

Challenges and opportunities

Societal change

How people save and invest to meet their needs is directly affected by societal influences, from changing Government policy to evolving consumer preferences.

As the Government's long-term personal care policies change and employers increasingly withdraw from offering final salary pension schemes, people are becoming more self-reliant in planning and securing their long-term futures. This has created the opportunity for Brewin Dolphin to help growing numbers of individuals fulfil their ambitions via our advice-led, relationship-based and needs-driven proposition. Our focus on long-term relationships is enabling us to meet our clients' life-time needs.

As the UK population ages, many people approaching retirement have benefited from a positive property market over recent decades and generous pension provision. This means that many have generated substantial personal and familial wealth that they now wish to protect and grow. By basing our client relationships on in-depth knowledge and understanding of individual client goals, we can design tailored solutions that fulfil their goals and needs.

Consumer demands are changing too, as individuals increasingly seek outcome-oriented solutions that help them fulfil their personal ambitions. As a result, our emphasis is shifting to embrace a range of priorities besides investment performance alone. The fully bespoke, advice-led wealth management service we offer is enabling us to take advantage of this trend. Critically, our continued focus on addressing individual client needs ensures that our offering remains relevant over the long-term.

A dynamic economic environment

The global investment environment and competitive landscape cannot be separated from economic forces, which in turn are influenced by world events.

In the UK in particular, a decade of low interest rates has created challenges for people seeking low-risk means of maintaining and growing their capital. Even slight rises, such as the one announced on 2 November 2017 by the Bank of England, are unlikely to make a substantial positive difference in the short term. As a result, growing numbers of people are seeking advice on how to grow their investments without taking undue risk. Our ability to adapt rapidly to changing client needs and market environments helps us to optimise investment performance. We are significantly broadening the range of clients we can help in this area with the design and test implementation of the WealthPilot service.

Geopolitical uncertainties across the world are also highly influential, with shifting political relationships and other uncertainties having the potential to disrupt the global investment environment. Heightened risk and volatility can have negative short-term impacts on business and stock market performance. At Brewin Dolphin, we plan for the long-term. By doing so, we seek to ensure that the interests of our clients, employees and shareholders are always upheld.

Closer to home, the UK wealth management industry is fragmented and constantly changing, as new entrants arrive, others depart and consolidation continues. Within this environment, Brewin Dolphin's trusted brand and established reputation for delivering sound advice and consistent performance enable us to sustain long-term client relationships. During 2017, we further extended and strengthened our own market presence with the acquisition of DLAM.

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Social, economic, legislative and technological forces are constantly creating challenges and opportunities throughout the financial services market place. Here, we look at how our ability to find the right response to these forces is enabling us to invest for the future.

Regulatory developments

The 2008 financial crisis continues to exert its influence over the global financial services industry, most particularly in the form of evermore stringent legislation to protect consumers.

One effect of this is the rising cost of compliance, with many companies facing significant and escalating cost challenges in areas including recruitment, training and restructuring. As one of the largest players in the UK wealth management industry, Brewin Dolphin not only has the scale to absorb the costs of change and allocate resources appropriately – we also have the expertise to adapt fast and efficiently to new regulation.

Fees for services are set to become more transparent during 2018 with the introduction of the EU's MiFID II. This will enable clients to more easily gauge the value of the services they receive. At Brewin Dolphin, we believe we can clearly demonstrate the value of our advice-led proposition. In addition, wherever possible we continue to leverage our scale to reduce the cost of investments within our client portfolio.

Other material legislative factors include the growing levels of choice and complexity that people face as pension freedom rules and other changes come into effect, leading more individuals to seek professional financial advice. We have a vital role to play in enabling clients to receive the advice they need, ensuring through our recruitment and development practices that our people can advise on complex needs.

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Technological forces

Technology is a differentiator in many areas of the business and complements the way we interact with clients.

New technology can be both a powerful enabler and a threat, particularly in financial services where it has the potential to transform many aspects of the wealth management industry. Our overriding emphasis on client relationships, however, makes communication the most important of these.

As increasing numbers of people use digital channels to communicate and engage whenever they wish, we have embedded digital solutions that increase client choice to complement our 29-strong branch network.

We also continue to offer new ways of enabling clients to communicate in the ways that suit them best, such as using Skype in our new WealthPilot proposition (see page 17).