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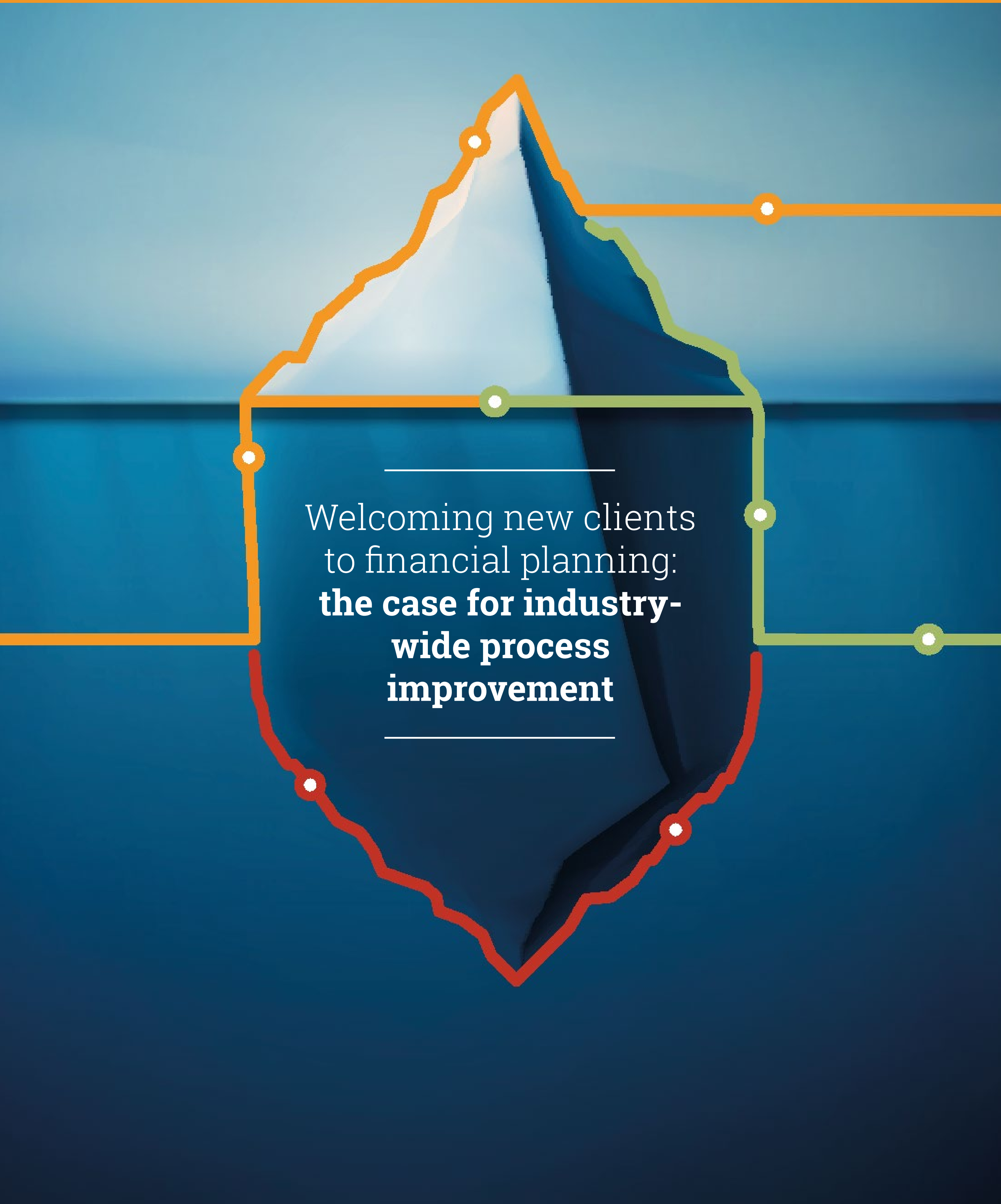

Welcoming new clients to financial planning: **the case for industry-wide process improvement**

The challenge of client onboarding and the case for change

Early on in lockdown, I needed to meet with my financial adviser to finalise a pension transfer. He drove to my house and wearing masks we met out front so he could hand me paper forms to sign. Of course, the forms were mislaid after being sent to the provider and he had to come back again for another wet signature. My experience is so similar to many consumers whose interactions with our industry may confirm their worst opinions of it as archaic and out of touch.

At Origo, we want to change that – we want to modernise processes to improve client outcomes and client experiences. The team at Origo has launched a new digital service that makes the process for Letters of Authority much more slick and secure for the client, the adviser and the provider. Our industry role uniquely places us to bring together financial advisers and providers to develop digital solutions that transform common processes – making them efficient, effective and secure. Our new Unipass Letter of Authority service joins Unipass ID, the Unipass Mailock secure email service, and our successful Origo Transfer Service and Integration Hub in further improving industry efficiency.

Origo's Transfer Service has already successfully digitised the transfer process, currently supporting around 95% of all DC pension transfers in the UK. We are confident that the new Unipass Letter of Authority service will help advisers, their clients and all of the providers that currently make use of the Origo Transfer Service, allowing each to benefit from digital efficiencies throughout the transfer process.

We invited Heather and the NextWealth team to carry out in-depth research into the client onboarding process. My hope is that we can shine a light on the challenges of onboarding. There are real personal costs and emotional implications caused by the current processes, as you will read in this report. We don't want clients to miss out on getting access to their money for retirement or to fund a child's wedding because of a needlessly slow process. If we as an industry continue to get this process wrong, we risk damaging a client's confidence in their financial adviser and in the world of financial services.

For the Unipass Letter of Authority service to be successful we need providers to sign up. Financial advisers are already champing at the bit to start using the service. For more information on how you can reduce risk, lower cost and secure & improve client experience, please get in touch by emailing ULOAinfo@origo.com.

Let's all get the onboarding process working better.

Anthony Rafferty,

CEO, Origo

The average cost to a financial advice firm to onboard a new client is £1,543 and the process takes an average of between three and four weeks. This was the headline takeaway from NextWealth's 2019 Financial Advice Business Benchmarks Study. Since then, the global pandemic has ushered in a wave of digital process improvements. Processes that remain manual stand out as dated– driving up cost and eroding customer trust.

In this report, we look at the client onboarding process and challenges from the perspective of the financial adviser and product provider. Their different viewpoints can sometimes make them appear to be far apart but they both exist to meet the needs of the client. Through greater understanding of the perspective of both adviser and provider, we can work together to deliver better outcomes to clients.

At NextWealth, we are passionate about helping firms adapt and thrive amid change. Digital process adoption is an important step along the way to reducing costs, boosting efficiency and improving customer experience.

We were pleased to partner with Origo on this paper as they launch their Unipass Letter of Authority service. We believe this service can form part of the solution to the client onboarding challenge.

Heather Hopkins,

MD, NextWealth

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Executive Summary

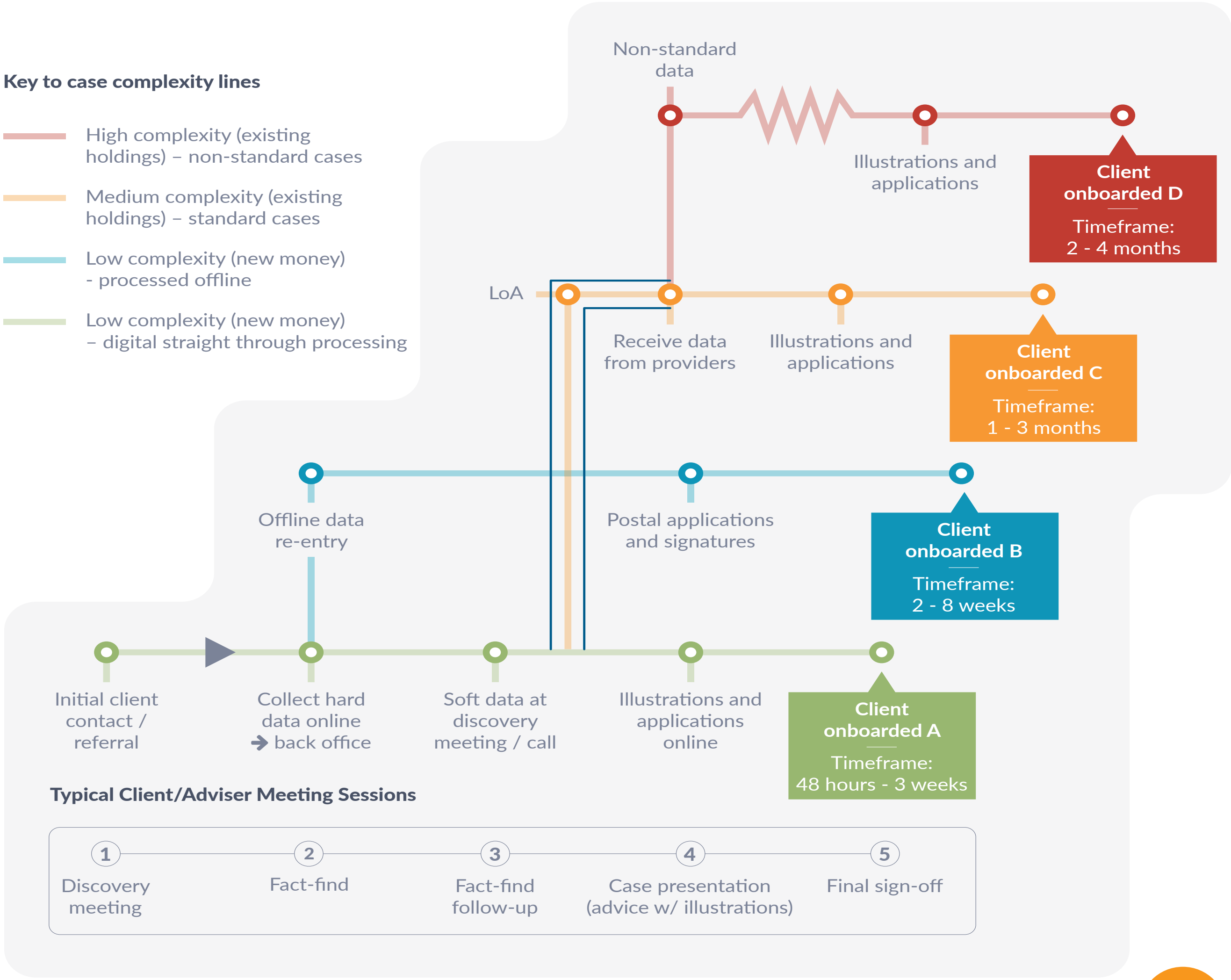
The primary challenge for welcoming new clients into the financial advice industry: time delays

With the technology and processing currently available, it is technically possible to onboard a new client to a financial advice firm within 48 hours of initial contact. That is a level of service that clients have become accustomed to from experiences outside of financial services.

As the graphic illustrates, in the majority of cases, the process is held up, side-tracked and delayed at various points in the onboarding journey, and in the worst cases it can take months.

This report examines the multiple and costly impacts of those delays and explores the case for industry-wide change.

> *"We got a client signed up and invested within 48 hours. That was new money, so that's nice and easy. But when you're starting to get LoAs, it really depends on the provider. Where it's a new client with assets on another platform, getting access to that information, sadly, it's still quite a manual process. It's the letters of authority that is just the most painful part of the process."*



There is a disconnect between timescales stated by financial advisers and providers /platforms.

Financial advisers speak of turnaround times in weeks (and sometimes months) while providers tell us they take days. The table on the right lists turnaround times, as stated by three platforms and five providers. We hear from advisers that turnaround times are usually much, much longer.

This table lists stated turnaround times for three platforms and five providers :

Provider/Platform	Average timescales to respond to a Letter of Authority
Platform 1	5 days
Platform 2	24-48 hours
Platform 3	Unknown
Provider 1	Not disclosed
Provider 2	5 days (15 if Trustee involved)
Provider 3	Not disclosed
Provider 4	4 days
Provider 5	8 -10 days

The difference between stated times and actual turnaround times comes down to when the clock starts. Financial advisers starting counting from the day the request begins. Providers count from the day it is received with all required information. The difference is made up of getting lost between departments, difficulty finding the right part of the business to contact, missing information, incorrectly completed forms, etc. Financial advisers tell stories of waiting on hold for hours at a time as they try to get status updates on Letters of Authority sent weeks before.

Factors such as legacy systems, trustee involvement, illustration and application processes and requests for non-standard information can impact on the length of the onboarding process.

The costs of a poor onboarding experience are multiple:

- Loss of client momentum
- Industry reputational damage
- Adviser client service impact
- Client stress when key personal deadlines are not met (i.e. retirement, divorce)

Change is underway in some areas of the onboarding process

Technology such as eSignatures, secure email and Origo's Unipass Letter of Authority service play key roles in solving some of the frustrations.

In a NextWealth survey, 72% of financial advisers cite waiting for client data from policy providers as the biggest delay in onboarding new clients.

Covid-19 has been the catalyst for the increased adoption of eSignatures, and we expect adoption rates to continue to climb:

- 42% of financial advisers said they use eSignatures in March 2021. Acceptance by providers was the biggest hurdle to greater adoption.
- While 16 out of 20 platforms accepted eSignatures as of March 2021 many pension providers still require paper forms sent by post.

In our data request from providers for this report five out of the eight providers interviewed accept an eSignature for some form of application or document. The platforms who shared practices with us were more likely to be among those accepting eSignatures. We also hear from financial advisers that acceptance is uneven. Among pension providers that accept eSignatures, they do so for a very limited number of processes.

Introduction

Client onboarding is the process of welcoming a new client into the business. It starts after the initial lead has been generated, from a referral or elsewhere, and ends with delivering the first piece of advice or the financial plan.

It includes the Letter of Authority process and the data gather – both from the client and from their existing providers – as well as such processes as verifying ID and bank details, and collating illustrations. We've chosen to touch on the application process too as it all ties in with getting the new client set up.

How important is client onboarding?

> *"I'm not sure it could get any higher on my agenda." - Financial adviser*

A positive onboarding experience confirms for clients that they have made the right choice when selecting to work with a financial advice firm. Moreover, for many new clients this will be the first interaction with a financial adviser.

Part of the onboarding process is educating the client about what to expect in the financial planning or advice journey, getting them inspired in addressing their money situation and building an open, honest and trust-based working relationship.

Financial advice firms understand this and are considering the customer journey. However, many are unable to design the full onboarding process they would wish to present to clients because of delays beyond their control and confusion about document transfers.

Many firms also have deep concerns about the vulnerability of their clients' data and the way in which they are being required to submit documents.

> *"It astounds me that major life assurance companies do not understand that standard email is not a secure means of sending personal information." - Financial adviser*

As an industry, there is mounting pressure on fees and demands to widen availability of advice. The delays and back-and-forth in processing data requests are direct additional costs – for providers and advice firms - contributing to higher fees.

Some advisers feel there is deliberate avoidance of the issue by providers, given that in some cases a Letter of Authority represents the first step in a transfer request and the loss of a client for the provider.

Providers tell us that repeated rounds of regulatory change have required them to prioritise other parts of their development roadmap. Either way, the operating processes of providers are already becoming a matter of propositional differentiation. While for a new client, an adviser will need to work with the client's existing providers' systems, we heard repeatedly that the ease of use of these systems would impact decisions about where to place any new business. This should serve as an important reminder to providers that there is a business reason to invest in a slick LoA process.

Covid-19 has accelerated change, with many providers ushering through digital signature processing and online document handling, although remote working and furloughed support staff have also contributed to delays.

“I wish it was 3-4 weeks. Covid has given the current crop of providers an excuse to be even worse. On average, I’d say it’s more like 2 months now to fully onboard a client.” - Financial adviser

Origo are launching a new solution aimed at addressing advice firms’ frustrations with the onboarding process. The Unipass Letter of Authority service provides a bridge between advice firms and providers, allowing Letters of Authority following a standard format to be securely transmitted to a central repository at each provider, and it will also facilitate the fulfilment of data requests across a growing range of products.

We are certain that all parties want to do right by the client. However, if no action is taken we risk a further erosion of trust, an increase to the cost of advice, and data vulnerability risks for individuals.

“We want to partner up with people that get it, that will support that journey, that will care as much as we do. That will mean that client onboarding is pretty much instant – that you will get data quickly. This means you could turn around a suitability report within days rather than weeks. And we know, because of other sectors, that the technology is available. We’re not actually asking for anything that is, you know, flying to the moon.” – Financial adviser

Methodology

The report was prepared using the following research inputs:

- **Provider survey:** A survey of eight providers and platforms in October and November 2020 to obtain a high-level view of the onboarding process, key challenges, opportunities for improvement and typical service turnaround times. We will refer to these platforms and providers as “providers” in this report.
- **In-depth interviews** with 11 representatives of financial advice businesses, which we will refer to as “financial advisers” in this report, were conducted over September and October 2020.
- Information gathered from the 2019 and 2020 Financial Advice Business Benchmarks reports, of 485 financial advisers in 2019 and 365 in 2020.

Key steps in the client onboarding process

Client onboarding is a process led by the financial adviser, however advice firms can only design and control the process to a certain point.

> *"My onboarding process, you know, it's pretty slick, right until the point that I have to speak to one of the traditional life offices. I can probably onboard a client, so from sending them terms of business, signed, fact find completed, uploaded to Intelligent Office, in the same time I spend on the phone to most of those life offices." – Financial adviser*

As the graphic below shows, at step 5, the adviser's onboarding process becomes heavily reliant on providers to supply the necessary information for the process to continue, further complicated by having to engage with providers that the adviser may not deal with on a regular basis.

Key steps in client onboarding	Led by
1. Initial assessment and discovery meeting	Adviser
2. Send out terms of business	Adviser
3. Fact find: hard and soft data from clients	Adviser
4. Export and/or key information to back-office system	Adviser
5. Send Letters of Authority	Adviser
6. Data gathering from providers and platforms	Provider & Adviser
7. Illustrations and applications	Provider
8. Advice process	Adviser
9. ID and bank detail verification	Provider & Adviser
10. Terms and conditions	Provider

Without exception, advisers complain most about step 5, the Letter of Authority. Every financial advice firm interviewed for this report described delays and frustrations, resulting in workarounds and extra unnecessary steps.

> "First of all, it's very difficult to find out what email address those letters of authority go to… Step one is probably phoning those providers and giving them a policy number and asking for the right email address."

The Letter of Authority process: what's going wrong?

In the table above we outline the 10 key steps in the client onboarding process.

Given that as a single issue it attracts more attention and concern, and associated cost, than all the others, in this section we consider in more depth the Letter of Authority process.

Every firm we spoke with for this paper, without exception, has experienced delays and frustrations.

The concerns are principally:

1. that the information requested is not standardised, and therefore several different letters may need to be prepared for a single client, requiring significant additional time for rework.
2. that the submission format varies from provider to provider, e.g. through a portal, secure email or post.
3. that for some providers, though not all – and there are notable exceptions and examples of good practice - there is no single receiving point for a Letter of Authority and therefore the advice firm has to elicit the correct team's email address which adds time and confusion
4. the Letters of Authority have to be chased through each provider system to ensure deadlines are met, and
5. that sensitive client information is having to be transmitted in an unsecure way exposing the advice firm to cybersecurity risks.

Most advice firms have had to build in workarounds and additional process steps such as phone calls before each submission, additional telephone checks to follow a Letter of Authority through the system – has it been received, forwarded to the correct team, added to the system, processed, and so on.

Our interviewees commented:

> *"To any administrator it's probably the most painful part, the letters of authority. And I think we all feel actually it's a really simple process. It should be standardised, it doesn't need to be so painful. It doesn't need to be so time consuming. The mind boggles really; everything from some wanting a letter of authority that's been signed within the last month, some a letter of authority that's been signed within six months, some will say it has to be within two years. Some you can send it through by email, some by post, fax, the list of different requirements."*

> *"If every company committed to having one email address, for all letters of authority, regardless of product, how amazing would that be? How much time do we spend phoning these providers trying to find out the right team to send the letter of authority to. The time that's wasted is just incredible."*

Whilst much of the frustration lies with provider process, our financial advice firm interviewees recognise they can take action to smooth the interaction, and their tips are outlined in Appendix II.

The specific challenges experienced in steps 3, 4 and 6-9 are explored in Appendix 1.

Different perspectives: client onboarding challenges for advisers and providers

Top five client onboarding challenges for financial advisers

1. Overhead costs

> *"We shouldn't have to have people sat there chasing LoAs and chasing agencies and chasing novations. But we do. So there's a cost centre there that's unnecessary."*

NextWealth's 2019 Financial Advice Business Benchmarks study found that on average it takes three to four weeks from the first contact with a new client to delivering the first piece of advice. For 38% of businesses, it takes four or more weeks. On average, the cost to the advice firm was £1,543. Onboarding times were consistent across all firm sizes, suggesting that even firms with a larger support team fail to do things faster. In fact, the biggest drag on onboarding times, cited by 72% of advisers, was waiting for client data to come back from policy providers. This delay sits outside the advice firm's control.

Our qualitative interviews highlight that tasks such as the data gathering of new clients' existing policies add substantially to the workload of the admin team. Furthermore, the issues around making sense of the data that comes back and spotting gaps in what has been provided, often mean that senior staff or paraplanners have to get involved.

"You can't build a business model assuming that it's only going to be your junior earning £18,000 that's going to touch that piece of work because it's not."

"The administrators paper over the cracks. It's almost a staple of their job."

"Even to the most basic things; the paper that providers send, or the 2, 3, 4 versions of the same letter that providers send because their systems aren't good enough, there needs to be someone sitting in our office, opening those letters, and figuring out whether they can be shredded or scanned."

"What you find is, if you break down the cost of most advisory firms' processes, a hell of a lot of that cost, if it's costed properly, is admin, and chasing and waiting for stuff and chasing up something because you don't get the information."

Advisers noted that turnaround times differ across providers and in most cases take longer with workplace pension providers/administrators.

2. Servicing: the personal impact

As well as financial, there are emotional and personal costs to the delays in onboarding new clients. The adviser is at the sharp end of client frustrations caused by delays.

"I really get frustrated with providers and how they treat clients, because it's someone's income that they're missing. It's someone's retirement that they're making stressful. It's someone's wedding that they could ruin by not having that process quickly. These are things that they mess up. And they do not understand the implications that they're having on that person."

Another financial adviser described frustrating delays to a divorce pension sharing order:

"All of the time that was added on to that is holding up the client's divorce… what they (providers) don't understand is the impact."

3. Service cost: loss of momentum

For many clients, their first foray into financial advice will also be their first experience with our industry. A critical part of the onboarding process is to help the client articulate their own financial goals and to inspire them to achieve those goals. Sustaining the client's momentum is critical in the early stages and helps to create an open, honest and trust-based relationship. Many advisers told us that a poor onboarding experience can erode the effort and momentum gained in the early stages of the process.

> *"Taking the step to get help is a big deal. So they start that process, they have an amazing first meeting with us, they feel very engaged and very, very energised to do something; they've taken a step, they've made that move. Now, three months later, it's the second meeting, because it's taken us that long to get the data, to put it all together to do the research, that is an excessive timescale. I think you lose people along the way. They forget what you said, they forget what you were talking about, and you're having to work harder to bring that back to life again."*
>
> *"It costs the client, because we have to babysit providers and deal with the absolutely shocking service levels, and shield the clients from that, because if we don't, we'll put them off money for life."*

4. Reputational cost

Financial advisers are unable to design the full onboarding process they would wish to present to clients because of uncontrollable delays and confusion about document requirements.

> *"Ultimately the clients, they do appreciate to some extent that it can take a while but if you tell a client they're quoting a 42 working day turnaround, they find it quite hard to accept."*

In one interview, an adviser described how he had to ask a client to make their own withdrawal from the provider as the delays with turning around the Letter of Authority would have simply taken too long to meet the client's deadline. He continued, ***"this looks absolutely rubbish. I've got a good relationship with this client who was okay, but some clients would wonder what they're paying me for."***

5. Security concerns: costly time delays and unsecured workarounds

Cybersecurity and data theft concerns present a major stumbling block in many onboarding scenarios.

Financial advisers report positive experiences of working with providers who have a portal where the Letter of Authority can be securely uploaded, however, in many cases, access to the secure portal is restricted to those with an existing account. *"If you're taking on a new client"*, described one interviewee, *"they might have policies and things that you don't have an agency with, and therefore you can't access the secure portal."*

Others question the need to present so much identifying data on one sheet:

> *"As soon as you put something in the post or by email to a provider, anybody hacking that email, or that piece of post has literally got all of that client's information. I've never understood why an LoA should have to have all of that information on it. Never. I just don't see why it needs at all."*

Some providers allow a Letter of Authority to be submitted by email yet are unable to work with advice firms' encrypted email services. In these cases, advisers are forced to revert to the post.

> *"To say that we have to go back to post is just madness. But to have something where we can submit them to providers securely, where they will then open them because at the moment, if we use various different encryption options, they just don't open it. So we revert to attaching a PDF and saying to the provider, this is the policy number. And the password is the client's National Insurance number, for example. But that takes about six times longer than it would if you just email."*

Top three barriers to improving the process for providers

1. Possible loss of business

Receiving a Letter of Authority signals to many providers the possibility of the client being transferred elsewhere. Providers may consider there is little incentive or business case to make improvements. Financial advisers refute this; a positive service experience means they are more likely to give business to that provider. The opposite is also true; a negative experience at the onboarding stage makes assets more likely to be transferred out, as illustrated by the following comments:

"We had a situation whereby it was about three months before we actually got any form of an acknowledgement and that particular case was all to do with a divorce pension sharing order. So all of the timeline that was added on to that is holding up the clients divorce and you know that what they don't understand is the impact. As it turns out, that money probably wouldn't even have left them. So that's their short sightedness. Now, as soon as that physically can move, we will be recommending the client moves. So you know that was detrimental to them."

"Providers need to invest in themselves so we can utilise them properly. The industry is changing, from when I started. Now, there is a shift because advisers will screen out the providers that aren't moving with the times."

"We can obviously vote with our feet and not support the repeat offenders with new business but they don't seem to care or want to change."

"We're doing an update on our platform review, and we're writing out the features, and in that list are the new things like accepting DocuSign, application forms, etc. We have a review every two years. And two years ago, that didn't feature really. There are certain platforms that are just awkward and actually you think 'why would we want to work with them,' for example, [provider name redacted], that's a hard one to work with. Just logging on is like a spy movie."

2. Costs and complexities

Among providers seeking to improve the client onboarding process, they are stifled by a mountain of risk and governance procedures. Such procedures are lengthy and complex and must be adhered to in the event of any significant change introduced to workflows.

Legacy business books and their systems add a layer of complexity and costs, weakening the business case for improvement. Providers must remember that they have an obligation to show consistently that fair treatment of customers is at the heart of their business model. It could be argued that giving customers access to products at a fair price is a requirement of treating customers fairly.

3. Proposition investment

When asked what they would like to see improved, most providers said 'consistency' and 'standards'. While standards were appealing to some, others, upon reflection believe their process is a unique service differentiator and therefore standards would be of little interest.

Among eight providers surveyed, two use standard application forms for requests coming into the firm (either online or paper), the remaining 6 do not use a standard application form. Additionally, five providers supply a standard information pack to the adviser in return.

Common viewpoints

By exposing shared challenges and differences between the adviser and provider views on the client onboarding process, we hope to foster understanding and improve collaboration.

The similarities

From the previous section we can see that the client onboarding process challenges financial advisers and providers on similar issues. Both grapple with the costs of servicing, inefficiencies driven by inconsistencies and security concerns. They share similar desires for improvement (please refer to Appendix III for Top Requests).

Costs: resource

Financial advisers and providers both incur unnecessary costs due to inefficiencies. Providers express frustration at the time spent responding to requests that often include errors or omissions, and financial advisers are frustrated by the need to chase requests.

Servicing: lack of visibility

The ability to provide easy, online access for tracking LoA requests is a shared goal. For financial advisers, this would provide a means of communication with the provider to which the request should be sent as well as provide peace of mind and transparency of timescales. For providers, the introduction of online tracking would reduce unnecessary calls.

Security: secure email risks

The intermittent use of secure emails, the variety of secure email systems used and reliance on password protecting files are also shared security frustrations.

Five of the providers surveyed indicate they use one or more secure email services.

Customer service teams typically access one common email address. Secure email often relies on an individual's credentials and with multiple team members accessing one address, this makes certain secure email services difficult to work with.

As a workaround, some providers are requesting the use of unsecure email, with files password protected.

The differences:

Despite providers and advice firms sharing similar challenges and desires, they also have their differences. By highlighting these differences, we can examine the reasons behind the misalignment and work toward solutions.

Perceived timescales to service

There is a disconnect between advisers and providers over the perceived length of time it takes to onboard clients. Providers' state average turnaround times for a Letter of Authority as ranging from 24 hours to five days and can extend to 15 days if a trustee is involved. Two providers were unable to disclose any turnaround times. Financial advisers state that the process averages three to four weeks to onboard a client, and in some cases much longer.

Business gain vs business loss

For financial advisers, client onboarding is a new business process; the beginning of something new. For providers, it can signal the start of a transfer out. This may influence how the process is prioritised by financial advisers and providers.

Consistency vs point of difference

Financial advisers are demanding consistent processes that remove variety and complexity. For providers that consider the process a servicing point of difference, there is a reluctance to adopt a unified approach. But the lack of industry wide consistency among all providers and advisers leads to errors and wasted time for financial advisers and their clients.

Control vs chaos

Financial advisers lead the client onboarding process, yet they do not control the full LoA process. They are at the mercy of myriad provider LoA processes.

Personal impact vs distance

The emotional distress caused by the inefficiencies of the client onboarding process is most keenly felt by financial advisers who face the clients. The providers on the other hand are distanced from the end client and so are less aware of this emotional impact directly caused by inefficiencies.

Dangers of status quo

There is a raft of risks for both financial advisers and providers should no action be taken to address the client onboarding process and its inconsistencies and inefficiencies.

Industry reputational damage and erosion of trust

Lengthy processing times and inconsistent methods of requesting and accessing information on behalf of the client will have a detrimental impact on that client's view of the overall industry. A poor experience can erode trust and be deemed as infringing Treating Customers Fairly (TCF) principles.

Cost of advice

> *"100%. I do not charge anywhere near enough to waste any of my time with them. The providers I use are for my benefit as much as they are for the clients. So I can operate slickly. Rather than going and finding the cheapest provider for them that I just know, you know, [provider name redacted] is a good example, I could probably save them six basis points a year by putting them on [platform name redacted] and not [platform name redacted] or [platform name redacted]. But I'd have to put my charges up, because it just takes so long to get anything done."*

There is a regulatory focus on value which is extending to fees for financial advice. There are also calls to offer a lower cost service to customers with simpler needs. But the inconsistencies, complexities, delays and back-and-forth in processing requests as well as calculating risks for potential GDPR infringements are indirect costs that will ultimately be recouped from the client.

Security breach in waiting

Due to the large amount of personally identifiable information passing between client, adviser and provider, the client onboarding process goes beyond just a GDPR risk which may ultimately lead to fraud or impersonation. The variety of secure email services and their inconsistent use; password sharing for protected files; use of other forms of communication (fax, post and telephone) means that this process is a security ticking timebomb.

Drivers for change

Other ongoing trends in the industry are supporting the drive for change in client onboarding processes.

Covid-19 and technology

The global pandemic accelerated digital transformation agendas. One obvious result was the adoption of eSignature processing and online document handling.

> *"We're one of those firms that until Covid had wanted to but hadn't ever delivered on electronic signatures. And so for me, it sort of forced people's hands in a lot of areas."*

> *"There has been 10 years of progress in about 3 months. We found a lot of providers that were stuck in the dark ages and always wanted original signatures and hard copies of documents, they've actually become more modern and said they will accept scanned copies of a letter of authority, and they will accept our request for information online."*

A provider surveyed as part of this research now accepts authorisation through the client portal. This is a new development introduced as a direct result of remote working. We expect these advancements to remain in place as we emerge from the pandemic and hope to see further momentum toward digital process adoption.

Innovation by digital natives

Our industry is often perceived as a technology laggard. Clients and financial advisers compare the processes for opening an investment account to those for digital first banks such as Monzo and Starling. The slick customer experience offered by these digital natives is fuelling demand for innovation. New market players are attempting to snap up market share, by offering a better customer experience.

> *"I was able to open a bank account using face ID – why does my client need to sign a pile of forms?"*

Security

The variety of secure email/messaging systems and fears over client data is leading a call for a central, industry endorsed approach.

> *"No firm is big enough to come up with a solution themselves so you have to rely on independent industry solutions."*

Looking to the future

The risks and drivers are already leading to the development of solutions to help improve the client onboarding process.

Origo and its Unipass Letter of Authority

Origo's new Unipass Letter of Authority service surfaced from Origo's ULoA working group containing 19 industry providers. Five of the eight providers surveyed for this report put themselves in the 'yes to maybe' camp for signing up to the service.

This service enables advice firms to securely transmit a digital Letter of Authority, requesting client policy data from any of the participating providers, whilst removing the need for a wet signature. Initially providers will be able to reply with fulfilment data for pensions and later in 2021 the system will also enable fulfilment for investment products. Other products will follow shortly thereafter.

Financial advice firms have been engaged in the pilot programme, and the firms we spoke to welcome the concept:

"I think it needs one company like that to just own it and do it and have somewhere that we go to because everyone has their own [way]. Everyone has tried, they tried to be innovative, but it's still 30 different processes."

"The Origo thing I think will be massive, I think that will make a massive difference when that is launched."

"I hate to throw this phrase around, but for me, it will be a game changer."

"If Origo turned around and said, it's going to be a paid service, and it's going to cost x a month, we'd probably look at it and go, brilliant, can't wait. We'd love to pay you if it's going to be that much better. We can't just expect these things that make us efficient to be created by people for free either because we have to acknowledge it as a genuine big time saving process. We can't just sit here and demand that it should be good. We have to partake somewhere."

The success of the new service however is dependent upon providers and advisers signing up and using it. Without providers, financial advisers will not be able to take advantage of the efficiencies it will offer.

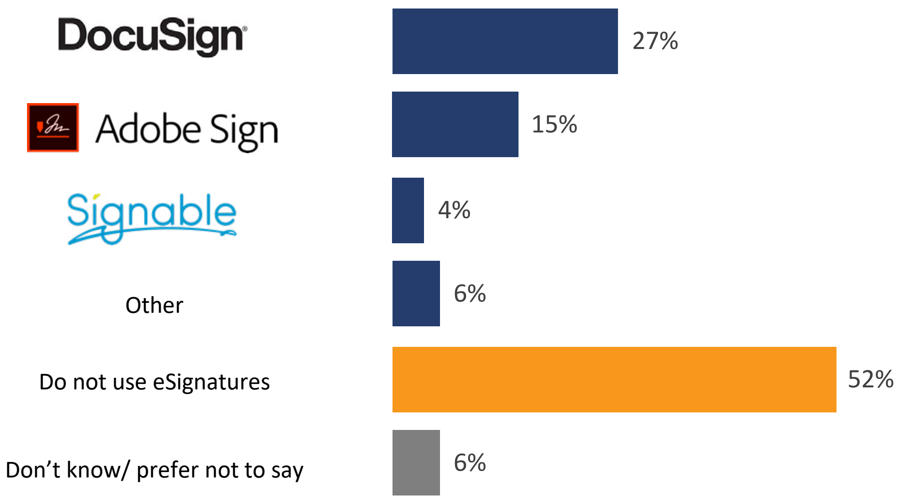
With Unipass Letter of Authority, advisers and providers can serve clients in a slicker, faster, and more secure way. Instead of paying for post and waiting on deliveries, spend more time focusing on what matters: giving new clients a better start to the financial advice process. Discover more at Origo.com/uloa.

eSignatures

Many more providers are enabling flexibility on document submission and eSignatures and we expect this trend to continue. 16 out of 20 platforms now accept an eSignature for some form of application or document, an increase of seven since April 2020. Five out of the eight provider research participants accept an eSignature for selected documentation.

In a NextWealth survey in March 2021, 42% of advisers said they use eSignatures (see Figure 1). This will grow rapidly with availability: the biggest barrier to adoption was the propensity for providers to accept eSignatures.

Figure 1: eSignature providers used by financial advisers



Source: NextWealth Adviser Tech Stack: eSignatures & Document Submission. Base: n= 218 financial advisers

Secure email

While it is encouraging to see rising recognition of the importance of encrypting emails when sending personal information from both advisers and providers, too many providers rely on different and often homegrown systems. The ideal solution is for providers to accept secure email from any secure email system.

Conclusion: Different perspectives on the same client

“People are only holding assets and investments to fulfil their dreams, be that to send their kids to uni, pay off the mortgage, retire wealthy, whatever the aspiration might be. It’s people’s hopes and dreams that they’re holding on to. So why make it difficult? Why are you making this so difficult and complex? We spend far too much time and effort, still, joining the dots between what should be a relatively simple transfer from one provider to another. All this chasing, all these overheads, ultimately it’s the client that pays.”

Financial advisers and providers can already envisage a world in which client onboarding is no longer a drag on resources and a source of frustration.

The Covid-19 pandemic has shown what can be achieved in record time when the necessity of doing business remotely forced the adoption of eSignatures, paperless processing and secure email up the list of priorities for both providers and advisers.

Technology and integration improvements outside of provider systems will also support a client onboarding process with fewer delays and rekeying errors.

We acknowledge that providers have invested in smoothing bumps in the road elsewhere in their processes for new investors, in particular in conducting slick anti-money laundering checks without the need for void cheques. While these improvements are welcome, much remains to be done.

In future, clients will be able to transfer their own data to or between financial advisers at the click of a button. Others will likely prefer that their adviser handles this on their behalf. Open finance will undoubtedly shift the balance of data control:

“In an ideal world you could go and grab data. There’s only ever one set of data. And there’s only ever one need to input that set of data once. And that data will then flow through to whatever you need it to flow through to whether it’s your system or somebody else’s system.”

In the meantime however, the research indicates providers will have no choice but to modernise systems and processes to support client onboarding, as advice firms increasingly vote with their feet:

"We set out that we would only really engage and us suppliers that could support a business that wanted to be paper-free and efficient. I'd like to think that we can keep our costs low because we don't have to print out loads of forms and because we don't have to complete loads of paperwork. If a client is adamant they want to use another platform that's really difficult for us to use, then we almost reserve the right to say to that client, well, we can use that platform for your assets but we have to charge you more. Because we're doing more work with that platform we're going to have to pass on that cost to you. It's not really fair that we absorb it being that we've independently reviewed that platform and we don't like them for that reason."

Despite different motivations, priorities and perceptions, the impact of not improving this aspect of client servicing is felt by both advice firms and providers in terms of the costs of processing and chasing, poor service experience and the unacceptable level of data security risk.

The industry has an opportunity to come together to resolve the inconsistencies, delays and lack of transparency by operating this process via a single central hub for advisers and providers to securely process a Letter of Authority.

This paper concludes that the reputational, security and inefficiency costs of leaving the onboarding process in its current fragmented state outweigh the benefits to any individual provider of using bespoke improvements as a propositional differentiator.

Appendix

Appendix I: Step-by-step

a. Fact find: hard and soft data from clients

The initial fact find is a step in the process that is entirely down to the preferences of advice firms and their clients, supported by available technology.

Financial advisers are using tools such as client portals and writable PDFs to allow them to focus on defining goals and objectives while reducing time spent rekeying data such as contact information and National Insurance numbers. Advisers also have the flexibility to design a fact find that fits with the type of proposition they wish to offer.

> *"It's not in my best interest or the client's best interest to sit for 40 minutes going through date of birth, NI number, email address, contact details, where you live, if you're married, if you're divorced. All that stuff can be done through an online form. I quite like the idea of getting the client to do some work because we often do two or three meetings before we've actually said to a client, right, this is the bit where you have to start paying for it. So we'd like to get a bit of buy-in a bit earlier on and if you can, digitise that in a way that's a good user story."*

That said, online data capture doesn't suit all clients, and some are unable or unwilling to input information online.

> *"You do have to make sure the client is comfortable with the way that you're collecting the data. Clients can and do add information to the portal, but then you've still got to get the portal into a back office system in terms of the data. Not all clients want to add that data to a system or they need to go through an educational piece to do that."*

b. Data gathering from providers

Financial advisers interviewed for this report are aware of what they describe as a "balancing act between advisers and platforms or providers". Providers have, wherever possible, designed a blanket policy information response that can be pulled off and sent to the financial adviser. It's an efficiency saving for providers that is appreciated by financial advice firms, however the devil is in the detail and it's in the handling of follow-up queries where some providers have distinguished themselves and others languish.

"Most providers have a blanket policy information sheet that they will send out. We have our own standard template that we send with the letters of authority asking for all the information we need. And we tend to get a blanket one back from most providers. Sometimes they will cover everything you need, like [provider name redacted] is normally pretty good. And [provider name redacted] is pretty good as well. But there are some where it will have a piece of information missing or it's just not clear. Most providers are pretty good at giving 90% of what you've asked for, and then you have to call or email for the other bits."

"You can't rely on them all sending through all of the information that you've asked for. They all have their own different standards of what's a transfer out pack, you end up going backwards and forwards with the providers trying to get the right information out. They will project at different levels, they might call something very different. An ongoing charge could be called one of seven things. Some providers do it really well, [provider name redacted] a really good example. The plan info gets emailed to us, probably within about 48 hours. [Provider name redacted] is very similar."

"[Provider name redacted] really had it nailed, you send out the letter of authority, you get the information back within a couple of days, it seems to be really quick."

"Some will send a cover letter detailing their response to our requests – e.g. point 1 is in the standard pack, point 2 is not applicable, it's really helpful."

"I think honestly, I'd rather it be a blanket response, which is too much information than we're having to pick up the phone to them and ask for missing information."

Most of the time information is received via secure email or on a password-protected PDF. One interviewee described working with a provider who accepted a Letter of Authority and a data request via email, however was only able to fulfil the request via post. Others have experienced instances where data arrives in separate formats – some via email and then other parts by post at a later date, which adds to processing times and of course also requires that advice firms have someone at the office address to process and scan post.

An ideal scenario described by one advice firm would be to issue an electronic request and have the data feed straight back into the back-office system, which is an area being worked on by Origo through Unipass Letter of Authority integration. A key aspect of this involves the necessary tech integrations, as well as the provider's engagement.

“Often providers will send requests on a piece of paper through the post. They might have their standard response, but that then misses off a number of questions you’ve asked, and then you have to go back and get additional data, you might try and get that on the phone. And you’ve got administrators on hold for an hour just trying to get some information. And when you have everything that you need, you haven’t always got the relevant field in your back office system to put one of those bits of information in so then you have to put bits in notes, or save that document in your document management system so the paraplanner can then go in and do it. So it’s very clunky. But wouldn’t it be amazing if you could send that electronic request? And then it comes back in and prepopulates your back office?”

c. Illustrations and applications

This is a step in the onboarding process where a little goes a long way. Small tweaks to the adviser user journey when accessing online illustrations and applications, are vastly appreciated. For example:

“We don’t often sit and rave about platforms but yesterday one of our colleagues was raving about [provider name redacted]. With the application forms, you can fill out the first one because you have to for that client. But then you can say ‘add details to another form’. And where she might be doing three or four different forms for a client, you don’t have to do the same bit again and again. And she was talking about the reports that they print as well, she was saying that was really easy and their service team was really good. There’s a section on the platform where she can chase things up. A letter had gone to a client, and I’m not quite sure what happened, but something had gone wrong. And she rang them. And they said, No, no, click on this tab, and it was there. And you could automatically send it again.”

That same provider scored another win on the applications process, where a degree of prepopulating is done based on previously submitted details:

“[Provider name redacted] one of the best for applications. Easy to use, self-explanatory. It has already ticked the bits that are needed, based on what you’ve specified in the illustration. Others, I don’t understand what it’s asking for. It’s not in English.”

What frustrates advice firms most about the illustrations and applications process is in having to handle each document in isolation, and therefore having to re-enter details and download multiple versions of similar forms. Or not being able to customise an application form, so having to score through page upon page that isn’t relevant. From the perspective of the end client, less paperwork is appreciated for clarity and environmental reasons.

d. ID and bank detail verification

Today's financial advisers and clients are accustomed to verifying bank details and ID via digital processes in other areas of life. Delays in the onboarding process due to outdated practices, particularly given the current difficulties of verifying physical copies of clients' IDs, is an area of frustration.

A notable issue is where some providers require a void cheque to verify bank details:

> *"The old-fashioned companies just don't seem to be investing and keeping themselves up to date. [provider name redacted] asked for a void cheque. I bank with Starling, I don't think you can get a Starling cheque book. Or Monzo or any of those new breed of banks. I can't have that in my world because I don't have the time to make a profitable business and ask for clients for void cheques and things. With some investment I know it can improve."*
>
> *"If you can apply for a loan all online and go through all the processes of being credit checked and setting a direct debit up, why can't we register a client and have them utilise their own money?"*

e. Terms and conditions

A specific issue was raised by one financial planning firm we spoke to around providers' terms and conditions. We think it worthy of inclusion because of how it speaks to the general issue of creating client-oriented documentation.

> *"I also have a big issue with providers trying to hide everything and anything in terms and conditions. One example was 52 pages. It just doesn't to me scream out to be an organisation that you would trust. If someone has to give you that much stuff to read that you have to then figure out if they're being a trustworthy and fair organisation. I think that's rubbish. To me, it just makes me think that they're hiding something. People notice. We think people don't read it, they really try. But they lose the will to live and I can't blame them. It can be written so badly. It's terrible. And I think that's a huge issue. It's the same with suitability letters. Same with any sort of client document. There's just not enough imagination and creativity around how we present information to clients. And all of that could help the engagement."*

Appendix II: Top tips from advisers on how to improve the current Letter of Authority process:

- Get the details right: ***"How many times I see a letter of authority that they put together quickly but it's missing the address, or it's missing a policy number. You get it submitted, it waits 20 days to be processed, and then they say sorry, we can't accept it and you're back to square one."***

- Make sure that they're dated, and that a Letter of Authority says something like 'to remain in place until revoked by me in writing', ***"that's a big one".***

- Keep clients informed along the journey: ***"I do think it's interesting to have a look at what companies like [provider name redacted] are doing. They are trying to get information from providers and letters of authority, and what I think really stands out is the way they keep clients informed. Their journey is very much about keeping clients informed and telling them where they're at. I think advisers can really use our portals much better to do that. So that we can say to clients or share a document. Okay, we've now had this back, so that they keep informed along the journey".***

- Debbie Condon of Intuitive Support Services – has created a **helpful guide to provider and platform LoA submission requirements that can be accessed here: https://www.intuitivesupportservices.com/quick-links**

Appendix III: Top requests

We asked financial advisers and providers what they would like to see changed in order that the client onboarding process can be improved:

Financial advisers	Providers
Internal: Wider agreement from compliance teams as to the use of eSignatures. **External:** To have a consistent form for the data. For secure emails to be accepted by providers. Paper-free (or at least reduced paper) process. For online systems to be intuitive to make it easier to self-serve. Login procedure for provider systems to be easier. Ability to digitally monitor the progress. To easily see where and which email addresses to use a Letter of Authority for different contract types for different providers. Or just one email for all Letter of Authority for each provider. For rekeying to reduce across all the various systems, from fact-find to new application. Consistency in terminology. Blanket responses to have as much information as possible, rather than not enough. Provider customer services to receive full training on eSignatures. Ultimately, to have information returned straight through to back-office system.	**Internal:** Internal change governance process to be more flexible to enable changes to be implemented in a timely manner. Although recognised as critical, it can mean a long road to introducing change with various internal projects competing for approval. Ability to collate information from different (legacy) systems efficiently and provide all information (regardless of origin) in a standard pack. **External:** Consistency in format and the way a Letter of Authority is requested. More financial advisers willing to self-serve online. Receive requests with accurate information.