

NEWS RELEASE

For immediate release

Changing investor demographics, new industry players and rise of digital tools causing fundamental shift in wealth management, according to report from IIROC and Accenture

IIROC to review rules and make changes that support transformation and reduce unnecessary barriers to innovation as investor attitudes and behaviours change

March 20, 2019 (Toronto) – Powerful investor segments, including women and millennials; newer industry players; and new digital tools and financial technologies are changing how Canadian investors consume advice and services and how they prefer to interact with wealth management services providers, according to a new report published by the Investment Industry Regulatory Organization of Canada (IIROC) in collaboration with Accenture (NYSE: [ACN](#)).

The purpose of the report, titled “[Enabling the Evolution of Advice in Canada](#)” and commissioned by IIROC, was to better understand how the wealth management industry is evolving to serve investors and how regulation can ensure the health of capital markets and protect investors.

The report notes that while the industry is transforming to meet the demands of changing investor demographics, stakeholders must continue to work together to adapt across the wealth management industry, from the way firms engage their clients, to how varying types of advice and service models are offered, to how rules are applied and interpreted and how firms are regulated.

For example, the report notes how firms are already transforming in response to the demands of millennials, a powerful emerging investor segment. This demographic has an appetite for digital wealth management offerings as well as greater transparency and control over their wealth, which are also becoming attractive to Generation Xers and baby boomers. Overall, Canadian investors are more educated and confident than ever before, and with rich digital lives they expect the same level of digital experience from financial services firms that they get from other service providers. As a result, simply providing digital capabilities and tools is often not enough to differentiate financial firms.

Furthermore, the research found that in response to changing investor views on advice and service, the industry is shifting from a product-led business to one that focuses on holistic advice, financial planning and related services. Firms are broadening the scope of wealth management advice and services they offer to include traditional financial planning support activities such as credit, estate, trust and tax advisory support. To do this, many firms are integrating banking, insurance and other specialists to improve their overall value proposition.

The report aims to stimulate discussion about how regulation can evolve to help IIROC better support changing investor needs and remove barriers to innovation.

“Our comprehensive study clearly demonstrates that the future of advice is changing, with investors wanting their advisors to have modern tools to provide them with the best possible outcomes,” said Kendra Thompson, a managing director at Accenture who leads its Wealth Management practice in North America. “To stay competitive, firms must embrace digital disruption to stay on the cusp of advice and reinvent the ecosystem for future generations of investors.”

Andrew J. Kriegler, IIROC president and CEO, said, “The report provides important insights that will help IIROC become more responsive, adaptable and flexible in supporting industry innovation and investor needs. We will work with the investment industry to more efficiently and innovatively offer Canadians greater access to a range of investment advice and services that help them meet their financial goals. IIROC is committed to being a leading-edge national regulator by reducing unnecessary barriers to innovation while preserving investor protection and the health of Canada’s capital markets.

“The consultations yielded valuable insight, helping IIROC increase its understanding of changing demographics and emerging business models, which makes us a more-informed regulator. We are well-positioned to help advance change that will enable the industry to evolve in a way that best serves and protects Canadian investors.”

As a result of the report findings, IIROC plans to take several steps, including:

- Engaging with other stakeholders, particularly investors through its cross-country panel of 10,000 retail investors, to learn more about their unique perspectives;
- Publishing new guidance to clarify the use of “e-signatures.” IIROC is also looking at the use of technology in the supervision of account opening and expects to publish guidance on this issue in the coming months;
- Continuing to engage with industry participants to keep on top of trends, challenges and opportunities to enhance client services;
- Rethinking the way it develops and communicates regulatory requirements to reduce the possibility of industry misunderstanding or uncertainty — which could result in unnecessary expenditure — while ensuring that investors remain protected;
- Collaborating with regulatory partners to leverage the findings of this consultation to respond appropriately and collectively to the changing landscape; and
- Refreshing its three-year strategic plan to be reflective of learnings from this consultation.

About IIROC:

IIROC is the national self-regulatory organization that oversees all investment dealers and their trading activity in Canada’s debt and equity markets. IIROC sets high quality regulatory and investment industry standards, protects investors and strengthens market integrity while supporting healthy Canadian capital markets. IIROC carries out its regulatory responsibilities through setting and enforcing rules regarding the proficiency, business and financial conduct of more than 170 Canadian investment dealer firms and their more than 29,000 registered employees, the majority of whom are commonly referred to as investment advisors. IIROC also sets and enforces market integrity rules regarding trading activity on Canadian debt and equity marketplaces.

About Accenture:

Accenture (NYSE: ACN) is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions — underpinned by the world’s largest delivery network — Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With 469,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com.

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