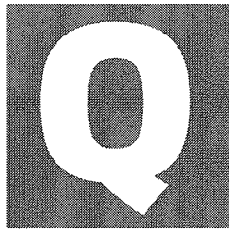


HEAD TO HEAD



Will CRM2 kill banks' proprietary products?

Many financial institutions have been faulted for failing to disclose all the fees associated with their own wealth products



Michael Gentile
President
Benefits Plus & Personalized
Investment Plannings

"CRM2 is all about providing the client with cost-efficient service and advice ... but also meeting consumer demands. Because banks tend to have a limited number of products, I could see those institutions actually adding more funds or resources so they're able to compete on the broader spectrum.

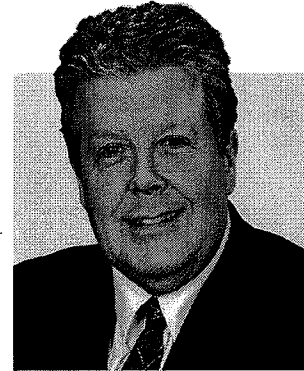
But that's only one part of the solution. CRM2 also considers advisors' long-term relationships with clients. Given the limitations to product and income potential, turnover of in-house advisors is significant. So increasing product offerings can help to retain both advisors and clients."



Adrian Spitters
Senior wealth advisor
Assante Capital Management Ltd.

"If bank advisors fully disclose what they're doing and they're adding value for the price clients are paying, I don't think so. It's less about the proprietary nature of the products and more about the level of service clients receive for the fees they pay.

It is my belief that a lot of advisors aren't prepared for CRM2. Once people realize what they're paying for the services they receive, they're going to gravitate toward the professionals and the independents who can offer a higher level of service. But in that regard, I think the banks will suffer because they can't personalize the service as much."



Greg Hall
Investment advisor
RBC Dominion Securities
Wealth Management

"I don't sell these products because I believe the fees can be prohibitive. In that respect, CRM2 is going to be life-changing for many funds, as the high fees will be in plain sight for clients to see. At Dominion Securities, all fees are clear; there are no smoke and mirrors.

My other challenge, specifically with mutual funds, is that the fund manager does not know my clients. I know if they are going through a life event that would necessitate a change to their portfolio, and if I make a change, there are no additional fees. However, if I buy or sell a mutual fund, there often are additional fees."

🔍 EYE-OPENER ON THE HORIZON

CRM2 will undoubtedly bring many changes, but those advisors who've lagged in disclosing costs will certainly be the most affected. Many proprietary products – particularly those sold through advisors at banks – fall into that category, although it's difficult to say whether CRM2 will push clients away from those bank products. Some advisors believe CRM2 will actually motivate banks to offer service levels more aligned with what independents are already providing – including a longer list of proprietary products.