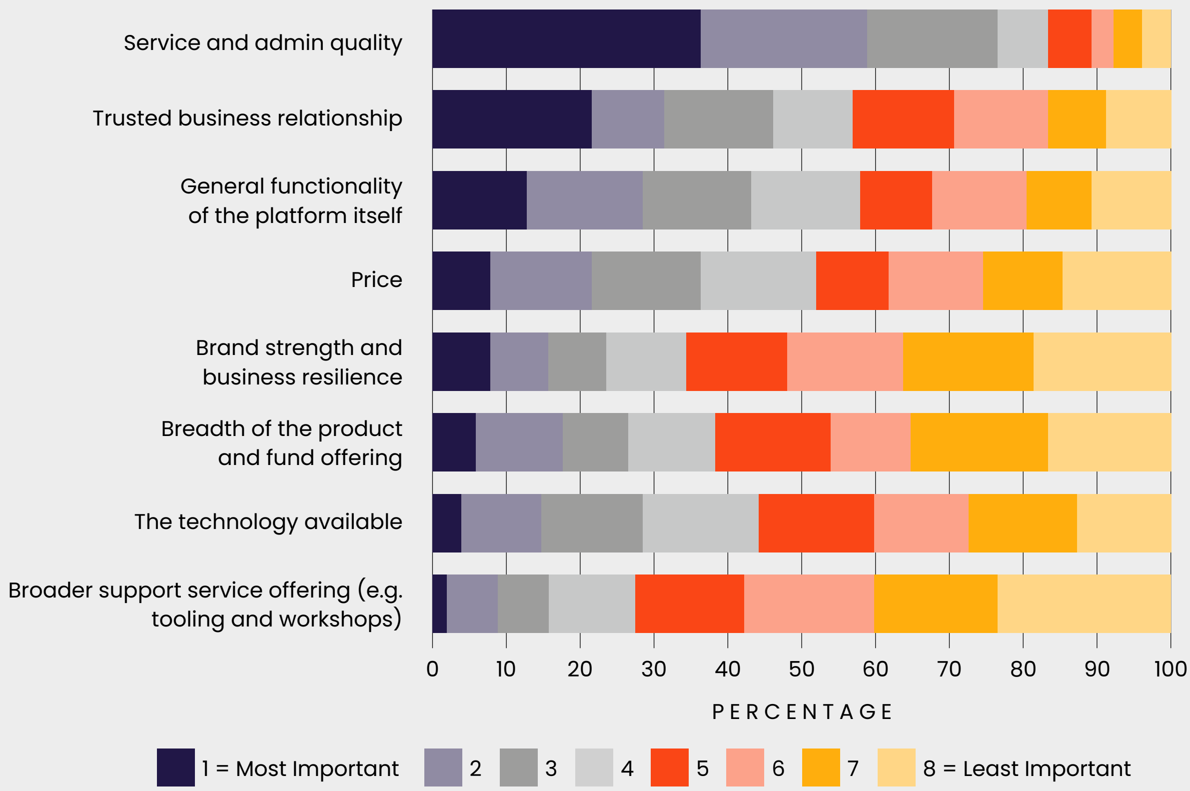
Without asking firms to actually nominate their primary platform, we asked them to rate a number of factors. These were (paraphrasing) – service, product range, technology, price and broader support (figure 4.2). We'd expect scores to be reasonable; after all, if a platform is poor in one or more of those areas then it doesn't make sense to have it as a primary. However what we didn't expect was just how high the scores would be. By any objective standard, our respondents are delighted with their chosen primary platform.

No factor scored less than four out of five; that's extraordinary. Even price, which everyone likes to criticise, scored 4.23 out of 5. Quality of service was nearly perfect at 4.54 out of 5.

PLATFORMS

When thinking about what is most important to you when choosing an investment platform, please rank the following factors from most to least important.

Figure 4.3



We are nothing if not a cynical bunch at the lang cat, so we didn't just take the weighted average as gospel; we went and grubbed around in the data. On service, for example, nearly 70% of respondents rated their primary platform as five out five, defined as 'excellent'. Only 0.25% - literally one respondent – ticked the 'poor' box with 1 out of 5. There are no unexploded bombs in this particular area; firms are genuinely pretty happy.

If only UK advisers were this positive...

PLATFORMS

HOW TO PICK A WINNER

If anyone reading this is planning to launch a platform, figure 4.3 is a useful ready reckoner for what you have to get right. Service is top of the tree; something primary platforms including Allan Gray are clearly doing pretty well given the scores. But beyond that, there is a lot to think about.

Firms need a balance of:

- service
- price
- breadth of offering
- usable technology
- strong functionality

and if you get all that right you still need to create a strong working relationship and think about broader supports. Expectations are high from firms; providers don't get a pass on anything very much.

When we get into the investment section, we'll see some different priorities, but despite the relatively limited proliferation of platforms in South Africa, the way the scores are distributed shows that there is already commoditisation; that is to say firms expect platforms to just work. Beyond that it has to be priced right to be in the hunt – and then when you have all that in place it's service that makes the final, crucial difference.

This is entirely consistent with what we find UK advisers care about; service, price and then various combinations of functionality and investment range, all of which add up to "can this platform help me deliver what I said I'd deliver to the client", make up the decision set.

From our brief chats with South African firms, we know there are still frustrations. Some tech looks clunky and out of date. Integrations are not great, and there is far too much rekeying of data. Some platforms have too much paper still required; 1995 called and it wants its wet signatures back.

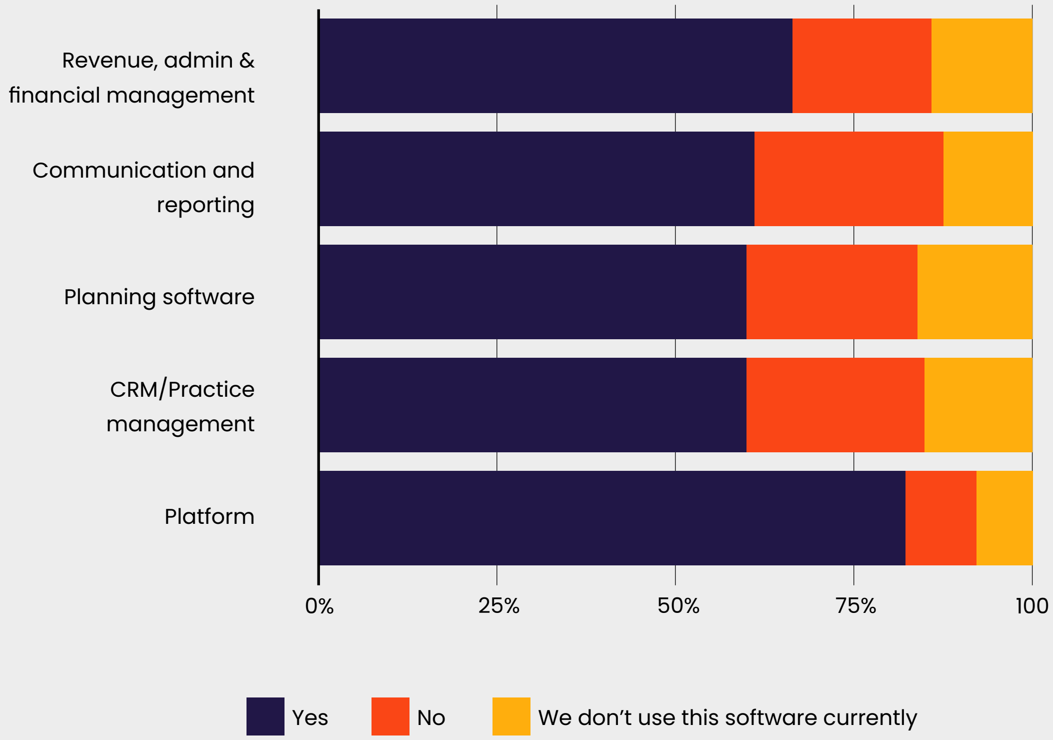
But for now at least, firms are happy to flag these but also acknowledge that things could be a lot worse.

Technology

Few subjects are more emotive for financial advisers than technology - the very definition of can't live with it, can't live without it…

Would advisers pick the same kit again?

Figure 5.1



THE PATENTED LANG CAT MAGIC WAND

A by-product of the power advisers have these days in terms of constructing client propositions rather than just accepting what providers dole out is that they – you – are increasingly required to be technologists as well as administrative ninjas, client counsellors and (just occasionally) providers of financial planning and investment advice.

There are two ways of looking at this. The first is that the industry – defined as businesses who create stuff that advisers use – isn't doing well enough in making systems that are properly integrated and usable by lay-persons. The second is that there are plenty of fully integrated technological ecosystems for advisers, but they require firms to sacrifice the flexibility and pride they feel in selecting the 'best of breed' system for each part of their technology stack - and perhaps acknowledge that expertise in integrating disparate systems isn't a core competence of most planning firms.

As we've said before, more than one thing can be true at the same time. The SA market is not as well evolved as other jurisdictions in terms of adviser software for practice management in particular. Integrations are a problem, there is inefficiency in the system and that leads firms to take matters into their own hands. But at the same time there are ways through the maze which do demand being open and flexible in terms of their own processes and procedures. Sometimes it's a case of asking how you can fit the software rather than how the software can fit you, even if that doesn't do the ego much good.

With all this in mind, we granted our respondents access to the patented lang cat Magic Wand. This very special wand allows firms to start again with no repercussions, business efficiency impacts or commercial problems. A clean slate to pick the systems they want in any combination they want. You can see the results in figure 5.1 opposite, but here's how it shakes out:

Platforms	(82%)
Revenue management	(66%)
Planning software	(60%)
Comms & reporting	(60%)
CRM / practice management	(58%)

TECHNOLOGY

THE NOT-A-BOT LANG CAT'S VIEW FROM THE UK

The UK is of course more developed in this space than SA. But that doesn't mean it's utopia. Here are some thoughts on how UK advisers face into technology which may be of some help:

Each license for a CRM/practice management system will cost up to £200 per month, and each member of staff will typically need one. Investment analytics isn't far short of that, and cashflow and risk software packages are cheaper but still mount up. It is very common for firms to spend in the region of £3,000 or so per member of staff on licenses alone. That's before training, any bespoking or spend on IT equipment. Outside of salaries and regulatory costs, tech is one of the biggest spending line items in most IFA firm accounts.

In our 'A Fragmented World' study of the UK advisertech market in late 2023, we found that not one single firm was satisfied overall with its tech stack. We found that around 75% efficiency gains would be possible with better integration, better industry practice (particularly on letters of authority and transfers) and smarter choices. That's huge.

We talk about 'the adviser paradox' – the fact that advisers hate running multiple systems and the lack of integration between them. But they still resist 'in a box' offerings that include all the major food groups that they need, preferring to pick 'best of breed'.

The smartest UK firms have realised that they need to adapt, not just adopt. That is to say, there is little point unless you're a huge company in saying "this is how we do process X; the software needs to do what we want it to." Most firms don't have the commercial muscle to make software do that. Instead, the clever play is to ask a different question: "how best does this software handle process X and how do we have to adapt our firm to make that happen so we're as efficient as possible". This requires a lack of ego which (don't tell anyone) many UK advisers find a challenge. But being humble in that way can unlock tremendous gains.

Finally, our best tip from the UK is to think less about systems and more about data. Data moves through adviser businesses like blood through the body. It's by knowing where it comes from, where it rests, where it moves and what it brings with it that you can properly assess whether this system or that system will do what you want or indeed whether you can adapt to it. It takes time, skill and most probably outside help to do really well.

TECHNOLOGY

Reinforcing the scores we saw in the platforms section, fewer than one in five firms would pick a different platform if they had the chance. Nice job, South African platforms! UK platforms are looking at you jealously right now, hovering as they are around 70%.

Other software does pretty well – most users (just) would pick the same again. Planning software (risk profilers, cashflow modelling and so on) scores fairly low here compared to the UK, where many planners would rather sacrifice the body part they hold most dear than lose access to their cashflow planning tool. This ties in to the fees and charges section on page 12, and is particularly interesting in light of the self-attributed modernity score you can see in The Future section on page 44.

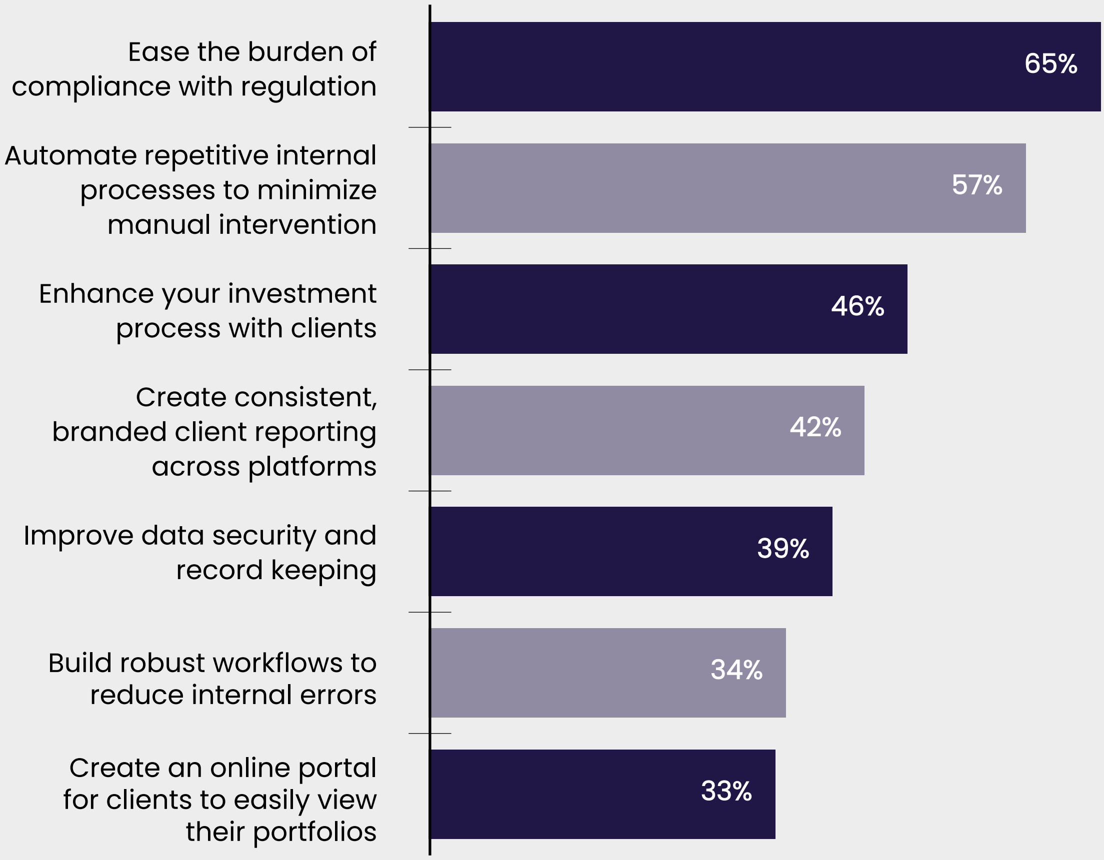
Practice management systems always get a tough ride in questions like this, but even so there is an obvious opportunity here for someone to build and implement something (perhaps co-designed with advisers) that genuinely works for firms in a way that the existing options clearly don't. If only half of your users would use you again you probably have some questions to ask yourself. We do need to acknowledge the size of the market and the available fee revenue for new systems in SA is a fraction of what it is in the USA or UK; this is a natural inhibitor of competition which of course drives progress in software.

Looking around the world at emerging advisertech we see really exciting green shoots. In particular we see practice management systems being built off major tech platforms like Microsoft Dynamics and Salesforce. We see startups all over the place coding systems faster, smarter and cheaper than incumbents, and every so often one breaks through and gets genuine market traction. Cashcalc, the cashflow planning and client portal system in the UK is one such; it started as a bright idea from an IFA in South Wales and ended up the dominant cashflow system by license numbers very quickly, not least because it was radically cheaper than Voyant and Truth, the two previous market leaders.

The lowering of the barriers to entry for advisertech and wealthtech is good news for territories like South Africa which perhaps can't excite firms working at the biggest enterprise levels. Technology should be a democratising force; perhaps it can be here.

TECHNOLOGY

What do you want tech to do for you?
Figure 5.2



TECHNOLOGY

JUST MAKE IT FIX ALL THE THINGS

A common mistake people in all walks of life make when thinking about technology is that they do so in the abstract: "technology should make my life better". Tech can do many things but what it does best of all is solve for individual, clear, well-defined issues. "I want to take these data points from these systems and combine them into a report that looks like this" is a great challenge to give a developer. "Just make me more efficient" isn't.

So rather than asking firms what they want tech to do for them, we give 'em options and ask for a ranking. You can see the results in figure 5.2 and they're consistent with a profession which is at a stage where it still wants some of the plumbing fixed. The two class leaders are automation of compliance and of repetitive tasks; both things that, given enough detail, developers should be more than capable of. But even inside this there are issues – systems can help with repetitive tasks as long as it's clear what those tasks are.

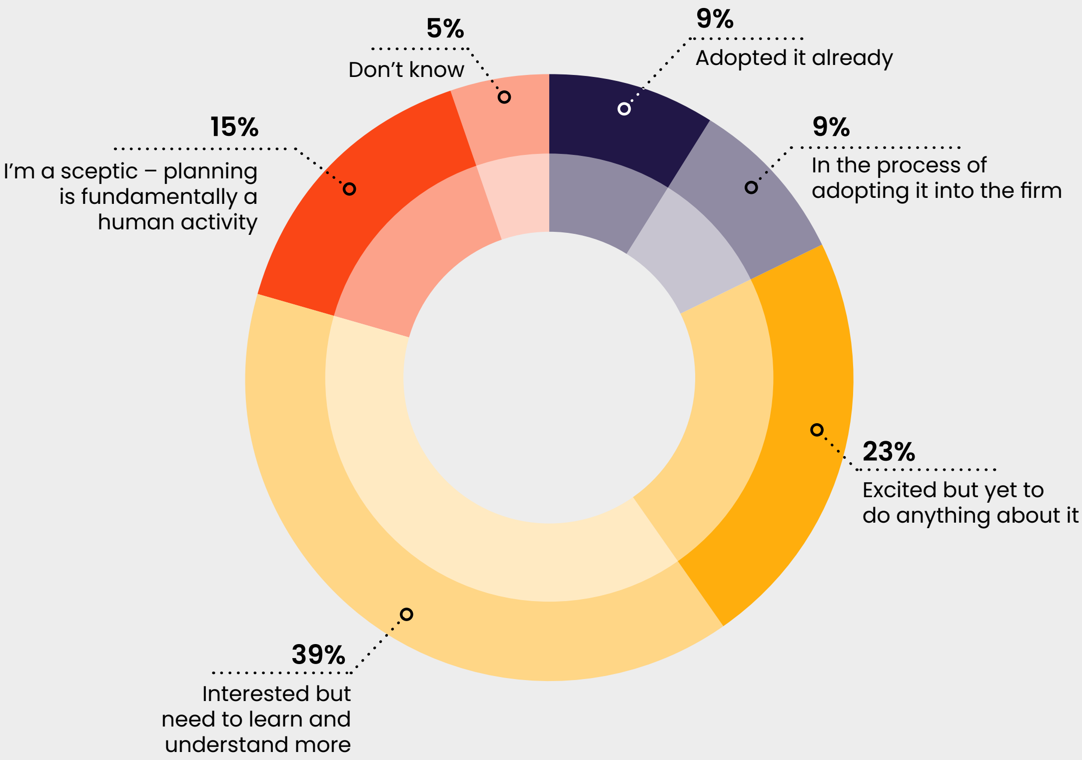
But if you have a slightly different way of doing (let's say) a client ID verification check then the dev doesn't exist who can take account of thousands of different ways of doing the same thing, and even if they did exist, it would cost far too much to build. This is a classic example of where systems providers and users both need to take a step towards each other.

Other responses were a stochastic scatter across workflow, investment and client-facing portals and reporting. None show a huge spike of interest; our respondents at least want brilliant basics and then they can get on with the more fun stuff.

TECHNOLOGY

Which best reflects your view of AI ?

Figure 5.3



AI? WE WELCOME OUR NEW ROBOT OVERLORDS

You can't do a technology section these days without asking about Artificial Intelligence. While the South African market isn't quite as flooded as the US or UK with AI entrepreneurs with private equity money in their pocket and an artificially generated glint in their eye, it turns out a decent number of SA advisers don't need them as they're quite capable of finding their own way through the AI maze.

While only 9% have actually got their feet wet so far (figure 5.3), that number should more than double in the next little while. That takes us to an interesting two-speed market, with yet another Pareto distribution – 20% taking advantage of a particularly new technology and 80% keeping a watchful eye.

Here again we need to not treat AI as an abstract, but instead ask what we're using it for. In other markets the more progressive a firm is the more likely it will be looking at things like suitability letter

TECHNOLOGY

generation, portfolio analysis commentary and so on through generative AI systems. Beyond that, firms who do a lot of new business and therefore are very familiar with the pain of analysing a client's existing portfolio and financial circumstances are excited about the idea that a large language model (LLM) could be fed with the client's existing 500-page stockbroker statement and extract, process and regurgitate the relevant data quickly and accurately.

In South Africa just now, though, most usage by firms is either Microsoft Office-based CoPilot functionality for email generation, meeting summaries or transcriptions, or it's Chat GPT generative content for newsletters and so on. No-one knows quite where AI will end up; we obviously will need to welcome our new robot overlords at some point. A good question to ask ourselves, though, is what would we like to do less of and have the machines take care of, on the understanding that we stay responsible for what it generates.

“”
Our social media is all run by AI

“”
I do not understand this

“”
I am using ChatGPT4o to assist with client communication, some research and support

“”
We run AI processes to evaluate portfolios

THE LANG CAT-GPT'S VIEW FROM THE UK

Here in the UK AI adoption is going gangbusters. Our latest wave of State of the Advice Nation shows us that over 40% of firms are either using something to do with AI already or will be within the next year. The most popular use cases are similar to SA – meeting notes and summaries, and content creation. But the number of firms looking to use it for deeper stuff is growing all the time too.

Our regulator has started to take an interest, and has pointed out to firms that if, let's say, a generative AI system comes up with a 'hallucination' (where the large language model makes something up to plug a gap) which is inaccurate, the firm is completely liable for that. So while the AI may be good at writing the content in the first place, it isn't zero effort for advisers – and the closer to the heart of the business the machines get, the more sensitive their activities become and the more checking there needs to be.

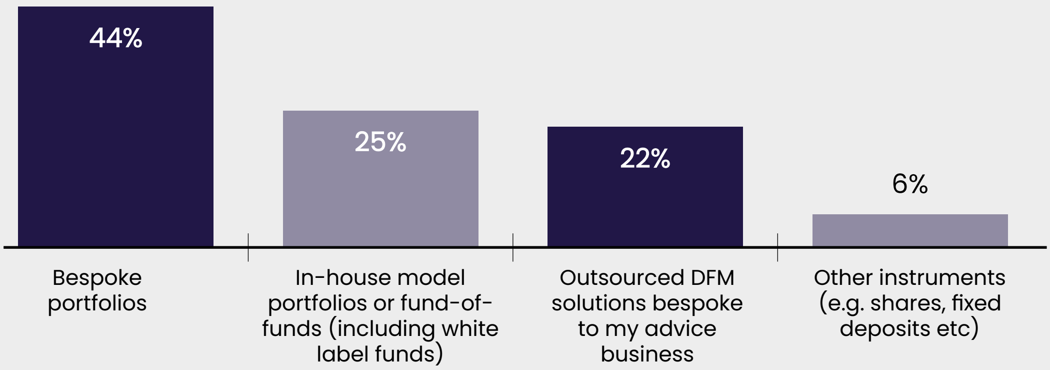
Finally, our market here is wrestling with confidentiality and the inadvisability of letting a commercial AI system loose on highly sensitive client data. That's one we haven't quite squared away yet.

Investment Propositions & Offshore Business

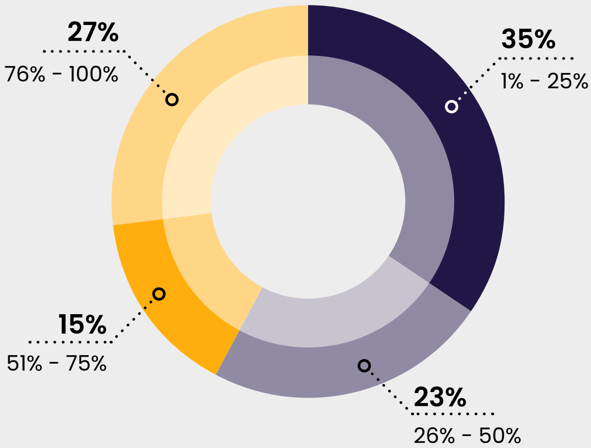
South Africa continues to resist the move to standardisation of investments and investment outcomes that characterises many other markets – but model portfolios do have a foothold. Meanwhile demand for offshore investment is strong, although most clients will bring money back onshore at some point.

Types of investment propositions used by advisers

Figure 6.1



(of those that use them...) what proportion of your investment clients' AUM is in model portfolios?



A SPECIAL PORTFOLIO, JUST FOR YOU

So we move our attention to investments. Rather than worrying about which individual funds are on the list from firm to firm, we're interested in the process of creating investment propositions and what approaches firms take. Within these the sector can accommodate a wealth of strategic and tactical asset allocations, tilts, skews, substitutions and more, but the main thing is to know where we're starting from.

As you can see in figure 6.1, our respondents have, on average, 44% of their clients' assets in bespoke portfolios. Clients clearly value feeling that something has been built 'just for them' – however as always when advisers create their own portfolios there are issues in terms of consistency of outcome (will two clients with similar profiles get the same investment outcome), transparency and benchmarking and scalability from a business perspective.

I'M A MODEL…

Countering this trend is the availability of packaged adviser-centric investment solutions which aim to solve for all three of the issues that beset bespoke portfolios. You give up some cachet, but you get a lot of science in return, and for about a third of client assets this seems to be an acceptable way forward. This is a major difference from UK, US and Australian markets where a much higher proportion goes into these kind of solutions.

We didn't test the split between models and multi-asset funds on this occasion, but when we asked a deeper question about models nearly 30% of respondents don't use them at all and a further quarter only allocate a relatively small proportion of client assets to them.

DISCRETION IS THE BETTER PART…

So if we have the two extremes of commoditised investment and in-house portfolio construction, there is always likely to be a third way, and that's exactly what we find. About a third of assets are going to outsourced DFM portfolios which are bespoked for the adviser firm rather than on a per-client basis. Realists will raise an eyebrow at this and perhaps suggest that the level of bespoking between firms may not be all that profound, but that's not really the point here.

More broadly for all investment approaches which have bespoking in them, there's a clear positioning of firms as investment experts, responsible for the returns clients enjoy. This works great in good times, when the graphs point up and to the right. But into each life some rain must fall, and we wonder if in time SA advisers will end up preferring solutions which outsource the day-to-day grind of investment management to a firm that does that and only that. This not only brings more brains to the table but also gives the adviser the ability to demand accountability from the investment or portfolio manager if performance isn't as expected. Ultimately it also adds the ability to substitute managers in the unpleasant situation of outcomes being persistently poor; something which is much harder if the investment function is insourced to the advice firm itself.

INVESTMENT PROPOSITIONS & OFFSHORE BUSINESS

THE LANG CAT'S VIEW FROM THE UK

Investment outsourcing is one area where the UK and SA diverge fundamentally. In our market it's common for firms to either divest themselves of responsibility for investment performance completely by outsourcing to discretionary model portfolio services or lean into the subject by becoming discretionary managers themselves.

In our most recent adviser survey (end 2024), two-thirds of firms outsource most or all of their clients' investments in this way. It's most common for firms to use just one or two DFMs for this, though most will also use multi-asset funds for lower net worth clients; a practice which may have more to do with evidencing complexity by showing multiple lines of stock on an annual statement than ensuring best outcomes. Our regulator has expressed concern recently that firms may be putting clients into overly complex structures as part of demonstrating 'value', when simpler and possibly cheaper solutions might be at least as suitable.

We also have some interesting emerging propositions. Perhaps the most intriguing is the advent of 'direct indexing', where improved technology and fractional share trading allow for investors to hold an index directly on certain platforms without the need for a mutual fund structure in the middle. Taking that one step further, at least one platform is trialling 'custom indexing' where the client can specify 'I want the S&P500 but without XYZ stocks'. The adviser can create an index portfolio to the client's requirements and then demonstrate the cost of those next to the 'full' index. This is super useful for ESG-driven clients, and also those who have restrictions through employment on what shares they can hold even indirectly. It goes without saying, though, that firms looking at these solutions can't be rejectionists in terms of the importance of investment management.

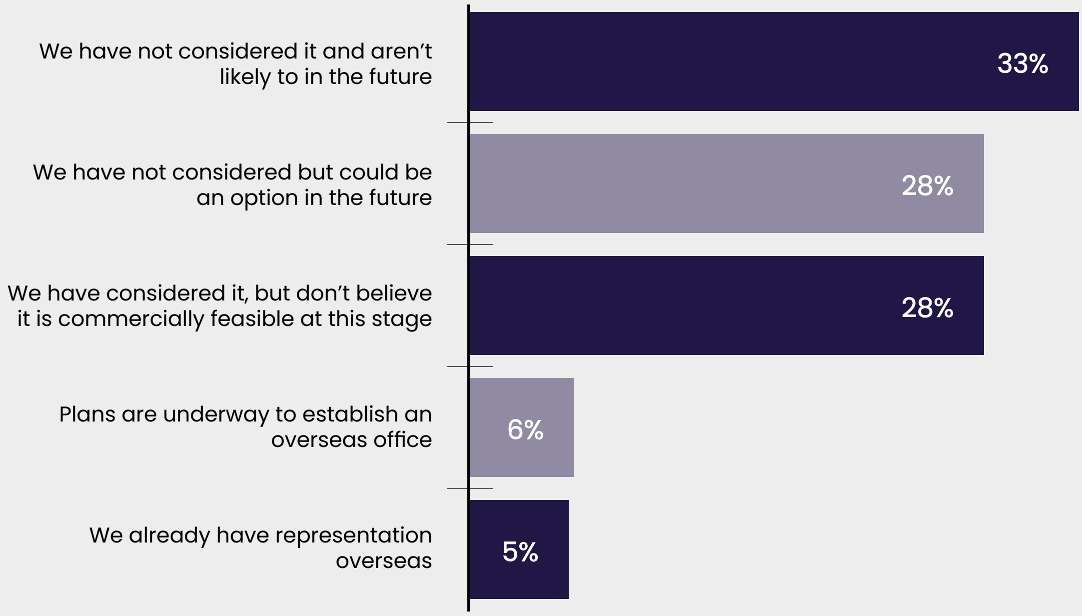
Finally, in our market we have the concept of a CRP – a Centralised Retirement Proposition. Our regulator is currently running a thematic review on investment in retirement, and it's fair to say there is quite a lot for them to unpick. Over 8 in 10 firms in our survey say they don't change the investment strategies for clients post-retirement, except for holding a little more cash for immediate income needs. Can a pre-retirement growth portfolio be as suitable for a 70-year old drawing income as a 50 year old accumulating wealth? Many aren't sure – and providers are rushing to plug the potential gap with a rash of retirement-focused model portfolios of highly variable convincingness.

This is one area where the UK lags South Africa, where we know post-retirement portfolios have been commonly available for a long time. This may be because we have a more entrenched defined benefit sector, or possibly just because no-one can agree on anything.

INVESTMENT PROPOSITIONS & OFFSHORE BUSINESS

To what extent have you considered developing an offering in another jurisdiction in order to provide advice to clients outside of South Africa?

Figure 6.2



WE'RE NOT ON HOLIDAY, BUT OUR ASSETS ARE…

We can't do an investment section without looking at the offshoring of assets. Clearly there are lots of options out there and quite stringent regulations; this isn't a technical paper and we'll stay clear of the relative merits of different jurisdictions, denominations and so on.

Affluent clients, though, clearly value the ability to house assets away from SA for lots of reasons, and that's why this is such a vibrant part of the market.

Anecdotally, whenever we've spent time with SA advisers, offshore is always a topic of extreme interest; one of your authors remembers feeling quite inadequate when being grilled on the relative security of Malta vs the British Virgin Islands for affluent clients after doing a Sandton conference presentation some years ago. Most firms have some exposure to the offshore world, but as you can see from figure 6.2, they are comfortable servicing that demand from South Africa. Only a small percentage either have established or are in the process of establishing a presence in other territories. Clearly commercial reality is important here, but

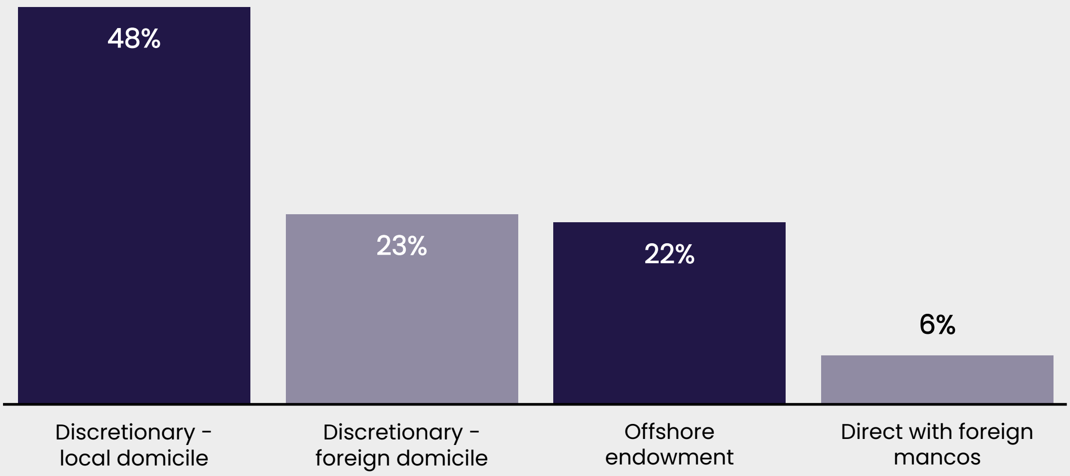
INVESTMENT PROPOSITIONS & OFFSHORE BUSINESS

Average proportion (%) of client offshore investments in certain instruments

Figure 6.3

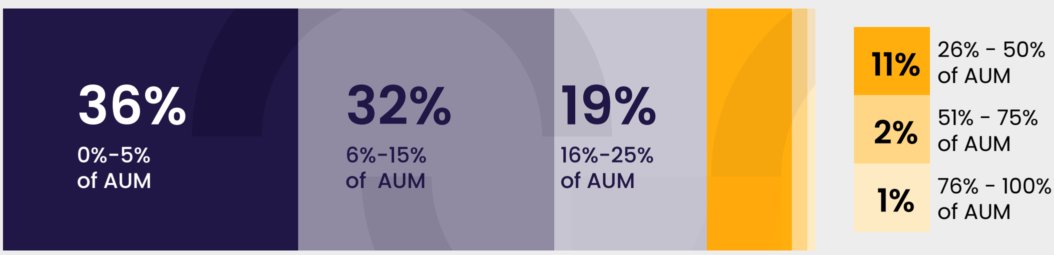
Proportion of clients' offshore assets in certain wrappers

Figure 6.4



Proportion of AUM estimated to be inherited by beneficiaries living outside of South Africa

Figure 6.5



INVESTMENT PROPOSITIONS & OFFSHORE BUSINESS

(although we can't prove it), this may also give a sense as to what might eventually happen with some of these monies. We'll come back to that, but on the 'follow the money' principle we thought we might see more firms dipping their toe into setting up an offshore offshoot; not so much as it turns out.

So we turn to what actually happens when a client needs or wants to look outside SA. As you can see from figure 6.4, the most common product type is a discretionary offering domiciled locally but invested offshore with foreign management companies – nearly half of offshored assets are held this way according to our sample.

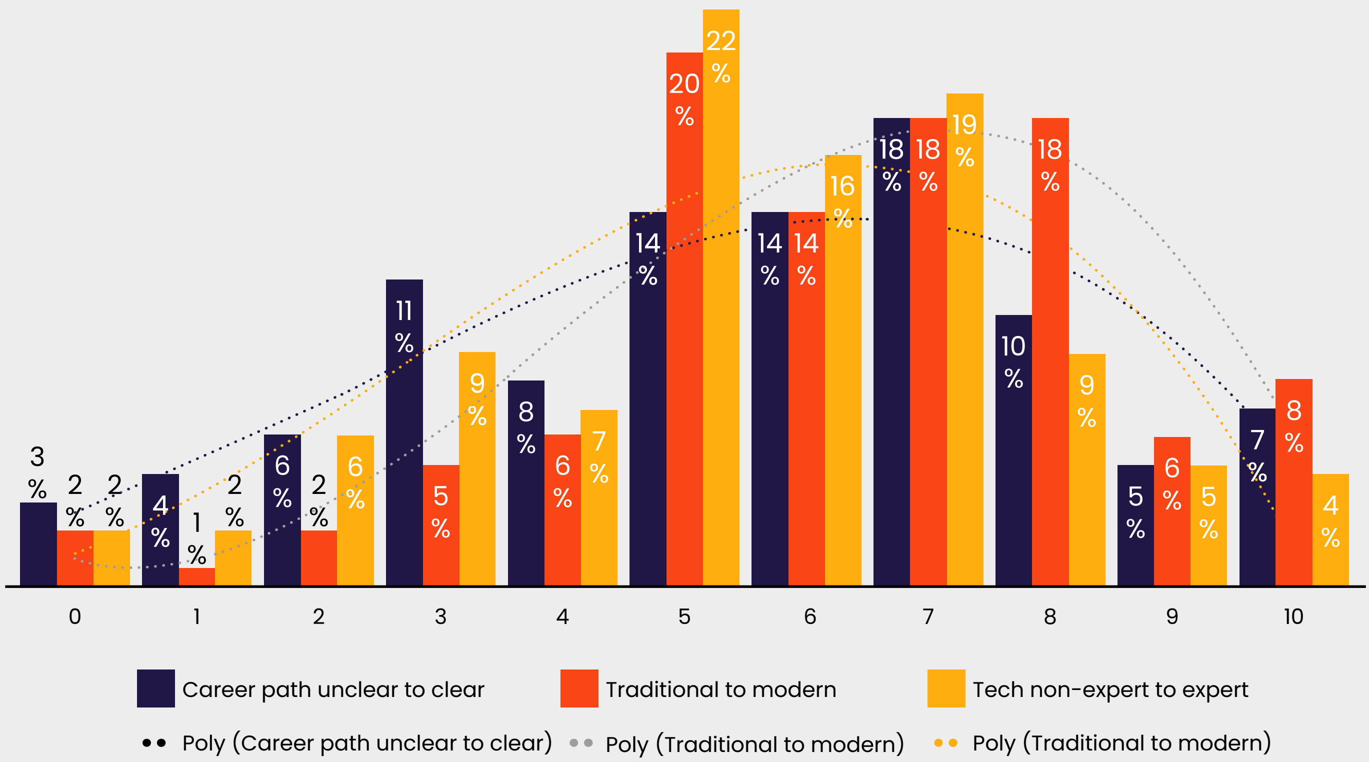
Beyond that, we start to move to offshore domiciled accounts and endowments, and that's where things start to get interesting. This is the first year of the Barometer, so we don't have trend data to quote, but from what we hear the relative popularity of foreign domiciled discretionary accounts and offshore endowments has increased substantially since pre-pandemic years. Offshore endowments of course offer their own trade-off in terms of restrictions and tax advantages, but foreign domiciled discretionary accounts seem to have exploded in popularity and at 23% of AUM according to our respondents take a much greater share of wallet than one might have predicted.

Finally, it's worth noting that the global trend of wealth transferring from the baby boomer generation through to Gen X and millennials is the same in South Africa as anywhere else, but perhaps a disproportionate number of those potential recipients have moved offshore (figure 6.5). This poses a particularly South African challenge in trying to work out whether assets will ever come home for a braai and a cold can of Castle. Respondents were generally fairly bullish on this – 85% or so reckon that under a quarter of their firm's offshore AUM will stay offshore forever. We mentioned that we'd come back to that issue of where firms have offices and operations; we can't help wondering that perhaps if the ties that bind subsequent generations to the homeland do weaken and assets along with the people that own them end up staying away forever, whether firms who have internationalised may be glad they did. Time will, of course, tell.

The Future

In our last section it's time to look forward and ask firms to reflect on what might be important to them in years to come.

THREE KEY QUESTIONS:
How clear is the career path for new entrants in your sector?
Are you traditional or progressive as an adviser?
Do you consider yourself to be a technical expert?
Figure 7.1



So we turn our eyes to the future, and as we've already seen in earlier sections there are clear areas of focus on a day-to-day business level that firms have. Whether it's automating makework processes, adopting AI for client communications, or moving towards more fee-based work, there is plenty to keep everyone busy.

But the future won't just be determined by the actual work to be done. It's much more complex, and driven by the values and attitudes of firms themselves. Let's dig in.

You'll see a compound graph opposite (figure 7.1) with the results of three questions. We plotted them all together for this section because the distribution of answers is very similar – most people answered in the middle of the pack or just above that.

We asked:

- do you think there's a clear career path in the financial advice sector for new entrants?
- do you consider yourself to be a traditional adviser (investment and product-led) or progressive (financial planning-led)?
- do you consider yourself to be a technical (in the sense of IT, not tax and investments) expert?

You can see the slight skew in the trendlines on the graph.

FSP: THE NEXT GENERATION

We saw right back at the start of the paper that while all our respondents are looking youthful and vibrant, when it comes to mileage on the engine, relatively few are as young as they look. In fact just under 10% of respondents were under 35 years of age and while it was heartening to see so many planning to stay around for a long time to come, the profession always needs new blood.

When we asked whether respondents thought there was a clear path for new entrants into the advisory profession, under a quarter ticked the top boxes of 8, 9 or 10 out of 10. 46% scored this at 5 out of 10 or worse and the overall average was just 5.5 out of 10. And that's an issue – a profession with no clear career path for younger entrants ossifies over time. But it also ends up being inefficient as (with the greatest possible respect) old dogs reject new tricks and it's also expensive. Most professional services work on the basis of pushing work down to the lowest cost appropriate resource, and that's hard to do if you don't have people at various stages of the learning curve.

There is nuance here, of course. Going back to less affluent client strategies, 22% of respondents said they gave that work to younger or less experienced members of staff. And it's hard for small businesses to invest in expensive training. But still – cracking this is surely crucial to ensuring a vibrant future for the profession.

THE FUTURE

KNOW THYSELF

The oracle at Delphi wasn't wrong – the key to getting to where you want to get to is to know where you're starting from. So we asked respondents to rate themselves on two scales – technological savvy and progressiveness. The first is hopefully self-evident, but the second needs unpacking. What we're talking about here is the difference between advising and financial planning. The former is the act of advising on and distributing tax-efficient products and matching investment portfolios to desired outcomes. It is what the public thinks advisers do. The latter is the act of creating financial plans, understanding the extrinsic and intrinsic motivations of clients and being a financial coach along the way. It is the basis of the CFP approach and probably the fastest-growing approach in most developed markets.

Both of these matter because they speak to what the role of an adviser is in the future. Do they need to be technologists; stitching together various propositions to make their own businesses run smoothly and (most importantly) finding new ways of working with and understanding the incredible richness of client data they are privileged to hold? Or can that be left to someone else and the core skills of planning, technical tax knowledge and so on are enough?

And do firms need to be progressive and work towards the CFP world of 'true' financial planning? Do clients even want a long-term relationship, or just problem solving, and at each extreme what do businesses that deliver those services look like?

The answers are beyond the scope of this paper, but as we can see at the moment there is pretty much a standard bell-curve distribution for the level of technological savvy firms attribute to themselves. Few will put their hands up for being Luddites or tech bros, but the bulge in the 5-7 area suggests most have a pretty good opinion of themselves; we wonder what might happen if we asked technologists to rate advisers.

On the progressiveness front it's a similar kind of pattern except the bell curve has lurched to the right. To an extent this is an inevitable consequence of the question – who wants to be thought of as old-fashioned? – but even discounting for that we find ourselves wishing we'd defined progressiveness more tightly in the question. For sure SA advisers have a different approach to the 'classic' CFP model we see so often in the USA and UK; much more value is rooted in investment management than in 'pure' financial planning in your market. Does that make SA firms less progressive than their global counterparts? We don't think we'd be brave enough to make that claim; each territory has to do what's right for its own market.

THE FUTURE

Revealing our UK biases, we asked a supplementary question about attitudes to active and passive management. In the UK, there is a strong correlation between progressiveness and passive usage; generally because 'value' to planning-led firms is located in the planning and the idea is to keep the costs of everything else as low as possible. Our South African results were fascinating – some firms liked passives and others didn't, but there was virtually no correlation between self-attributed progressiveness and fondness for passives. In fact those who ranked themselves a 10 on the progressiveness scale were very slightly less approving of passives than those who rated themselves a 9.

Nothing says SA has to follow the journey of US and UK planners, of course. Indeed, some UK planners have now become rejectionists about investment management and see it as a pure commodity; a view that might come under challenge when clients experience adverse economic conditions. Perhaps locating progressiveness away from investment management completely is the smart move. Time will tell...

THIS PLATFORM AIN'T BURNING - YET

Change and transformation sometimes happens because firms simply see it as good business – but more often it comes as a result of a 'burning platform' that has to be jumped off. In our industry, heavily regulated as it is, new forms of regulation can force that change too, as happened in the UK with RDR, the US with the DOL fiduciary reforms and Australia with the Royal Commission.

From where we sit, your industry isn't plagued with some of our issues; business is good, clients are happy and there is little sign of massively destabilising regulatory intervention at this time. So the future may well look like more of the same for a fair while. But as younger clients come through their wealth accumulation phase they will demand different things, and we can't help but think the journey so many firms in other countries have undertaken will be one South African advisers may find themselves on in the fullness of time.

We have stayed well clear of politics in this paper, but of course finance is inherently political and if SA has a burning platform then it probably comes in the form of political instability which is beyond anything any adviser, platform, portfolio manager or fintech company can control. We wish all those involved in making clients' lives better financially smooth sailing in this and all other respects.

Epilogue

And so here ends the 2024/25 Adviser Barometer. We hope you've found something of interest in these pages.

We set out to try and capture a snapshot of the independent advice profession – understanding of course that Allan Gray supporters will never quite be a fully representative sample, but certainly not a bad place to start.

We wanted to move past straight statistics about which platform, DFM or fund manager firms like; those are interesting for sales managers in providers but they don't do very much to help shine a light on what lies beneath in the advice profession.

So we asked all sorts of odd questions in all sorts of odd ways to try and pick away at issues which we know come up time and again. We were blown away by how open so many firms were and we thank all participants once again.

I talked about positivity at the start, and if you've read right through this[3] then I think you'll come away with a sense of the State of Things which isn't that different from mine. And that state is that while there are clear areas for improvement in terms of adviser technology, and the regulatory burden firms are asked to bear is always just that – a burden – generally things could be a lot worse. Satisfaction scores are generally very good and firms are loyal to those providers who act in a spirit of genuine partnership. Charging is relatively restrained and while SA clients on average may have a slightly higher total cost of ownership than their UK or US counterparts, their balances are generally on average overall a bit lower too, and the market is of course much smaller.

There are areas which we think are interesting – there is much more positioning of firms as investment experts creating bespoke portfolios than is typical for other CFP-style markets. Outsourced packaged investments are incredibly popular in most other developed financial services markets, and we wonder if that is a trend that will take further hold in SA.

[3] And if you have congratulations! You are more than owed a Dom Pedro.

Beyond that, there is a clear need for someone to take the CRM/practice management space by the scruff of the neck and create something that firms use because they want to, not because they have to. When you have some kind of solution which is enthusiastically adopted, that then opens the door to integrations, which opens the door to data standards and hopefully some kind of virtuous circle results.

For our part, it's been an absolute treat to be able to poke around in your market for a little while – thanks to you, to all 600 respondents who took part, and to Allan Gray for giving us the chance. We love feedback, and if you have any you can send that through Allan Gray or find us online at www.thelangcat.co.uk.

Slàinte mhath, as we say here

Mark Polson
chief executive, the lang cat

Annex 1: Table Of Figures

SECTION ONE: ALL ABOUT YOU

Adviser Barometer 2024/25

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