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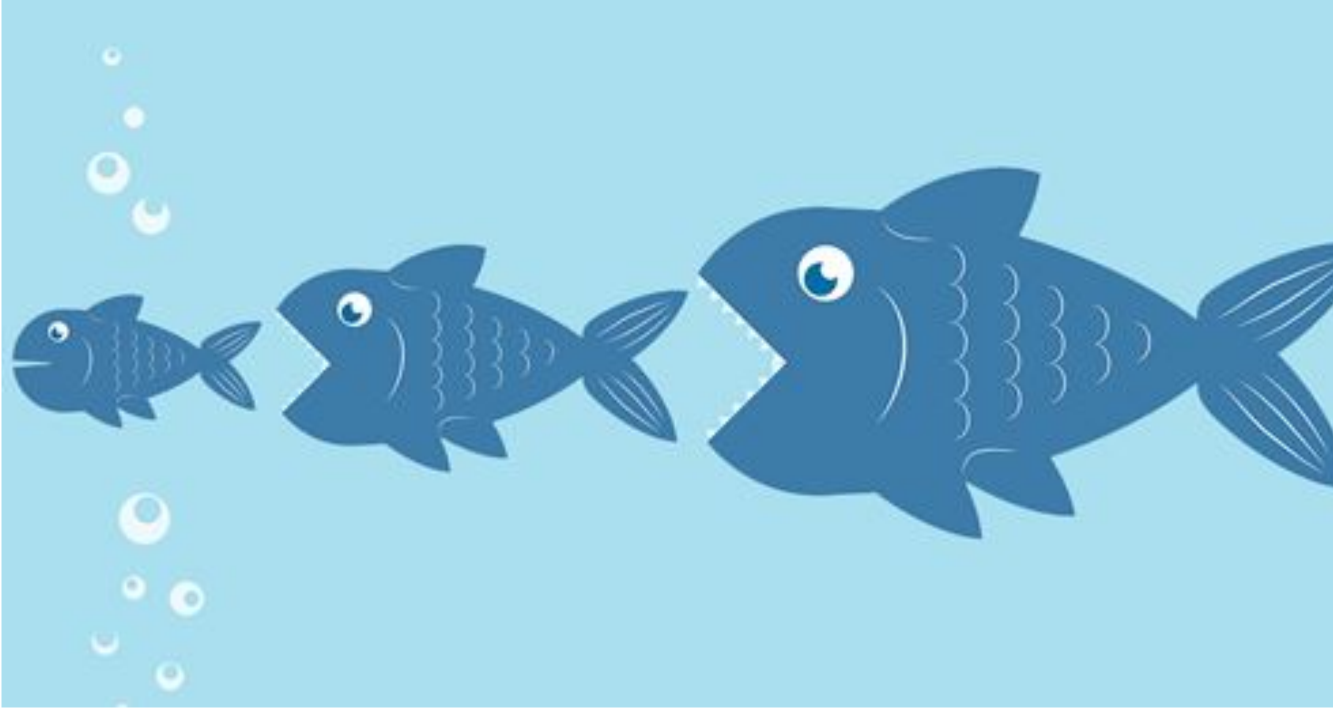
WM adviser: why mergers may fail amid new regulations

By **Camilla Giannoni** / 07 Mar, 2019



With the arrival of FinSA and FinIA, many wealth managers are considering a merge. However, managers' varied backgrounds may pose a challenge, according to Action Finance CEO Daniel Glasner.

Talking to *Citywire Switzerland*, Glasner said: ‘Up until now, these players have benefited from a lack of prudential regulation and have gone without any recognition of their professional status by the regulator, but things are now set to change.

‘Consolidation would of course be the most logical option to cut costs, but the problem is that wealth managers have very different backgrounds from each other. They all started their careers in different ways, and this could lead to an incompatibility in their respective cultural and working habits.’

Out of the game

Glasner also believes that the generational change may push some managers to retire ahead of schedule or change their role.

He said: ‘The stricter compliance rules are going to affect the businesses. Some wealth managers might even decide to give up on the discretionary mandates and become advisers, which will revoke any power of attorney granted to them by their clients, permitting them to transmit purchases and sell orders to the custodian bank. This would take quite a lot of weight off their shoulders.’

Glasner believes that the industry changes will affect clients too, who will end up paying more money.

However, the advisor believes that mergers still have the potential to be successful – if wealth managers can put their differences aside.

He said: ‘Each of the partners should specialise in their strengths, and they should all pull their expertise together to create a new brand.’