

# An investor's perspective: Remain relevant in a world of disruptions

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Creative disruption is a term that was coined by Austrian Economist Joseph Schumpeter in 1942. This was defined as 'a process of industrial mutation that incessantly revolutionises the economic structure from within, incessantly destroying the old one, and incessantly creating a new one.'

This is a perfect metaphor for what the investment industry is undergoing in the current climate. When we treat economics as an organic and dynamic process that constantly mutates, we can see that it is in stark contrast to traditional economic models that always strive to seek equilibrium.

Contemporary investors must constantly change and evolve to find continuous equilibrium, lest they be the 'old ones' who are destroyed. As the word 'destroy' implies, there will be winners and losers as part of this process. Anyone that commits themselves to the old ways of working will ultimately be left behind, and those entrepreneurs that are continuously evolving will be the winners.

Disruption is absolutely snowballing. Cycles of innovation have been exponentially increasing over time. For investors to remain relevant in this space, it is now an imperative to form part of the disruption. As creative disruption implies, it's not just the disruption you need to face from outside your operation, but disruption should come from within.

In the investment industry, there are a few disruptions



that need to be recognised. The first is 'post-pandemic', which should be called 'post-Putin' because the war in the Ukraine summarised the chaos in the world just as well as Covid-19 ever could. Other disruptions include a digital disruption, investment innovation, regulatory burden, as well as evolving behaviours and demands of investors.

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discretionary fund managers to help them navigate this incredibly complex world full of disruptions.

In South Africa, our regulatory changes are a unique challenge that continues to burden. In the next few years, the incredible increase in change and scrutiny from the regulatory space is not going to slow down. We anticipate more changes coming, which will continue to increase the cost and complexity of investment as a service. We have no choice but to find ways to better deal with this.

Diving deeper into behaviour as a disrupter, there is a big misalignment between what investors want and financial advisers deliver. How does the industry respond and remain relevant among all these disruptions?

At Momentum, the business is staying ahead of these disruptions by reinventing and growing, directly addressing the abovementioned disruptions, and enhancing the relationship Momentum has with its financial advisers to help them overcome and assume control of disruptions.

To stay relevant and be ready for the disruptions around us, financial advisers should find an investment solution partner that can empower them to navigate this complex landscape, adopt digital capabilities to operate at the pace of innovation, and embrace behavioural economics as a driver of success.

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