

AFA(S) CONFERENCE 2018

PRESIDENT'S MESSAGE

Guest of honour, Ms Merlyn Ee, Executive Director, Capital Markets Intermediaries,
MAS Representatives of MAS

CEOs of Insurance Companies, Fund Managers and Platforms and Financial
Advisers

Presidents and Representatives of Associations

Mr Mark Bonnett, Keynote Speaker and other presenters

Guests and, most importantly, dear Fellow Advisers

Good morning,

On behalf of the Association of Financial Advisers (Singapore), I would like to welcome you to our 17th Annual Conference and hope you will find these two days pivotal in your business.

“Blow, blow, thou winter wind
Thou art not so unkind
As man's ingratitude;”

I learnt this in school. I would be unkind and ungrateful if I do not start with a word of thanks to all who have worked so hard and sacrificed much time and opportunity cost to make this conference a success.

Raymond, you are really the bulwark and pillar of support for the AFA(S) and the AFA(S) Conference. Thank you for your passion and perseverance in helming again the Conference Committee so capably.

Our thanks also go to Angie Lim, our newly appointed Secretariat Manager, and a godsend for such a time and purpose as this.

And our thanks also go to all the volunteers from various companies, including Clara, our lovely emcee. You gladden our hearts by your willingness to put others before self.

On behalf of the AFA(S), let me express our appreciation and thanks to all the sponsoring companies which have supported our annual conference many years. This year, we acknowledge with heartfelt thanks the generous sponsorship of the following companies that the FA firms are pleased and honoured to distribute for:

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After more than 30 years in the business and being President the second time round after a 12-year interval, my joy is to see many of the founding members of the Association still passionately at it. My disappointment is to see that the financial advisory (FA) channel has not blossomed the way we had dreamed or envisioned.

What we celebrate and are thankful for is that, despite 2008 and a few minor hiccups, our economy and the financial services industry have grown and progressed steadily. Many of us have managed to grow our individual and company business, and have raised our children, and some have even inducted them into the business. It is great to see the ranks of young adult representatives growing and the steady growth of market share of FA channel.

What we rue or regret is that the FA channel should have grown more rapidly to become indisputably the channel of choice, but it has not, so far.

Using the sea as an analogy, we are not really in choppy or turbulent waters but we have some currents and cross currents and the proverbial winds of change to contend with.

One of the big currents is a national current. Our government has a predilection for national schemes with laudable motives for the good of our citizens but often these schemes impact companies and practitioners.

A current example is the impending CPF Investment Scheme (CPFIS) change bringing upfront sales charge to zero by September 2019 and allowing an advisory fee of 0.4 per cent only. This will impact many companies and representatives who have been investing their clients' Ordinary Account and Special Account. Anecdotal information has it that some representatives will have their earnings from doing investments reduced by 20 to 50 per cent.

When the CPF comes up with their own investment portfolio for CPF account holders, there will be another level of impact.

My point is not that there is no place for national schemes, or to try to fight the national current. My point is to move to parts of the sea where the national current has not reached and, hopefully, never will.

But the sea and fish analogy runs aground because there is no win-win for both fishermen and fishes. The adage is that clients' interest comes first, so we must ask – Who really takes care of clients' interest best? Who best helps the client to take care of his risks and money matters? Obviously, it is the one who provides the right advice and the right services and solutions at the most value relative to price.

In one respect, all knowledge professionals can compete fairly on a level playing ground when it comes to the quality of the advice. However, in the area of product solutions, there would be a wide spectrum of capabilities.

Taking life insurance as an example, tied agents of life insurance companies and banks with exclusive contracts to distribute for a life insurer would represent one life insurer only. FA firms differ in the number of life insurers they distribute for. It can range from one insurer to almost all the insurers.

Given that the authorities have adopted a channel-agnostic or neutral stance, clients have the formidable task of selecting who to work with or to go it on their own with the online firms. How can we help clients know the difference between the different channels in terms of objectivity of their advice and competitiveness of the products?

Based on ethical and contractual grounds, the independent financial adviser has been acknowledged as the channel which can be expected to take care of the clients' interest best. But not many clients know this. And, given the complicated situation today, it would be needful, however costly, to spread this good news more effectively. FA firms must press on and act in concert to present the FA channel as the channel of choice.

The AFA(S) will also push for closer cooperation among the firms to support measures to help FA firms operate more efficiently and effectively. And this is where technology can become our knight in shining armour.

Technology is a boon, not a bane; a friend, not a foe. Technology, and particularly information and digital technology, and the penetration and universality of social media, have enabled countries and economies and industries and companies, irrespective of their size, to compete and succeed.

FA firms, both large and small, are now able to manage their administration and operations more effectively and efficiently by embracing and applying IT and digitization to build their branding, client acquisition, training and development and to keep up with regulatory changes better.

Technology is an enabler and productivity multiplier. Because it is so much easier, faster and more efficient to do things with technology, it will replace some of the functions and jobs. But technology will not replace the human touch of building relationship and trust with clients which will continue to be the bedrock of business. This is especially true for the professions which financial practitioners aspire to be.

To succeed and excel, financial advisers would need not only to add value, but create value for clients by doing what clients or machines cannot do. To create value, we need to acquire, not the knowledge or data which can be done by computer and robots but, the wisdom of unifying and integrating multiple fields of knowledge borne and nurtured by our unique experience and personal knowledge of our business and our clients. Each of us is unique, and each of our clients is unique, and each of us is irreplaceable if we grow ourselves, our skills and our relationship with our clients professionally and personally.

The many presenters at this conference will no doubt help all of us to understand and utilise the many applications of technology in our industry. I am confident that the future is great for all who are agile and adaptable and keep with the times, however much they are a changing.

As has been observed, the pessimist grumbles about the wind; the optimist hopes the wind will stop or change; the realist adjusts the sails.

Let me wish all of you success in not only your business but your life as well.

David Choo
President

5 July 2018