

How technology supports the regulatory evolution

Milan Ganatra of Miles Software Solutions discusses how technology can support the regulatory changes within the wealth management industry as it looks to deliver holistic advice to clients.

The wealth management industry, historically, focussed on revenues earned from commissions and brokerage. With strengthening regulations, Milan Ganatra, CEO of Miles Software Solutions, believes such practices within the industry will no longer be admissible. “The regulator now expects the wealth manager to deliver advice to the clients. The clients are now expected to pay for the advice that they receive,” says Ganatra.

Since the client is now specifically writing a cheque for the advice received, the expectations on the quality of service rendered are exceptionally high. “It is not that these advisory fees were not charged to the client before these regulations came into effect. Rather, the manner in which the client now gets charged is much more transparent, hence revising the outcome expectations of the client,” explains Ganatra.

EVOLVING CLIENT EXPECTATIONS

Indian clients now sign a Service Level Agreement (SLA) with their wealth man-

agers. This outlines what a client can expect to receive in return for the fees that the client has paid. “Clients were never expected to sign the SLA before. An additional difficulty for the wealth managers is also that with the new regulations, they cannot promise any returns to their clients,” says Ganatra.

Hence, wealth managers will have to manage client expectations around quality and type of service, scalability, and quality of advice.

BETTER SERVICE

Client advice going forward will all be tracked to make sure wealth managers are aligned to regulations. And technology will thus play a huge role in the development of that progression.

It is going to take a while for the change to occur, but it is in the best interest of the industry to start preparing right away, rather than waiting for the regulator to impose these things. “Wealth managers could also use technology as a part of



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their disclosure to comment on their firm’s current exposure and interests when it comes to the kind and type of advice that is being delivered to their clients,” says Ganatra. ■