



01:
Will Davidson
chief executive
Powerwrap

Ready for the advice breakaway

Newly-established financial advice business incubator Tickr, developed by Powerwrap, is lending itself as a solution for the next generation of wealth professionals.

Irrespective of the financial services Royal Commission and its final report, Australia's largest banks have already made their intentions clear to move away from wealth advice.

It leaves financial advisers with a big decision. Do they leave the comfort and confines of a big institution or do they step outside and go it alone? If advisers do decide to step out, where do they go? Should they join an independent firm, should they start their own business – there is a lot to consider.

Powerwrap chief executive Will Davidson⁰¹ says one of the key considerations for advisers post Royal Commission will be the strength of relationships with their client base. If they have a long, loyal customer base, then Davidson suggests the adviser should really consider establishing their own advice practice.

But this is not as easy it first seems.

Advisers will question whether to get their own AFSL or become a corporate authorised representative. Do they secure a premises, how many staff will they have, what will be the CRM system and platform, what execution services will they use and how will financials be managed?

Davidson says this mountain becomes more of a molehill when crucial questions can be answered by a collective of people on the same journey, each working through a physical hub dedicated to servicing advice business start-ups.

It's why Powerwrap has developed Tickr, a curated environment for wealth advisers where everyone can equally share best practice investment or business ideas.

The chief executive likens Tickr to the established concept of barristers' chambers – where lawyers all want to work together and share services but are not impacted by whether one person is more successful than the other.

Maintaining client relationships

Davidson is quick to point out that advised clients won't be drawn to Tickr itself as a service provider.

"They'll come to the business for the adviser and the brand the adviser is building," he says.

"Clients can come in and feel like they're part of a dedicated wealth management practice, but it could potentially have five advice boutiques in there."

He sees an industry with many more boutique wealth management practices, and these will be directly tailored to each of the investor segments; and the tailored services will be bespoke to each segment.

"We have practices that focus on family offices and also practices that focus on doctors and lawyers and being very specific. We also see these groups starting to collaborate to secure the best in class services at the best price," Davidson adds.

As an advice business incubator, Tickr will help wealth managers and advisers set up and run their own business. It aims to overcome barriers such as securing premises and doing a fit out, full licencing and compliance, platform and execution services, as well as payroll and finance services.

In essence, the service addresses the non-core skillset that advisers often find daunting.

"A lot of advisers, when they leave a big institution, don't want to have to go and find a premises and a bookkeeper and understand about BAS and GST and all those things. They're great at giving investment advice but they not might be good at signing a lease or organising a fitout or financials," Davidson says.

"They're no doubt more comfortable advising on relationships, getting clients to meet their objectives, with regard to investments and also, providing best in class service."

The incubator works towards advisers getting their own advice licence. Initially they join Tickr through Powerwrap's advice licence and their clients will establish a platform account.

Changing adviser landscape

Traditionally, the banking sector has held the long, trusted relationships with clients. Advisers also felt it was most beneficial to work inside the banks because of this trusted support.

But it's no secret the Royal Commission has shone a spotlight on some of the practices that have been going on within the largest financial institutions in Australia. Now, Davidson says, the wealth brands from those same institutions are detracting from the credibility of individual advisers.

"Rather than being helpful, it's actually more difficult for them to build advice business within the bank than it is from outside," he says.

"It will take decades for those institutions to win back trust from Australian investors."

Powerwrap has also seen the global trend away from large global institutions providing wealth advice and it's resulting in the rise of boutique practices.

"First we saw this in the US with the growth of the independent financial adviser segment, then in the UK. Now it's time for the rise of the boutiques in Australia," the chief executive says.

"We will also see small practices that have global reach and capabilities that historically were only available in big investment banks. We will see a return to the trust relationship between the individual adviser and the client."

The platform provider already services 123 advice groups nationally, and many of them are what Davidson describes as existing breakaway groups – independent advisers that are keen on owning their own small business after countless years at big institutions.

"For many of them it's a change to the business model because they have no international equities research team, and no ability to do it themselves so they would put their client in an international ETF. This opens up the world where any manager can run your SMA," he says.

"What advisers miss is that investment camaraderie of having a shared space where they can come in and talk investment ideas."

What an incubator can achieve

Tickr can assist brokers in moving away from the traditional transactional approach of a broking business to a more holistic approach to wealth management that includes building wealth as well as long lasting relationships with their clients.

Described as a "WeWork for wealth management", Tickr can offer core services or what are normally the back office functions; it can also provide middle office and execution services – or everything one would normally get from an adviser dealer group.

And Powerwrap has a track record of building breakaway groups from investment banks and private banks. Davidson adds these businesses plug in to the service provider for both middle office and back office requirements because "they're focused on building client bases and they've now become some of the best known boutiques in Australia."

Tickr is first launching in Melbourne this month with two teams entering the hub. The service is also looking to migrate to Sydney in the near future. **FS**



The quote

They'll come to the business for the adviser and the brand the adviser is building.



Watch the video
on www.fsitv.com