

Consumer investment products need an overhaul

In a prolonged period of economic, political and regulatory uncertainty, long-term saving is more vital than ever, but the cocktail of global pressures raises questions about the future of investment as we know it.



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A new report from KPMG, *Evolving Investment Management Regulation*, indicates that there is a multitude of opportunities for investment managers, but the sector is under pressure on transparency, technology, communication and costs. The industry risks losing out unless it fundamentally reviews the way it builds products.

Governments across the globe have an urgent need to encourage serious long-term consumer saving. Investment will form the bedrock for much of that reform, but while firms struggle to address legacy issues like fund charges and distribution processes, they risk falling behind on product innovation and choice. Meanwhile, fintech companies develop simple, transparent and innovative products with increasing rapidity.

Justin Chait, partner at KPMG in South Africa, says: “The financial regulatory environment in South Africa is in the midst of significant change, with very important and extensive regulatory reforms planned for the next few years. An overarching theme for the regulatory changes in the South African financial services sector is market conduct aimed at consumer protection. Owing to this, many investment management firms are critically evaluating their products and operating models, impacted by a new era of changing regulation and customer needs.”

The demographics in Africa, which include a younger population and rising middle class, the increasing demand for infrastructure development and government initiatives to increase the savings pool are positive macro-economic factors that support the investment management industry.

Investment managers that are truly customer-centric, and that are agile enough to embrace new technologies as well as adapt to new regulations, will be well placed to succeed in the new customer era.

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