



NEWS

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Software investment hits record \$3.26 billion

Sydney, Australia (September 3, 2014) – Australian businesses invested a record \$3.26 billion in software in the second quarter of 2014, reflecting the rising importance of information technology to the economy overall and to the financial services sector in particular, according Paul Resnik, Co-Founder of FinaMetrica, a software provider for the wealth management industry.

Second-quarter Australian National Accounts data from the Australian Bureau of Statistics (ABS) reveal the seasonally adjusted private software spend rose 2.4% to \$3.26 billion in the June 2014 quarter, up from \$3.18 billion in the March quarter. Spending jumped 8.3% from a year earlier.

The Australian economy grew 0.5% during the June quarter, to be up 3.1% from June 30, 2013. Productivity, as measured by GDP/hour, grew 2.8% from a year earlier and rose 0.9% over the quarter.

FinaMetrica, a leading global provider of web-based risk tolerance assessment tools for the wealth management industry, said greater regulation of financial advisers through Future of Financial Advice (FoFA) reforms has forced advisory businesses to spend money on compliance projects at the expense of investment in new technologies designed to promote business efficiencies.

"Compared to the US and UK, Australian advisers are using less sophisticated technologies and software. FoFA has been the immediate concerns for financial advisers so investment in technology and software to streamline business processes has suffered as a result. Yet it is this investment that can have the greatest impact on a firm's profitability and its ability to serve its customers efficiently and transparently," said Mr Resnik.

"Australian advisers, therefore, need to look at cost-saving solutions both for their clients and their businesses. As FoFA becomes less of a pressing concern, we can expect to see more Australian advisers adopt more sophisticated software aimed at achieving greater efficiencies and delivering greater transparency to their clients in the advice process," Mr Resnik said.

"Our risk profiling system, for example, enables advisers to accurately assess their client's risk tolerance in as little as 10 minutes. The test, and the automatically generated report, helps advisers better match investments to the needs of their clients. Our software, therefore, helps advisers meet regulatory obligations and, just as importantly, do a better job in delivering suitable financial advice."

FinaMetrica has recently won several international awards for best ‘Risk Profiling Solution’ at the Wealth Briefing Awards. These awards recognise the best “technology solution to help wealth managers assess and document the risk appetite of clients.” FinaMetrica’s solution is used in 23 countries around the globe, in seven different languages.

“The effectiveness of our risk profiling solution explains its growing global appeal. Wealth managers and advisers are being forced both by market pressures and by regulators to become more transparent and prove their worth to clients. Our tools and materials help advisers to meet these demands and to entrench best practice in the financial advisory process,” said Mr Resnik.

About FinaMetrica

FinaMetrica specialises in risk tolerance and risk-related matters. The FinaMetrica risk profiling system is based on a psychometric test of personal financial risk tolerance. Psychometrics, a blend of psychology and statistics, is the scientific discipline for testing attributes such as risk tolerance. Launched in 1998, the system is now used by 5,500 advisers in 23 countries in seven languages. To date, 700,000 tests have been completed. The FinaMetrica system enables advisers to make valid and reliable assessments of their clients’ risk tolerance, incorporate those assessments into the financial planning process and explain risk more meaningfully. More information: www.riskprofiling.com.

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