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PRESS RELEASE

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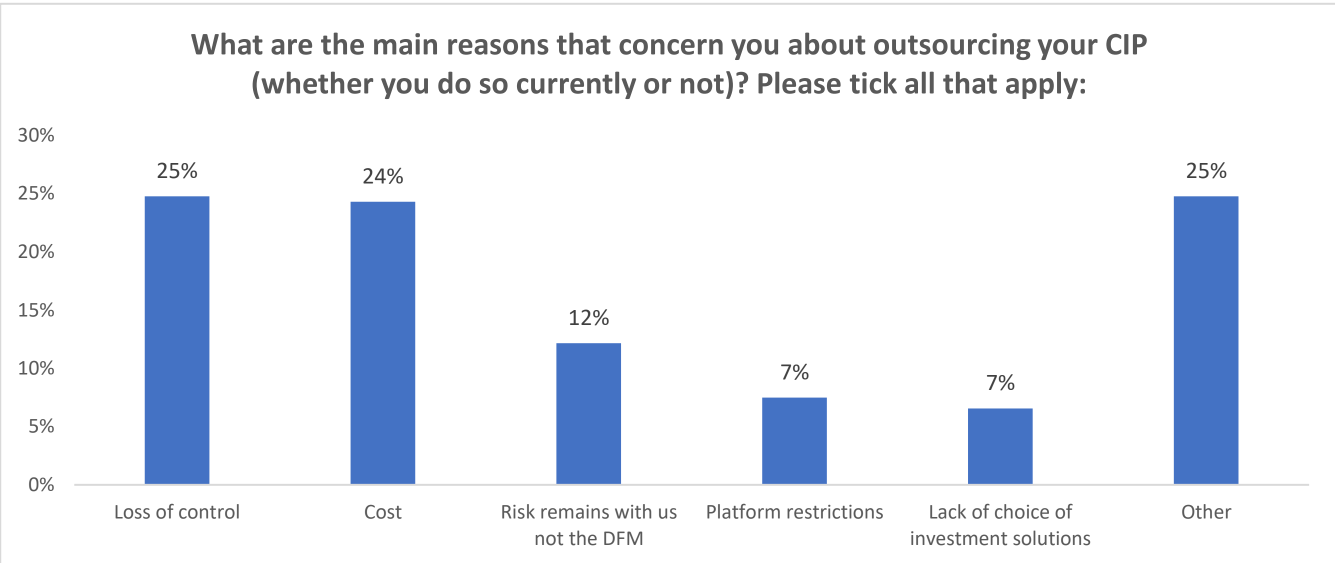
Firms most concerned about loss of control and cost when outsourcing their CIP, finds Copia Capital

Research by discretionary Fund Manager, Copia Capital Management (Copia), finds that advisers' biggest worries about outsourcing their Centralised Investment Proposition (CIP) are loss of control and cost.

The findings, gathered at the Personal Finance Society's regional conferences, asked over 200 advisers what their main concerns were about outsourcing their CIP, whether or not they currently did so. A quarter (25%) were worried about loss of control, with a similar number (24%) concerned about cost. The third biggest worry was that risk will remain with the adviser, rather than pass to the DFM (16%).



The new survey follows Copia's research earlier this year on how much time advisers spend operating their CIP[1]. It found that firms spend an average of 71 days a year managing their CIP, including 15 days monitoring the portfolios, 12 days on maintenance and 31 days on reporting activities. By outsourcing these activities, firms see a 25% reduction in time spent monitoring, 72% less on maintenance and a 30% fall in days needed for reporting, compared to firms who run their portfolios in-house.

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Robert Vaudry, Managing Director of Copia, commented, "We know that many firms are already struggling with the administration of their in-house CIP following the additional reporting requirements of MiFID II and it's likely that Consumer Duty will add further misery. An overwhelming 97% of the firms we surveyed believe that CIPs are at risk of becoming unmanageable.

"Outsourcing to a specialist provider is the obvious answer to help reduce the administrative burden of CIP management as well as some of the associated operational and compliance risk. However, firms are understandably worried about what that could mean for their firm in terms of remaining in control of the process, keeping costs down for clients, where different responsibilities will lie and how their investment and platform choice will be affected. When considering outsourcing your CIP, it's important to recognise that not all external investment managers are the same, you need to fully research the options to understand the responsibilities of each party and how it will impact your CIP administration going forward and make sure you and your clients will benefit fully from the relationship."

For firms thinking about outsourcing investment management, Robert suggests ten questions to ask prospective providers:

1. Are they whole of market (not putting in their own funds)?
2. What's the business risk (B2B or B2C)?
3. Do they operate a 'reliance on others' or an 'agent as client' model?
4. Do they help you manage key people risk?
5. Do they have strong fund manager knowledge?
6. What risk management tools do they have?
7. How does their pricing compare with DIY?
8. Is your custom provider platform-agnostic?
9. What support do they provide for the continuity of your business?
10. Do they offer scale advantage, in terms of institutional-level pricing and access?

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[1] https://www.copia-capital.co.uk/cipreport/

NOTES FOR EDITORS

About the research
The research was conducted on behalf of Copia at the PFS Regional conferences between 10 May and 21 July 2022, with 211 attendees responding.

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About Copia
Copia is the investment solutions division of Novia Financial plc, a UK platform provider with group platform assets in excess of £11.8bn under administration. Novia was launched in 2008 and Copia was launched in 2013.

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