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Thorough platform due diligence is essential, but it can be time consuming and complicated. Jeremy Mugridge explains how Skandia is helping you to take control.
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the choice is yours

Like any rapidly growing market, there is huge competition in the platform industry between the different services. It is inevitable that not all platforms will survive and, from an advisory perspective, this could present a major problem if client assets are held on a defunct platform.

Within this context it is becoming increasingly important for you, the adviser, to ensure you have carried out thorough platform due diligence and to be able to demonstrate that you have done so. The FSA position is clear:

'The suitability of any platform will depend upon the client's particular circumstances and requirements. Irrespective of any strategic firm decisions to use a platform, you must still consider whether a platform is suitable and meets each client's needs before recommending it.'

Platform suitability is, therefore, ultimately about ensuring the best outcomes for clients and selecting a platform provider that will be able to support your business over the long term.

As a platform partner, we expect to be questioned and challenged by advisers considering using our platform. And we aim to ensure our responses are clear and upfront about what our proposition offers. But we also want to go further, and offer you support in your own due diligence process. After all, it is in part the job of the platform to provide you with the tools and services to efficiently meet the needs of your clients and those of the regulator. Importantly, we recognise that it is only your opinion that counts – we want help you to take control of your due diligence process, not stipulate how you should do it.

meeting the challenge

The issue of carrying out due diligence on platforms undoubtedly presents a growing challenge. What questions do you ask of platforms? Where do you get the answers?

How do you collate all this information and make a meaningful comparison of what's available? What process do you go through to form your own opinion?

At the end of the last year we launched a due diligence guide – the first in a series of developments aiming to give you an objective and documented framework for platforms to be compared. The structure of our initial guide was designed around the FSA's guidance, suggesting questions in each of the nine areas identified as those advisers should consider when assessing the suitability of a platform:

1. Reputation and financial standing of the platform provider.
2. Terms and conditions of using the platform.
3. Charges – both actual charges and charging structure.
4. Range of funds and tax wrappers.
5. Range of asset classes.
6. Functionality.
7. Accessibility.
8. Additional tools (such as risk profiling and asset allocation).
9. Support services.

At the same time we launched Platformwatch, which tackled the issue of pricing complexity. In doing so, I believe we challenged the market to improve customer outcomes – allowing you to see where the true value lies for your clients and to make fair comparisons.

While these initial developments help to set the framework for your fact find and with the task of comparing charging structures, significant challenges remain in gathering the information, tying it together and deciding which platform is best for your client and your business. With this in mind, we are in the final stages of launching the next phase of Platformwatch, an area of the website called 'compare platforms', which will offer you a comprehensive and consolidated platform due diligence tool.

empowering you

The new Platformwatch 'compare platforms' functionality will be available to you from next month and will offer a logical, easy to use and robust due diligence process. It will include a bank of due diligence questions, a way of prioritising each question, an easy way to rate each platform, help with mailings to platforms, easy to view results and the ability to build bespoke due diligence reports in your own company branding.

Ultimately we are building the tool to help you form your own opinion rather than relying on the opinions of others. In next month's **informer** I will be giving more detail about the UK's first online due diligence tool and showing you how it can help you to build a comprehensive due diligence report based on the criteria that you recognise as important to your clients. ●

putting you in control

Platformwatch is about to be expanded to include a 'compare platforms' tool, designed to support your platform due diligence activity. It will help you:

- Choose from a bank of over 100 due diligence questions.
- Prioritise the importance of each question.
- Rate each platform's response.
- Create a bespoke, adviser branded due diligence report.

Plus - all Skandia's responses will be included as standard and the tool can be used to help you gather responses from other platforms.

For more details about how Skandia is putting platform due diligence in your hands, read next month's **informer**. Alternatively e-mail skandiamarketing@skandia.co.uk to join our mailing list and be first to receive access to the Platformwatch due diligence tool.

Platformwatch is free to use and available to all advisers at www.skandiaplatformwatch.co.uk and now includes AXA Elevate in the charging comparison tool.

www.skandia.co.uk

Calls may be monitored and recorded for training purposes and to avoid misunderstandings.

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