



# **MODULE 6 UNIT 1**

## **Video Set Video 3 Transcript**

## Module 6 Unit 1 Video Set Video 3 Transcript

GIOVANNI DAPRÀ: I'm Giovanni, I'm the co-founder and CEO of Moneyfarm. I've been doing this job for the last almost 10 years now, and previously I used to work in a bank – in Deutsche bank in London, and I was working on the trading floors in the sales and trading part of the business. I graduated in finance and actually did a master in quantitative finance in London.

My passion has always been around, generally speaking, finance and the financial market – how they operate and I think, lately, I've also been much more, let's say, interested in technology and how this kind of shape the future of financial services.

### What does Moneyfarm do?

DAPRÀ: We founded Moneyfarm with the idea of making finance simple and accessible and providing a better, higher quality solution for the people who want to delegate their investment choices online. The heart of the solution is the belief that the best thing you need is a diversified portfolio of stocks and bonds, executed in a low-cost, lowest cost possible way. And we also believe that you can set preferences, and that's why the algorithm component comes when we effectively recommend with our quantitative overlay where people should invest compared to their goals and ambition and stage in life.

The way we manage the portfolios is a combination of quantitative processes that inform judgemental decisions. So it's really a combination of the two. But at the core of Moneyfarm is really the fact, the belief that, first of all, you should invest your money and secondly, you should invest in the most diversified possible, spending as least amount of money as possible.

### What recent developments have taken place in robo-advisory?

DAPRÀ: Robo-advisory has been an industry, which has been created in the last 10 years as a category. And I think it's got its ups and down as a fashion out of fashion in terms of the business model and the DVC landscape. I think now is a very good time because I think post-COVID, everybody realised that attention and the quality of the service we provide and ultimately, the customer really likes it.

So it does fit very well the type of customer that doesn't have a lot of time and he wants to delegate, although investing better than a traditional IFA or a bank can provide. So, there has been a recent big acquisition in the UK from JP Morgan by Nutmeg just last week, so we are being recognised for the fact that it's very hard to scale this kind of platform and build these businesses, but it's a long way to go because we're still super small compared to the traditional industry. So we really think that we are at the tipping point for adoption. So people are becoming much more aware of the category, and we are much more ingrained in that type of choices from a prospecting perspective. So it's really, I think, important we continue to evangelise the category and the fact that, if people understand that, that we are a different type of platform, and what is the value underneath the opportunity to delegate and to have somebody who can help you make those choices over time.

### How did the pandemic impact robo-advisory?

DAPRÀ: Moneyfarm fared very well. I think that we never had a single month of outflows, even during March 2020. We understood very early that we needed to stay very close to the customers. So we engage with them on a one-to-one basis and on a one-to-many basis as much as possible, explaining to them what was going on, what was happening in the market, what was our belief. And I think our core view was that whatever happened, it was a temporary situation. That's why on the investment, we didn't really move much in the portfolio level, which helped us get on the rebound in the equity post-March. And ultimately, made the client quite happy.

On top of that, we saw increases in digitalisation, people at home, ROI of advertising, and improvement in the fund was very, very steep and the customers were happy. So I think that was a big moment that validates even farther the benefit of our business model.

### **What direction will robo-advisory take?**

DAPRÀ: We think that the category, the name of the category will die in a sense, we will be always more recognised as digital wealth managers. We are really a combination of human, technology, algorithm, and digital, in a sense. And so I think that the narrow proposition will evolve and we're going to become much broader, offering more investment choices, more wrapper choices, more insurance choices, and really expanding in a way that we can fulfil the whole life cycle of the customers.

I think the category will continue to grow massively because there's a such a huge amount of money which is underserved, underinvested in the hands of the traditional, or even worse – sitting on cash account. So that's going to be a huge tailwind in the customers becoming more aware and, and generally speaking, movement outside of cash into investment. So I do really believe that Moneyfarm is going to be a much bigger business, and then we'll probably have a couple of big European players that will challenge the incumbents in a meaningful way.