IMPACT OF FINTECH ON IRISH WEALTH MANAGEMENT INDUSTRY

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Declaration:

I, Johnson Varghese, declare that this research is my original work and that it has never been presented to any institutions or university for the award of Degree or Diploma. In addition, I have referenced correctly all literature and sources used in this work and this work is compliant with Dublin Business School’s academic honesty policy.

Signed: Johnson Varghese

Dated: 20/08/2018
I want to express my gratitude for all the people who have been involved directly and indirectly to help me undertake and finish this research as well as my MBA degree. Without the valuable contributions and support of an amazing group of people I would have been truly lost in this endeavour.

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Abstract

Financial world has been undergoing a rapid change due to innovations in technology and nearly all aspects of it, now has a new look and feel. This revolution in financial industry due to technology is popularly known as FinTech. FinTech, even though it's not a new phenomenon, has been in the headlines this last decade for disruption of financial services. While the “FinTech” effect has been felt across all the financial services but in the wealth management industry it is fairly nascent as compared to other domains of financial services. Wealth Tech as FinTech in wealth management is referred to has been an interesting avenue of development and innovation.

This research will delve deeper into the innovations brought in wealth management by FinTech and will explore the state of Irish wealth management industry and its evolution and explore its future trajectory. The dissertation aims to gain meaningful insights into the Irish wealth management industry and study the changes in the industry in terms of technology and any changes in it its practises. The secondary research will cover all the latest literature available in this topical field by its leading practitioners and researchers. The primary research is done through qualitative method of interviews. Five such interviews with industry practitioners, fintech innovators, to regulatory experts provide a comprehensive look at the FinTech’s foray into the wealth management industry specifically in Ireland and the state of the Irish industry as a whole.
Contents
1. Introduction ................................................................................................................. 7
   1.1 Wealth Management Scenario in Ireland and Post Crisis Evolution .................... 7
   1.2 Research Question ............................................................................................... 9
   1.3 Dissertation Approach ......................................................................................... 9
   1.4 Contributions of this Research ............................................................................. 10
2. Literature Review ...................................................................................................... 11
   2.1 Literature Introduction ......................................................................................... 11
   2.2 FinTech .............................................................................................................. 11
   2.3 Wealth Management ........................................................................................... 12
   2.3.1 Changing Wealth Management Scenarios ......................................................... 13
   2.4 Fintech in Wealth Management .......................................................................... 14
   2.5 Robo-advisors .................................................................................................... 16
      2.5.1 Advantages of Robo-Advisors: ...................................................................... 17
      2.5.2 Limitations .................................................................................................... 18
   2.5.3 Robo-advisors and Ireland .............................................................................. 18
   2.6 Literature Conclusion ......................................................................................... 19
3. Research Methodology .............................................................................................. 20
   3.1 Methodology Introduction ................................................................................... 20
   3.2 Research Onion .................................................................................................... 20
      3.2.1 Research Philosophy .................................................................................... 21
      3.2.2 Research Approach ..................................................................................... 22
      3.2.3 Research Strategy ....................................................................................... 23
   3.3 Sampling - Selecting Respondents ....................................................................... 23
   3.4 Data Collection ..................................................................................................... 24
   3.5 Data Analysis ....................................................................................................... 24
      3.5.1 The state of Irish Wealth Management Industry ............................................ 30
      3.5.2 Is the demographics changing? .................................................................... 30
   3.6 Research Ethics ..................................................................................................... 25
   3.7 Time Horizon ....................................................................................................... 26
   3.8 Limitations of Methodology ................................................................................ 26
4. Data Analysis ............................................................................................................. 27
   4.1 Introduction ......................................................................................................... 27
   4.2 Background of the Interviewees .......................................................................... 27
   4.3 Data Analysis ....................................................................................................... 28
   4.4 State of Irish Wealth Management ..................................................................... 30
      4.4.1 The state of Irish Wealth Management Industry ............................................ 30
      4.4.2 Is the demographics changing? .................................................................... 30
   4.5 Post 2008 Crisis and Evolution .......................................................................... 31
   4.6 Current FinTech Application and Challenges ....................................................... 32
      4.6.1 Use of fintech in wealth management ............................................................. 32
      4.6.2 Robo-advisors ............................................................................................... 33
      4.6.3 Use of Robo-advisors in Ireland and prevalence of robo-advice in Irish market 34
   4.7 Impacts on Irish Wealth Management ................................................................ 35
   4.8 Evolution of Wealth Management Business ....................................................... 36
   4.9 Future Scope of Wealth Management .................................................................. 38
5. Discussions ............................................................................................................... 40
   5.1 The state of Irish Wealth Management ................................................................ 40
   5.2 Post Crisis changes in the market ......................................................................... 40
   5.3 FinTech currently used by the industry ................................................................. 41
   5.4 Robo-advisors in Ireland ..................................................................................... 41
   5.5 Impact of Fintech on Irish System ....................................................................... 41
   5.6 Evolution of Wealth Management Business ....................................................... 42
6 Conclusion .................................................................................................................. 43
7. Learnings and Reflections ......................................................................................... 44
   7.1 Introduction ......................................................................................................... 44
   7.2 Learning ............................................................................................................... 44
   7.3 Reflection ............................................................................................................. 46
Table of Figures

Figure 1: 2018 coverage of FinTech ................................................................. 11
Figure 2: Investment in FinTech ................................................................. 12
Figure 3: Forecasted total financial assets held by millennials ................................ 13
Figure 4: Global Wealth Tech Investments ......................................................... 15
Figure 5: Survey response to Fintech in Wealth management
(Source: PwC Global Fintech Survey 2016) ................................................. 16
Figure 6: Global Assets Under Management ...................................................... 17
Figure 7: Research Onion (Source: Saunders, 2009) ........................................ 20
Figure 8: Sampling techniques (Source: Saunders, 2009) ................................... 23
Figure 9: Selecting a non-probability sampling technique
(Source: Saunders, 2009) .............................................................................. 24
Figure 10: View of Content Coding done in Excel .............................................. 28
Figure 11: Frequency of Final Themes .............................................................. 29
Figure 12: Experiential Learning Cycle ............................................................ 44
1. Introduction

Innovation and technology have been changing our daily lives throughout history, especially so in the last two centuries. Wealth management as well has been subject to this trend of evolution due to technological innovation. Wealth management has seen technology change the way it operates and now has come to the next step in its evolution. With advent of robo-advisors the wealth management industry has come into the fold of Fintech innovations (Fisch, 2017). Since the financial crisis of 2008, the wealth management industry has been in constant state of evolution and adaptation to various factors such as difficult markets, regulation changes and innovative technologies such as robo-advisers (Osterland, 2016). Last decade has seen the Robo-advisors change the wealth management investment management industry and how financial advice is dispensed (Fisch, 2017).

Traditionally Wealth Management can be defined in two ways, one from the provider’s view and one from the client’s view. The supplier side definition can be understood as the process of consultation and catering to the needs and goals of clients and institutions in regards to their wealth with the help of apt financial products or services. Whereas the client side definition can be understood as the appointment of an expert(s)/firm in financial services to holistically grow and maintain one’s wealth through use of appropriate financial products and decision making (Prince, 2014) (Investopedia, 2013).

Since its inception in the 1960-1970 (Gold & Kursh, 2017) the wealth management industry has evolved a lot both in its approach to wealth management and in the demographics of its clients. The innovations and evolution of technology has impacted wealth management industry and specially the way it is administered. Especially the advent of big data and artificial intelligence (AI) has influenced wealth management practice (Singh & Kaur, 2017) (Lea Nonninger, 2018). The use of innovative technology in Financial Services in known as Fintech (Grimes, 2017). Fintech has enabled access to wealth management easier, cheaper and transparent which is democratising Wealth management (Singh & Kaur, 2017). Fintech in wealth management is often known as “WealthTech”. The industry describes the computer programs in Wealth management as “Robo-advisors”. Robo-advisors give computer aided financial advice based on algorithms. The concept of robo-advisors has been around since the 2000s but became available directly to investors only by 2008. Robo-advisors interact with the clients by taking inputs such as target growth, risk averseness etc and gives out optimum investment suggestions and strategies or directly invests in the optimum assets (Investopedia, 2016).

1.1 Wealth Management Scenario in Ireland and Post Crisis Evolution

Wealth Management has been around for a while, but the market is evolving (Beyer, 2017). Irish wealth management industry is set on a path to do very well. As of 2016 the total value of assets managed was above 4 Trillion dollars. PwC predicts by the year 2025 this value will cross 7 Trillion dollars (Mcloughlin, 2017). Olwyn Alexander, PwC’s global asset and wealth management leader was quoted saying "Shifts in global investment patterns to passive and alternatives, where Ireland punches well above its weight, will further fuel growth in Ireland," (Mcloughlin, 2017). In wealth management industry as a whole, the demographic is changing and is significantly younger now. The demographic also has higher percentage of females now their number are growing. So, in general the demographics have changed more heavily towards younger population and more women than ever before in this industry.
The attitude towards and investments and their yardsticks have changed significantly too. With these changes, the value of wealth advisors has changed (Beyer, 2017). Since the financial crash of 2008 and the recession, the soundness of human advisors, quality of advice has been questioned and the quality of the underlying data upon which they make recommendations have been doubtful too. (Martin, 2015) (Beyer, 2017). The advent of wealth tech and the trends in regulations and the market have challenged the well-established financial advisory institutes and advisors (Osterland, 2016).

**Robo-advisors**
Robo-advisors are the technological innovations in wealth management industry and are an aspect of Fintech that has changed wealth management (Investopedia, 2016) (Grimes, 2017). They provide computer aided algorithms which dispense financial advice, which is relevant to the investors. And based upon the interactions with the investors and market data, it churns out the best possible solutions for growth (Grimes, 2017) (Investopedia, 2016).

**Cost Efficiency**
They are cost efficient (They beat the cost traditionally associated with wealth management) and they are not affected by factors affecting human advisors. Factors that affect the human advisors such as gender biases, behavioral biases, conflict of interest etc. does not usually affect robo-advisors. The conflict of interests can drive up the cost and hence robo-advisors are an effective way of overriding afore mentioned factors. (Fisch, 2017). They provide low cost services than human advisors and work 24/7. Robo-advisors charge around 0.15%-0.75% of assets under management as opposed to 1+ % fees of human advisors (Singh & Kaur, 2017).

**Quality of Advice**
Robo-advisors operate using complex algorithms and using client fed information in an unbiased fashion. They provide an optimised & diversified portfolio in accordance to the basic risk tolerance of the client (Ishmeet Singh, 2017). Robo adviser tend to outperform market metrics when weighted on equity. Though the scope of advice is limited to certain asset classes. (Fisch, 2017)

**Effect of Robo-advisors on wealth management.**
Fintech has started to erode the revenue of traditional advisory sector (Teresa Epperson, 2015). According to BI Intelligence forecasts by the year 2020 Robo advisers will have 10% of the global wealth management industry which would equate to around 8 Trillion dollars (Kocianski, 2016). The cost efficiency has been definitely a key driver of it demand in the current environment. But not only that it has increased demand in transparency in the sector (Teresa Epperson, 2015). The availability of robo-advisors has allowed small investors to reach global ETFs (Release, 2017). Also robo-advisors make wealth management in general more accessible to a large number of small investors (Singh & Kaur, 2017).

There have been studies on robo advisers and their effectiveness. But current markets give a really good scenario for us to study their impact as the robo adviser industry has grown rapidly in the last year. There is no research, as of yet, studying the how Fintech is affecting or has affected Wealth Management specifically in Irish context, considering the industry is expected to grow this year and well into 2020s(as presented in a study by Citigroup) (Grimes, 2017).
1.2 Research Question

“What will be the Impact of Fintech on Irish Wealth Management Industry and how is it evolving?”

Sub Questions:
- How has Fintech affected the availability of Wealth management?
- How has the revenue models of the traditional industry been affected?
- How has the Irish wealth management affected by 2008 crisis?
- How has the traditional industries responded/ are responding to the changing landscape?
- What’s the future of Fintech in Wealth Management?

1.3 Dissertation Approach

This research will start with the background on wealth management in Chapter Two which is Literature Review. In literature review the paper looks in depth various aspects of evolution of wealth management due to technological changes and changes in regulation (post 2008 financial crisis) in a global setting. The changes in demographics and forecast of future trends as predicated by many surveys in the area. Literature review will also cover the current FinTech trends in wealth management industry and also cover any existing FinTech innovations that are already in place in Ireland.

The approach to this research and the techniques used will be discussed in Chapter Three which is Research Methodology. Chapter Three will discuss the philosophies involved and various techniques of enquiry chosen for this research and their justifications. For this dissertation the primary research is done through qualitative method of interviews. Active industry professionals from varying background within this domain are interviewed for this research.

The interviews and their in-depth analysis is discussed in Chapter Four which is Data Analysis. There are five interviews conducted which explore the state of Irish wealth management industry, changes in the use of technology and its stakeholders. This analysis is further discussed in Chapter Five which is Discussions, and conclusions are presented thereafter.
1.4 Contributions of this Research

The aim of this research to study how Fintech is impacting and will impact the Irish wealth management industry. The industry of financial services is undergoing rapid transformation due to technology and innovation which is referred to under an umbrella term called FinTech, and this technology driven transformation in wealth management is referred to as WealthTech. WealthTech is a subset of FinTech. The research will, through experts and practitioners in industry, will understand how Fintech will be/is affecting the Irish wealth management landscape. The research aims to understand how Fintech and changing dynamics of industry as well as changing demographics of consumers in Ireland affect the local wealth management industry particularly. Due to the topical nature of Fintech and specially WealthTech, it’s of great interest for wealth management firms to understand how the scenario is evolving and how to adapt to it. Though there is interest and research in FinTech and some of it in regards to WealthTech and its impact, there is no research done specially in context to Ireland, and this research will add to the regional gap in the knowledge body.
2. Literature Review

The literature review section has the background research required to understand the context and the basis of this research exercise.

2.1 Literature Introduction

This section is a journey through the current understanding of the field of Financial Technology known as FinTech and the evolution of wealth management and how it sets the background of research work to be carried out by the author. Literature review will have the wealth management industry and changing dynamics as studied by previous studies and literature. In addition, how FinTech is changing the world of Wealth management and finally we will consider ‘Robo Advisors’ the major innovation in the wealth management industry and how it changed the industry’s dynamics. We will also consider Ireland’s position with wealth management and Robo-Advisors.

2.2. FinTech

“Fintech is changing the finance sector just like the Internet changed the written press and the music industries. In what is a stagnant sector monopolised by banks, finance is ripe for innovation and FinTech is unquestionably the catalyst needed for change.” -Philippe Gelis, CEO of Kantox

FinTech is the amalgamation of the words Financial Technology, it used to describe technical innovations used in financial sector across all its domains such payments services to education. It also used to describe the industry using new innovative technologies improving and perfecting financial services (Schüffel, 2016) (Investopedia, 2018).

Figure 1: 2018 coverage of FinTech
(Source: CB Insights)
The FinTech revolution spans all across traditional financial services such as retail banking to wealth management. Fintech firms are directly competing with traditional institutions and catering to the new tech savvy demographics on their preferred platform of interaction that is the mobile platform. Surveys show on an average people use between 1-3 finance related mobile apps (Sanicola, 2017). Given the popularity and use of FinTech, funding has been greatly available for FinTech companies. KPMG Pulse of Fintech reports show that in the year 2017 alone funding for FinTech firms were over 31 Billion US Dollars (Kent Miller, 2018). The interest and funding in the technology is driving FinTech to innovate more and more in all the sectors of financial industry and wealth management is one of them. Statistica shows that the forecast for funding in the fintech sectors is set to cross 46 Billion US Dollars by 2020 (Statistica, 2018).

2.3 Wealth Management

“Wealth management is the consultative process of meeting the needs and wants of affluent clients by providing the appropriate financial products and services. Wealth management entails coordinating a team of experts to address the needs and wants of affluent clients” Russ Prince (Prince, 2014)
2.3.1 Changing Wealth Management Scenarios

Like any other industry, wealth management industry has evolved and adopted to times to be efficient and profitable. Its rapidly growing since the 1970s and is ever evolving (Gold & Kursh, 2017) (Beyer, 2017). As mentioned in the introduction section the Irish wealth management industry is set on a path to do very well. As of 2016 the total value of assets managed was above 4 Trillion dollars. PwC predicts by the year 2025 this value will cross 7 Trillion dollars (Mcloughlin, 2017). O'lwyn Alexander, PwC’s global asset and wealth management leader was quoted saying "Shifts in global investment patterns to passive and alternatives, where Ireland punches well above its weight, will further fuel growth in Ireland,” (Mcloughlin, 2017). In wealth management industry as a whole, the demographic is changing and is significantly younger now.

**Figure 3: Forecasted total financial assets held by millennials**

(Source US Census Ribbit Capital Analysis )

The study done by CBInsight shows that the younger population specially millennials will hold 5 times as much wealth (CBInsights, 2018). The demographic also has higher percentage of females now their number are growing. So in general the demographics have changed more heavily towards younger population and more women than ever before in this industry (Thompson, 2017) (Beyer, 2017). The attitude towards and investments and their yardsticks have changed significantly too. With these changes, the value of wealth advisors has changed (Beyer, 2017). Since the financial crash of 2008 and the recession, the soundness of human advisors, quality of advice has been questioned and the quality of the underlying data upon which they make recommendations have been doubtful too. (Martin, 2015) (Beyer, 2017) This has led to more significant change in the focus of wealth management and advice and more stress has been put on more radical approaches such as goal-based investments (Sironi, 2016).
One of the major changes in wealth management post 2008 was the scrutiny of wealth management fees and the due diligence of wealth managers. The cost of advised was questioned and the practices of the industry questioned (Welch, 2010). The industry shifted focus from opportunistic investing to more strategic and goal based investing (Welch, 2010) (Sironi, 2016). This also meant that there was a greater call for transparency from the wealth managers and more communications to keep the investors abreast of their investments and various aspects and specifications of the managed wealth (which wasn’t the case till 2008) (Welch, 2010). The biggest change since the great crash of 2008 was the loss of trust in wealth managers and advice being dispensed. Loss of client trust during the crash was a pivotal change in the industry’s functioning (Welch, 2010).

2.4 Fintech in Wealth Management

“If you don’t adapt to change, you can’t survive. But if you adapt and stick to your conviction that financial planning is at the heart of wealth management, you will thrive.” Charlotte Beyer (Evensky & Gou, 2017)

Fintech has already affected and changed the way we approach and consume financial services and now it is radically changing the way the business of wealth management is done. Few examples of new forays in which FinTech has entered into wealth management are:

**Robo-Advisor**
These are digital platforms dispensing digital advice to users dependent on their risk appetite and returns expectation. Examples of robo advisors are Betterment, Wealthfront and Fidelity-go

**Micro investing**
Micro-investment platforms are as the name suggests a platform where people can invest and allocate small amounts of money and this can be as low as $5. Examples of Micro-investing platforms are Stash and Acorn

**Digital Brokerage**
Digital Brokerage are platforms on the internet that enables individuals to invest in stock markets and gives you access to information. Examples are eToro and Motif Investing.

**Investing tools**
This set includes applications for phone and softwares, which provide you with tools for research and notifications and tracking. Example of this is Smart Karma.

**Portfolio Management**
Portfolio Management are online platform tools, which help an investor, manage and control combined portfolios and also modify and maintain risk and return parameters (FinTechNews Singapore, 2018).
Wealth tech as FinTech in wealth management industry is called, is also being invested in heavily. This drives the innovation faster. Just in this year 2018, first quarter saw 80% of last year’s total investment. (FinTech Global, 2018). Many firms in the FinTech space are optimising the service by removing the third party in between and making a ‘Direct to Consumer’ model where the firms directly engage with consumers to innovate and constantly update the user experience (Cheng, 2017).

The Fintech growth has already started affecting the industry. FinTech has started to erode the revenue of traditional advisory sector (Teresa Epperson, 2015). According to BI Intelligence forecasts by the year 2020, Robo advisers will have 10% of the global wealth management industry, which would equate to around 8 Trillion dollars (Kocianski, 2016). The cost efficiency has been definitely a key driver of it demand in the current environment. But not only that it has increased demand in transparency in the sector (Teresa Epperson, 2015). The availability of robo-advisors has allowed small investors to reach global ETFs (Release, 2017). Also robo-advisors make wealth management in general more accessible to a large number of small investors (Singh & Kaur, 2017). Fintech has disrupted the wealth management industry specially the way it dispenses advice and other services due to availability of cheaper and faster solutions via digital technology (Gold & Kursh, 2017).

Robo-Advisor is the common term used for digitally dispensed advice via algorithm driven computer program. It has been reported as a “Fatal disruptor in traditional wealth management” (Grimes, 2017). Before the advent of Robo advisors the wealth management branch of financial services was a premium segment and was beyond the reach of majority of the people except...
high net worth individuals (HNWI) and ultra-high net worth individuals (UHNWI) (Sironi, 2016) (Gupta, 2017). Robo advisors have enabled access to entry level and first-time investors. They whole idea was developed for the low value customer who invest in sub $5000 category and couldn’t afford to pay the traditional fees associated with wealth management (Gold & Kursh, 2017) (Sironi, 2016). So essentially it has brought down the entry barrier and enabled access to wealth management services to common investor (Gupta, 2017).

But it is not all negative as it has enabled industry to access a greater market of investors and make available the service to a greater market. Change in the age (greater number of young investors) and also the gender (more number of women) of the investors have a major impact on the industry. But the natural adaptation of technology for financial affairs, the comfort of the current user base with technology, access to information and increased awareness of the industry makes the customer have different expectation of the industry (Beyer, 2017). And this can be directly traced to disruptions that FinTech is bringing to the financial industry in general.

![Figure 5: Survey response to Fintech in Wealth management](Source: PwC Global Fintech Survey 2016)

As reported in a survey 60% wealth manager were fearful of Fintech eroding their revenues and also 45% were reported to have focused their attention to enable FinTech solutions as part of their product offerings (PwC, 2016).

2.5 Robo-advisors

Robo-Advisor is an innovation of FinTech in the wealth management industry, which gives an online advisory and investment service. It is essentially online-dispensed advice in response to the preferences of the investor and risk tolerance goals of the investors (Grimes, 2017) (Fisch, 2017). Robo-advisors have been around for years and have been used by wealth managers in the background for dispensing advice. It is only in the last decade, that they are available to the general populace (Aaron Ngo, 2017). The use of robo-advisors have been on the rise ever since. Robo-advisors are automated and hence no human interference and they can work on predetermined parameters such as desired return, risk allowance etc., they only have limited offerings in terms of asset class such as equities or ETFs. This allows them to be low cost options for consumers.
Global Assets Under Management under robo advisers by the end of 2016 was 200 Billion US Dollars. The projected Asset Under Management by 2020 is estimated to be 8.1 Trillion Dollars (Meola, 2017).

Robo-advisor is taking more people away from traditional wealth management industry. “According to a McKinsey & Company report from June 2015, 40 to 45% of affluent consumers who changed their primary wealth management firm in the last two years moved to a digitally led firm. What’s more, a full 72% of investors under the age of 40 said they would be comfortable working with a virtual financial advisor” (The SS&C Learning Institute, 2017) (Cheng, 2017). Robo-advisor industry has been growing rapidly with new offerings, Now there are 52 robo-advisors online providing automated advisors (Meola, 2017) (The SS&C Learning Institute, 2017).

2.5.1 Advantages of Robo-Advisors:

Cost Efficiency
They are cost efficient (They beat the cost traditionally associated with wealth management). It’s one of the most attractive features, which draw investors who are considered entry level or
even first-time investors. There usually is no barrier to entry i.e. no minimum amount of investment is prerequisite, whereas traditional wealth management entry level is at premium such as $50,000 and above (Gold & Kursh, 2017).

Robo advisors have automated most of the human tasks such as client on boarding and asset relocation etc. and password on the lower cost of automation as cost incentive to the customer (Gold & Kursh, 2017). Robo-advisors are not affected by factors affecting human advisors. Factors that affect the human advisors such as gender biases, behavioural biases, conflict of interest etc. are does not usually affect robo-advisors. The conflict of interests can drive up the cost and hence robo-advisors are an effective way of overriding afore mentioned factors. (Fisch, 2017). They provide low cost services than human advisors and work 24/7. Robo-advisors charge around .15%-0.75% of assets under management as opposed to 1+ % fees of human advisors which also would have a minimum requisite amount such as $50,000 (Singh & Kaur, 2017) (Gold & Kursh, 2017).

This low cost services have fared well for robo advisors, specially the early market entrants such as Betterment who as of 2016 had $7 Billion asset under management and 118,000 clients. BI Intelligence reports expect that by 2020 Robo-Advisors will have $ 8 Trillion in assets worldwide. (Gold & Kursh, 2017).

**Quality of Advice**

Robo-advisors operate using complex algorithms and using client fed information in an unbiased fashion. They provide an optimised & diversified portfolio in accordance to the basic risk tolerance of the client (Ishmeet Singh, 2017). Robo adviser tend to outperform market metrics when weighted on equity. The Fidelity eAdvisor study in 2016 found that robo-advisors out performed non-digital services in certain criteria specially 42% higher in assets under management (Journal of Financial Planning, 2017). However, the scope of advice is limited to certain asset classes. (Fisch, 2017)

2.5.2 Limitations

Robo-advisors are not a silver bullet solution to all wealth management requirements (at least not yet). The Robo-advisors still only give out an optimal solution and the clients are expected to take the right decision on their own discretion. Without the emotional support from a human advisor. Clients are bound to make emotional mistakes out of biases and at times the best advises are as simple as ‘hold and don’t sell’.

Also, robo-advisors usually can’t show the clients a big picture of their wealth management goal. Meaning the robo advisor only responds to hardwired information and doesn’t account for life information that a human advisor has access to. This limits the scope of advice available from a robo-advisor and yet isn’t at the stage of holistic advice that’s available from its human counterparts (Journal of Financial Planning, 2017).

Keeping this in mind robo- advisors such as Betterment do provide services of a financial advisor once a year to their clients. This shows at least as of now robo-advisor is still a complementary service and not an outright replacement.

2.5.3 Robo-advisors and Ireland

Assets under management in Robo-advisor segment here in Ireland (in 2018) is €116 million and the expected number of people in the segment by 2020 is 0.7 million people (Statista, 2018). The Citigroup estimates forecast that the total assets under management of Robo-Advisors, by the 2020s, could reach beyond $5 Trillion. Robo-advisers are already globally
well established and will be more easily available in Ireland over 2018-2019 (Grimes, 2017). As of now, a very few Robo-Advisors are available in the Irish market such as DeGiro and ETFmatic.

2.6 Literature Conclusion

The literature presents the background of FinTech, wealth management and the changes in the scenario of wealth management. The changes in technology, and arrival of FinTech and how has it affected wealth management as a discipline. The changes in the client demographics and specially in the factors such as trust in the system has changed over the years and add to the mix, the innovative development of technology are concomitant factors of disruption by FinTech in the Wealth management industry. The literature also gives you a snapshot of the current form of flagship product of Fintech in Wealth management, which is Robo-Advisors and their capabilities and limitation. However, they are many studies in various aspects of Fintech in Wealth management and robo-advisors but none so far in the particular context of Ireland or Irish wealth management industry.
3. Research Methodology

3.1 Methodology Introduction

Research Methodology is essentially the logic and justification of the process used to gather data regarding any subject that is researched. (Jankowicz, 2005) In general definition it can be understood as a formalised set of process and procedures used to record and analyse data which would yield desired result of answering or addressing the research objective (Mackenzie & Knipe, 2006).

The methodology chapter will present the research method, research philosophy and nature of research and its practices in the context of this research and will outline all the methods and techniques utilised to study the impact of Fintech on Irish Wealth Management Industry.

3.2 Research Onion

The research onion is a pictorial tool developed by Saunders to get easy understanding of how to fashion a research methodology (Saunders, et al., 2009). It is described in layers so as to keep the order clear and simple. We will use the research onion to map the methodology of this research.

![Figure 7: Research Onion (Source: Saunders, 2009)]

The research onion (Saunders, et al., 2009)
as shown in the figure above, the research onion helps us define the research philosophy, the research approach, research strategies, choices, time horizons and techniques & procedures in an orderly fashion and leads to the best method to conduct the research. This enables us to
define an optimal path to the primary research, to be carried out for studying the impact of FinTech on Irish wealth management industry.

3.2 Research Design

The research design is essentially a guide to how this research would take place and how the research question is answered. It is a procedural plan and blueprint for the research process (Kumar, 2014).

3.2.1 Research Philosophy

The first layer of the research onion is the research philosophies. The research philosophy is the basis of understanding of the world with which the author will look at the research question and it decides the methodology with which the research will be conducted. The research onion shows major philosophies for the research work such as Positivism, Realism, Interpretivism, Pragmatism, Objectivism, Subjectivism, Functionalist, Interpretive, Radical humanist and radical structuralist (Saunders, et al., 2009).

The following philosophies were considered Pragmatism, realism, positivism and interpretivism.

Pragmatism

Pragmatism is a philosophy where frameworks and concepts are only valid if they support the action itself, it is of the opinion that a research can have a positivist or subjectivist philosophy as it depends on the research question. It is different from other philosophies in that its open to allow frameworks of other philosophies if there is need in the research. It is acceptable to work with two or more philosophies. Pragmatism recognises that the world can be interpreted in multiple ways and one view may not give the complete idea. (Saunders, et al., 2012).

Positivism

Positivism is one of the philosophies that has been adopted by most researchers. It is the default, or the most common stance adopted by a physical scientist. It deals with working with the social reality that can be observed by the researcher. An important part of this approach is that the research is carried out in an unbiased value-free way. The researcher is distanced as much as possible from the data collection process in a way that the researcher does not alter the data in any way. In positivist approach it is generally assumed that the researcher is not affected by the research subject and stays independent of it (Remenyi, 1998). In a research with a positivist approach the researcher usually proceeds with exploring existing theories to collect data and form hypotheses. And further strategy is developed to prove or disprove the hypotheses leading to formation of new or updated theories. A positivist research leads to a very structured research methodology with an emphasis on quantifiable observations. Usually the analysis of such data is statistical or numerical in nature.

Realism

Realism as philosophy has the attributes of both, the positivist and interpretivist philosophies. It allows the researcher to follow a scientific approach during data collection, akin to positivism. Positivism suggests that the world around us is a resulting perception of the social phenomena. Although this might be similar to interpretivism it differs in the fact that realism...
believes the human perception to be independent of the worldly objects. Realism has two sub-
divisions or classifications, direct realism and critical realism.

Direct realism suggests that the world we experience around us through our senses is an
accurate portrayal of the world. Whereas critical realism suggests that although the world is
experienced through our senses, it might not be the accurate portrayal of the real world. Our
senses can deceive us since the sensations are an interpretation of the real-world objects and
not the objects directly. A critical realist is of the opinion that our knowledge of reality is the
result of social conditioning and that these events or objects cannot be interpreted
independently of the social actors (Dobson, 2002) (Saunders, et al., 2009).

**Interpretivism**

Interpretivism is a part of Epistemology. Interpretivism is different to positivism, in that, it is
of opinion that in positivism the rich insights of the world are lost if all its complexities are
reduced to simple generalisations like science laws. In interpretivism it is necessary we
understand the difference between our role as human actors (Saunders, et al., 2009) A large
amount of data comes from two sources that is: - The Phenomenology and the symbolic
Interactionism. The Phenomenology describes we as human kind make sense of all our
surroundings and the symbolic interactionism is continuous process of interpreting the social
worlds around us (Saunders, et al., 2009). What is crucial to the interpretivist philosophy is the
involvement of the researcher. It assimilates the human interests into the study. The researcher
has to enter the world of the research subjects and understand their views from their
perspective.

For this research the author has chosen the Interpretivism philosophy-based approach. Because
industries/ businesses are unique such as Fintech and wealthtech, they are evolutionary so, are
a function of concomitant circumstances, people and time (Saunders, et al., 2009).

### 3.2.2 Research Approach

The research onion’s second layer shows two options of research approach i.e. Inductive and
Deductive.

**Deductive approach**

Deductive approach is “in which you develop a theory and hypothesis and design a research
strategy to test the hypothesis” (Saunders, et al., 2012). It’s mostly used in scientific research
or in areas where casual relationships can be developed and the tested, this approach works
well with Positivist philosophy (Saunders, et al., 2012).

**Inductive approach**

Whereas in Inductive approach on the other hand, recording and collection of data is done first
and then a suitable theory or explanation is developed as result of the data collected and
processed. Inductive approach works more for interpretive philosophy as it considers all the
data before concluding to a solution (Saunders, et al., 2012).

This research will be using interpretivism philosophy and would be using an inductive
approach to fully understand the nature of FinTech in Irish wealth management industry, since
inductive approach will explore understanding of the research context and content. Since
FinTech in wealth management is such a topical subject and lacking in depth literature (especially in the chosen geography), an inductive approach would be more appropriate as it would generate data and allow the researcher to analyse, consider and interpret from the theoretical themes the collected data may suggest (Saunders, et al., 2009).

3.2.3 Research Strategy

The next section in the research onion is the research strategy which employs quantitative or qualitative methods. This research strategy defines the path this research takes to study the research question and analyse the problem. Given the objective of this study is to understand the impact of FinTech on Irish wealth management industry, its best suited to take the qualitative research strategy. The researcher intends to conduct semi structured interviews with the wealth managers and FinTech experts in wealth management industry to gain the insights of the incumbents and entrants into this industry. This would enable the author to analysis and study the themes that appear on analysing the data gathered. This method would be a mix of exploratory and explanatory research strategy like in grounded research theory. Since the interviews is set to reveal the impacts of FinTech on wealth management which would be the exploratory aspect and arising patterns would be looked at in an explanatory manner.

3.3 Sampling - Selecting Respondents

In this section, we cover the sampling techniques that can be used to select the respondents. As Saunders book explains “It would be impracticable for you to survey the entire population” (Saunders, et al., 2009). This is especially true in the case of this research. It would not be possible to get access to all wealth managers and FinTech industry experts in Ireland and due to time constraints of the research that would be beyond the scope of this research. There are two options of sampling that is available, i.e. probability and non-probability sampling.

![Figure 8: Sampling techniques](Source: Saunders,2009)

As explained above given it would not be practicable for the researcher to cover all the available respondents in Ireland and hence for this research non-probability sampling will be used. Now within the non-probability sampling there are range of techniques to select from (Saunders, et al., 2009).
This research would be using a mix of Purposive Sampling and snowball sampling. Given the research will have a grounded theory strategy, purposive sampling is the choice for this exercise. In addition to purposive sampling the author would be also utilising snowball sampling, as this will add more respondents to the study to give a better understanding of the scenario.

3.4 Data Collection

The data collection is one the most fundamental aspects of any research. For this research the secondary data will be collected from books, journal articles and research studies as well as the news publication (due to topical nature of the Fintech world) as explained in the literature. Further updates in the field will be updated till the submission of this research to keep the secondary data up to date.

As for the primary data, in depth semi structured interviews will be the mono-method used for gathering qualitative data. The researcher intends to conduct face to face interviews with the incumbent wealth managers and fintech entrants into the wealth management industry. The
interviews would also be recorded on the author’s phone using a third-party application called ‘mp3 recorder’ for analysis and to be transcribed later. While face to face interview would be preferred form of interview, if the need be interviews will be conducted over skype or telephone (In both cases it will still be recorded for analysis).

3.5 Data Analysis

The purpose of the research is to understand the overall impact of Fintech on the Irish wealth management industry. The research is qualitative and will be using interviews for collecting qualitative data. Since the data would be in the interview form, first of all, all the interviews would be transcribed and made into a word file per interview. Then we would be using the format as prescribed by Kumar (2014), which is as follows:

1. Identify the main themes.
2. Assign codes to the main themes.
3. Classify responses under the main themes
4. Integrate themes and the responses into the text of your report.
(Kumar, 2014).

Once this is done the data can be interpreted and proper conclusions made from the analysis.

3.6 Research Ethics

The ethical issues in research, especially in regard to the participants are as follows:

1. Seeking informed consent
2. Providing incentive
3. Seeking sensitive information
4. The possibility of causing harm to participants
5. Maintaining confidentiality.
(Kumar, 2014)

Ethical issues regard to researcher are as follows:

1. Avoiding bias.
2. Provision or deprivation of treatment
3. Incorrect reporting
4. Inappropriate use of information.
(Kumar, 2014)

The research will be conducted strictly within the confines of the ethical boundaries of an academic research. The participants will all be informed participants who are willingly and voluntarily participating in the research. This research may come across sensitive information due to the nature of the topic and especially with investment methods and figures if discussed. This would be strictly maintained as confidential information unless explicit permission is given by the respondents to use such information.
3.7 Time Horizon

There are two available choices for the author to choose from. They are longitudinal and cross-sectional. Usually the longitudinal study is done over a long period of time to understand evolution of things whereas cross-sectional study is a short duration study, capturing the moment in time. Due to the time constraints of the research and the nature of the study, the researcher has chosen to adopt cross-sectional time horizon.

3.8 Limitations of Methodology

The limitations of this research are as follows:

- It would be impracticable to cover all Irish wealth management institutes and business.
- Getting access to more senior wealth managers.
- And getting them to discuss potential negatives of their current practices and conflict of interest in their models.
- Time management, as it’s a really brief period to cover the topic thoroughly.
4. Data Analysis

4.1 Introduction

This section of the research paper deals with primary research. The primary research consisted of five semi-structured interviews which is analysed to in this section as to gain meaningful insights into Irish wealth management industry and FinTech’s impact in its functioning.

4.2 Background of the Interviewees

**Adrian Whelan - Senior Vice President and Head of the Regulatory Intelligence, Brown Brothers and Harriman**

Mr. Adrian Whelan works as the Head of Regulatory intelligence and it’s a global role but based out of Dublin. He deals with regulations in the financial services space and with regulations around technology in the space. FinTech and RegTech is his specialities and has a vast experience in wealth management industry. He is a key proponent of financial education and specially wealth management to the masses and can be often found speaking to university students about the industry. He has been with Brown Brothers Harriman for 8 years. He brings to this interview the regulatory outlook of FinTech in wealth management both in global and Irish context also importance of education and financial literacy.

**Barry McDonald – CEO & Wealth Manager, MacDonald Financial Consultants.**

Mr. Barry MacDonald is a Certified Financial Planner and a Revenue approved Pensioneer Trustee, a Registered Trust & Estate Practitioner. He started MacDonald Financial Consultants in 2008. For the last ten years he is one of the leading wealth managers in Dublin. He brings in the view of an experienced wealth management industry professional who has seen the evolution of wealth management industry and the innovations of FinTech in the field of wealth management.

**Marah Curtin – Associate Director, Davy Private Clients**

Ms. Marah is a Certified Financial Planner working as Associate Director at Davy Private Clients. She is seasoned industry professional and has experience in the industry both in Ireland and United States. She is also a great advocate of women in wealth and finance. Ms. Marah also adds to this interview with her experience in the industry and ability to contrast the state of the industry across USA and Ireland.

**Eoin Fitzgerald – Senior Development Advisor (Fintech), Enterprise Ireland, Advisor on Fintech, Tech Ireland and Founder & co-host of Money Never Sleeps.**

Mr. Eoin has a past in the wealth management industry and financial services in general. He is an expert Generalist. And in his current capacity advices FinTech and other Start-Ups. He is also the Founder and Co-Host of MoneyNeverSleeps Podcast which deals with entrepreneurship. He can found speaking and sharing in numerous FinTech and start-up events in Dublin. Mr. Eoin bring the view of FinTech and industry innovators especially with a background in wealth management to this research.
Fiona Haughey – Financial Planning Specialist, Davy Private Clients.

Fiona is a Certified Financial Professional working with Davy private clients. She has been working with Davys for the last five years. She brings the view of a wealth management industry professional to this research.

4.3 Data Analysis

The method of research for this study was semi structured interview. The five participants were asked a set of questions (based on the questionnaire attached in Appendix 1) to understand the various role and impacts of FinTech in the Irish wealth management industry. The questions were suitably modified to understand variations in the point of view from different stakeholders in the industry.

For data analysis Content analysis coding was done. Since the number of interviews were five no special software were used. All the analysis was done using MS Word and Excel. The recordings of the interviews were transcribed into a Word file. Once all the recordings were transcribed, all the transcripts where put in a single word file for analysis. Thus having readied the document for coding process the researcher went through all the questions and answers to first gain an overall understanding. For the purpose of coding general identifiers or units were defined. Then the researcher went through the document again adding the general identifiers to the text through the means of the comment feature in MS Word. Once the whole documents was tagged with identifiers, these were moved to MS Excel by running a VB script in MS Word. The output table in MS Excel table has the text and identifier codes for analysis.

<table>
<thead>
<tr>
<th>Location</th>
<th>Textual Data</th>
<th>Code</th>
<th>Broad Theme</th>
<th>Final Theme</th>
<th>Coder</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>Page 7/Line 4 4It is very hard to disrupt this. The incumbent fintech now in Ireland</td>
<td>Fintech in action</td>
<td></td>
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<td>15</td>
<td>Page 27/Line 1 I think fintech is enabling us to focus on or how its affecting clients fintech in action</td>
<td>Current Fintech Applied</td>
<td>Johnson Varghese</td>
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<tr>
<td>28</td>
<td>Page 10/Line 3 Retail banking is all app based and it all in fintech now in Ireland</td>
<td>Current Fintech Applied</td>
<td>Johnson Varghese</td>
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<tr>
<td>27</td>
<td>Page 18/Line 3 We have seen flatline financial cashflow. What does fintech means to you?</td>
<td>Current Fintech Applied</td>
<td>Johnson Varghese</td>
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<td>26</td>
<td>Page 17/Line 1 I think fintech has enabled us, because it's not just fintech in action</td>
<td>Current Fintech Applied</td>
<td>Johnson Varghese</td>
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<td>28</td>
<td>Page 8/Line 1 AI. robots if different right so we use RPI current fintech</td>
<td>Current Fintech Applied</td>
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<td>10</td>
<td>Page 34/Line 2 The data side of fintech has had a huge impact on fintech in action</td>
<td>Current Fintech Applied</td>
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<td>13</td>
<td>Page 13/Line 1 We have had target based finds previously current tech in wms</td>
<td>Current Fintech Applied</td>
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<td>32</td>
<td>Page 4/Line 5 So the ETFs are very attractive to the non-fintech in action</td>
<td>Fintech in action</td>
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<tr>
<td>39</td>
<td>Page 29/Line 1 We see fund managers using fintech and fintech active managers in action</td>
<td>Current Fintech Applied</td>
<td>Johnson Varghese</td>
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<tr>
<td>34</td>
<td>Page 29/Line 1 Davy Select for my clients as an Invect Fintech in action</td>
<td>Current Fintech Applied</td>
<td>Johnson Varghese</td>
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<td>15</td>
<td>Page 18/Line 1 Other asset managers have come to the fintech in use</td>
<td>Current Fintech Applied</td>
<td>Johnson Varghese</td>
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<td>50</td>
<td>Page 29/Line 2 So the robo, you would find that advisors robots</td>
<td>Fintech in action</td>
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<td>37</td>
<td>Page 29/Line 2 Online and digital interaction with our clients</td>
<td>Future Scope of Fintech</td>
<td>Johnson Varghese</td>
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<td>10</td>
<td>Page 5/Line 4 The robo and the enable the tech and future role of technology</td>
<td>Future Scope of Fintech</td>
<td>Johnson Varghese</td>
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<td>19</td>
<td>Page 10/Line 4 The asset management singularly, if you go a hundred years from now</td>
<td>Future Scope of Fintech</td>
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<td>20</td>
<td>Page 35/Line 1 Your robo- advisors are very good at aroo</td>
<td>Future Scope of Fintech</td>
<td>Johnson Varghese</td>
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<td>41</td>
<td>Page 35/Line 1 Asset allocation and rebalancing that are roo</td>
<td>Future Scope of Fintech</td>
<td>Johnson Varghese</td>
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<td>40</td>
<td>Page 35/Line 1 At this point no, because it's a regulation of blockchain</td>
<td>Future Scope of Fintech</td>
<td>Johnson Varghese</td>
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<td>43</td>
<td>Page 36/Line 1 The focus and key value of blockchain is at blockchain</td>
<td>Future Scope of Fintech</td>
<td>Johnson Varghese</td>
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<tr>
<td>44</td>
<td>Page 22/Line 2 Yeah, I am aware of blockchain</td>
<td>Future Scope of Fintech</td>
<td>Johnson Varghese</td>
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<tr>
<td>45</td>
<td>Page 22/Line 1 So, I think the area you are talking about is entry level fintech in the financial</td>
<td>Future Scope of Fintech</td>
<td>Johnson Varghese</td>
<td></td>
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</tbody>
</table>

Figure 10: View of Content Coding done in Excel
Then the researcher went through the Excel table and identified a broad theme and added it in front of each code. This was done group all the codes into broader themes. These resultant themes were then analysed and further grouped into relevant final themes as per the research objectives. This table then was charted to see the recurring themes and relations and co-relations of the themes. This process aided in easy analysis of the data and giving better understanding of the relation between various aspects of the information processed.

![Chart for Final Theme]

*Figure 11: Frequency of Final Themes*
4.4 State of Irish Wealth Management

The interviews were questioned regarding the general state of Irish Wealth Management, in this segment they were particularly asked of growth and demographics of Irish Industry.

4.4.1 The state of Irish Wealth Management Industry

There seems to be a consensus that the Irish wealth management is growing on a slow and steady pace but there are various aspects that are differentiated. The market has a general growth due to many factors, but few government initiatives have fuelled the growth. As Eoin says in his interview “you could argue that yeah, because of growing market here, because of typical persons pension funds and you know government initiatives of all the enrolment of pension fund by 2020, means that there will be growing markets of wealth management opportunities in Ireland” (Eoin, Interview 4).

Ms. Marah in her interview says with increasing complexity of advice they the demand for advice grows even if they are losing out on entry level mass affluent market. “when you start to incorporate tax sufficiency you know overlay of tax sufficiency on to an investment strategy you start to incorporate you know trust and estate planning pension planning advice so as the individual becomes more wealthy or as they get older and the advice gets more complicated and more necessary I think the industry is absolutely growing.” (Marah, Interview 3). Ms. Fiona also concerns the point that growth is not concentrated in traditional wealth pockets but more in mass affluent segments. Even with the projected growth numbers (as given by PwC) of Irish Wealth Management having assets under management over $7 Trillion (Mcloughlin, 2017) it’s still a small market. As Adrian says in Interview 1 “So Ireland and wealth management even with the numbers you described is small” (Adrian, Interview 1). As Adrian describes this market is small and usually has a captive audience which have traditionally been with same providers and hence it’s a difficult market because of the saturation. “Small, quiet concentrated, quiet old fashioned, quiet paper based. Both who are small enough and nimble enough that maybe that could change. And even if it does remain the captive providers, I think they need to offer better products and electronically led information on products because it’s just not there.” (Adrian, Interview 1)

4.4.2 Is the demographics changing?

As the global literature suggests that the demographics are changing to younger ages, and especially participation of women was on rise (Beyer, 2017) (Thompson, 2017). The interviews were asked if the demographics of new clientele in Ireland reflected this. Within the the traditional wealth management industry, age doesn’t seem to be reflecting on the global trend. The lowest age group is 35-40 among the respondent and it seems that below that age groups markets don’t have much exposure to financial advice service. On the other hand In the ETF markets and entry level investments options definitely there is an increased participation, especially by the millenial age groups. Eoin points out with digitally available tools such as Robinhood and Revolute this is a natural phenomenon. As Adrian points out the generation is more tech savy and with the advent of online financial service picked up on that trend. “Millenials have become, their natural way of shopping for product including financials is a compare and contrast. So there are lots of sites that do that now. So millennials are in love with ETF, because ETFs are a low cost, easy to access financial product” (Adrian, Interview 1).

Though on the women participation front there is an agreement that Ireland is reflecting the global trends. More and more women are now availing wealth management services. As Marah
points out women becoming breadwinner and having more wealth at their disposal makes them approach wealth management services. Adrian and Fiona also agree with Marah’s point that women are outliving their counterparts and this higher life expectancy makes them have a vested interest in engaging with wealth management services. “That wealth transition is very evident. Women in the workforce with largest disposable income is a trend that is not going to go away” (Adrian, Interview 1). Barry is of the opinion that increasing women have been the decision makers now. “As clients, I think where most of my clients are couples and I actually think that most women make the financial decisions in a relationship. The research has shown that they are actually better investors as well.” (Barry, Interview 2)

4.5 Post 2008 Crisis and Evolution

The 2008 crisis raised many questions about the wealth management industry and its practice. Value of advice was questioned (Welch, 2010). The FinTech innovations in wealth management came on right after crisis with big regulation changes as well. The interviews were asked how 2008 crisis affected the Irish Market. Essentially like the global trend there is was a distrust in the system for the general population.

“It was a contagion effect okay, so the entire financial services, anybody in a suit actually was looked down by the general populous. They were suspicious. So again this participation, people really came away from the system and people put money under their mattress. They found it kind of safer” (Adrian, Interview 1). Fiona backs this by saying “yeah, I think that banking crisis certainly didn’t help things and a lot of people face distrust in the large Irish institutions” (Fiona, Interview 5).

The immediate affects as Barry put it were that “product sellers got washed out of the … people who were selling products and the banks. And they got shown for what they are. They didn't have a business model that was sustainable.” According to Barry good wealth managers such as himself, who were charging a fee instead of commission did much better. So, the crisis enabled more boutique firms and managers who charged fees.

All the eggs in one basket

A major change after the crisis was diversification of portfolios, even though this may seem obvious the portfolios was always property heavy in the Irish sector. As Eoin indicates, who was, at that time, in AIB Wealth management, “I worked in wealth management in AIB whereby high net worth individual had all of their investments in property funds and of the 21 funds AIB Wealth Management had for clients only one of them was not property related” (Eoin, Interview 4). He also goes on to say there was no consideration of stage of life and risk appetite in the investment strategy. “At the time in AIB and Irish banks, in general, you know your investment went into property whether you had 16% risk appetite, or you were looking for a 100% risk. So clearly post-crisis what happened was people realized that you shouldn't have all your eggs in one basket” (Eoin, Interview 4). Marah, who was at New York city at the time, says Irish portfolios were not as diversified, as people “held bank share and property.” She also said, “Financial goal-based planning would not have been a part of the advice that we would have been giving back then so the business has come a long way since then” (Marah, interview 3).
Is Financial Technology driving the Shift towards Goal Based Investing

In his book Fintech Innovations Paolo Sironi states Fintech is making a push towards goal-based investing by playing a part in low cost goal based personalised solution (Sironi, 2016). Though this is a factor post crisis scenario really pushed goal-based investing into the spotlight. The respondents in general accepted there is a shift towards goal based investing and long-term growth. Fiona says the industry actively practises goal-based investment strategies and the shift in trend is seen “Certainly, in recent years there has been a shift towards goal-based investing, yes definitely” (Fiona, interview 5). Marah concurs that at Davy’s goal-based investment is practiced. She goes on to discuss the core/satellite model, “yeah so the way we are proposing investment strategies would be like a core/satellite model. so instead of just, let’s say 2008 advisors would have been calling up saying, it would have been more transactional, there is this idea, or this fund you would be doing adhoc investing. what goal-based planning has is that its more strategic. you have what’s called a core satellite model. so, a core would be the safer money. the money that you have for the medium to long term 7-10 years down the road the safe well diversified portfolio investment”. The core has the long-term safe money and the satellite depending on the risk tolerance of the client is invested in various schemes ranging from low risk wealth preservation model to high risk aggressive growth.

Though Adrian pointed out that wealth managers still do both opportunistic and goal-based investment strategies, “No there's both, generally asset managers or wealth managers are looking at short term opportunities. So specifically say they are value investors, we are using an algorithmic arbitrage. There are specialists who are doing short terms or opportunistic and generally they are doing both” (Adrian, interview 1).

Though Eoin has pointed out that technology doesn’t necessarily influence the strategy but just enables him, in his words no matter the strategy you use technology just will make it more accessible. “I don't think so (FinTech changes your strategy), fundamentally based on your risk appetite you will making an opportunistic investment, or you will be having a more strategic view on it, that the kind of thing that depends on the person themselves... I don't think the technology side of it, I mean it opens up the opportunity through the likes of Robinhood or etc it allows you to invest in maybe stock exchange easier than you would yourself but if you are going to do that you could do that in any number of ways anyway. doesn't necessarily means you will do it in a better way” (Eoin, Interview 4)

4.6 Current FinTech Application and Challenges

4.6.1 Use of FinTech in wealth management

The interviews were asked about the current interaction with FinTech in wealth management. This is where there has been a wide variety of answers due to the loose definition of the term FinTech but the researcher has taken the broadest definition as possible to evaluate the answers. The data analysis tool and other simulation and forecasting tools for the background work in wealth management is considered a step. Eoin states that “The data side of fintech has had a huge impact on it in every way so the analytics piece of it and the customer expectation piece of it. so, you take the likes of digital banks and challenger banks and they are capitalizing on that because of the expectation of the customer that the bank can do an analysis of you” Fiona seconds this view by saying “In terms of software, yeah, we are becoming more familiar with
More and more analytical tools and investment platforms are available to wealth managers now. Barry also adds that they are using a lifetime cashflow software and using available softwares to create graphic reports. Only Adrian feels differently. Adrian says now all the retail banks interactions are mostly mobile application based but he says there is no Fintech usage whatsoever in the Irish wealth and assets management industry. He gives the reason as an existing system which in his words is not necessarily broken and hence it’s really hard to make people change their ways. Also, he has mentioned before that big institutes have a captive audience making it all the more harder “it is very difficult to move because of regulatory burdens, audit trails etc, it is very hard to disrupt this. The incumbents have the clients and have the capital, there is no incentive there to disrupt yourself” (Adrian, Interview 1).

Marah says that Davys provides a self-service platform for clients and independent managers called Davy Select. (Even Barry from MacDonald Financial Consutlants uses the Davy Select platform). Though Barry does detail some of other the software the use and platforms which essentially are FinTech applications. Cashflow forecast software, a cash flow banner called Voyant and RiseHQ for document management. They also use Pipedrive and a CRM called Tashkint. Barry also uses the Davy Select Platform and Pershing by BNY Mellon global bank. “We also use Davy select, we use, from there is a Davy select platform to manage investments for our clients and we also use Pershing and Pershing our part they offer us is part of BNY Mellon global bank.” (Barry, Interview 2)

4.6.2 Robo-advisors

The interviewees were asked about rob-advisors and their presence in the market and the interviewees perspective on them specially with arguments in favour of robo-advisors such as their lack of biases and cost-efficiency and value of advice.

Eoin’s argument was the very value of financial advisors are questionable and hence robo-advisors are a good thing. It’s especially useful in terms of actively monitoring portfolios and re-balancing and re-allocation of portfolios to a set standard. “there is the argument, to me, the robo-advisors are very valuable in the heart of wealth managers that are onto active management. you have a typical portfolio, maybe portfolio gets to a certain point, and you set particular targets around this and it will make... you set the rules around it, it makes specific decisions for you without any requirement or really any understanding of it. then absolutely”, “to me robo-advisors are very beneficial in the active management of something that doesn't require much management. so in pension fund whereby you might set a 30% cut-off for your wealth getting invested in stocks and maybe your portfolio on any given day has 35% of it and the robo-advisors can read that and will transfer that additional 5% out into some other bond.”(Eoin, Interview 4).

Marah and Barry commented on the apparent advantage of robo-advisors not having biases is not necessarily very impactful. The wealth managers are well aware of their own biases and are trained to catch them and also they are trained to figure out the biases of the client and that’s where robo-advisors fail.

“taking into account their biases and taking them through their biases and offering them rule of thumb and guidelines and advise around that and helping them to navigate that decision, instead of just telling them you should invest. Everybody knows you need to sell you need to
diversify but there’s a lot of planning and conversation that should go around that so that its done the right way.” (Marah, Interview 3)

Barry adds to it by saying “. So you know, stopping the behavioral part of what we do is actually keeping the client sticking to the seat and sticking to the plan and no robo can do that.” (Barry, Interview 2)

What Barry and Marah are stating being that wealth managers are well aware of the their and biases and that of the client’s biases as well. This is where they wealth manager has an advantage where they can make sure the client follows through on the advice and sticks to the plan. This point was illustrated by Marah in her following comment, “You can tell somebody they should diversify and the fact that they have 65% of their net worth tied up in a single company stock like google or Facebook isn’t good, they know that it’s not good they know that they should diversify but if you have some robo-advisor telling them to sell all their stock they shouldn’t be having any stock that’s fine and good but the actual uptake of that advice and execution is unlikely because you don’t have that human overlay”.

Barry adds to the pitfalls of rob advisors by saying “So robo is fine when you know what you are doing. But the most clients I know, don’t know what they are doing and most clients want to take advice from somebody. So the robo, you would find that advisors might use robos to help them with their solution”. Also Barry adds that with robo-advisors you don’t know what you are buying into, “if you go and you are buying a specific fund or a portfolio with a robo advisor, you are buying a retail bond, you are not buying an institutional bond. If you deal with an advisor, they give you access to the institutional version of that bond, which you can still do that at cost. “ (Barry, Interview 2)

4.6.3 Use of Robo-advisors in Ireland and prevalence of robo-advice in Irish market

The interviewees were asked about the use of rob-advisors in Ireland at the wealth management firms and manager level to client faced robo-advisors. All the interviewees agreed that robo-advisor presence was minimum to none in the actively managed wealth management industry.

Eoin says the typical market segment is still the old aged group who find no value in “cool wealth management solution” And when asked about the wealth managers using robo-advisors he said “Not in the Irish market, well there is that company ignition wealth, but you see the market is not in Ireland. so all of the 200 FinTech in our portfolio are not looking to sell solutions into Ireland. there isn't a market. you are not competing in the wealth management space because the market is really small in Ireland” (Eoin, Interview 4).

Fiona agrees to this evaluation as the market here just prefers the old face to face advice. “I still picture robo-advisor as being bigger in America, I mean here in Ireland I still don’t think that… a typical Irish person would walk to a building somewhere and get that face-to-face advice perhaps, that’s just the industry” (Fiona, Interview 5). And the bare minimum presence that are there are targeted at entry level customers who were never the target population for the wealth managers. “they are more targeted at the mass affluent sector whereas I guess we are wealth management. We are dealing typically with more complex affairs of people so I they wouldn't go for robo-advisor but generally call us” (Fiona, Interview 5).
Barry brings out another reason for the lack of interest in Ireland which is, Robo advisors are not tax efficient. “Most of the robo advisors, I have seen don’t have an Irish tax wrap so if you buy it, you hamper your tax returns straight away. Which offsets the cost of going and meeting an advisor” (Barry, Interview 2)

4.7 Impacts on Irish Wealth Management

The interviewees were asked in general how has FinTech impacted the business, the questions considered both business wise and revenue wise impact of FinTech.

Eoin Maintains that the big data and AI side of FinTech has far-reaching effects, especially with customer expectation side of things. “customer expectation piece as well fundamentally Amazon and Netflix can make recommendations for me based on my past history. why can't my bank tell me itself? that's a no brainer and people now of a certain generation expect that as a minimum from the companies that they engage with” (Eoin, Interview 4). Overall Eoin says FinTech hasn’t really disrupted the wealth management space. Considering the entry level market is something the industry has always overlooked.

In regards to effects on business model for customer acquisition he said “yeah totally, look it makes it far more efficient and it reduces your cost and we will see it when, the products such Monzo and Revolute, the fact they can build up a large customer base because they can offer something better. and you see it in peer to peer lending space where there is a build up of the customer base of SMEs to lend to because of its better solution and far quicker solutions than what Irish banks could offer.” (Eoin, Interview 4)

Marah says FinTech in the industry has enabled them to serve their clients better and also sharpened up the services. “I think FinTech has enabled us, because the technology helps us to run analysis for our clients as well, we can do stress testing, financial planning, production you know. I guess it depends on what area of fintech. And I think I said it previously that I’m not so worried about fintech because my ideal client has a million or more to invest” and it terms of enhancing their services she says “I think it is making us kind of sit up straight in terms of sharpening our tools making sure we up to date with our knowledge and advice and the guiding skills needed and Davys is done that much better with segmenting your advisors so that the type of clients that each of our advisors are working with are very similar in terms to their goals, needs etc.”

Fiona also has similar view that FinTech has made clients demand some digital but also given the managers some insights about the client “So, people want digital access very easily, they want to digital cash finding. They want to see their asset base and cash flows on funky looking charts shown graphically and that helps us do that. It helps us gain an understanding of our clients a little better” but in terms of robo-advisors impacting her customers she said “We are dealing typically with more complex affairs of people so I they wouldn’t go for robo-advisor but generally call us. “(Fiona, Interview 5)

In terms of effect on customer Barry added a similar view that customers still prefer advisers “no. Because most people go to their advisors because they know their issues. You know, if it were just pure investing issue, you know then maybe people will engage with it.” (Barry, Interview 2).
Financial impact

The interviews generally agreed that cost of advice with robo-advice was cheaper and now generally industry had more value oriented fee structuring. They seem to agree that commissions and revenue models on commission is on the decrease.

“not the revenue models so much, so one thing that has changed with the revenue models is that more and more of the business is annuitized so more and more clients are providing us a fee based on the assets under management paid quarterly or annually which depends on the firm. So they are paying a fee for ongoing advice and investment guidance and financial planning, so at least once a year we sit down with the client to revise the plan and to ensure that they are on track to achieving the goals that we have set out for them according to the investment strategy in place we review performance and all that. So, it is becoming a bit more service relationship oriented and the fee is changing accordingly so I would say you would see less and less commission. So that’s just a trend of the industry overall” (Marah, Interview 3)

Barry’s opinion was that the fees model is more appropriate anyways and the charges they were fair. He also added, “I think there always a price for these in terms of where things are. You know, the fund managers have all the power for a very long time and now they are finding there are financial advisors like, why I would, what I would like to say about the fund managers, the robo advisors are on the right hand side of the decimal points and what we do is on the left hand side of the decimal points, in terms of how we charge.” He says the price depends on the services provided,” yes, it depends what you are getting. They are not coming with a full financial plan which is very very bespoke and intricate for you and your family. If you go through robo advisor, you get a very plain and vanilla financial advice, because that’s what it is” (Barry, Interview 3)

4.8 Evolution of Wealth Management Business

Availability of new asset classes

The interviewees were asked, how FinTech has affected business or is affecting business with availability of new asset classes such as crypto currency.

Adrian feel that new asset classes such as cryptocurrency will normalize and many other new asset classes that don’t exist now will exist in scales and be normalised and this would cause consolidations in the market. His view is many assets considered today will be normalized. “an essence of what active managers, are trying to predict the future to current capital allocations. There will be new assets that’s been up around the data, analytics and again tech firms will become different. Cryptocurrency will become at some point a normalized asset class and data as an asset and different types of data and as an asset class will become a thing.” He goes on to say that “I think private equities and tech IPOs and how we fund ideas, crowdfunding, peer to peer lending, I am kind of going around the house now but these are all things that are nascent at the moment, which will become normalized. And how can man on the street, the general populous benefit from these transactions, and that takes, leads, to education. It takes regulators, allowing them to participate in this what’s gonna happen. These are currently what called alternative, I think over time they will become normalized.”(Adrian, Interview 1)
Eoin though points out that FinTech has made alternative assets more accessible to the general masses. So not just alternative assets, FinTech has enabled access to all the asset classes easily, “it has allowed, made them more easily investable, you know I can buy and sell crypto now, yeah its created a new market and there is going to be a requirement of wealth managers to offer those solutions as part of their wider product offering. That’s a small element of the wider FinTech space. What other asset classes have FinTech made available, it’s made them all available” (Eoin, Interview 4)

Marah’s reply was the most interesting as she pointed out this additional asset classes just adds to her business and value proposition. Having more complicated financial products just add more vale for the need of advice for financial matters. She says if a client wants to invest in crypto she facilitates it and makes sure they are well advised about their investment strategy. “we actually talk to clients about how to invest in crypto and why or why not we should invest in cryptocurrency and we have investment strategists that have put out insights and investment pieces on”

“we can facilitate that, if I had a client who is interested in that, I would bring that investment strategist in. so, my role as an advisor is that, I am a single point of contact for all things financial for my clients” (Marah, Interview 3)

**Fintech a disruptor?**
The interviewees were asked how FinTech affected the Irish wealth management as whole, was it a positive effect, or of they saw it as a fatal disruptor.

The general opinion is that FinTech is a positive influence in the wealth management industry and nobody really views it as a fatal disruptor. Adrian says, “its hugely positive as it removes the culture of inefficiencies” which will increase participation rates. FinTech will make more sustainable business model.

Fiona says it may disrupt in the future but FinTech is something the industry can embrace instead of treating it as a threat. “It could be a possible opportunity to work with FinTech to give the customer the ultimate best experience through our services and technology. so I guess its both a threat and opportunity ” But Fiona say they will be more focused on being digital and generally thinks FinTech has a positive impact

Eoin concurs that FinTech definitely has left a positive impact so far in wealth management industry, he also feel it has enabled the industry than disrupting it, “it makes things far more efficient and you can offer a better service and solution, allows for personalisation, and a better user experience, so it has impacted in a number of ways all of which is positive. But it hasn't disrupted it but I suppose the disruption has been in financial services and it has a knock-on impact on wealth management as opposed to it disrupting wealth management in the same way. It allows you to make better decisions and it allows providing a better a service to customers, you know Robinhood is the best example because it allows the average person to make an investment in stock market. The average person could still make investments in the stock market yeah this is just a far more efficient and cost-effective way of doing the same thing. It hasn't disrupted it as much as it has made it easier.”

Marah feels that FinTech has made sure that wealth managers are competent and are providing value so it has rather streamlined her business for her. Cost sensitive clients are usually taken by robo-advisor and she gets her target clients who are willing to pay for the advice which is valuable to them. So she feels that FinTech gives them an edge, “Yeah, for the advisors that keep up. Our industry is highly competitive Ireland is a small market and so we need to keep up and need to be seen to be really good and have a lot to offer”.
4.9 Future Scope of Wealth Management

The interviewees all seemed optimistic of the future of FinTech, and expect FinTech to be the absolute enabler in the industry. According to Marah online interaction will be the future of the industry, she says “Online and digital interaction with our clients is going to be thing of the future, whether you are a robo-advisor or providing a robo-platform or you are in the high net worth and ultra-high net worth space that I am in now” (Marah. Interview 3)

In terms of block chain application Eoin says he doesn’t see it as a key technology but wealth management has more value from the Artificial Intelligence for decision making and advising. Fintech would be used to help automate decision making and it will be used from low level interaction like Chat-bots to mid-level interactions such as robo-advisors and also would definitely will be used in large scale asset modelling “the focus and key value of block chain is in transparency. I haven't seen any use cases in a wealth point of view yet but it's about transparency and capabilities of whatever your solution is, so it might make it somewhat efficient but I don't see it being a key tech in WM. I think the likes of AI are far more important in relation to wealth management. and will be far valuable in wealth management than block chain would be” (Eoin, Interview 4)

On the matter of blockchain Barry says “I think that cuts banks and large asset managers out of the way where clients can deal direct. I am happy about, that's just great. And I think cuts costs as well” (Barry, Interview 2)

Adrian had the most to say with future of FinTech in the field specially because of his interest in regulations and how such technology interacts with humans and society in general.

Adrian says the personalisation of the service is going to be the key feature in the future “So I fully believe that robo advice and again, you put in who you are and what you are and your characteristic attributes and what you would like to see and the machine or the robo advisor’s builds that and, and delivers that to you. It absolutely can be future of the investment management proposition. No longer do millennial want an old white guy to describe what they need in their life, absolutely not. They don’t want to meet the person; they don’t believe in their belief system.”

Adrian also believes that direct to consumer model is be the new future where scale of the operation is what would make wealth management cheap to access, but he also says that the service will be consolidated amongst the big tech players like google or amazon.

“So, just to jump a little bit, its increasingly, wealth management asset management is increasingly becoming a scale play. And technology direct to consumers is going to be a component of taking in millions of little tickets. And you still would be having within, you would be serving the home for the one ticket, the big ticket. It's going to be a confluence of both of them to build a critical scale. What you would see, true technological disruption is the biggest will avail of them is more than the smaller guys. The conventional wisdom says that this is now going to democratize. Technology will allow smaller managers to reach the masses, I fundamentally disagree but that is actually how it is going to play off. I think around to see an increased amount of consolidations of providers and you are going to have fewer providers who are going to provide everything through tech and then again interact and inquire through technology with customers rather than boutiques and mid-sized managers with the use of technology, you know it is just not going to happen. So what is going to happen is, we call it
ten of the largest global asset managers, five of the biggest distribution platforms or utilities or apps and then you are going to find everybody down here. Investing from one dollar to one million dollars. I think it is going to be a hugely simplified process. So think that through who is winners and losers there. That there are going to be multiple, multiple losers. There is going to be very few winners. That's a difficult story but efficiency normally breathes consolidation, concentration and supply for the fittest. Darwinian right, that is where it is going” (Adrian, Interview 1)

Adrian also believes that there will be an Asset management singularity, which will be technology run one-point complete solution model. “I know you have a concept stick with me here Johnson, of the Asset management singularity. If you go a hundred years from now and if the asset management is still needed I fully believe that you will have a … let’s call it amazon. And everybody plugs in there and saves in there and the asset managers they send it to the AI, the algorithm who deploys capital throughout the world where it needs to be. in crypto. And that's how wealth managers, it will just exist but the person won't really do anything. And even the person himself can delegate their thinking about money to a program. So that becomes a single black box, a one-point solution for all. It's within the realms of theory” (Adrian, Interview 1)
5. Discussions

This section of the dissertation further discusses the analysis done in chapter 4 which is Data Analysis. Through the process of coding for data analysis several distinct themes emerge and those themes are discussed in the following section.

5.1 The state of Irish Wealth Management.

The Irish wealth management industry is on a growth path as is confirmed by all the respondents in the interview. But the market has some unique characteristics and peculiarities that are possible unique to Ireland. The Irish market is first of all a small market and as indicated by Adrian Whelan, there isn’t much indigenous firms that are big in wealth management and asset management business. There are bigger foreign players in the business. Plus the market is described as a captive market. Majority of Irish retail market is majorly held by big Irish or European banks and is used to personal dealing. The Irish wealth management clientele seems to like the face to face approach. The situation is best summed up by Adrian’s words “Small, quiet concentrated, quite old fashioned, quite paper based. Both who are small enough and nimble enough that maybe that could change. And remains with the captive providers,“.

The market growth is due to many factors, but few government initiatives have fuelled the growth such as the government initiatives of all the enrolment of pension fund by 2020. The growth is not concentrated in the traditional wealth management wealth pockets but also include the mass affluent sector. But as the population grows older and richer, the advice sought is more complicated and that is a definitely a growth indication for wealth management industry.

In terms of the demographics, especially in the age distribution, the demographics doesn’t seem to be much younger. The younger demographics though interested in FinTech solution, has a limited option to choose from in the Irish Domestic Sector. They are showing increased participation in the alternative and passive investments such as ETFs.

In the distribution of women clientele, Ireland seems to match up to the global trend. There are more women seeking the wealth management service. The longer life expectancy of women also tends to mean they inherit the wealth. Also increasing number of women have extra income to invest. Marah has suggested that it a good practice to have women advisors as point of engagement with the increasing female target population. Barry has noted that most of his clients are couples and the decision making process is essentially a joint one.

5.2 Post Crisis changes in the market

Ireland was severely hit by the crisis, industry slowed down as direct result of the distrust of the people in the financial system. The advice and products sold were also heavily invested in property. As Eoin revealed of the 21 funds that AIB sold to its clients, only one of them was non-property related. Also regardless of the risk-appetite of the investor, the money was usually invested in property related assets. The general portfolio wasn’t diversified and was heavy on property and bank shares.

The change due to this in Ireland as well was globally was more of advice dispensed with goal based investing. The offerings are now majorly in line with goal based investing. Like in
Davy’s they use core/satellite model where a core safe long-term fund is maintained and the satellite funds are invested according to the investor’s risk appetite. Though in this research, there was an interest to know if this approach of Goal based investing was encouraged by involvement of technology such as FinTech. The answer is essentially and as Eoin puts it the technology is just an enabler and whatever strategy you choose, the technology will just let you do it better. “I don't think the technology side of it, I mean it opens up the opportunity through the likes of Robinhood or etc it allows you to invest in maybe stock exchange easier than you would yourself but if you are going to do that you could do that in any number of ways anyway. Doesn’t necessarily means you will do it in a better way” (Eoin, Interview 4)

5.3 FinTech currently used by the industry.

This was question was of primary interest to this research as the research was to explore the use of FinTech in the Irish Wealth management Industry.

The technology used in Ireland is mostly with cash flow software and forecasting tools. The only platforms with digital advice or investing platforms used in the industry was Davy Select and Pershing by BNY Mellon. Pershing is used by the advisors usually. Only customer facing platform is Davy’s Select. This is usually the case with all the respondents interviewed. Though in the retail sectors do operate in phone apps, but the wealth management client target market is saturated and no respondent to FinTech advances.

5.4 Robo-advisors in Ireland.

The finding of this research is that presence of robo-advisors are minimal and none whatsoever in the actively managed industry, the main reason found for this was three fold. First, the Irish target market still likes to meet with human advisors and values human overlay in the financial advice. The robo-advisors that are available such as ETFmatic and Degiro are more geared to the mass affluent market and entry level market. Finally, the third reason for lack of uptake of rob advisors in Ireland is lack of tax sufficiency. There is no robo advisor in the market that is tax sufficient. Hence unsuitable for the targeted market.

5.5 Impact of Fintech on Irish System

On the retail sector, it has improved interface with the customers. There is an expectation from the customers for more customised solutions. But in general, it has enable the wealth management industry to provide more digital interfaces with clients where they can monitor
their portfolios and investments. In terms of forecasting and simulations, the FinTech has been a great tool for the industry. The engagement with clients have improved with FinTech tools.

**Financial impact**

The revenue structure has changed slightly, the market is in demand for more fee-based advice rather than commission based advice. The situation is perfectly summed up by Marah. “So they are paying a fee for ongoing advice and investment guidance and financial planning, so at least once a year we sit down with the client to revise the plan and to ensure that they are on track to achieving the goals that we have set out for them according to the investment strategy in place we review performance and all that. So, it is becoming a bit more service relationship oriented and the fee is changing accordingly so I would say you would see less and less commission. So that’s just a trend of the industry overall”. Generally, the wealth management industry is thriving with not really a disruption in the revenue model by Fintech at least in the wealth management industry.

**5.6 Evolution of Wealth Management Business**

**Availability of new asset classes**

FinTech is normalizing the alternative asset classes in the long run, but currently due to FinTech alternative asset classes such as crypto currency has risen and this has essentially worked in favor for the wealth management industry. The new asset classes have made the advice more complex and that is always a profit-generating sector for the wealth management industry.

**Fintech a disruptor?**

Fintech does not seem to disrupt the industry in Ireland but has enabled it to be more progressive. The robo-adviser and FinTech in general are making the access easier to wealth management but the traditional wealth management industry is still going strong. Overall the effect of FinTech has been to enhance the service provided by the traditional Irish wealth management industry. Though there is a consensus that the future growth is headed towards digital platforms and digitising the business.

**Future of Wealth Management Business**

The future of wealth management business and wealth tech is digital and online engagement, regardless of the market. With advent of Artificial Intelligence and Big Data, deep personalisation is inevitable and that is definitely key in this industry. The more advance customer interacting digital platforms will also change the current nature of advice professional and make it a more personalised one-stop solution. The future is in a totally digital FinTech platform, which is a one stop solution for all the wealth management requirement regardless of the invested value.
6 Conclusion

The premise of this research was to understand the impact of FinTech on the Irish wealth management industry. The literature review shows a global trend the wealth management industry and the researcher sought to explore the conditions of the Irish Wealth Management Industry. The findings of this research were as follows.

The state of Irish wealth management industry

The Irish industry is growing as a whole with increased participation and specially increased participation of women in the wealth management industry. Post crisis the industry has seen greater diversification of portfolio and the market has responded to more value based financial advice. The market is captive with little opportunity for new entrants in the core target market of wealth management industry.

Fintech in use currently and its impact.

The wealth management industry lags the US and UK industry by few years. As of now the presence of Fintech is core wealth management industry is minimal. The Irish Market have few entry-level robo-advisors but they are not a real threat to the incumbents. The inertia of the market in the country leaves no incentives for the big players to adopt the new technology as and provide high-end robo-advice solutions. Irish market doesn’t have much fintech penetration in other wealth tech offerings such as micro-investing, portfolio management platforms etc.

Conclusion

The slow adoption rate of FinTech in the core wealth management industry is essentially due to an isolated small market condition. Ireland is a small conservative market and the incumbents would not disrupt themselves nor will they fix what is not broken.

Further Research Recommendation

This research was an exploratory research into the core wealth management industry in Ireland and impact of FinTech on it. Since the research was limited and had only in-depth interviews with wealth management professionals handling high net worth and ultra-high net worth individuals it has not covered the mass affluent market. To completely understand the wealth tech and impacts of FinTech in wealth domain further research is required in the entry level and mass affluent segments. Another avenue of research is the performance comparison of long term managed and passive investments in this market, as increasing AUM in passively managed portfolios are area of interest.
7. Learnings and Reflections

7.1 Introduction

This chapter deals with idea of learning and which type of learner the researcher is. Also this chapter contains reflections, which are the researcher’s reflection of the duration of study for this research work as well the Masters in Business Administration programme. Learning and reflecting are essential components of being a good thinker and is essential for the success of education. Without reflection learning and subsequent learning is impossible. The sections details the experience of the researcher looking back and reflecting upon the skills learned and how the experience has changed and defined the researcher.

7.2 Learning

“Learning is the process whereby knowledge is created through the transformation of experience” David Kolb (Kolb, 1984, p. 38)

The Experiential Learning theory provides a model of learning which consistent with the natural learning cycles of human being. The Lewinian experiential learning model as explained by David Kolb in his book titled ‘Experiential Learning: experience as the source of learning and development’ is essentially a four stepped process which is depicted in the figure below (Kolb, 1984)

![Experiential Learning Cycle](Source: simplypsychology,2017)

The cycle begins with Concrete experience, then reflective observation, abstract conceptualisation, and active experimentation. Basically, the model says one learns in four stages. The stages are:

**Concrete Experience**: where the learner engages in doing, activity is necessary.
Reflective observation: where the learner reflects or thinks back and ponders over the experience. There is a break from the activity and consideration of what was the activity.

Abstract Conceptualisation: The learner then figures out the relationships and connections

Active experimentation: This is the last stage of the cycle where the learner foresees the use of this experience and conceptualisation. Enabling the learner to plan. (McLeod, 2017) (Mobbs, 2014)

Learning Styles

Learning style questionnaire was designed by Peter Honey and Alan Mumford on the foundations of Kolb’s work. The questionnaire categorises the test takers into four distinct styles of learning such as Activists, Reflectors, Pragmatist and Theorists. These tests show the kind of learning style the learner has and how will the learner learn best, for example the activist will learn better by doing things rather than reading and observing others do it (Mobbs., 2014). Upon taking the Honey and Mumford learning style test the I was categorised as an Activist, which to me was no surprise. I learn much better by hands-on learning. Though I did realise I am not usually given to minute attention to detail and any academic work such as this study would have been a challenging exercise. This turned out to be true but since I had prepared for exactly the same, I was able to prepare and plan this research early on.

Learning from the research and the master’s degree

I have learnt quite a skill apart from the academic knowledge and subject expertise gained from the master’s degree and the research thesis. Many a crucial skill such as writing, research, time management and teamwork.

In terms of writing and with extended word limits, having come from an engineering background I was used to writing as concise and brief as possible and definitely was prone to using jargon to minimize the text. Throughout the two semesters all the assignments gave me the opportunity to write elaborately and explain the knowledge lucidly. This has helped me effectively improve my writing skills and communications in general. Research was another area that I have managed to master during this course and specially research under a tight schedule. Team work being another aspect that I have mastered. Specially in a truly multicultural and diverse setting as the Dublin Business School student body. Managing and working with a team of such diversity has given me a new experience and invaluable soft skills of genuine teamwork.

Career Path

One interesting outcome of this research has been my professional interest in wealth management. The research and specially the primary research, where I was speaking to industry professionals, gave me a greater understanding of the field and the industry. I was also able to network and find mentors who guided me in this journey. This interest in the industry is something I am set on pursing after my degree and join the wealth management industry.
7.3 Reflection

Reflection, to quote Stella Cottrell “is a type of thinking. It is associated with deep thought aimed at better understanding” (Cottrell, 2003). An act of pondering over one’s actions and words and considering the alternatives is the act of reflection. It as a natural process and an essential one to learn and master. As level three students it’s also an essential activity to develop personally (Cottrell, 2003).

I wasn’t familiar with the concept of using reflection as a formal tool for self-evaluation in an academic setting. The first such experience came in a module called Personality Development in the first semester of MBA in Dublin Business School. The experience of trying to reflect and understand it in an academic perspective was quite novel for me. It was always a difficult task for me to be able to self-reflect. Unguided self-reflection is still a challenging task that I undertake often since the first semester as it helps me assess myself.

This journey through MBA the programme in Dublin Business School has been an enlightening one. It has over the course of eleven months enabled me to grow as person and also prepare me for this dissertation. The course has helped me not only learn more about my chosen field of finance but also about learning and myself. Learning finance and business has changed my thinking quite a bit. Having come from a technical background with little or no room for uncertainty, the world of finance was truly an eye-opener for me. The whole journey of this MBA has let me be a better and freer thinker and has enabled me to comprehend more esoteric ideas and concepts which I was not used to before.

Though much has happened during my time in DBS and this dissertation that I could reflect upon here, but I think what’s the most important thing is my realisation, over the course of this master’s degree, the importance of connecting the dots from education to practical life and all knowledge to practicality. Through varied experiences I realised that knowing something didn’t cut it and successful education is based on our ability to use the knowledge in our lives. This exercise of reflection greatly helps in just that. As one can see in my learning style test result I am an activist (refer Appendix 2) which was no surprise to me because I am more of a hands-on learner. I also am a generalist who loves to learn about everything, and over time I have learned to connect the dots. My engineering background combined with MBA gives me a better understanding of the world around me. To me this course helped think and understand people a lot more and how they think, studying business and finance was more about studying people and being able to connect. Being in DBS, in a truly multicultural group of people has given me a greater insight into people and society and what makes them tick. So, the greatest learning of my time here in DBS has been to connecting the dots with the human and society side of process and logic that I learned as an engineer and to be able to practically implement my knowledge. I have read somewhere “Travel Broadens the mind” but I have come to the realisation that while travel is important it’s the reflection of the experience that teaches you. My thesis and my course have given me insights into how people interact with all the esoteric and elusive ideas of innovation, entrepreneurship and technology itself. And in that I have achieved in spirit the purpose of this education.
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fintech_us_58a20d80e4b0cd37efcfebaa?guccounter=1
[Accessed 2018].
Appendix 1 – Primary Research Basic Questions

These are the general questions the was used in the semi structured interviews and they were suitably modified for each interview to get in-depth knowledge of each interviewee's domain.

Part I: Irish Wealth Management
Q1. What's the state of Irish Wealth Management Industry? Is it growing?
Q2. Have you observed any changes in the demographics? (Women and younger people)
Q3. How did 2008 crisis change the value of or perception of Wealth Management in Ireland?

Part II: Effect of Technology on Wealth Management
Q4. Awareness of Fintech and Fintech in Wealth Management?
Q5. Views on Robo-Advisors- on the basis of Cost efficiency, Gender, Behavioural Biases, Conflict of Interest, Quality of Advice etc.

Part III: Fintech in Irish Wealth Management Industry
Q6. How widely are Robo-Advisors used in Ireland?
Q7. Are you or your firm using Robo-Advisors or Fintech in any form?
Q8. How has it affected the business in terms of Customer Acquisition, Product Strategy, Business Model etc.
Q9. How has FT or has FT disrupted WM Management revenue models?
Q10. How has traditional industry reacted to FT?
Q11. How has it affected WM Market in general in Ireland?
Q12. Has FT affected the focus of WM in Ireland from opportunistic to strategic investment? Goal based investing?
Q14. Block-chain? Any impact on WM?
Q14. How have FT affected investments in alternative assets such as cryptocurrency?
Q15. Do you see FT as a fatal disruptor to Traditional WM especially Irish WM?
Q16. General impact +ve or -ve?

General question. Brexit? How do you think it affects Irish Market?
Appendix 2 – Honey and Mumford learning style questionnaire

Learning Styles Questionnaire

Name: Johnson Varghese

This questionnaire is designed to find out your preferred learning style(s). Over the years you have probably developed learning "habits" that help you benefit more from some experiences than from others. Since you are probably unaware of this, this questionnaire will help you pinpoint your learning preferences so that you are in a better position to select learning experiences that suit your style and having a greater understanding of those that suit the style of others.

This is an internationally proven tool designed by Peter Honey and Alan Mumford.

There is no time limit to this questionnaire. It will probably take you 10-15 minutes. The accuracy of the results depends on how honest you can be. There are no right or wrong answers.

If you agree more than you disagree with a statement put a tick by it.
If you disagree more than you agree put a cross by it.

Be sure to mark each item with either a tick or cross.

☐ 1. I have strong beliefs about what is right and wrong, good and bad. ✗
☐ 2. I often act without considering the possible consequences ✔
☐ 3. I tend to solve problems using a step-by-step approach ✔
☐ 4. I believe that formal procedures and policies restrict people ✔
☐ 5. I have a reputation for saying what I think, simply and directly ✔
☐ 6. I often find that actions based on feelings are as sound as those based on careful thought and analysis ✔

☐ 7. I like the sort of work where I have time for thorough preparation and implementation ✗
☐ 8. I regularly question people about their basic assumptions ✔
☐ 9. What matters most is whether something works in practice ✔
☐ 10. I actively seek out new experiences ✔
☐ 11. When I hear about a new idea or approach I immediately start working out how to apply it in practice ✗
☐ 12. I am keen on self discipline such as watching my diet, taking regular exercise, sticking to a fixed routine, etc. ✗
☐ 13. I take pride in doing a thorough job ✔
14. I get on best with logical, analytical people and less well with spontaneous, "irrational".

15. I take care over the interpretation of data available to me and avoid jumping to conclusions.

16. I like to reach a decision carefully after weighing up many alternatives.

17. I'm attracted more to novel, unusual ideas than to practical ones.

18. I don't like disorganised things and prefer to fit things into a coherent pattern.

19. I accept and stick to laid down procedures and policies so long as I regard them as an efficient way of getting the job done.

20. I like to relate my actions to a general principle.

21. In discussions I like to get straight to the point.

22. I tend to have distant, rather formal relationships with people at work.

23. I thrive on the challenge of tackling something new and different.


25. I pay meticulous attention to detail before coming to a conclusion.

26. I find it difficult to produce ideas on impulse.

27. I believe in coming to the point immediately.

28. I am careful not to jump to conclusions too quickly.

29. I prefer to have as many resources of information as possible - the more data to think over the better.

30. Flippant people who don't take things seriously enough usually irritate me.

31. I listen to other people's points of view before putting my own forward.

32. I tend to be open about how I'm feeling.

33. In discussions I enjoy watching the manoeuvrings of the other participants.

34. I prefer to respond to events on a spontaneous, flexible basis rather than plan things out in advance.

35. I tend to be attracted to techniques such as network analysis, flow charts, branching programs, contingency planning, etc.

36. It worries me if I have to rush out a piece of work to meet a tight deadline.

37. I tend to judge people's ideas on their practical merits.

38. Quiet, thoughtful people tend to make me feel uneasy.

39. I often get irritated by people who want to rush things.

40. It is more important to enjoy the present moment than to think about the past or future.

41. I think that decisions based on a thorough analysis of all the information are sounder than those based on intuition.

42. I tend to be a perfectionist.
43. In discussions I usually produce lots of spontaneous ideas ✔
44. In meetings I put forward practical realistic ideas ✗
45. More often than not, rules are there to be broken ✔
46. I prefer to stand back from a situation ✔
47. I can often see inconsistencies and weaknesses in other people's arguments ✔
48. On balance I talk more than I listen ✔
49. I can often see better, more practical ways to get things done ✔
50. I think written reports should be short and to the point ✔
51. I believe that rational, logical thinking should win the day ✔
52. I tend to discuss specific things with people rather than engaging in social discussion ✗
53. I like people who approach things realistically rather than theoretically ✔
54. In discussions I get impatient with irrelevancies and digressions ✗
55. If I have a report to write I tend to produce lots of drafts before settling on the final version ✗
56. I am keen to try things out to see if they work in practice ✔
57. I am keen to reach answers via a logical approach ✔
58. I enjoy being the one that talks a lot ✔
59. In discussions I often find I am the realist, keeping people to the point and avoiding wild speculations ✗
60. I like to ponder many alternatives before making up my mind ✔
61. In discussions with people I often find I am the most dispassionate and objective ✗
62. In discussions I'm more likely to adopt a "low profile" than to take the lead and do most of the talking ✗
63. I like to be able to relate current actions to a longer term bigger picture ✔
64. When things go wrong I am happy to shrug it off and "put it down to experience" ✔
65. I tend to reject wild, spontaneous ideas as being impractical ✗
66. It's best to think carefully before taking action ✔
67. On balance I do the listening rather than the talking ✗
68. I tend to be tough on people who find it difficult to adopt a logical approach ✔
69. Most times I believe the end justifies the means ✔
70. I don't mind hurting people's feelings so long as the job gets done ✔
71. I find the formality of having specific objectives and plans stifling ✗
72. I'm usually one of the people who puts life into a party ✔
73. I do whatever is expedient to get the job done ✔
74. I quickly get bored with methodical, detailed work ✔
75. I am keen on exploring the basic assumptions, principles and theories underpinning things and events ✓
76. I'm always interested to find out what people think ✓
77. I like meetings to be run on methodical lines, sticking to laid down agenda, etc. ❌
78. I steer clear of subjective or ambiguous topics ❌
79. I enjoy the drama and excitement of a crisis situation ✓
80. People often find me insensitive to their feelings ❌
### Scoring And Interpreting The Learning Styles Questionnaire

The Questionnaire is scored by awarding one point for each ticked item. There are no points for crossed items. Simply indicate on the lists below which items were ticked by circling the appropriate question number.

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| TOTALS | Activist | 18 | Reflector | 11 | Theorist | 10 | Pragmatist | 11 |
## Learning Styles Questionnaire Profile Based on General Norms for 1302 People

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### Very strong preference

### Strong preference

### Moderate

### Low preference

### Very low preference
Learning Styles - General Descriptions

Activists
Activists involve themselves fully and without bias in new experiences. They enjoy the here and now and are happy to be dominated by immediate experiences. They are open-minded, not sceptical, and this tends to make them enthusiastic about anything new. Their philosophy is: "I'll try anything once". They tend to act first and consider the consequences afterwards. Their days are filled with activity. They tackle problems by brainstorming. As soon as the excitement from one activity has died down they are busy looking for the next. They tend to thrive on the challenge of new experiences but are bored with implementation and longer-term consolidation. They are gregarious people constantly involving themselves with others but in doing so; they seek to centre all activities on themselves.

Reflectors
Reflectors like to stand back to ponder experiences and observe them from many different perspectives. They collect data, both first hand and from others, and prefer to think about it thoroughly before coming to any conclusion. The thorough collection and analysis of data about experiences and events is what counts so they tend to postpone reaching definitive conclusions for as long as possible. Their philosophy is to be cautious. They are thoughtful people who like to consider all possible angles and implications before making a move. They prefer to take a back seat in meetings and discussions. They enjoy observing other people in action. They listen to others and get the drift of the discussion before making their own points. They tend to adopt a low profile and have a slightly distant, tolerant unruffled air about them. When they act it is part of a wide picture which includes the past as well as the present and others' observations as well as their own.

Theorists
Theorists adapt and integrate observations into complex but logically sound theories. They think problems through in a vertical, step-by-step logical way. They assimilate disparate facts into coherent theories. They tend to be perfectionists who won't rest easy until things are tidy and fit into a rational scheme. They like to analyse and synthesise. They are keen on basic assumptions, principles, theories models and systems thinking. Their philosophy prizes rationality and logic. "If it's logical it's good". Questions they frequently ask are: "Does it make sense?" "How does this fit with that?" "What are the basic assumptions?" They tend to be detached, analytical and dedicated to rational objectivity rather than anything subjective or ambiguous. Their approach to problems is consistently logical. This is their "mental set" and they rigidly reject anything that doesn't fit with it. They prefer to maximise certainty and feel uncomfortable with subjective judgments, lateral thinking and anything flippant.

Pragmatists
Pragmatists are keen on trying out ideas, theories and techniques to see if they work in practice. They positively search out new ideas and take the first opportunity to experiment with applications. They are the sorts of people who return from management courses brimming with new ideas that they want to try out in practice. They like to get on with things and act quickly and confidently on ideas that attract them. They tend to be impatient with ruminating and open-ended discussions. They are essentially practical, down to earth pile who like making practical decisions and solving problems. They respond to problems and opportunities "as a challenge". Their philosophy is: "There is
always a better way" and "if it works it's good". In descending order of likelihood, the most common combinations are:

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Learning styles - a further perspective

ACTIVISTS:

Activists learn best from activities where:

- There are new experiences/problems/opportunities from which to learn.
- They can engross themselves in short "here and now" activities such as business games, competitive teamwork tasks, role-playing exercises.
- There is excitement/drama/crisis and things chop and change with a range of diverse activities to tackle.
- They have a lot of the limelight/high visibility, i.e. they can "chair" meetings, lead discussions, and give presentations.
- They are allowed to generate ideas without constraints of policy or structure or feasibility.
- They are thrown in at the deep end with a task they think is difficult, i.e. when set a challenge with inadequate resources and adverse conditions.
- They are involved with other people, i.e. bouncing ideas off them, solving problems as part of a team.
- It is appropriate to "have a go".

Activists learn least from, and may react against, activities where:

- Learning involves a passive role, i.e. listening to lectures, monologues, explanations, statements of how things should be done, reading, watching.
- They are asked to stand back and not be involved.
- They are required to assimilate, analyse and interpret lots of "messy" data.
- They are required to engage in solitary work, i.e. reading, writing, thinking on their own.
- They are asked to assess beforehand what they will learn, and to appraise afterwards what they have learned.
- They are offered statements they see as "theoretical", i.e. explanation of cause or background.
- They are asked to repeat essentially the same activity over and over again, i.e. when practicing.
- They have precise instructions to follow with little room for manoeuvre.
- They are asked to do a thorough job, i.e. attend to detail, tie up loose ends, dot the i’s, cross t’s.

Summary of strengths

- Flexible and open minded.
- Happy to have a go.
- Happy to be exposed to new situations.
- Optimistic about anything new and therefore unlikely to resist change.

Summary of weaknesses:

- Tendency to take the immediately obvious action without thinking.
- Often take unnecessary risks.
- Tendency to do too much themselves and hog the limelight.
- Rush into action without sufficient preparation.
- Get bored with implementation/consolidation.
Key questions for activists:

- Shall I learn something new, i.e. that I didn't know/couldn't do before?
- Will there be a wide variety of different activities? (I don't want to sit and listen for more than an hour at a stretch!)
- Will it be OK to have a go/let my hair down/make mistakes/have fun?
- Shall I encounter some tough problems and challenges?
- Will there be other like-minded people to mix with?
INFORMATION & CONSENT SHEET FOR PARTICIPANTS

PROJECT TITLE: Impact of Fin-tech on Irish Wealth Management industry

You are being asked to take part in a research study on The Impact of Fin-tech on Irish wealth management, which deals with the scenario and changing conditions of wealth management industry and its effects on the Irish Scenario

WHAT WILL HAPPEN

I am Johnson Varghese (Student id 10346858) a student of Dublin Business School. In this study, you are being asked to participate and contribute to research of the impacts of fin-tech on the Irish wealth management industry. You are being asked talk about the industry i.e. wealth management industry has a whole in your experience. How technology has changed it and, in your view, how it's affecting the Irish industry

TIME COMMITMENT

The interview typically is a single session which takes an hour of your time and possibly (with your consent) a 15 fifteen-minute review session if necessary.

PARTICIPANTS' RIGHTS

You may decide to stop being a part of the research study at any time without explanation required from you. You have the right to ask that any data you have supplied to that point be withdrawn / destroyed. You have the right to omit or refuse to answer or respond to any question that is asked of you. You have the right to have your questions about the procedures answered (unless answering these questions would interfere with the study's outcome). A full de-briefing will be given after the study. If you have any questions as a result of reading this information sheet, you should ask the researcher before the study begins.

CONFIDENTIALITY/ANONYMITY

The data I collect does not contain any personal information about you except...[describe as appropriate. Describe your intentions regarding use of the data, for use in your dissertation and e.g., presentation at conferences, publication, etc. In doing so, make clear the extent to which individual participants will or will not be identifiable, as appropriate]

FOR FURTHER INFORMATION

I or Dr. Heikki Laiho will be glad to answer your questions about this study at any time. You may contact my supervisor at heikki.laiho@dbs.ie or +353 1 417 7500.

INFORMED CONSENT FORM

PROJECT SUMMARY:

The innovations in the technology world have revolutionized the financial services industry and led to what we call the FinTech phenomenon. FinTech has also disrupted the wealth management scenario globally most notably in the USA and UK. Its changed the wealth management industry offers services and the consumer interact with wealth management services. The research is exploring the WealthTech scenario in Ireland and their evolution. Also, will be trying to understand the impact of FinTech, specially advances of FinTech such as Robo-advisors, on Irish wealth management industry as a whole.

By signing below, you are agreeing that: (1) you have read and understood the Participant Information Sheet, (2) questions about your participation in this study have been answered satisfactorily, (3) you are aware of the potential risks (if any), and (4) you are taking part in this research study voluntarily (without coercion).
Email address *

Adrian Whelan@bbh.com

I agree, Sign below

Adrian Whelan

This content is neither created nor endorsed by Google.

Google Forms
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INFORMATION & CONSENT SHEET FOR PARTICIPANTS

Email address *

barry@macdonald.ie

I agree, Sign below

Barry MacDonald

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Google Forms
INFORMATION & CONSENT SHEET FOR PARTICIPANTS

PROJECT TITLE: Impact of Fin-tech on Irish Wealth Management industry

You are being asked to take part in a research study on The Impact of Fin-tech on Irish wealth management, which deals with the scenario and changing conditions of wealth management industry and its effects on the Irish Scenario

WHAT WILL HAPPEN

I am Johnson Varghese (Student id 10346858) a student of Dublin Business School. In this study, you are being asked to participate and contribute to research of the impacts of fin-tech on the Irish wealth management industry. You are being asked talk about the industry i.e. wealth management industry has a whole in your experience. How technology has changed it and, in your view, how it’s affecting the Irish industry

TIME COMMITMENT

The interview typically is a single session which takes an hour of your time and possibly (with your consent) a 15 fifteen-minute review session if necessary.

PARTICIPANTS' RIGHTS

You may decide to stop being a part of the research study at any time without explanation required from you. You have the right to ask that any data you have supplied to that point be withdrawn / destroyed.
You have the right to omit or refuse to answer or respond to any question that is asked of you.
You have the right to have your questions about the procedures answered (unless answering these questions would interfere with the study's outcome. A full de-briefing will be given after the study). If you have any questions as a result of reading this information sheet, you should ask the researcher before the study begins.

CONFIDENTIALITY/ANONYMITY

The data I collect does not contain any personal information about you except...[describe as appropriate. Describe your intentions regarding use of the data, for use in your dissertation and e.g., presentation at conferences, publication, etc. In doing so, make clear the extent to which individual participants will or will not be identifiable, as appropriate]

FOR FURTHER INFORMATION

I or Dr. Heikki Laiho will be glad to answer your questions about this study at any time. You may contact my supervisor at heikki.laiho@dbs.ie or +353 1 417 7500.

INFORMED CONSENT FORM

PROJECT SUMMARY:
The innovations in the technology world have revolutionized the financial services industry and led to what we call the FinTech phenomenon. FinTech has also disrupted the wealth management scenario globally most notably in the USA and UK. Its changed the wealth management industry offers services and the consumer interact with wealth management services. The research is exploring the WealthTech scenario in Ireland and their evolution. Also, will be trying to understand the impact of FinTech, specially advances of FinTech such as Robo-advisors, on Irish wealth management industry as a whole.

By signing below, you are agreeing that: (1) you have read and understood the Participant Information Sheet, (2) questions about your participation in this study have been answered satisfactorily, (3) you are aware of the potential risks (if any), and (4) you are taking part in this research study voluntarily (without coercion).

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I agree, Sign below

Eoin Fitzgerald
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Fiona Haughey

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I agree, Sign below
Marah Curtin

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Appendix 3 – Interview Transcripts

Interview 1
Adrian Whelan

JV : Alright Adrian, thank you for doing this and thank you for meeting me on such short notice.

AW : That's fine.

JV : and for the record would you mind introducing yourself and a bit of your background?

AW : Yeah, so my name is Adrian Whelan. I am the head of Regulatory Intelligence for Brown Brothers Harriman and that's a global role. I am based in Dublin and Brown Brothers Harriman Investor Services are a global custodian who service asset managers and banks. Briefly the role involves the articulation of regulatory change to BBH and our client base. Within that space obviously regulation around technology and the use of technology is my remit of fin-tech and the reg tech space is taking up a lot of my recent time, so I am happy to talk today.

JV : Alright, thank you so much Adrian. The interview is sort of three part. IS how Irish wealth management in general as we are talking is changing or it is right now. Technology and what fin-tech is doing in wealth management and that's pretty much it. So doing my secondary research is was exploring through some of the numbers and I hear is 2006 asset under management was 4 trillion dollars in Ireland, and in PWC's report for 2025 has estimated that we would make up to 7 trillion asset under management. So, in your opinion, how or what is the state of Irish wealth management as of now and do you see it as a growing trend?

AW : So Ireland and wealth management even with the numbers you described is small, okay? We are still a small component of the global asset management industry and global asset management is highly interconnected and highly inter-operable and by what that I mean is not a lot of indigenous firms in the wealth management, asset management space that are large. So primarily assets that are managed in Ireland are by branches of bigger companies. So the indigenous opportunity set and is relatively small. Why Ireland remains quiet and again sorry the products sold to Irish people if you are going to use that are primarily still in this captive bank insurance channel. So the largest Irish banks and some regional and European banks and same with the insurers primarily Irish based insurers and now American insurers have come in and sell to retail. So the retail segment is highly what we would call 'captive' and whereas if you look at more mature market such as the US, you have more for answer, wealth management, asset management uses technology direct to consumer internet web based, etc advice or robo advice etc. maturing or is quiet mature. In Ireland it maintains kind of to person to person fill the paper based form with your bank that you don't really leave your bank or your insurer its basically captive audience. So there's two and then Ireland as an asset management wealth center, the world that I am in offshore funds, that is a different thing that is global capital that uses Ireland's administration center. For Irish wealth management again is quiet captive pool and it is very bank led, insurance led that may never change. Now going back to my first point, its quiet small, its not particularly I will use the term, broken. And then we get into
secular trend that is very evident for participation rates are not high enough. The pension funding gap is disproportionate, so fin-tech opportunity for local asset management, wealth management is huge, because I talk about if it's 4 trn and 7trn, the pie needs to get larger and the only way that the pie can get larger is through increased participation, that technology can bring and education, so technology to educate the masses, not just to buy and sell. The education, financial literacy is just not where it needs to be, and I would say across Europe and within Ireland is its just not. And can we have disrupter wealth managers direct to consumer platforms that remove this kind of concentration effect that we have in the large insurers and the large banks. Not enough choice. So, there is my overarching statement. Small, quiet concentrated, quiet old fashioned, quiet paper based. Both who are small enough and nimble enough that maybe that could change. And even if it does remain the captive providers, I think they need to offer better products and electronically led information on products because its just not there.

JV : So, for what you are saying, the domestic market is pretty much the traditional what you would have in the 70's, as what states would have it for example.

AW : Yeah, they portray it differently but I would suggest that on the investment proposition side nothing much has changed. Your Davy stock brokers or your AIB wealth manager nothing has changed since the 80s. Literally nothing.

JV : But, you interestingly mentioned that you are also looking after the global aspect of Finance but its unique maybe, not necessarily unique but Ireland being the way it is and having the financial regulations that brings wealth in which is foreign wealth but still is an operator in the player, even in the global scenario.

AW : I find it fascinating that I live, I work and live in a bubble, okay? Because, I deal with global asset management, we have trillions and trillions of assets here. But its a global company. And the Irish populous, lets use the IFSC as the geographic center, sits on a huge amount of wealth and wealth creation and administration of that wealth, but when you jump a couple of streets away, the people there have no idea about the finance system or savings or insurance or regulations or fin-tech. Its completely alien to their lives. So this is what I say about, because we are small country who has an over-sized footprint in the financial services I find it very interesting that the literacy levels and the participation rates are not where they should be. Again we primarily put our private wealth into and we have and we continue to into property but the cash balances are just too high so we don't invest. So there is the opportunity set again, using the broadest sense ' technology' to grow the pie. And I think that's what is a key to pension funding gap and provision of retirement services. People need to be investing and not sitting on cash or negative balances. That is insane.

JV : That makes sense! One of the other thing I was researching, in global scale, the demographics, the people who are putting their money in, has seen a small gradual shift. Earlier it was, high net worth individuals, basically that the profile was 'rich white male' which was the traditional. And now, it says that thre are more women and young people coming in. Is that also very relevant in Ireland?
AW: Hugely, so again people. The internet has made information more democratic including financial information. Now what was to my previous point, women, younger people, the millennials. I hate the term but millennials, they look for financial advice, particularly millennials online and online tools for banking. They have no interest in engaging with the system through walking into an AIB and fill out the form because its just not how they live. And that goes back to all the wealth managers, asset managers, financial services firms needing to be app based, application based now they need to educate now through again Youtube videos whatever it is. Millennials have become, their natural way of shopping for product including financials is a compare and contrast. So there are lots of sites that do that now. So millennials are in love with ETF, because ETFs are a low cost, easy to access financial product. Thats going to maintain. So if you are not going through this kind of shift from paper to digital, both in your education and description of your proposition to retention and acquisition of clients, you won't be in the game and that is a short period. Again, women in wealth is a thing that is actually, if you go on to bbh.com websites and we ran our campaign on women in wealth to educate because a lot of wealth transfer for our net worth goes to women after the men die and it is left there, and what do the women do with, maybe they have, they are becoming more engaged, but historically were not as engaged as they should. That wealth transition is very evident. Women in the workforce with largest disposable income is a trend that is not going to go away. So engagement, how you engage but again that is all technology driven. And I think, asset management, wealth management just has a huge fin-tech, we can talk about technology and the methodology of that but the education component is where at, I don't think people that are outside the system really understand the system. So we are talking to ourselves a lot of the time and what they need to do and this is probably private banks but this is governments as well, if you are going to grow the pie, if you going to looking at a negatively shrink the pension funding gap, you need increased participation. And the only way to participate are the increased ease base into social media type are app, engagement.

JV: I mean interesting that you mentioned ETF, because, I mean coming in that millennial group myself that is something I am very aware of now. And it is easier access and you rightly said that I would not walk into a firm like this, it's too prohibitive for me to walk in, you know a t-shirt turned guy would not walk in into a suit bank. So, ETF somehow in my head is also the entry level into accessing that private wealth management kind of world which usually you look at from the outside. Do you see that ETF, I saw some of your guide books on ETF, ETFs are a big part and do you guys see that to be running a lot of wealth management in general.

AW: The wealth management has come to a disruptive change and I use the Barbell effect and on this side is ETF and on this side are alternatives okay and here is what we call is traditional active management. So what ETFs do, give you a very cost effective exposure to a broad or specific segment of the market, again to direct consumers. So ETFs, are accessible at low cost and give you indirect exposure to various market segments. They are just a wrapper right, but they are an excellent way of democratizing investment. But passive investment has been done and but has its downside. On the other side, if you invest in the market, you are a hostage to fortune on the market cycle and if you are in the broad based in the sales, you can't beat the market. So what we are seeing in the Barbell that these are very liquid, very plain vanilla but they don't get you enough money to retire on. So to beat the market, the barbell effect, the
capital is moving to ETF and to illiquid alternatives. They are interestingly, that is the industry but for retail, regulators don't allow them near the alternatives and the liquid.

JV : Yeah, so those are only for sophisticated investors.

AW : Correct, and this is the "dichotomy" that needs to maybe change so that they grow them prior to explaining and there needs to be a shift where, there is still not a concept where every single asset strategy, investment strategy would be in an ETF format, we don't need anything else. That is a little bit shortsighted, I think we need to again increase the education on participation and allow retail investors more access to longer dated illiquid, just so that when they get to the target date they can have enough money to pocket to, to exist comfortably. That does not exist at the moment. So the ETFs are very attractive to the non-professional investors, the younger investors because they are cheap and are accessible. They are going to grow, most of the assets /sorry for my bad graph/ are still, you hear them to demise of the active management traditional forms that's not true. Regulators have looked at ETFs because their growth trajectory is high. They are still a very small subset of the whole investment market. Still people hold individual stocks and segregated mandates and traditional funds, insurance wrappers, I can go on and on. But ETFs are standing because they have been so successful and they are growing. What needs to change more though is some of these funds that are here in the middle, that people have invested in that they don't even know they have invested in. The performances middling and the fees are high. So that is the next big change. The next democratization of investment would be a regulator trying to do this, highlight to investors and put pressure on managers on the value proposition. So we are charging them, one percent, two percent fee and we have lost them for five years, that's no longer tenable and that is where ETF would pick up a portion, but I also believe that active managers, good active managers, who have again, direct to consumer model, would hugely benefit from this transparency because that is a, you can get a free ETF now with fidelity, recent news, because they are not doing anything. We a mousetrap that follows the market and why would we even charge you for that? That is a mousetrap again to get you to buy, participate in fidelity and buy other things, and again the security is landing but they can still make money so you could actually see that the train has not stopped at this station of zero, you might actually acquire clients you might pay people.

JV : at an entry level product and then hook you on to something,

AW : Exactly!

JV : interesting the way you mentioned wealth management was a long term perspective but also now a days market is not purely that right? People could also be looking at a very short term increase, quick wealth kind of. And that segment, is it pretty much the old market where people who are wealthy who are looking to for it not at the entry level point.

AW : It comes back to the education point, pooled investment is supposed to be a long term horizon, it is not. Its anything but. Okay, so the pure retail play that's what ETFs do well, is
that they intraday liquidity. It is like a paddy pair of screen, you can get in and out as you wish. Regulators, policy makers, banks, politicians don't want that but they haven't done anything to aid the investor, to talk about the accreditive nature of holding a long term position. That is difficult as well, let's be real, that is the academic theory, that is the investment proposition. People react to social media, Facebook is up, Facebook is down, Facebook is last 412, everyone gets it. Normally what happens in business cycle of asset management is investors, retail investors get hurt last, sorry, they are left holding the camp because the institution investors aren't, everything is priced in they have got out, whatever. So how do we increase participation rates, faster, long term view, what is there protecting retail investors? I have no answer for that. But I think that at least people through technology would be able to have a view, but I continue to come back to one point that is education. And that there has not been enough of an honest, providers of product to educate. So you look at pritts methods to corporate governance, SEC best interests now in the US, these are all "please behave in the best interest of your client, show them what your charging rates are, show them that this is appropriate for them" but it lip service, they are not really looking at the portfolio of again net wealth of the retail investor, everything they hope, they look at an individual product in a silo and they are still selling in it for their own best interest I mean they, the asset managers. How can we get to a proposition and it could be, well above us. It could be an algorithms, it could be an artificial intelligence, which takes that kind of moral hazard away and looks at Johnson who is this age and has these sets of model portfolios. That probably is the future, but before we get to that future, the client, or the investor needs to understand the the investment proposition. They need to understand that some their money might be locked out, so again, what did the US and Ireland do in the good times on the houses run like this? We used our houses like ATMs, we remortgaged, we got some of that equity and made it to cash. That is kind of happening again, that is not an investment proposition so where are the wealth advisors? where are the financial advisors in Ireland and globally who are saying that is not how to manage your long term retirement outcomes. The best way to manage is here balanced kind of portfolio over the longer term. When I challenge asset managers who say 'no that is what we have', that's when you have your institutional clients who understand that. And ultimately our money is retail rough book. What about the direct retail investors, do they understand? No. Do they know what they are invested in? No. Do they understand that if they put even a little bit more in now, than 30 years, that tree would grow in much bigger. I would suggest no. So I think the whole investment proposition needs to go back to first principals or else we wont, and again technology has a huge role to play in that. Why does wealth managers or asset managers exist? I don't think that needs to come back to the for, and now we have the technological tools that can do that. European policy makers have a PEP pan European pension product, this was an idea to fund the pension gap, its become hugely complicated and politicized. Basically what it means is you can have a pension here in Ireland and then you can move house then you can bring it over to France, it's kind of like passport, it is portable which pensions haven't been to date. When you look at how many people do decamp their lives, that many times and is the pension system, it is underfunded but is the actual system broken? Probably not. So it was again, attempt by regulators to engage on a retail product that may have increased the pie but it has been weighed down technicalities and bureaucracies and politics and Useit is another type of a fund that is retail based but again people, is that as good as it could be? No. There is just too many barriers to entry. The whole investment proposition, without torpedoing the industry we are in, needs to reevaluate. I think the role and the enabler ,the technology would be is this education component. Because once people understand it, then I all they have left to do is go through their phone and open an app that's already built. The GUI is going to be there, thats easy, its come back again. It could be roll model or could be a little modern edged, you could put in 50
a month or whatever put 60. That's the easy part, what can technology do? I think you can educate people to understand this and I just don't think they do understand it.

JV : There is an interesting survey which you briefly mentioned how property became a thing and post 2008 crisis you know generally financial services were not seen in such positive light and how do you think that or did it have an effect on wealth management as a whole or wealth management never really was bothered by it?

AW : No it was a contagion effect okay, so the entire financial services, anybody in a suit actually was looked down by the general populous. They were suspicious. So again this participation, people really came away from the system and people put money under their mattress. They found it kind of safer. That kind of thing happened because they did not trust the system. The systems continues to rebuild trust, this is what I call the great re-regulation. We are 10 years, a decade on from the great re-regulation. I think that again wealth manager and the asset managers have to regain the confidence of investors and the populous through this education agenda. What is our proposition? They need to actually get out and do that again. It exists for a good reason. It has social utility. Long term investing on an agency basis, yes we are getting paid for it but we are doing this for you. Another opportunity to kind of build bridges and confidence and trust with retail investors and we are seeing it already is this concept of ESG, environmental, social and governance, prove that you have or you are investing per their values. This is a millennial thing, this is an everybody thing though I think. And then again it is not a niche, it is not a fad, fundamentally as part of the re-positioning of asset management and wealth management, people have to see that when I take your money its going to do some good for the world as well grow and give you a return for your return and I don't think that people see that now. And that is kind of like the plane is only lifting off from that. But I think ESG just is one example. Are there investment propositions that people can latch on to? And again I think what we are specifically trying to talk about, technology. Absolutely there are technological mouse traps to my previous point, that can bring people. I think a lot of confidence was eroded from political class down. Some of that has come back in Ireland, we are trying to do one specific thing and its called an investment limited partnership. Its a very important component of having private equity firms that have adequate legislation in Ireland. It keeps being frustrated in Ireland because of vulture firms. The concept is still there, from the political class with their voters, that assume this financial innovation is to the detriment of the real people and is to the benefit of the 1 percent. That's not strictly true but it is very hard to win that debate.

JV : So it's the court of public opinion basically.

AW : The court of public opinion is still not fully answering this whole wealth management, asset management. It goes back to the lack of trust is why they dont participate. They don't feel part of it. It is a brilliant way of putting it, asset management, wealth management is seen by the general populous as being for the one percent and is to retain the one percent, to retain your sum there. No its not that is the conventional wisdom. The truth is very different and you can call it banking, you can call it insurance for asset management, you can call it wealth management, acting to the benefit of your retirement.
Or there are public services that might be available for your retirement or for when you need them and public private partnership we don't want to keep on increasing taxes. Public private asset acquisition creation has to be public-private. No government can pay for everything we need. Going back to ESG, there is a huge transition from private based sustainable that means that will happen. Wealth management, asset management, locally in Ireland as well as anywhere else has a huge role to play in that and again the general populous don't understand that.

JV : And don't see it that way.

AW : And don't see it that way. Because again, there is still a lack of confidence that bankers and pinstriped suits are about. How do we bridge that gap, but again I am kind of coming back, it is good and bad that I am repeating myself but, coming back to that education thing if you can't win that than nothing changes.

JV : Without going to too much of a tangent, were you mentioning where private and government coming together, so we still think that a free market is still a best way to go about this?

AW : Government has to create a ledged ecosystem, to enable capital growth.

JV : So that's now the understanding that everyone is coming to?

AW : But governments have to understand that they do have a role in private sector financing, to have the ecosystem fit for purpose. It goes by the confidence point that, it is very difficult for politicians to enable financial growth because they are seen being against the people and for ...

JV : Again the public opinion coming in the picture.

AW : But it needs to happen.

JV : Now sticking a bit back to technology, how widely do you think or do you know is that 'robo-advisors' or the big data AI is being implemented here in Ireland? Or is your firm for an example doing any of this?

AW : Retail banking is all app based and is all very well advanced and when you go on to what I am going to call investment proposition, wealth management, asset management, absolutely not. Has not been the uptake of provision of those utilities is negligible and again clients that are in that segment have not really looked for it. The reason for that is basically we don't have a blank sheet of paper, we have an existence that needs to transition. If it didn't exist,
you would not build it this way. But does, and it is very difficult to move because of regulatory burdens, audit trails etc, it is very hard to disrupt this. The **incumbents** have the clients and have the capital, there is no incentive there to disrupt yourself.

**JV**: So the standard legacy issues of,

**AW**: The standard legacy issues and they spent millions and millions and trillions trying to fix legacy issues. We fixed this up to be fit for purpose, now it is not the best it can be but we don't make the quantum leap and just leave that behind. The disrupters have better traps and technologies and toolkits. They dont have the backing, so this is where we are at a stage the battle is almost being fought but we are not going to change and be disrupted out of existence. Because we own the clients, we run the capital and the regulators believe in us. We have built the ground. The disruptor banks have better, it has to be a collaboration. You will see components of this come through but you will see negligible levels because of this trust and confidence and regulatory confidence. You are seeing very little use of DLT for example, canned because it was not allowed to be used. Crypto currency is going through again less of regulatory, it is not allowed in full regulate space to be deployed saying AI, robotics if different right so we use RPA for example, everybody is using RPA to a greater or a lesser degree. It depends on your definition of fintech again. Will our industry, so wealth management, asset management has gone through years of cause compressions because of the transparency agenda. The lemons been squeezed so much in the current process and paradigm that does not allow that us to give. So we are at this stage where the traditional and the disruptors absolutely have been driven to get it. These guys are dont have the clients, these guys need the efficiencies that can bridge this gap. So we are reaching a point that absorption rates have become slow and negligible but it has to happen now. Its going to happen because of cause compression and efficiencies are king. Because the democracy of information makes returns harder so you really need to manage the efficiency point. Another thing that the fidelity free passive firms is at war. Because what they are acknowledging there actually is that we don't do a lot, because not a lot of secret sauce. So we are going to be trying to be transparent, could mean we need scale to have these, in the background they are going to use securities landing and that is appropriate, we can make some money over the scale. These should be free, because all we are giving you is market access. And while we have you, we kind of show you these higher priced. So there is kind of convergence of the efficiency, they are actually stopping fighting against the tide of ' why are we charging for these? everyone knows we are not doing anything.' It is inefficient and it is not in the best interest of our clients. We want to win trust back, we need to do that. If all comes back to trust, the deployment of technology in a regulated space, any regulated space, financials, utilities companies, taxi self driving cars, comes down to trust. Do we trust that this won't hurt anybody?

Do we trust a robot or an AI to invest money on behalf of my grandmother? What if it goes bad? Who do we blame. These are existential moral questions that we are only getting to. To wholly regulate retail, wealth management space or asset management space the first movers are not at an advantage. The absorption, or the take or breaks of your disruptive fintech is very very loud, not just in Ireland. Some interesting things happening in China, they didn't have what I am talking about describing. They came in the disruptive model. Alipay and we chat, money market firms the biggest thing and it doesn't have any actual capitalization. It is absolutely an another firm. Because they did not have the SEC or the ESMA or the European Commission or FCA or a history and a legacy.
JV: So they started from scratch.

AW: So we were starting from what we would do it that way. We can't we just can't. And again we go back to that is regulatory legislator you can't because you have to do all these things. And then you look at BBH, why would you want to do it that way? We make money from the way we do it now. Our clients pay us for fixing certain inefficiencies and divergence in the system. If everything was straight through process, ETF, zero fee, we wouldn't make any money. it would be quite efficient but there is nothing in it for us. So again you are going to get vested interests.

JV: Yeah, that is one of the things that would come in between is it are you saying that..

AW: We will meet in the middle, of the alipay wechat and the physical client interaction with, we will be in the middle.

JV: But is that possible for the big brand or the big players to also still provide a viable option for the rich and the one percent that would keep them going apart from the democratization.

AW: So, just to jump a little bit, its increasingly, wealth management asset management is increasingly becoming a scale play. And technology direct to consumers is going to be a component of taking in millions of little tickets. And you still would be have within, you would be serving the home for the one ticket, the big ticket. It's going to be a confluence of both of them to build a critical scale. What you would see, true technological disruption is the biggest will avail of them is more than the smaller guys. The conventional wisdom says that this is now gonna democratize. Technology will allow smaller managers to reach the masses, I fundamentally disagree but that is actually how it is going to play off. I think around to see an increased amount of consolidations of providers and you are going to have fewer providers who are going to provide everything though tech and then again interact and inquire through technology with customers rather than boutiques and mid sized managers with the use of technology, you know it is just not going to happen.

So what is going to happen is, we call it ten of the largest global asset managers, five of the biggest distribution platforms or utilities or apps and then you are going to find everybody down here. Investing from one dollar to one million dollars. I think it is going to be a hugely simplified process. So think that through who is winners and loosers there. That there are going to be multiple, multiple losers. There is going to be very few winners. That's a difficult story but efficiency normally breathes consolidation, concentration and supply for the fittest. Darwinian right, That is where it is going.

JV: And that is going to happen.
AW : I know you have a concept stick with me here Johnson, of the Asset management singularity. If you go a hundred years from now and if the asset management is still needed I fully believe that you will have a, lets just call a facebook, lets call it amazon. And everybody plugs in there and saves in there and the asset managers they send it to the AI, the algorithm who deploys capital throughout the world where it needs to be. in crypto. And that's how wealth managers, it will just exist but the person won't really do anything. And even the person himself can delegate their thinking about money to a program. So that becomes a single black box, a one point solution for all. It's within the realms of theory so it cannot be..

JV : Definitely, it is just a matter of time then, if laws allow that.

AW : I still think the zero fee fidelity is indicative of what I am saying that is singularity is possible.

JV : And that is interesting because you sort of picked up all the questions next it like where how it is going to affect customer acquisition, product strategy business model but you essentially we were talking about.

AW : This is not going to happen with the previous vested interest existing regulations and legislations.

JV : But then there is also a function of how regulation changes then throughout the next years.

AW : Well, regulators are only recognizing now that they have a big role to play in this.

JV : So they have always been reactive not anticipatory in what they should be doing.

AW : Yes and they have been deeply suspicious. Now we are seeing fintech sand boxes everywhere, now we are seeing legislators legislate for the future. Now we are seeing thought leaders and strategic thinkers talk about well, if robots take a 100 jobs here and there's productivity and wealth, can we tax the robot for productivity? Ai, we need a to have someone we can put handcuffs if it goes horribly wrong. Now they are thinking this is inevitable, we can't fight this. We have to legislate for the future. So it is going to happen slowly but at least there is an engagement there that they understand top- down.

JV : But they are still going to look for accountability one way or the other.

AW : Ultimately, absolutely. You will not have. So this is really interesting. The regulators in financial space are into substance and that is physical human substance. That's humans
accountability from senior managers and boards. That will never /my mother says never say never/ that will never go away. And I think, you would know more than me, but I think there is a deep suspicion around this AI and can robot think for themselves and would they end up and be a terminator. and thats human, that's a good thing, let's just think about this guys, where does this end up? And ultimately there needs to be a human in a financial transaction. It is a human to human transaction in a regulator and the policy makers.

JV : So now the initial questions you were saying there is not much robo advisors or much of fin-techie stuff happening in wealth management in Ireland. So I wouldnt assume its really disrupted much of revenue models more for wealth management in Ireland but since you also play with global numbers that is bound to affect somehow or the other isn't it?

AW : So what is going to happen in Ireland, we look to US and the UK, we lag them by 3-5 years. But there are huge things, I am going to go to the UK to keep it simple and close to home. So revolute for example, will gain huge traction in Ireland. Nutmeg, is another they say that will happen here. But will it be Nutmeg themselves or it will be Irish life Davy stock gotten on to the idea.

But where is this the secular trend just going to avoid and not be here? No, it will happen. But then again it is a locally based incumbent market, quiet traditional and fixed in their ways and mindset. They have a captive audience already, they have for many years. Are the gonna disrupt themselves? I don't think so. If the education agenda is successful, I think they will be disrupted and washed away. I don't want that on print but they will. You will see these borderless type financial entities dominate the Irish commercial space.

JV : It's just that we need to think that we couldn't have bubble domestic space, whatsoever.

AW : Look at the apps on the phone, they are not Irish apps.

JV : They just happen to be,

AW : They happen to have an Irish of..

JV : Having said that, just going back a bit, Has financial technology changed the focus, I read it somewhere where it is changing from opportunistic investment to strategic investment. Do you still think there are wealth managers but in relevant in the sense that you still need them to be a bit of handholding.

JV : I will tell you where this public perception comes from, all these smart guys looking at numbers, 10 screens figuring out how to make money out quickly than an opportunistic investment than a long strategy based where, I would be like, in 10 years I want 10 percent, do whatever.
AW : No there's both, generally asset managers or wealth managers are looking at short term opportunities. So specifically say they are value investors, we are using an algorithmic arbitrage. There are specialists who are doing short terms or opportunistic and generally they are doing both.

JV : So it would say on the sticker about the other one basically.

AW : Yes, they are different products and that's what you would want. But if you are going to look forward, you need to have both. You need to have a mousetrap and a product that can capture short term opportunity.

AW : If you look at the daily stock brokers, a lot of the time they are selling short term opportunistic single stock.

JV: Right, so that's..

AW : That kind of model, again the arbitrage opportunity and the OPR opportunities, and again are going away, that will become lesser and lesser so what you are really getting into is building portfolios of, constructive portfolios of investment funds. So it would be single if I use that word opportunistic single and disintegrate opportunity and get in quick, that is kind of going away.

JV : Alright, umm.. just a final bit of your. Generally you said, of course, robo advisors do specifically focus there but then there is this whole thing about its cost efficiency, its removing the gender and behavioural biases, umm and the conflict of interest that wealth management has always bought into picture where you know, and the whole quality of advice coming into question. What is your view of how would it be the tool that will change its perception? Would it be the one that we change the way we look at wealth management now? well that is my view from outside to in and I would like to know how you would think of it from the perspective, you know..

AW : I go to the demographics, I fully believe that users of financial products want to self build going forward based on, and they would like it as a reflection of themselves. So I fully believe that robo advice and again, you put in who you are and what you are and your characteristic attributes and what you would like to see and the machine or the robo advisors builds that and, and delivers that to you. It absolutely can be future of the investment management proposition. No longer do millennial want an old white guy to describe what they need in their life, absolutely not. They don't want to meet the person, they don't believe in their belief system. They don't believe in this form of structure.

So self built, app based, delivered investment proposition is the future. I want to call there robo-advice absolutely then absolutely, the robo-advice is the future.
JV : But two firms as of now also use it at their own end and maybe I walk into this room, but you would look at some algorithm robo advice kind of model, is that right now happening here as well or ..?

AW : Yeah, yeah they are going to call them pilots.

JV : So that's there? That's happening even in Ireland.

AW : I.. cannot.. , the lingo, the lingo like we have had target based finds previously, we have had product already that modeled portfolios. We said we would do this over 'x' time horizon after, this amount of money, this amount of money. That's all a robo advisor really, so we have had financial modeling since the thing began. Now we are putting it up. I think it's the giving the ownership and some of the construction to the user has never existed. And I think that is the USP of the, the....
JV : But essentially from the backend it has always existed. Like I would make an excel file and it would do the same.

AW : Correct. Well it's all RPA, I think I have said it, if you have a macro and an excel file that's RPA. So your definition of terms and the taxonomy is hugely important. And we don't have, again going back to education, we don't have that at the moment.

JV : So the whole theme of today's talk has been like education, putting us out there, making it aware the public, know that what is happening, what is the difference and essentially what's the value.

AW : Well, there is a lot of hype and there is a lot of vaporware, sold out there. And I worry about that, because inherently there's good and there's the fintech agenda is good. It is about efficiencies and it is about participation and there's a lot of BS that has been out there. Like Block chain's probably the one that's what is going to save the world. It has a utility and it has various..... , but it is not this huge instant disruptor and and 04:25 for what we need. Eh, so everything really comes back to understanding and and common understanding. Cause if the industry just describes to itself, all of these things,

JV : Preaching to the choir.

AW : Right preaching to the choir,

JV : but good point the blockchain, has it any impact on wealth management? Would you be seeing something?
AW: At this point no, because the regulation mitigates against its broad adoption.

JV: Especially in Europe.

AW: Especially in Europe, especially in Europe. And well I really would say, on continental basis, a lot of regulations or the underpinnings of regulation in finance are global themes. So block-chain adoption generally, if you are using it for an internal efficiency, they don't care. They see it as a database. If it's to use as a public, trust less head database there for everybody to..., that is just you know beyond the realm of current possibilities. Because we don't have a global regulator, it is an all or nothing approach and we could end up with all these even if they allow if, and they do regulate and legislate for it, you will end up with loads of different and desperate DLTs causing and its self defeating cause it's against the purpose.

JV: But then do you think that financial technology or fintech, is also leading to more alternative assets such as crypto currency, it is just one example but it.

AW: Absolutely. Absolutely. Absolutely. And again, as as the world evolves we keep hearing, it is where the face book debate is really interesting data is the new oil right, it is, it is getting thrown around. There is so much information available now, surely big data and analytics of big data, and the projection of the future, that's an essence of what active managers, are trying to predict the future to current capital allocations. There will be new assets that's been up around the data, analytics and again tech firms will become different. Crypto currency will become at some point a normalized asset class and data as an asset and different types of data and as an asset class will become a thing. So absolutely, there is assets that don't exist today at scale. that will exist in 10 years that we just never realized. I think it's as well in the fintech disruptive space, I think there will be more and more consolidation of all these deals, private equity for an example has now become a huge, more huge component than listed companies going forward as well. I think private equities and tech IPOs and how we fund ideas, crowdfunding, peer to peer lending, I am kind of going around the house now, but these are all things that are nascent at the moment, which will become normalized. And how can man on the street, the general populous benefit from these transactions, and that takes, leads, to education. It takes regulators, allowing them to participate in this what's gonna happen. These are currently what called alternative, I think over time they will become normalized.

JV: And towards this very end of the session, Do you see Fintech in wealth management as the fatal destructor and what do you see it's impact as, positive, negative, on a whole?

AW: I see it is hugely positive because, it is going to remove the culture of inefficiency. It is going to increase participation rates. And it's going to make it a more sustainable business model going forward. It may involve, gained concentration of providers but I think it will increase participation of, in general so I think that has to be a good thing.
JV: And is there something else I should be looking at in terms of this umm, in your general opinion, apart from these questions.

AW: Participation rates.

JV: So basically, the new acquisition of customers.

AW: If you can look at the addressable market and see what is that ..., It is tricky to get that, but what is that actual money? Where does the actual..., again it is kind of, its like a sociological point. Where do our savings end up? And is that efficient, is that optimal, is it un-conflicted and I would suggest it’s not, I would suggest we have been small and again the one percent in interesting, How are the one percent investors vs the 99 percent and how efficient. So if you look at the firms as well, I find it really interesting there is A class house of fee turf, and your I class is a different one. Why do they get a better deal? They, you can talk about distribution and complexity but why do the rich get richer?
So I think education, democratization and fairness, and access to financial services. Technology can be a huge enabler for the masses and not just for the one percent.

JV: Right, so, that's the end of interview and thank you very much Adrian. But, just quickly on a bit of a tangent there, how do you think Brexit is going to play into this? Is it helpful for Irish market on a whole?

AW: It's going to be interesting because I think you are going to find a lot of UK, wealth and asset managers moving into Ireland and seeing because we are here, we might as well target the local market. So, I think it is going to become an increasingly competitive space which is good for the consumer but might be bad for the incumbents.
Of course for the industry itself, the incumbents is going to be more challenging which actually means they need to embrace, technology.

JV: Technology, yeah all the more reason.

Thank you!
Interview 2

Barry MacDonald

JV: First of all Barry thank you so much for doing this and I appreciate your time

BM: No Problem

JV: And, so let's jump into the 1st question straightaway, the question is what is the state of Irish wealth management, the industry as a whole right now is it growing?

BM: I think it's in a state of flux, the big problem at the moment is how advice is paid for is becoming a battleground and you have the traditional insurance companies and banks who get paid commission vs clients who are ready to pay their advisers a fee. now some advisers will tell you there is no difference but there is a huge difference. if you are selling a client a product belonging to a life company or an asset management firm they are your agent, in other words, you are selling a product belonging to them. they are paying you commission. therefore you sell more you get paid more. so your incentives for what you do are not aligned with your client. whereas when your client is paying you a fee you are sitting on the same side of the table as they are and Ireland...struggle to embrace that model, a model that is very very mature in the likes of Australia and Canada and in the US but in Ireland...and a lot of that is down to some of the tax implications of the structures that can be set up and also the fact that the insurance companies and the banks have such a grip on the traditional wealth management type business if you want to call it that.

JV: Right. so in general, by PWC estimation by 2025 AUM is going up to 7 Trn $ in Ireland, definitely there more people coming into the fold isn't it?

BM: absolutely it's definitely growing, our client's assets are growing. I set up in 2008 and we have literally, our clients have been getting richer every year absolutely.

JV: alright that's good! the other question as it goes on is have you seen any change in demographics, of women and younger people now are more and more coming into the market here in Ireland.

BM: yes but there is a gap and the gap is between 40 and 55 you still see an awful lot of people's personal balance sheet damaged by the crisis. the younger professionals from the ages of 30-40 they probably have better balance sheets and they didn't take on, well they couldn't get any debts but they didn't take on any stupid debt. whereas in the last, I think the entrepreneurs in their 50 are doing ok cause they weathered through it but somebody who is payee worker who have investment properties in their 40s they are hurt badly now you know.

JV: But do you see also gender perspective come into play, do you see more women coming in here for example. As clients

BM: As clients, I think where most of my clients are couples and I actually think that most women make the financial decisions in a relationship. the research has shown that they are actually better investors as well.

JV: I suppose cooler heads on the shoulders yeah?
BM: absolutely

JV: alright, 2008 crisis how has it affected the perception of wealth management or it has affected business per say here

BM: I think what it did was it split the advisory the wealth management business in two I think right. and how it did it was it sent an awful people like myself of to get further education such as the certified financial planning program. the first group of us did that in 2008-2009 so right away through the crisis the three years they got the masters degree in finance okay? and within financial services and that was all around the idea of independent charging fees and they having a global qualification that could bring you anywhere. so you know 200 really really forward thinking advisors went and did this course and then it's still so sad to see that there still the traditional advise model out there of taking huge commission and screwing the clients and the reason they do that is anybody over the age of 50-55 their financials were badly affected and it dictated how do they give advice to their clients. they took the most commision on a highly commission product they could find, cause they know that they only got 5 or 10 years to retirement and they need to make as much money as possible from the client. the charging structures are very very ok in Ireland in terms of what people pay for their financial services.

JV: so do you think that was a big hit per say because of the 2008 crisis. did the divide come at as a big way for the business? did you think the business was significantly affected? in terms of how wealth managers per say were viewed in Ireland.

BM: I think the product sellers got washed out of the system in today's day and age. people who were selling products and the banks. and they got shown for what they are. they didn't have a business model that was sustainable. because all they were doing was selling products and they got caught badly and they let of people go whereas traditional good wealth managers who were charging their clients a fee and they were helping them through very very hard time. I started the business in 2008 Johnson and its grown 20% year on year organically, organically. so if you look after your clients and you do your job to them. they pay you all day long. so building a business in crisis for me actually was the best opportuniti I got.

JV: so in that sense its the trust then from the big institutions that went away works in your favor here right?

BM: Yeah nobody, it grew big brand Became untrustworthy very very quickly.

JV : Right, well now.

BM : Because on paper big guys lost an awful lot of money on paper.

JV : Correct. Yeah. Now moving on away from that a bit into the technology aspect of this, my first question of course, you would be, but aware of fin- tech and fin- tech in wealth management are you in terms of. So can you tell me some innovations in technology that has come in to your space of business in terms management over the last.
BM: It has, okay so when we do wealth, the part of the wealth management process is the financial management for the client and building an income and expenditure statement out of balance sheet for the client, okay? And traditionally that would have been got you to gone out and individualize segment within excel. Each client brings out a new excel, workbook and it would be okay to let it to actually let it go along. We have seen lifetime financial cashflow modeling tools coming into the market and they are really really useful and we all use them as advisors now to create very blissful reports, which amalgamate all the client detail, everything that they have, and take _ in the keep updating on their day to day update, but I would have to manually do that so you don't need backup staff anymore, you don't need admin staff to do the job, once you have everybody on the platform, you can eeh. Another mention, other asset managers have come to the for, for offering a platform type solution and custody for managing assets. So trying to much have moved away from a well I like my business with business for the bank and the cap I am sure that, I trust that the bank cap might get my best interest at heart, people want their own platform, their own system custody where they know that their money is separated from everybody else.

JV: Alright, and in that aspect, how is it like, the technology such as robot advisors in the picture like in terms of cost efficiency and behavioral biases or gender biases.

BM: Sorry say that again.

JV: The robo advisors.

BM: Robo advisors, oh yes okay. Robo advisors are coming to the market and everybody tells that they are a huge trend. The banks are invested in them because they think that oh yeah we don't need the all the staff anymore to give advice we just use the robo. Okay? So robo is fine when you know what you are doing. But the most clients I know, don't know what they are doing and most clients want to take advice from somebody. So the robo, you would find that advisors might use robos to help them with their solution and we use our, traders use algorithmic trading but we don't use robo ourselves. However, in the UK, or no one has proven that the robo will be profitable at this stage. And the average money that goes in to thing seems like to be 4000euros it is very very small And the reason being that, if you go and you are buying a specific fund or a portfolio with a robo advisor, you are buying a retail bond, you are not buying an institutional bond. If you deal with an advisor, they give you access to the institutional version of that bond, which you can still do that at cost.

And the few things that matter when you are investing, when you bring it down to it, is the risk you take. Alright, so risk assessing the client understanding their needs, their natural behavior, their capacity to take risk and a tick box on a computer can't tell you how to do that. You gotta ask more probing questions and the second thing is, you gotta keep card flow 12:19 okay? And all the robo advisor is trying to do, is take a clip off the management chart and put pressure on the fund managers to drop their fees, but the fund managers have already dropped their fees, what they are trying to do is take the space of the advisor. For most people, you get two types of people who want to do it themsekves and thats fine but they will get inhibited by their behavioral bias about that. They will, if you know the behavioral finance speech, you will know that they will over trade, they will be over confidant, they will have a vivid reality bias, so they will buy ryanair and bank of Ireland but they will not buy Chinese stocks because they don't know them. And invariably that's how people got burnt in the past. So you know, stopping the behavioral part of what we do is actually keeping the client sticking to the seat and sticking to the plan and no robo can do that.
JV: So my question, one of it was the behavioral biases and the conflict of interest, from the
wealth managers so you seem to be talking exactly about that right in terms of...

BM: Yeah but also, I am not stupid enough to not know that most financial advisors have huge
behavioral, internal adviser biases as to how they allocate money so you know, you need to
understand your own biases before you go telling your clients what they should do with their
money.

JV: So do you think robo advisors sort of offset that kind of behavioral biases issues or conflict
of interest issue.

BM: Do they offset us.

JV: Because, in terms of, there is no human involved. Do I think, I am looking at...

BM: There is no human involved but you have no idea of what, you have no idea of which
share class you are buying and whether that share class within the fund itself, are you buying
the best available institutionalized share or bond and if like, that who is building the portfolio
on you at the background? Do you know what i mean? And I can see why it would take the
bias out of the equation. Client ... it is a very very large part of the job then, a financial planner,
having a goal that I get what you want is a large part of it. Anybody can put together a portfolio
but you don't know what for at the first place, you are hiding nothing.

JV: That's a comprehensive answer there. My question then would be is, are robo advisors
widely used at least in the background here in Ireland or none at all?

BM: Say that again.

JV: Are robo advisors here in Ireland even in the background by wealth managers themselves?

BM: No no, they are not tax efficient.

JV: Okay they are lacking in what they can perform.

BM: Sorry?

JV: So they are lacking in things like tax and estate planning.

BM: Most of the robo advisors, I have seen don't have an Irish tax wrap so if you buy it, you
hamper your tax returns straight away. Which offsets the cost of going and meeting an advisor.

JV: So what kind of fin-tech for example or any technology evolutions are you using currently?
in terms of your business.

BM: We use a cashflow forecast, a cashflow banner called, Voyant which is an international
piece of software. We use High Rise HQ which is a document management piece of business.
We use Pipedrive, which manages the pipeline of our business. Then we just amalgamated on
the CRM called Tishkint, it is a CRM, which takes the.
We also use Davy select, we use, from there is a Davy select platform to manage investments for our clients and we also use Pershing and pershing our part they offer us is part of BNY Mellon global bank.

JV: Right, okay so essentially.

BM: But all their system is all.. , like the systems from BNY Mellon pershing are so old fashioned, they fin-tech slapped off for the front of them if you know what I meant. You don’t work in the industry so you won't notice but it is very very hands on and difficult to get money onboard without investors okay? And I know before the robo advisors came in, and did that perfectly in the future, that's where I see it probably going, you got to let the robos do that, but that's like the advise and the financial planner doing by someone like me. You know? to the clients.

JV: So essentially, it's not going to affect at least in the short term your customer acquisition or product strategy or in general business model?

BM: No, no. Because most people go to their advisors because they know their issues. You know, if it were just pure investing issue, you know then maybe people will engage with it.

JV: So I suppose my next question was how it affects the revenue model, but I suppose in general, the concept is going down, regardless. So it is not really affecting the revenue model is it?
BM: You know, I think there always a price for these in terms of where things are. You know, the fund managers have all the power for a very long time and now they are finding there are financial advisors like, why I would, what I would like to say about the fund managers, the robo advisors are on the right hand side of the decimal points and what we do is on the left hand side of the decimal points, in terms of how we charge.

JV: Right, that's quite a distinctive difference isn't it? I mean in terms of how the charges are done.

BM: Yes, yes, it depends what you are getting. They are not coming with a full financial plan which is very very bespoke and intricate for you and your family. If you go through robo-advisor, you get a very plain and vanilla financial advice, because that's what it is.

JV: Right, but in terms of things such as rebalancing and asset allocation, do you see a use for it? using fintech.

BM: I see our fund managers using fintech and using algorithmic trading to rebalance, rebalance with new money and they are doing it at a fund level. I don't think an advisor should be doing that at a 19:08 fine level, no way, because all you are doing is creating taxable events each time you rebalance. This is for net money, so somebody going in as would personal investment of say ten or twenty grands, you know.

JV: Okay, there was another point I read through in my secondary research saying that financial technology has affected opportunistic investments, it has changed it to more strategic and goal based investing, does that ring true?

BM: Yes, yes, and all the work we do is all strategic and goal based investment.
JV: So there is no more forum for opportunistic or short term money growth kind of things?

BM: Sorry, say that again?

JV: So there is no more short term money growth, to increase the wealth in short term kind of investment happening from, like as we saw in back in the day.

BM: No no no no, so the idea of going back into stock broker throwing money on loads of stocks and hoping that they would go up means, you just, the investment has, no compliance team don't allow people to do that anymore unless they are ready to go a, most people go to a discretionary fund manager for that. Most advisors now, they are now offering some sort of risk weighted funds which is ultimately diversified.

JV: From a different aspect, how much of it, in terms of fintech bringing up things like cryptocurrency, so it is providing you more alternate asset classes right? so how is that changing business?

BM: That, if i read through the media which they do all the time, which they are you know, they are going to come up with bitcoin and ideas, asset classes and different alternatives and gearing against the different things, to enhance different things. What I would say is that, everything that fluctuates that much is being speculated at the moment, it wouldn't be investment grade. If somebody wants to go invest in something that brand new, they can do what they want but but they have to understand they will lose everything and my job is to preserve wealth and not to take risks with the clients’ money.

JV : So in terms of these new asset classes such as crypto currency, it is just adding to the hype but it is not affecting the core business is it?

BM : No, absolutely. It is adding to the hype we don't deal with it. still too 21:31

JV : Okay, that makes sense. So, all in all would you say its not fata disruptor then? Its not a fatal disruptor, fin-tech but its just helping you in the core.

BM : I think it will be a help, it will be a hybrid help in the future, absolutely. Yes. I still think you would need, it would be a hybrid helper in a way to describe it, you would still need hands on because people need to connect with somebody, who understands their needs.

JV : Right, as I was speaking to other people for this study, most of the things like reflected of what you are saying, that nobody is using robo -advisors or any other high end fin -tech in wealth management but most of them don't seem to be considering entry level management, like I spoke to Davy's and they were like 250 and above and 1 million and above but entry level is much lower. So do you think there is a space that, do you operate in that level I suppose?

BM : No, no, we operate at a level where you invest , so we take up clients that are 3 million euros John.

JV : Okay so that's a higher level.
BM: My clients are, I got one or two clients that are 30 million, 50 million euros. So, I think the area you are talking about there is something that the banks might pick in as an add-on.

JV: Right, so essentially, do you see because of these entry level robo advisors kind of thing that your business would go more and more into just high net worth instead of just looking at.....

BM: Yes, and what will happen is you will end up with people who are either robo are advice and then there will be a huge group of people in the middle to whom it will be cost awful lot of money to give advice to, and how do you think the advisors get paid or the banks get paid to be left to be advising those clients?

JV: Right, so in general it is a positive impact for you in terms of making things easier and its not really affecting business by taking away clients is it?

BM: I would say that it is not taking away clients, it it enhances what we do. Eehm, it enhances, sorry it will enhance what we do if we look at more sophisticated but right now, its very very, because unless you are doing your own tax returns, its very very difficult to invest as a net money investor with a robo on our own.

JV: Now there is just one more question in this segment, is how aware are you of blockchain and do you see blockchain coming into the picture of wealth management?

BM: Yeah, I am aware of block chain absolutely have read a lot about it, I think all the crypto currencies are, I would embrace something like blockchain, I think that cuts banks a large asset managers out of the way where clients can deal direct. I am happy about, that's just great. And I think cuts costs as well.

JV: Right, alright so pretty much towards the end, I have got thrown in a complete oblique question is, how is Brexit really affecting business or does it or does it not affect at all?

BM: They only way the Brexit is affecting business right now is, any client we have who are from the UK, and they are living in Ireland, they are investing more money in Euros than in US dollars right now, because they are worried, that their pensions and everything that happens.

JV: So is it giving you a bit of a boost that the whole uncertainties making it more.

BM: Yeah, it has given us a bit of a boost, but also our overall model portfolios only have two percent in the UK. Where as if you are sitting in the UK right now, with the UK advisor, you have got probably 40% in the UK equity. Which is way to high, you don't want to complicate the UK...

JV: Isn't this whole problem adding more to the systematic risk and that kind if risks?

Disconnect

JV: So I was saying since it is a systematic risk, is it more uncertainties market causing the portfolios to you know. Is the uncertainty about Brexit, its causing a systematic risk right? Is it affecting the networth in terms where you looking at investments?
BM: No no not at all. I think it offers a great opportunity, people were looking at buying property in the UK now, and if it drops in value.

JV: Yeah, that makes sense yeah. Fantastic.

BM: And there will be carrying trade as well if sterling devalues evaluate, you know, Brexit is the customs and the currency issue thats all. What you do is, you allocate a way of what you can of the UK and the US assets.

JV: Right, so that's pretty much of end of my set of questions. Is there something you would say in terms of my research that I should look at, of how fin tech is affecting wealth management, in your experience.

BM: Yeah, I mean, I think its very early days. Johnson, and I think also, robo- advice and all this sort of stuff could be completely usurped by blockchain. I think something new, and with something new, we have not seen yet that is going come in and blow everything else out of the markets. In terms of the trading function, the ability to be able to settle, the ability to be able to have a counter party and you might find the Deutsche bank have already done this, Deutsche bank have already created their own settlement within the fund, so the fund has its own custody. So you dont need a custodian, you dont need a counter party, you just go direct to the Deutsche bank and buy their ETF from them and its very cheap, you know?

JV: Yeah but isnt the ETF business is really taking off in the last few years?

BM: Yeah its huge,

JV: Fidelity has made it zero cost to get into the ETFs now I suppose, so.

BM: Yeah but the problem with the ETF is that you don't know what you are owning, you worry about, if you are irish. You have to figure out where it is actually domiciled for tax reasons. And then you have got to figure out what is inside the ETF, because an awful lot of them have, synthetic ETFs they dont hold the physical assets within them. Which is very very difficult, to section you are buying is like gold, you buy solid gold bars, you don't buy an ETF that is a synthetic on gold. Because it does not have anything to back itself up with, things really do go wrong.

JV: So from what you are telling me its like pretty much going back to the basics of investing, invest what you know is solidly backed by a proper asset class.

BM: Always have a solid asset class. Always have a physical backing to what you are doing and don't invest in something that is paper, totally paper, diversify it. The equity portion of the funds we use it has 12 and half % housing stocks in them so if that goes down by 5% it doesn't matter.

JV: So that is the end of the interview.

Thank You
Interview 3
Marah Curtin

JV: by the year 2025 PWC estimates AUM around $7Trn, so my basic question is where do you see Irish wealth management? is it growing? or how do you see the industry?

MC: I definitely see it growing and I see fin-tech maybe playing a role in the service we provide vs a competing role.

JV: right

MC: is that kind of what you were looking for

JV: wealth management regardless of fin-tech or not, is it generally growing in Ireland specifically?

MC: Yes, absolutely, yeah and it will be increasingly so as the advice that we are giving becomes more complicated so you know maybe for the mass affluent we may be losing ground or losing market share to the robo platforms and the likes and you know the mass affluent the people with less than 250,000 investable assets which the, you know they will be more self-directed and more cost sensitive and maybe not need advice as much as specially with fintech and what it can offer in in terms of you know self-analysis and asset allocation and basic financial planning saving and investing you know goal setting but when the advice gets more complicated or when you start to incorporate tax sufficiency you know overlay of tax sufficiency on to an investment strategy you start to incorporate you know trust and estate planning pension planning advice so as the individual becomes more wealthy or as they get older and the advice gets more complicated and more necessary i think the industry is absolutely growing. what's important fir the firms who want to keep up with that growth is accreditation and certification of their staff one of the things Davy has done is made it mandatory for advisers to get their certificate in financial planning So ongoing further education and knowledge building is really important. if people want to keep competitive in the business, you they want their business to grow.

JV: yes, as you were saying as they grow older, have you observed any change in the demographics that women and younger people are coming in to wealth management.

MC: sorry what is the question again, is it about women coming into wealth management?

JV: Oh women, I mean like the change in demographics, your clientele has it changed significantly in terms of the

MC: oh, the demographics of the client?

JV: yeah yeah
MC: yeah in terms of gender and having more of an engagement with women is that what you were referring to?

JV: yes, with gender and also with age, it was traditionally always the older male which was the

MC: yeah

JV: the target market for WM if i am correct

MC: it would be you know as far as traditionally in terms of division of duty within the household you know while the women would tend to look after much of the financials like still paying the mortgage all of that, she makes all the consumption decisions like groceries clothing holiday booking, while women would tend to do a lion’s share of the finances of the household they would tend be out of the picture when it came to investment. So, the man would traditionally have handled all the investments, but now we are seeing more and more women becoming a part of that conversation which is hugely important and that’s one of the big things that I’m promoting in terms of engaging women and making the business and the conversations that we are having more engaging for women. And you know I’m sure you were referring to the fact that women earning more and more and, in some cases, become the breadwinners of their homes so, they would naturally have more of a more of a vested interest in working directly with an advisor. So, we are seeing the growth in clientele, meetings and the relationships that we are having are growing with regards to woman both as part of a couple and individually, because they tend to outlive their husbands and all those statistics, that they tend to live longer but also in the States, I don’t believe we know what the stats are here in Ireland but in the States when a woman becomes widowed then the advisor doesn’t have a relationship with that woman she would tend to leave the adviser, I think the statistic is that 70% of women leave their advisors and I think again 70% or slightly more of those women would then working with a female advisor or be referred to a female advisor so it’s important to engage with our female clients but also that attracting and retaining female talent in the work place especially with regard to relationship managers and client facing roles.

JV: Have you seen a change like that, is there more engagement with women in terms of their investments right now?

MC: yeah, absolutely that was one of my key initiative was woman and children, it was starting to build on the legacy of the male clients that we had and bridging that gap you know, both by engaging the women of the household we had a series of events since 2014 engaging women, existing clients and prospective clients. Absolutely more female friendly in terms of the type of events we are hosting and are planning to host in the future with the real focus on women in the upcoming year.

JV: In terms of age group is that also changing, do you see younger folks coming in?

MC: Yeah, a little bit younger but not too much younger. There would be a natural kind of career path that an advisor might go through first as an analyst or kind of working with a financial planning team maybe on the research side and then they would have grown up in the business. I mean in some cases you are seeing people come from school spending a bit of time as part of a rotation through a graduate program, one of my team mates came up through the
graduate program and went directly into becoming an advisor. Even then they would tend to be in the late 20s early 30s but yeah that would be kind of the youngest I’d say if they are in the mid-20s and that would be somewhat unusual, they would tend to be older but still in their 30s or 40s, we do have some in their 50s so we have a nice range of age profiles with regard to our advisers. We could do better with regards to the female advisors, and there is a concerted effort in the coming year.

JV: And in terms of clientele is the age also reflected there?

MC: yeah, our clients would be a bit older, but that’s also changing because of the focus that we put on engaging the whole family and its actually as a client gets older, but planning and building relationships with the next generation is important for the legacy of the business, relationship and also the legacy of that client if the advisory relationship is continuous, its in the best interest of that client. So, naturally as the clients get older we then build relationships with the next generation so you would see us diversifying away from the older client although we have recently segmented our business, so we actually have advisors looking after our retirees which would be 55 or 60 or older, then we have advisors working with professionals and executives that would tend to be of a 35-50 age range and then we have advisors looking after business owners they run the gamut most in their late 30s mid-40s or older.

JV: since 2008 crisis has it changed the perception or the value of advice of wealth managers or the industry of wealth management here in Ireland?

MC: I would say that It made the client more discerning with regard to the advice they were getting, it was a big learning curve. I lived in NY city during that time, so I would have had a different experience because I actually grew up in the business from a financial planning standpoint. Where I came straight out of school in the business and ever since I’ve been in the business in 2002 there was a big focus on financial planning and because our client portfolio in the states would have been more diversified than here in 2008, like just from my experience from meeting with clients since I’ve been here, I mean they held bank shares and property so their portfolios would not have been diversified. Financial goal-based planning would not have been a part of the advice that we would have been giving back then so the business has come a long way since then, so historically and largely as a result of standard industry practice clients and advisors would have tended to measure the performance of the portfolio and or investment strategy on relative bases versus a benchmark. obscure benchmark that has nothing to do with what that money is ultimately for, for that client and then when you have got the S&P 500 for fortune 500 down 30% the fact you’re only down 20% isn’t comforting you know. So, the conversations I was having with my clients was more of an absolute basis because we had a financial planning led relationship and investment strategy and I understood ultimately what that money was for and we were investing it accordingly. I could say ok look yeah, we are down and its not great but this money isn’t needed for another 10 years so it will come back, you don’t need it right away, so instead of a knee jerk reaction that people are having and selling their portfolios so they can make up for the loss they didn’t know what it meant with regards to their personal finance situation which is really you know quite alarming, you have people selling at an opportune time and realizing those losses whereas my clients were able to weather that storm and the conversations we were having were much different and much more holistic and just a lot easier. 

Since the crisis and since I’ve come here we have placed a big focus into our financial planning so a lot of the relationships and the investment strategies that we have deployed are in light of
the overall plan and what it is that the plan wants to achieve so hopefully this time around it certainly will be, we will be better able to have those more holistic conversations we have 90% of our advisers CFP certified or going through the certification process now so they know what they are doing and yeah. Its inevitably coming again you know, March was the 9-year anniversary and certainly Ireland has lagged in the recovery so we not a bit good to go yet but service and the advice that we have will become that much more important again. So hopefully we are in a better position that we were in 2008 to demonstrate our value.

JV: how much has fintech affect wealth management in term of the robo-advisors or the big data analytics algorithms?

MC: I think fintech has enable us, because the technology helps us to run analysis for our clients as well, we can do stress testing, financial planning, production you know. I guess it depends on what area of fintech. And I think I said it previously that I’m not so worried about fintech because my ideal client has a million or more to invest and I don’t work with many clients that have the luxury of choosing the type of plan I work with and certainly I wouldn’t choose to work with somebody that I didn’t value or I didn’t have any value to add to their lives you know, because then I mean they are not happy or they are unsatisfied and in the absence of value price becomes an issue so they are cost sensitive and they think that you are not justifying your fees and quite possibly at the lower end we wouldn’t be you know there is a limited amount of advice that we can give so I think fintech is enabling us to focus on our more ideal type of clients, the clients where we can add value and the clients that does value what we have to add and then you know those who want to be self-directed or are self-sufficient with regards to managing their own financial life. Fintech allows them to do that more efficiently and more effectively which is great because it’s really important that people are able to do that and get a handle on where they stand financially and make sure they are on track to achieving the retirement that they have envisioned for themselves.

JV: focusing on robo-advisors, how do u see robo-advisors in terms of cost efficiency, their lack of gender or behavioral biases that humans would have?

MC: Yeah, so with regards to behavioral biases, we have done training on ourselves all of the advisors who have gone through the FP programme, continued on to the masters programme and as part of that programme there is a course on financial behavioral economics and that is incredibly enlightening and I’ve always been a proponent of the understanding of the biases that we are subjected to as advisors I mean just as humans but also taking the time to educate clients on their own biases and how that can affect them. So, the human you know avoiding biases and robo-advisors you know I guess with regards to the telling to us straight and telling them straight and telling them what they should and shouldn’t be doing. You know u could tell that a lot of my clients would be senior executives of US multinational firms, so I focus more exclusively on Us multinationals that’s where I’m most experienced and that’s where I can add the most value. We can do a lot more with US stock with regards to trading outside trading windows so there’s loads of value that I can add with regards to them and what’s really important for them to understand is the biases that are innate in holding a concentrated position, but that takes time because you know there is a lot of risk and volatility can be can be magnified when markets do become volatile in concentrated positions. You can tell somebody they should diversify and the fact that they have 65% of their net worth tied up in a single company stock like google or Facebook isn’t good, they know that its not good they know that they should diversify but if you have some robo-advisor telling them to sell all their stock they shouldn’t be having any stock that’s fine and
good but the actual uptake of that advice and execution is unlikely because you don’t have that human overlay kind of taking into account that fact that you have this advice but it needs to be more measured in terms of the advice that you give like it wouldn’t be all at once like it would be over a period of time and maybe they actually want to hedge themselves from the downside because they think the more in the upside and they want to participate in the upside they don’t want to lose their share if it goes below. So, people like me can advise them on that and can run scenarios to show them what it looks like if the stock goes down to X or what they need to, they need the stock to go up another 10% and then will sell and will shore up this money for whatever goal they have you know the rest is gravy but at least they know that they can shore a certain amount of capital. So, there’s a lot of planning that goes into that so I’m not so concerned that robo advice is going to take over.

JV: so in your words the quality of advice is more valuable from a human that what a robo could offer?

MC: Yeah taking into account their biases and taking them through their biases and offering them rule of thumb and guidelines and advise around that and helping them to navigate that decision, instead of just telling them you should invest. Everybody knows you need to sell you need to diversify but there’s a lot of planning and conversation that should go around that so that it’s done the right way.

JV: some of the things I was reading with regards to robo-advisors is the conflict of interest where wealth managers or the companies would prefer more buying, or you know

MC: yeah, that so old, that’s very outdated. We would have, so yeah maybe your brokering department would have a relationship with these ??? whereas for use they would tend to have very little relationships with the larger US multinationals so that’s a moot point as in my case but I know what you are saying, so ok we providing advice to the client on the corporate brokering part of our business you know obviously we don’t want to be working with executives and be selling off the stock, it doesn’t build well for the relationship upstairs and blah blah blah. There are Chinese walls between us now there is not that and if it is happening it should not be happening, but I don’t see it happening.

One thing that is different between the US multinationals and the smaller Irish PLC would do that, those executives would have a harder time selling off that stock for fear of looking like they just boil or they don’t believe in the company you know, I think that changes with education it changes with creating an awareness for the employer understanding that their executives their employees are better served if their financials are more diversified and manage risk appropriately. Its not a good thing if you have a client or an employee with 50-60% of their net worth tied up in a company I don’t think that its productive or its focused and their jobs is then distracted by their financial situation and there’s concerns and they are watching the stock all the time that’s not something you want. You need them to be focused and thriving in their roles. So I just think there’s just still education that needs to happen here in Ireland where the mistake is that they don’t appreciate how important financial wellness is with regards to productivity and that you know it wouldn’t be seen to be disloyal, it just needs to be managed and people need to understand and appreciate the importance and its an investment to the clients and as everyday consumer, I wouldn’t and I know that a lot of people wouldn’t think the finance director is selling her stock that must mean the company is doomed. people understand that we have lives outside our profession and we need to make sure money is there when we need it. you cant pay for things with stocks you have to pay with cash. You have to be liquid.
JV: but I guess in a smaller market like ours we if a financial director sold their stocks it would cause a lot of panic?

MC: yeah

JV: are robo-advisers currently used in the Irish market, does your company use robo-adviser for its clients?

MC: we do have a different area of Davy and allot of firms would segment their client base this way, it is happening more and more here, but you know Davy is ahead, so we have Davy select and Davy private clients. Davy select would be more for clients who have 25K or less, that is mass affluent. That is like Jane Doe in her 20s starting a savings for the first home and you know opening pension funds and contributing a couple of hundreds a month you know small self-service. We would provide that platform directly for self-service customers we also provide a platform for independent financial advisers so let’s say I leave Davy and I want to set up shop. Marah Curtin Inc financial planning I could use Davy Select for my clients as an investment platform but it would be Davy select it would be the robo minimal a tool, it would just be an investment platform and it is up to the advisor to offer what they offer as part of their total practice. So, it is minimal, and it is online with online accounts. We are actually launching our new website in September because online has huge advice … especially with financial management like people would be able to see their accounts online and want to be able to see what’s happening in their accounts they want to be able to call up statement, so you know any firm that isn’t keeping up with that technology is going to lose out. Online and digital interaction with our clients is going to be thing of the future, whether you are a robo-advisor or providing a robo-platform or you are in the high net worth and ultra-high net worth space that I am in now

JV: Do you think the introduction of fintech into the industry has affected the revenue models in terms of making it cheaper, like you have to take smaller fees in terms of competition that is coming up due to fintech?

MC: not the revenue models so much, so one thing that has changed with the revenue models is that more and more of the business is annuitized so more and more clients are providing us a fee based on the assets under management paid quarterly or annually which depends on the firm. So they are paying a fee for ongoing advice and investment guidance and financial planning, so at least once a year we sit down with the client to revise the plan and to ensure that they are on track to achieving the goals that we have set out for them according to the investment strategy in place we review performance and all that. So, it is becoming a bit more service relationship oriented and the fee is changing accordingly so I would say u would see less and less commission. So that’s just a trend of the industry overall. That’s better for the client because the fee that they pay is in line with the performance of their account so the better they do the more they pay, the less they make the less we make and so we are not making money when we trade in the account could incentivize churning it could incentives selling or buying but it not in the clients best interest so our interest are aligned and I think because of the robo advise because they can get something cheaply and efficiently, I think that puts more emphasis on advice and the relationship they have so it has changed the revenue models in that the people they are working with are more broadly knowledgeable with our CFT certification which include modules and investment tax insurance and estate planning and risk management. So, education is much more thorough you know and robo advice for me changes the revenue
model in that we can’t charge for just trading and investment we have to broaden the offering and be more holistic and advice centric and relationship oriented and as a result can charge a fee for that.

JV: so, does it bring the lower end market it more viable to entry level customer which don’t spend high end money

MC: yeah, but they wouldn’t get the financial planning led experience unless there would be upsized growth or with regards to relationship, so somebody with less than 250K to invest would fit into Davy select while 250K + would be in the Davy private clients which is where I work. We have higher minimums based on the type of clients we want to work with or we work best with but then we have a financial advisory service which is a service for clients who have between 50K and 250k so they are not quite high net worth or affluent but are kind of mass affluent but are growing and their experience wouldn’t be as high touch and time intensive as the 250K plus group and it would be more cost efficient that the private client offering but not as hands off as Davy select. They would get a basic financial plan it wouldn’t be comprehensive won’t include bunch of scenarios around insurance all the other benefits for private clients because they tend not to need all that. We put them at a service level that is in tune with their needs and charge based on that which would be cheaper.

JV: so, in general you would say that fintech has only changed the way you deliver but has not really made a change to the wealth management industry?

MC: I think it is making us kind of sit up straight in terms of sharpening our tools making sure we up to date with our knowledge and advice and the guiding skills needed and Davys is done that much better with segmenting your advisors so that the type of clients that each of our advisors are working with are very similar in terms to their goals, needs etc. so we have become increasingly aware and more knowledgeable about the needs of that type of client which is incredibly important If you want to grow in this business. Its changed us in that we are able add more value because we need to charge for it otherwise they would go to theorbo advisor. So the caliber of client we deal with has become more higher net worth because that’s the type of client who needs more and values the advice we give and we are better able to deliver advice and charge accordingly

JV: you wouldn’t call fintech a fatal disruptor to your model of business?

MC: I wouldn’t call them a fatal disruptor its only good in that it has raised the level of the advisor our ability, our competencies because if you want to compete in this business and a client can go and do something for themselves on a robo-platform more effectively and especially when they are more cost sensitive because they don’t value the advice we are giving and you know in the absence of value sensitive is a factor and price is a factor and they are gonna go elsewhere but for right adviser focused on the right client with means people who value the advice that we give its not a threat. It’s only a disruptor to the industry in that it will only clean out the weeds get rid of the advisors who have nothing to add and have no business charging for it and they will move on so it’s kind of self-selection and the companies that don’t make sure their advisors are up to scratch will suffer for it. I don’t see that affecting Davys

JV: So basically, its giving you an edge positively?
MC: Yeah, for the advisors that keep up. Our industry is highly competitive Ireland is a small market and so we need to keep up and need to be seen to be really good and have a lot to offer.

JV: how is it affecting the alternative investment like fintech has created cryptocurrency?

MC: we actually talk to clients about how to invest in crypto and why or why not we should in invest in cryptocurrency and we have investment strategist that have put out insights and investment pieces on crypto so if the client wanted to invest in crypto we would talk to them on why or why not it suites them it depends on the client it depends on their needs it depend on how they are allocated in the first place and if they have the capacity to invest outside of certain perimeters so for some clients we would talk to about investing in crypto especially if they are really interested in it, I think that you know it not affecting the portfolios that we are managing but the client with crypto interest would be an addition to the core investment strategy they hold with us.

JV: Its not taking away from the existing portfolio they are just putting additional money there.

MC: btw we can facilitate that, if I had a client who is interested in that, I would bring that investment strategist in. so, my role as an advisor is that, I am a single point of contact for all things financial for my clients, and then I am surrounded by a virtual team so I have a specialist to call on behalf of my client in the areas of pension, estate, tax, investments, equities, fixed incomes, you name it, I can call on a team to help advice a client accordingly.

JV: do you think blockchain is coming into this segment at all?

MC: I can't really speak intelligently about block-chain and how it would affect our business but sure if you can track money more efficiently that's good for our business. Whatever block-chain means from a security stand point awesome, I don't know how it would disrupt the industry to be honest as I said I can't talk intelligently about it. I know business that are looking into blockchain for tracking charity and donations and I think that's excellent if we were to use that application for our business that could only enhance our business but I don't know much about blockchain.

JV: How do you think Brexit is affecting the Irish markets in this context?

MC: Business owners will be affected differently. In the geopolitical sense that it would affect the market but I think a lot of that is already built in. A lot of the uncertainty around it is already built in. but I think we will continue to see volatility around big announcements. one of the many risks we manage, we are talking about you know a target return based money allocation in the portfolio and a moderate portfolio would have a standard return of 6 percent right and then the std deviation around that typical return might be 10 percent, so you know, so two thirds of the time its within one std dev. of that target return. so, you give clients a range around returns they can expect and you always hedge yourself with regards to the risk in the market and Brexit would be one of the risks to the downside. if they walk away with a great deal you will see the market will react.

JV: has ft changed from opp. inv. to goal-based inv.?
MC: yeah so the way we proposing investment strategies would be like a core satellite model. so instead of just, let's say 2008 advisors would have been calling up saying, it would have been more transactional, there is this idea or this fund you would be doing adhoc investing. what goal-based planning has is that its more strategic. you have what's called a core satellite model. so, a core would be the safer money. the money that you have for the medium to long term 7-10 years down the road the safe well diversified portfolio investment, that's where your pension should sit that's where your long-term money should sit and then you have satellite. that would be maybe more schematic, our calls now we have eight of them healthcare, European banks, cyber security, the emerging consumer, infrastructure, US recovery. AI, euro recovery, we are lagging the US, so we would be playing the euro a bit more and assuming it's got legs. so in addition to models we have 7, so from low risked, capital preservation 2-3% returns and volatility 1% all the way up to aggressive growth where maybe 20+% in terms of risk and volatility but that would be longer term money.

JV: so, would you be suing tech for asset re-balancing or allocation

MC: so essentially, in all the firms, it's very rare an advisor trading a portfolio and that’s not the best use of our time and that not in the best interest of the client, because we need to be there having the higher-level talks. so, for trading portfolio will be essentially managed by a team, that track, monitor the allocation so they do re balance annually. they make sure specific call is over or stocks reach our goal etc., they make sure that it happens across all the portfolios equally proportionately to that client's allocation and that so highly regulated now that you need to be able to do that. so, analysis check if it all matches up.

JV: Thank you so much Marah
Interview 4
Eoin Fitzgerald

JV: Oh great so thank you so much Eion for doing this I know you are a busy man.

EF: Nope, no problem at all.

JV: Alright, so do you want me to jump right into it?

EF: Yeah, go ahead.

JV: Alright, Eion as I said before, this is a small study to understand how fin-tech is affecting wealth management especially in Ireland and the questions are usually in that perspective so, first is just to understand how aware are you or in your opinion how is Irish wealth management industry and is it growing? Because a few numbers that we have are PWC is saying that asset under management would in the year 2025 will come under 7 trillion, so is that an industry that you think is growing in Ireland?

EF: Wealth management, so my background, when I started at the college I worked as a wealth manager in the AIB, and then I did some time at Barclays. So I worked closely and I had a lot of contacts still in the Barclay team, ummm. I suppose it depends you know, wealth management it depends on if you focus on wealth management of a high net worth individual, sort of wealth management or if its everyday person like myself or yourself sort of wealth management. I suppose its important that you can define that purchase), you know because you could argue that yeah, because of growing market here, because of typical persons pension funds and you know government initiatives of all the enrollment of pension fund by 2020, means that there will be growing markets of wealth management opportunities in Ireland. For you know in terms of high net worth individual or in terms of active management of peoples wealth here in Ireland I would argue that there is not so much going on.

JV: Okay, umm. But having said that that you have been in the wealth management industry, have you observed any change in demographics as in more women or younger people investing.

EF: Yeah I mean there is, yeah the opportunities are there you know, I have seen youngest all across the US and the companies like Robinhood, have kind of made far easier for people to invest. And there are lots of ways you know where the likes Sterling bank and Monzo and Revolute, which offer digital platforms and offer compare, training solutions or investment solutions and there is you know peer to peer lending which is even in the UK is a something you can get an investor, pensions then over here which is growing and big growth in peer to peer lending companies in Ireland which obviously allows Irish individuals with extra money. So there will be an argument that there are more, there are far more options available for people to invest their own personal wealth or if they are doing peer to peer lending or crowdfunding. so there are a lot more options now than when I was in wealth management 10 years ago. For people to actively manage their own wealth

JV: post-crisis how do you think wealth management has been affected?

EF: well I think what the crisis highlighted was that and I saw it very clearly. and look I am one of the few people I suppose who has experienced wealth management in Irish bank and in
an international bank. so the work I was doing in AIB before I left was around a persons risk profile and their risk appetite. so I worked in wealth management in AIB whereby high net worth individual had all of their investments in property funds and of the 21 funds AIB Wealth Management had for clients only one of them was not property related. so you know if you take a person, take myself and yourself you know, we are at different stages in our life, our risk appetite is very different. at the time in AIB and Irish banks, in general, you know your investment went into property whether you had 16% risk appetite or you were looking for a 100 % risk. so clearly post-crisis what happened was people realized that you shouldn't have all your eggs in one basket. what I realized when I moved to Barclays in 2010. they were capturing different higher caliber clients you know far more wealthy individuals but also they did real kind of in-depth analysis of that person and the stage of life and the types of return they were looking for and the types of risk appetite they had so a persons risk appetite could be split a number of different ways and maybe 15% of wealth might be invested in property rest might be in bonds. depending on types of return or what they are trying to get. it was a very specific kind of formulaic approach to it. and that to me is what changed post-crisis was that there was a realization that actually people need to be, you know they need to account for their life, stage of life and what they are looking to get out of their investments and not to just pile it all into something like property. I think in the back of that what you see over the years is alternative options available to people and also you know doing it on your own you know like the likes of Robinhood where you can invest online, i can go on to an app and invest some money but also then personal understanding themselves that numerous different ways that I can invest money and opportunity there for me to invest money. that I think that has got be the bigger changes that come out of it.

JV: How much as FinTech come into wealth management,

EF: The data side of fintech has had a huge impact on it in every way so the analytics piece of it and the customer expectation piece of it. so you take the likes of digital banks and challenger banks and they are capitalizing on that because of the expectation of the customer that the bank can do an analysis of you, you know and has all the data on you so they should be able to give you information on it and then into the robot-advice space does the understanding that people or the opportunity to get rid of some of the people and use technology to make some of the investment decisions there.

the customer expectation piece as well fundamentally Amazon and Netflix can make recommendations for me based on my past history. why can't my bank tell me itself? that's a no brainer and people now of a certain generation expect that as a minimum from the companies that they engage with.

JV: and banks already have that data with them right?

EF: you can argue that banks have the biggest amounts of data available on a person than anyone else because you know people in the UK change their wife more than they change their bank accounts. so the average length of a marriage in the UK is 12 years and the banking partner is 17 years. so you are more likely to get divorced and remarried than you are to change your bank accounts. I mean it's probably very similar here. that is a huge amount of data if they could monetize and capitalize on that then obviously it created huge opportunities for them. but the challenge is they haven't been set up in the way to do that. and earlier stage companies or fintech take that approach from day one so they are far more nimble organization, they have better tech applied to their work so its far easier than banks. They capitalize on that.
JV: robo-advisors are they better than traditional wealth management

EF: there is a wider argument which is that what is the value of a financial advisor at all or maybe someone who gives you investment advice. you know the well-known studies whereby a monkey was able to predict or make better returns in the stock exchange in the US than a seasoned wall street investors. there is the argument. to me, the robo-advisors are very valuable in the heart of wealth managers that are onto active management. you have a typical portfolio, maybe portfolio gets to a certain point, and you set particular targets around this and it will make... you set the rules around it, it makes specific decisions for you without any requirement or really any understanding of it. then absolutely.

JV: so you mean to say robo-advisors in terms of quality of advice is better and doesn't have the conflict of interest with trad WM.

EF: In a situation where you don't need to advise somebody, so if I have a pension fund that to me is fairly low key in management and I have dedicated x percentage in stocks and x percentage in bonds and x percentage in whatever else you know. a robo-advisor can make those investment decisions for me because I have given them a guidance that is the break down of it, you know to me robo-advisors are very beneficial in the active management of something that doesn't require much management. so in pension fund whereby you might set a 30% cut-off for your wealth getting invested in stocks and maybe your portfolio on any given day has 35% of it and the robo-advisors can read that and will transfer that additional 5% out into some other bond.

JV: so like in asset allocation and rebalancing and that kind of area.

EF: exactly, I think its a no brainer for that sort of area where you are just looking to just maintain something and not necessarily actively grow it. I think its an ideal solution for that sort of space.

JV: how widely are fintech used in wealth management used in Ireland.

EF: I would say minimal. I spoke to wealth manager recently from one of the Irish banks, his response was that his clients are based out in Connaught region of Ireland and they are in their 50s and they have no interest in like that and they are out of by it. a really cool wealth management solution is of no value to him.

JV: are the managers themselves using any fintech such as robos or AI

EF: I would like to think they are but Irish point of view not at all.

Not in the Irish market, well there is that company ignition wealth but you see the market is not in Ireland. so all of the 200 fintechs in our portfolio are not looking to sell solutions into Ireland. there isn't a market. you are not competing in the wealth management space because the market is really small in Ireland.

JV: wouldn't the nature of Ireland and all the companies here bring the solution here.

EF: Oh don't get me wrong, you come here, and companies are built out of Ireland because its a good place to build a company. you might use Ireland as a testbed if you can but you don't come to Ireland to sell into Ireland. and that's the thing, you get access to tech companies international banks here is fantastic. but you are not selling to Irish companies.
JV: so fintech hasn't affected wealth management in Ireland at all or disrupted it.

EF: I don't think it disrupted it in the sense that there is, first of all, the client base isn't very large here but again it comes down to your definition of wealth management. and is it my wealth that is a person in his 30s with additional income or is it high net worth wealth. there are two different categories of wealth. so what options do I have to manage my wealth from an Irish point of view?

JV: doesn't that change the business model, customer acquisition for wealth management for the low end of the market.

EF: oh yeah totally, look it makes it far more efficient and it reduces your cost and we will see it when, the products such Monzo and revolute, the fact they can build up a large customer base because they can offer something better. and you see it in peer to peer lending space’where there is a build up of the customer base of SMEs to lend to because of its better solution and far quicker solutions that what Irish banks could offer.

JV: has FT changed the focus from opportunistic investment to goal-based investing.

EF: I don't think so, fundamentally based on your risk appetite you will making an opportunistic investment or you will be having a more strategic view on it, that the kind of thing that depends on the person themselves... I don't think the technology side of it, I mean it opens up the opportunity through the likes of Robinhood or etc it allows you to invest in maybe stock exchange easier than you would yourself but if you are going to do that you could do that in any number of ways anyway. doesn't necessarily means you will do it in a better way.

JV; so basically tech enables greater personalization and that's all.

EF: yeah I think so you can do it at scale more efficiently if you are an organization targeting a large volume of customers. that's the point of it I suppose to allow you to do things at scale cheaper. so you might have your portfolios of clients grouped in a particular way so your solution allows you to actively work with some of those clients much easier and more efficiently.

JV: how do you think blockchain affects WM.

EF: the focus and key value of blockchain is in transparency. I haven't seen any use cases in a wealth point of view yet but it's about transparency and capabilities of whatever your solution is. so it might make it somewhat efficient but I don't see it being a key tech in WM. I think the likes of AI are far more important 'in relation to wealth management. and will be far valuable in wealth management than blockchain would be.

JV: more about simulations and forecasting yeah?

EF: absolutely and it can help you make automated decisions in any number of ways and again it can be all the way down to chatbots and robadvisors to larger scale asset allocation modeling.

JV: has fintechs had an effect on alt assets such as cryptocurrency.
EF: it has allowed, made them more easily investable, you know I can buy and sell crypto now, yeah its created a new market and there is going to be a requirement of wealth managers to offer those solutions as part of their wider product offering, that's a small element of the wider fintech space. what other asset classes have fintech made available, its made them all available.

JV: is fintech a +ve impact on WM? is it a fatal disruptor.

EZ: No, I think it is a positive impact, it makes things far more efficient and you can offer a better service and solution, allows for personalisation, and a better user experience, so it has impacted in a number of ways all of which is positive. but it hasn't disrupted it but I suppose the disruption has been in financial services and it has a knock-on impact on wealth management as opposed to it disrupting wealth management in the same way. it allows you to make better decisions and it allows to provide a better a service to customers, you know Robinhood is the best example because it allows the average person to make an investment in stock market. the avg person could still make investments in the stock market yeah this is just a far more efficient and cost-effective way of doing the same thing. it hasn't disrupted it as much as it has made it easier.

JV: is regulation playing a role in Ireland for adoption

EF: no I would argue that the only reason we don't have it here is that we don't have a market for it unless an Irish bank is offering it as a part of their solution, we are not Ireland is not large enough market for this product. so we wait for someone else to offer it as a part of their already existing solution.

JV: so its just a global trend we pick up on?

EF: yeah it's a global trend we pick up on, you are not gonna build a Robinhood out of Ireland you built in US because of the massive market, you won't even need to go outside of US. even with ignition wealth that's an Australian company that has built its operations out of Ireland doesn't mean Ireland is their target market. or they are concentrating heavily on Irish clients.

JV: so they are essentially just using Irish business climate to use it to their benefits

EF: Yeah, look there is a lot of reasons why companies come to Ireland, it's not typically the market, in fact, its never to sell to Irish people unfortunately

JV: is it not possible that they could extend the same services to Irish markets.

EF: Of course, its an easy market, Monzo and revolute they are all here in some shape or form because its a next natural market from the UK. the same way most Irish companies will immediately go to UK. if you can sell here then great why wouldn't you because it's easy to sell to. so with future finance, we made student loans to the UK and Germany because of the 2 and 1/2 million students in those both markets each whereas there were 180000 students in Ireland but we did build the solution out of Ireland so we offered the product here but it wasn't the focus of the company.

JV: Brexit affects the Irish market? is it positive impacts?
EF: Yes, it creates challenges, because naturally a lot of our Irish companies would go to UK they want to piggyback on the FCA regulations and that creates lots of challenges to those companies because they need to look for regulation elsewhere. it also creates opportunities for Ireland because UK companies will end up coming to Ireland and open up offices in Ireland. the challenge is its still a great market for Irish companies and that doesn't change. so it just becomes harder to do that.

It creates opportunities because more companies will be based here there will be more jobs here because they still want a passport into the EU and Ireland will be the next natural place to do that but a large set of our client companies set into the UK already. It's our first market a very large market for most companies so that will become somewhat more difficult. That's just extra hoops to jump through, doesn't mean its gone as a market.

JV: Thank you
Interview 5

Fiona H

FH: So, it is on fintech in Ireland is that it?

JV: yeah, I’m specifically looking into how fintech has affected wealth management in Ireland? So that’s what I’m looking at if it has had an effect or not just to look at I and so on.

JV: So, first of all thank you for this, thank you for taking the time to answer my questions.

FH: No worries, I just like to express that this is my personal opinion within the field

JV: what is the state in your view of the Irish wealth management industry? Is it growing?

FH: Yes, it is, but I don’t think its within a concentrated number of people as it used to be, but it possibly is more amongst more mass affluent people rising rather than in just pure wealth management. So yeah but wealth in Ireland is definitely growing.

JV: have you observed a change in demographics within your clients, in terms of gender such as women coming in, and in age in terms of younger people coming into this.

FH: Yes, we have, so, traditionally it would have been very patriarchally managed, whereas, now with life expectancy being greater for woman, they have to step out I suppose and manage things. younger couples are definitely both more involved, both in terms of making joint financial decisions so there’s not that greater sense of men managing money essentially as it used to be. So, we are certainly seeing a shift in that and its actually encouraging to spouses and families to become more involved in managing the wealth of the family

JV: Is the age also becoming lower in Ireland, in terms of people seeking wealth management?

FH: ummmh, certainly with professionals in the executive area, it would be yes.

JV: Since the 2008 crisis in which Ireland was impacted severely, has that affected the perception of wealth management industry?
FH: yeah, I think that banking crisis certainly didn’t help things and a lot of people face distrust in the large Irish institutions. Perhaps at least placing too much trust in them than they should have, and they can probably ??? Ireland but I mean that’s just my opinion. So, there is a feeling of distrust perhaps in the banking institution as and I think it affects banks more than wealth management companies.

JV: So overall it hasn’t really affected the way you operate in general?

FH: well I didn’t work here 2008 so I can’t speak for the company, in terms of what business.

JV: how aware of fintech and fintech in wealth management are you? I’d it something you come across?

FH: yeah absolutely, love more digital banking things like Revolute and everything. In terms of software, yeah, we are becoming more familiar with software in that area.

JV: do you come across things like robo-advisors, artificial intelligence and big data in your field?

FH: yeah, robo-advisor is definitely out there. More so I still picture robo-advisor as being bigger in America, I mean here in Ireland I still don’t think that… a typical Irish person would walk to a building somewhere and get that face-to-face advice perhaps, that’s just the industry.

FH: can you name any robo-advisers who are actually active in Ireland?

JV: I think igneous wealth management a company from Australia was doing some of the robo-adviser business here.

FH: I’m aware of the online trading platforms but I’m not aware of any robo Irish adviser, I mean Irish customers get it from the US or UK or something.

JV: focusing on just the robo-advisors, do you see it in terms of how its affecting or changing your business in terms of cost efficiency, and things such as gender and behavioral biases of wealth managers.

FH: We don’t actually have one. So, I can’t …

JV: So, you have never had any experience with robo-advisors?
FH: No, I’ve never used one from a customer perspective or from offering a service perspective.

JV: my next question was going to be does your firm use that, but I guess that you have already answered that.

JV: Do you know of any other service in Ireland using robor advisers, customer facing service or the banks using them?

FH: Thinking of our most obvious competitors, no I’m not aware of any, but in sure there are. Im sure there are, I would imagine that they are more targeted at the mass affluent sector whereas I guess we are wealth management. We are dealing typically with more complex affairs of people so I they wouldnt go for robo-advisor but generally call us.

JV: but in general, fintech has come into wealth management, I mean there industry has evolved in terms of the use of technology?

FH: completely in terms of the software we use, definitely.

JV: could you tell me how much of a change it has brought lets say from 10 years ago.

FH: So, people want digital access very easily, they want to digital cash finding. They want to see their asset base and cashflows on funky looking charts shown graphically and that helps us do that. It helps us gain an understanding of our clients a little better.

JV: could you be able to tell me it has affected in terms of customer acquisition or product strategy; how has it change things for you?

FH: we certainly clients will be walking out of here look impressed with the services they have received, and then maybe tell their friends, but we don’t have anything on our website that showcases that we are embracing technology which probably we should have.

JV: Do you think the introduction of fintech into the industry has affected the revenue models in terms of making it cheaper, like you have to take smaller fees in terms of competition that is coming up due to fintech?
FH: yeah I guess we would have to, if you look at the big banks like UBS got robo-advisors but its definitely more geared to that mass affluent, those like you know with 50k, 100 K or less to invest, which is possibly a very large demographic of people. But again, for the high net worth individual I think they need something more than a robo-advisor and one or two charts you know.

JV: So, do you think for example in the wealth management industry where I’m assuming you are dealing with 250 or more or a Million or more, in that sphere you don’t think there is much change in terms of traditional wealth management?

FH: No, I don’t think people… ok fair enough, they do want more digital access and everything, but I’m not convinced that the robo, answering asking like 10 questions and using algorithm to tailor a particular investment would be enough. Actually, it would be for some, but I’m not convinced that robos can can really compete with a more holistic service.

JV: do u think within the wealth management industry there is some reaction to fintech or you are just integrating what can be used and just moving on.

FH: yeah, without appearing short-sighted, I think we are just integrating what we think would work for our clients rather than buying or building our own robo.

JV: Is Fintech changing the focus from opportunistic investment to more goal based and strategic investing or has that always been the case?

FH: Certainly, in recent years there has been a shift towards goal-based investing, yes definitely. We practice goal-based investing so yeah there has been definitely a shift towards goal-based investing area.

JV: in terms of alternative assets or classes of assets such as cryptocurrency, fintech is the the reason they exist, so, how has that affected your market.

FH: Coming from a wealth management perspective we almost see cryptocurrency as an investment or a non investment. So, it depends on you your view of cryptocurrency, I don’t think any of clients would be us fees in cryptocurrency any time soon. So we are yet to see an impact, i personally have yet to see it affect.

JV: in terms of having that asset class option open for investment in terms of asset allocation
FH: Its certainly there as an option for investors to invest in, I’m not sure what our current views is on it and I don’t really want to particularly comment on Davy's opinion of that. But its out there it turns out, if those people really want to invest in them

JV: so generally, in your opinion FinTech has not been like a fatal disruptor at all in the wealth management industry?

FH: I think that in the future it will possible have more disruption, I think its something we can embrace rather than treat it as a threat, I could be a possible opportunity to work with FinTech to give the customer the ultimate best experience through our services and technology. so i guess its nboth a threat and oppuertunity

JV: as of now, apart from the medium of presentation nothing has really changed in terms of how you are operating in wealth management?

FH: no, but we will be more focussed on digital absolutely going forward and then bringing the technological aspects of it.

JV: is the general impact of Fintech in wealth management minimal, negative or positive?

FH: I think positive impact.

JV: how do u think Brexit has affected your industry per see or does it matter at all

FH: I guess in a world where everyone is becoming a bit more mobile it’s a set back in terms of making things very easy to get done.

JV: do u see Fintech taking over a significant part of market in wealth management?

FH: yes definitely, I think younger people especially will be more incline to use that than traditional wealth management but that’s not to say there is not room for everyone though. I think I will be much larger mass affluent space rather the significant wealth management space.

JV: So, its only the entry level that will be affected and the rest will remain the same.

FH: for the most part I would agree.
JV:Thank You