
Press information

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Nucleus CEO: Technology's biggest impact on financial services has been transparency

Nucleus CEO David Ferguson has said discussions about technology bringing about changes in the way people interact with companies is missing the point, and instead we should be focusing on the impact it has had on transparency.

Speaking to advisers at Nucleus' annual conference, 'Disruption 2018', Ferguson said "When we discuss the impact of technology, we talk about mobile, and apps and uber-isation. This misses the point.

"Technology's biggest impact has been transparency. It's now mandatory to tell the truth and over time, that means the greatest value flows to those who add the most. The customer is beginning to be put first."

Ferguson added that this means financial advisers must get 'more human' with their clients and commit to being even more on their side as "no-one can disrupt human connection." He went on to say that this is where platforms can help advisers, by investing to extend capability, drive digitisation and hold the asset management community to account.

"Strip everything back and all this industry does is connect people to the stockmarket. Platforms sit in the middle and orchestrate the whole thing," he said.

"Everything else, DFMs, asset managers, just produces content. Platform business models are still kind of new but in no industry has a content provider emerged as a winner.

"Content providers' orientation is always wrong. Desperate to sell more content over better serving the customer. Some platforms are just serving the fund management community, while others are rightly trying to serve advisers and their clients.

"Platforms exist either to sell funds or to make advisers' lives easier."

Ferguson also believes that transparency will be thrust into the foreground, as platforms are the only entity that can really tell people who is getting value for money in an investment sense.

"As we continue to develop the Nucleus wrap we, and just like the FCA, need to get more curious on asset management, on value for money.

"Vanguard has already disrupted financial services, but transparency is about to have its turn. Only 25% of fund group staff contribute to investment decisions. More work in sales and marketing. The talent is very badly packaged.

"MiFID II led to disclosed fees rising 25% between 31 December and 3 January. Way more than in other industries, costs in fund management have a direct impact on the utility value of the product.

"The average active fund now discloses costs of more than 100bp. But yet, overall, fund groups capture only about 30bp in fees. Why are clients paying three or four times that?"

Other speakers at Nucleus' annual conference event included Phil Young, managing director at Zero Support, Caroline Wayman, chief executive at the Financial Ombudsman service, and chief executive of FP Advance Brett Davidson, considered as one of the top consultants to advisers in the UK.

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For further information please visit www.nucleusfinancial.com or contact:

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About Nucleus

Nucleus is a wrap platform founded in 2006 by advisers committed to altering the balance of power in the industry by putting the client centre stage.

Since then, Nucleus has established itself as a major force for change. It is now one of the UK's fastest-growing platforms and the meeting point for more than 400 adviser firms in total seeking to create better customer outcomes.

As at 18 August 2017, assets under administration on the platform were £13.0bn.

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