

2017 / 2018

FINANCE

# *The Parliamentary Review*

A YEAR IN PERSPECTIVE

## ■ FOREWORDS

The Rt Hon Theresa May MP  
Liz Field

## ■ BROKERAGE, INVESTMENT & FUND MANAGEMENT REPRESENTATIVES

Franklin Templeton Investments  
BGC's Sterling Treasury Division  
Stifel  
Wise Investment  
Stamford Associates

Opus Nebula  
Kingsfleet Wealth  
Carbon  
Herbert Scott

## ■ FEATURES

Review of the Year  
Review of Parliament



## The Rt Hon Theresa May MP

Prime Minister

British politics provides ample material for analysis in the pages of *The Parliamentary Review*. For Her Majesty's Government, our task in the year ahead is clear: to achieve the best Brexit deal for Britain and to carry on our work to build a more prosperous and united country – one that truly works for everyone.

We have already made good progress towards our goal of leaving the EU, so that we take back control of our laws, money and borders, while negotiating a deep and special partnership with it after we have left that is good for jobs and security. The EU Withdrawal Act is now on the statute books to provide legal certainty at the point of exit. We have reached agreement on protecting the rights of EU citizens living here in the UK and British citizens living in the EU, on an implementation period to give businesses time to prepare, and on a fair financial settlement. We are now pressing ahead to reach an agreement with the EU on our future relationship that honours the result of the EU referendum and sets the UK on course for a prosperous future.

Getting the right Brexit deal is essential; but it will not be sufficient on its own to secure a more prosperous future for Britain. We also need to ensure that our economy is ready for what tomorrow will bring. Our Modern Industrial Strategy is our plan to do that. It means Government stepping up to secure the foundations of our productivity. It is all about taking action for the long-term that will pay dividends in the future.

That is why we have set an ambitious goal of lifting UK public and private research and development investment to 2.4 per cent of GDP by 2027. It is why we are developing four Grand Challenges, the big drivers of social and economic change in the world today: harnessing artificial intelligence and the data revolution;

leading in changes to the future of mobility; meeting the challenges of our ageing society; and driving ahead the revolution in clean growth. By focusing our efforts on making the most of these areas of enormous potential, we can develop new exports, grow new industries, and create more good jobs in every part of our country.

Years of hard work and sacrifice from the British people have got our deficit down by over three quarters. We are building on this success by taking a balanced approach to public spending. We are continuing to deal with our debts, so that our economy can remain strong and we can protect people's jobs, and at the same time we are investing in vital public services.

I believe that Britain can look to the future with confidence. We are leaving the EU and setting a new course for prosperity as a global trading nation. We have a Modern Industrial Strategy that is strengthening the foundations of our economy and helping us to seize the opportunities of the future. We are building on our country's great strengths – our world-class universities and researchers, our excellent services sector, our cutting-edge manufacturers, our vibrant creative industries, our dedicated public servants – we can look towards a new decade that is ripe with possibility. The government I lead is doing all it can to make that brighter future a reality for everyone in our country.

“British politics provides ample material for analysis in the pages of *The Parliamentary Review*”

# Foreword

## Liz Field

Chief Executive, PIMFA



It's now just over a year since PIMFA came into being as a result of the merger between the Wealth Management Association (WMA) & the Association of Professional Financial Advisers (APFA) in June 2017, uniting the two memberships into one strong voice representing our profession.

Our resulting combined vision for our industry, described in our Member's Manifesto, was launched at the House of Commons on June 19, setting out our five-year approach to creating an optimal future environment within which our member firms can more fully meet their client's needs and to promoting our industry as a force for good. It also lays out our calls and commitments for industry and its stakeholders to develop robust and thriving retail investment markets, encompassing appropriate and proportional regulation that individuals, families, charities and others can access easily to benefit from the services they offer.

The current environment has in the last year been characterised by two things above all – Brexit, with all that it entails, and the largest regulatory load to land in this sector for 20-odd years, during both of which we have continued to represent the sector in lobbying, recommending and leading policy and regulatory thinking.

Our research initiatives, such as the Millennial Forum and the Financial Adviser Market in Numbers (FAMIN) Report, continue to inform the debate as to current and future trends, enabling our members to fully understand the issues of both client retention and the development of strategies designed to engage with the generations to come.

One of the major challenges of our time is cyber and financial crime. In the UK, this is now estimated to cost every man, woman and child in the country in excess of £100 per year, and the Global Cyber Alliance predicted at our Financial Crime Conference in January that the global cost of this type of crime will hit \$2 trillion by 2019

– a threefold increase from 2015. Tackling this prospect is addressed by one of the six pillars in our manifesto – enabling business protection through data protection and cyber resilience – as well as the publication of 14 useful guides on our newly-upgraded website. We are working closely with our members to raise awareness of what solutions currently exist and how a culture of prevention can be incorporated into an overall sector digital strategy fit for the future.

Our on-going public policy and pensions work is continuing apace. Our primary focus for the coming months will be to work alongside other stakeholders to ensure that the right balance is found between the underlying principles of freedom and choice, and the obvious protection that certain consumers will require at the point of retirement through the Financial Conduct Authority's Retirement Outcomes Review work.

While Brexit still dominates the political landscape, and will continue to do so for some time to come, the precise nature of our sector's future remains unclear but, in a wider sense, we are committed to addressing issues as they appear and to helping our members to understand and deal with any consequences which may arise. In our Member's Manifesto, we have set out our vision for the future of our industry and our methodology for making that vision a reality through consistent advocacy, close liaison with industry stakeholders and a vibrant and contributory membership, helping our sector to grow and prosper.

“One of the major challenges of our time is cyber and financial crime”

# *The Parliamentary Review*

## A message from Lord Pickles and Lord Blunkett

The ability to listen to and learn from one another has always been vital in parliament, in business and in most aspects of daily life. But at this particular moment in time, as national and global events continue to reiterate, it is uncommonly crucial that we forge new channels of communication and reinforce existing ones.

With ongoing fractures in Westminster, the reverberations of which are being felt across the country, it is essential that politicians have a firm understanding of the challenges with which British organisations must contend; and that leaders in both the public and private sectors are aware of the difficulties faced by those working in all levels of politics, from local government to the national arena.

This is why *The Parliamentary Review* combines political content with stories from a wide range of organisations – small and large; new and old; those at the peak of their powers and those who have peaks to surmount. It is why these stories seek to inspire and challenge all who read them.

And it is why we, as former Labour and Conservative cabinet ministers and current members of the House of Lords, feel it is important to put aside our political differences and work together to ensure these stories are given the platform they deserve.

In this publication, you will find an insightful take on the past year in politics from the BBC's Andrew Neil and a concise rundown of key events in industry and parliament. Most importantly, you will be able to read in-depth accounts from the individuals and organisations who make *The Parliamentary Review* what it is.

In this edition there are various insights into – for instance – technological change and its potential to transform the sector alongside challenges in matters of compliance and social responsibility. It is our great honour and pleasure to have helped provide the platform for these commentaries to be aired. We hope that you find these articles – which begin on page 18 with a piece from Franklin Templeton Investments – as thought-provoking and informative as we do.



Rt Hon The Lord Blunkett  
Co-chairman, The Parliamentary Review



Rt Hon The Lord Pickles  
Co-chairman, The Parliamentary Review

# Opus Nebula



Andrew Sherlock and Shawn Obery, founding directors

Effective and efficient client reporting is continuing to emerge as a key tool for maintaining and increasing client business. Opus Nebula, formed in 2014 and based in the City, offer a sole solution: Reporting as a Service. It reinvents how investment management firms undertake this critical function. Enabled by recent technological leaps, it allows investment firms to benefit from significantly reduced implementation timeframes, lower cost, reduced operational risk and improved reporting. Lower barriers to entry, higher quality and greater flexibility and scale, coupled with fully automated reporting processes, allow them to bring world-class reporting to a broader spectrum of investment firms. Andrew Sherlock, one of Opus Nebula's founding directors, wonders if it is a solution that will become the de-facto standard in time.

Often, we read about technology solving a problem that doesn't yet exist. In this case, however, the technology definitively resolves the challenges emerging from the next generation of client reporting needs.

I have lived through a number of similar technology-led transitions, moving from manually prepared and hand-typed schedules to an era of in-house tailor-made reporting solutions. It was not until the turn of the millennium that the need for investment firms to individually build their own systems was finally negated. Each evolutionary step provides the following benefit over any predecessor system:

- » Reduced total cost of ownership
- » Improved client reporting and client servicing capability
- » Improved operational efficiency and productivity
- » Greater scale

Our solution is the next step on this path, underpinned by the core systems and expertise that have come before. Coupled with cloud technology and online delivery, the solution we can deliver becomes extremely compelling.

With each step forwards, the benefits of the new solution are increased, and the hurdles to adoption lowered. With Reporting as a Service, the high levels of reporting flexibility, automation and scalability become available and affordable to investment firms of all sizes, not just to those with deep pockets.

## Reduced costs

Our solution minimises initial set-up costs; the core platform is already built and only requires configuration to meet individual client needs. The entire system is securely hosted in the cloud, so there is no technical infrastructure required for the client. The multi-tenant structure of the system maximises operational efficiency, manages risk and provides appropriate separation and segregation of data. Robust interfaces and powerful data loaders are pre-built and configured for each firm's data sources, and automatically load the data into our specialist reporting data mart.

Data validation checks are configured to ensure data quality and completeness. Additionally, we have templates that create reports with the precise content, layout

## AT A GLANCE OPUS NEBULA

- » Founding directors: Andrew Sherlock and Shawn Obery
- » Established in 2014
- » Based in the City of London
- » Services: Lean, efficient client servicing and reporting solutions
- » No. of employees: Fewer than 20
- » Pay-per-use business model
- » 100 per cent paperless
- » Entirely cloud-based solutions provided for all firms
- » [www.opus-nebula.com](http://www.opus-nebula.com)

and branding of each client. Finally, our automated distribution system ensures that each completed report reaches the correct recipient. This entire end-to-end process is implemented with maximum efficiency and minimum cost.

On-boarding typically takes between four and eight weeks, rather than the six to twelve-plus months normally required for an equivalent in-house build. The set-up costs are similarly scaled and significantly more affordable to all, including smaller investment firms who may not otherwise be able to access such a solution.

Ongoing report production costs thus benefit from the high level of automation provided by the system and the flexible, cost-effective nature of the cloud. It becomes far more efficient over the traditionally high fixed costs of an in-house model.

Thanks to these efficiencies, we are able to offer a pay-per-use model regardless of whether the business is producing a handful of reports each period, or tens of thousands of reports per year. We can ensure our solutions are affordable for any organisation that might require them.

### Improved efficiency and productivity

Many firms continue to operate with a hybrid reporting model: this sees automated processes supplemented with often arduous or time-consuming manual procedures. Reporting as a Service automates the end-to-end process while the workflow processes enforce business best practice.

The automated audit trail that our system generates keeps track of how each individual element has been created, reviewed, authorised and distributed. This is a key element in satisfying regulatory demands and reporting controls.

### Improved client reporting and client servicing

Our solution allows the investment firms' own teams to manage and control the reporting process, while delivering

scale and capacity with improved quality and dispatch timeliness. The time firms gain allows them to more effectively service clients rather than sacrificing hours producing reports manually.

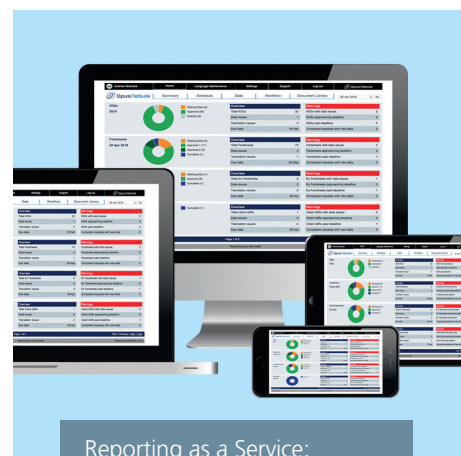
The flexibility of the underlying engine allows for all reporting requirements to be automated. As the industry moves towards more personalised reporting for each individual client, any system used requires report templates to dynamically flex based on a number of underlying factors including the nature of the client, their investments and other relevant data.

## Conclusion

Above all else, we believe that investment firms should be doing what they do best – managing money and servicing clients. If their time is spent on various attempts to be a client-reporting IT solution provider, it detracts from what they should be doing, and what should be most profitable for them. The Opus Nebula solution allows firms to exercise best practice, ensure their focus is in the right place and continue to build a business appropriately equipped for the 21st century.

The financial services sector is presently faced with the demand for increasingly sophisticated reporting, combined with a requirement to reduce costs and risk – this combination might have seemed unreachable to many until now. Our solution transforms client reporting within the sector as a result of advances in the application and use of cloud technology.

We intend to remain lean. The nature and model of our business does not require a sprawling base of employees – we are 100 per cent paperless, and thus require no bank of dedicated administrative staff or expensive office space. Opus Nebula will, in the future, remain lean, streamlined and affordable, allowing us to provide the Reporting as a Service solution as an accessible response to many investment firms' needs for years to come.



Reporting as a Service:  
securely hosted in the cloud  
and accessible from any  
device

“Investment firms should focus on managing money and servicing their clients, and not try to be an expert client-reporting IT service provider”

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