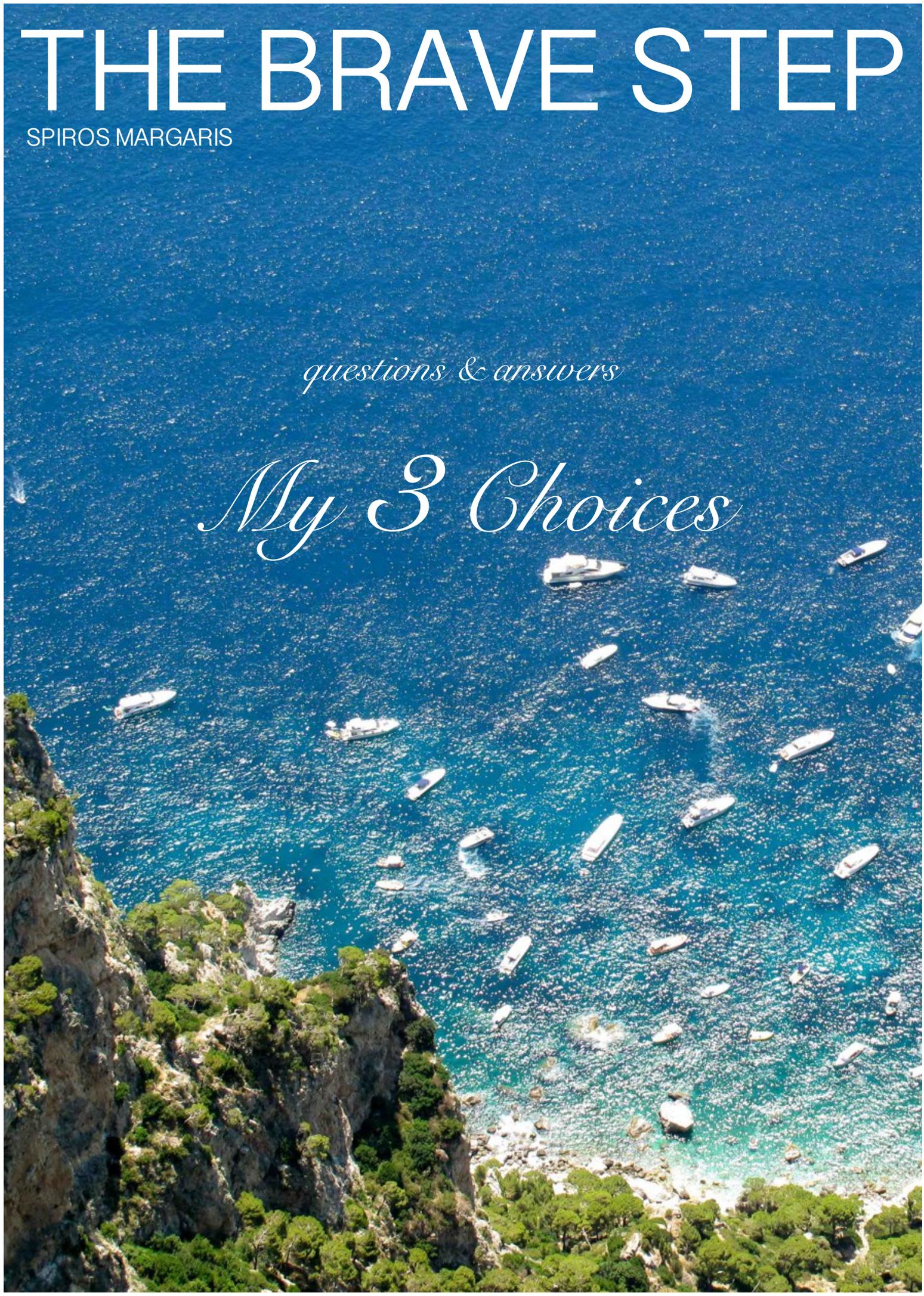


# THE BRAVE STEP

SPIROS MARGARIS

*questions & answers*

*My 3 Choices*





## THE BRAVE STEP

The goal of THE BRAVE STEP is to show companies innovative and constructive strategic new solutions which we at Margaris Advisory believe will make a difference.

The more one can draw from diverse experiences, including in other industries, the more likely it is that one will find innovative non-linear solutions to a problem.

If one can draw only from linear experiences, it is difficult to escape a linear solution approach.

Each company's goal should be to provide clients with a clear value proposition and to achieve a high level of client satisfaction. The client's

needs have to be understood and have to be taken seriously.

One should always put himself in the position of the client to understand where the client's problems might lie. Once you have identified your clients' problems and needs, then you have to provide them with an innovative solution that delivers true customer value, as well.

Simplicity and client benefits have to be the highest strategic goals for the management of a company. These goals will help a company to differentiate itself from its competitors. Innovation should always aim and meet this goal.

It is a strong belief that the combination of simplicity and client benefits always wins.

<b>My 3 Choices</b>	<b>Cash Fixed Income</b>	<b>Equities Alternatives</b>	<b>Foreign Exchange Commodities</b>
<b>Choice Black</b> complex advice	 Black	 Black	 Black
<b>Choice Gold</b> advice	 Gold	 Gold	 Gold
<b>Choice Blue</b> no advice	 Blue	 Blue	 Blue

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# My 3 Choices

## **„My 3 Choices“**

Is an innovative client experience, which was first presented by me in February 2009 to the top management of UBS Switzerland.

„Credit Suisse MyChoice“, a discretionary mandate solution, was launched eight months later in October 2009.

Both seem very similar on the surface, but they are two different approaches.

With „My 3 Choices“ the client and the bank take charge of their destiny.

## **„My 3 Choices“ offers a focused and simplified new banking experience**

With the sophistication of three service levels: „My 3 Choices“ (Blue, Gold and Black) designed to meet the demands of different client segments.

And it does not stop here. The new experience also changes the interaction between clients and the bank, where the bank becomes a „Need-Fulfilling Destination“ for clients.

For example, by choosing Choice Blue, clients will execute their needs without advice from the bank.

With Choice Gold and Choice Black, the clients request the bank’s advice and expertise.

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### **What remains the same**

One needs to know that „My 3 Choices“ does not improve the advisory services the bank already provides, nor does it improve the financial products the bank offers.

The advisory services, the financial products and the evaluation of the risk and return profiles of clients will remain the same with „My 3 Choices“.

### **But what „My 3 Choices“ does well**

It delivers a positive and better client experience where the advisory process starts with the client requesting and controlling it.

With „My 3 Choices“, clients can choose their mix of advice services (Blue, Gold or Black) within the asset classes group.

If they split their savings accordingly, they can be both blue clients and gold client at the same time.

Clients as well as banks will benefit with „My 3 Choices“.

### **Clients benefit with „My 3 Choices“ through a new client experience**

Clients decide how much involvement they want from the banker in their solutions and decisions making process.

In other words, clients are in the driver’s seat of the advisory process.

A bank now provides simple and understandable asset classes and choices experience, which takes the noise out of clients decision process.

# My 3 Choices *continued*

**The bank benefits on many levels from ,My 3 Choices' as well**

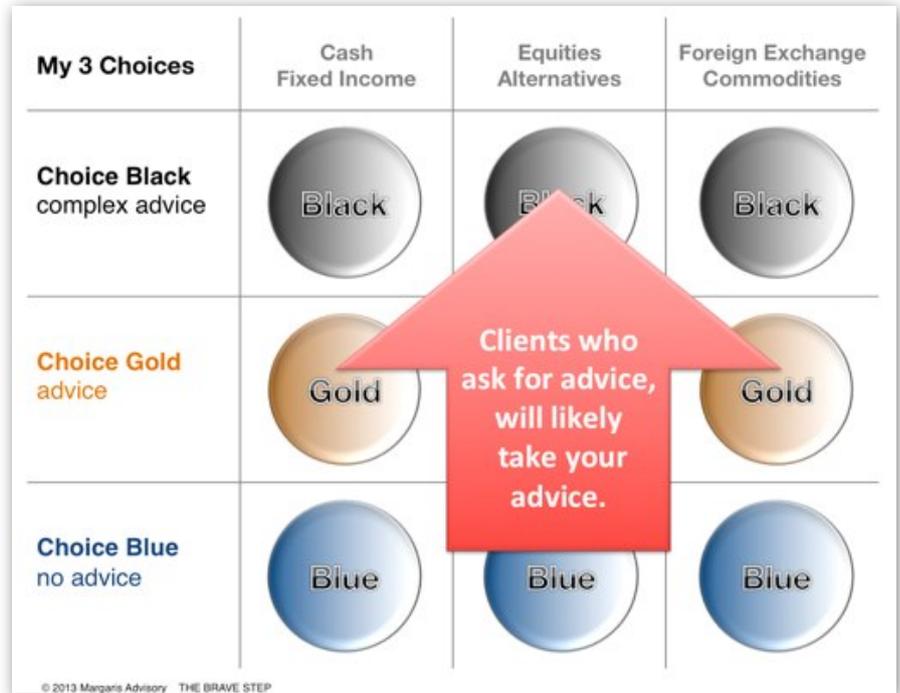
The bank will regain clients trust, since it can show clients that it has obviously learnt from the past through the new approach of ,My 3 Choices' and now has changed to a more client friendly environment.

The bank is now a ,Need-Fulfilling Destination'. Through this new client experience emphasis, clients will be attracted to the bank. Clients will perceive the bank-proposed advice as more credible than that of others.

Clients who choose to be advised by selecting Choice Gold or Choice Black, will also appreciate the advice given by the banker and more likely take it.

The bank will in the process re-motivate employees, who see a new vision for the bank, and which will have an extremely positive effect on the interaction between clients and banker.

With ,My 3 Choices', the bank will show clients a strong and innovative commitment to ,simplicity, focus and client service'.



**The bank's profits will rise**

Through the savings that Choice Blue level will bring, since there is no or very little advice provided by bankers on that Choice level.

Through Choice Gold or Choice Black, where the bank provides classic involvement and services, which will also bring higher fees. With Choice Gold and Choice Black, the clients request the bank's expertise.

Through gaining new clients who want to experience ,My 3 Choices'. This will also increase the bank's market share and asset under management.

Through clients who stay and not look for another bank.

**The bank takes full advantage of existing resources, infrastructure and strengths**

Although the Choice Blue level involves little or no interaction between the banker and clients, it will still take full advantage of the banks resources, infrastructure and strengths.

On the Choice Gold or Choice Black levels, clients will want interaction with the banker. Here, the bank can apply its full potential and advisory expertise.

# Questions & Answers

## What asset classes solutions does ,My 3 Choices' offer?

The solutions of ,My 3 Choices' cover the major asset classes which are split in three groups:

Cash / Fixed Income

Equities / Alternatives

Foreign Exchange / Commodities

## What choices does ,My 3 Choices' offer?

For each of the above mentioned asset classes solutions, we have 3 Choices (advisory choices).

**Choice Blue:** No advice is requested by clients. Bank leads clients to cost-effective products.

Clients can choose to invest for instance into Exchange Traded Funds (ETFs), like BlackRock's iShares, or just fulfill their basic cash management needs within Cash solutions. Any asset classes combination is possible.

**Choice Gold:** Advice is requested by clients. It offers more sophisticated solutions, with more involvement by bank. Client's needs and solutions can be more complex.

**Choice Black:** Advice is requested by clients. It offers the most sophisticated and complex solutions a bank can offer, mostly for high net worth individuals (HNWI), ultra high net individuals (UHNWIs) and family offices. Highest consulting involvement by bank.

My 3 Choices	Cash Fixed Income	Equities Alternatives	Foreign Exchange Commodities
<b>Choice Black</b> complex advice	Advice is requested by client. Highest consulting involvement by bank.	Advice is requested by client. Highest consulting involvement by bank.	Advice is requested by client. Highest consulting involvement by bank.
<b>Choice Gold</b> advice	Advice is requested by client. Client's needs and solutions can be more complex.	Advice is requested by client. Client's needs and solutions can be more complex.	Advice is requested by client. Client's needs and solutions can be more complex.
<b>Choice Blue</b> no advice	No advice. Leading client to cost-effective products (ETFs, buying stocks, etc.).	No advice. Leading client to cost-effective products (ETFs, buying stocks, etc.).	No advice. Leading client to cost-effective products (ETFs, buying stocks, etc.).

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## Is it not necessary that the bank discusses the clients' situations on a frequent basis in order to better serve their needs?

Discussions between the banker and the client are necessary (and to some extent required) and may be useful for both parties but beyond a certain point not always welcomed by clients. The client might feel that the discussions only serves the purpose of selling products and not serving the client.

The advisory process by banks is designed to involve clients in discussions, then try to evaluate what their needs and their risk-return profiles are, and then sell the appropriate products and services.

,My 3 Choices only provides advice when clients request it, and so therefore, avoids this trap. It is always the clients who will ask for solutions and choices.

## Will bank earnings not suffer from Choice Blue (no advice) and straight forward bank products with small margins for the bank?

The obvious fear is that the bank will earn much less through this new approach. This fear is unwarranted.

On the contrary, it will free up bank employee's time to focus on clients who will want their advice. This focus will allow the banker to find the most fitting products and solutions for the clients. Bankers will have a much stronger conviction behind their recommendations.

Those clients who ask for higher service levels (Choice Gold or Black) and request more complex solutions and advice are also likely to actually take the bank's advice.

Banks can mix fee structures, as well, by letting the client choose between fixed fees, performance fees or a mix.

# Questions & Answers *continued*

**Is the idea of ,My 3 Choices‘ not too simple, too obvious?**

If that is your feeling and perception, then ‘My 3 Choices’ succeeded, and it is worth further consideration.

Simple and obvious is maybe just the right client feeling in times when everything is so complicated and so unclear.

‘My 3 Choices’ would prove to bank clients, that bank management is quite tuned to the new market environment, and that the bank is willing to do whatever it takes to adapt to the new environment, to clients’ needs, and most importantly to the client’s wishes.

**How could a bank present ,My 3 Choices‘ to clients?**

With just a visual representations (circles) and a short questions & answers (Q&A) brochure.

The concept already emphasizes the simplicity of the idea and also the change within the bank.

The client will immediately feel that something has changed, and that something exciting is happening at the bank.

**Why would a bank need another approach?**

It is clear that the industry is moving towards simpler, easier-to-understand, intuitive client experience. Without a radical change in the bank’s approach, the outside world will not register any changes in a bank’s strategy.



**Why should the bank have the courage to change?**

As the graphic ,Courage for change‘ shows, the worst spot to be in is just waiting for things to happen. The macro-environment might favour your passiveness if you’re lucky, but it is better to act and achieve your goal where the macro-environment improvement favors your innovative strategic decision.

,My 3 Choices‘ does exactly that. It is a strategic, innovative decision by the bank. The bank will not just depend on or hope for a favourable macro-environment.

**Why is a simple, focused approach a better approach for clients?**

Too much noise and information never helps clients to make decisions. Actually, it paralyses their decision process.

Less is more.



## Spiros Margaris

Founder of Margaris Advisory. Born in St. Gallen. MBA Toronto University & EMBA Universität St. Gallen (HSG).

Over 18 years national and international experience in investment management, sales and research for institutional clients, family offices, UHNWIs and HNWIs.

Investment committee member of one of the leading multi-family offices fund advisory firms in Switzerland and Europe. Its 10-year return placed the firm within the top 5 percent among its peers.

Placed 2nd in the equities division of Financial Trader magazine's trading competition.

Founder of one of the first innovative expert websites in U.S.A. (New York) as well co-founder of a financial software company in U.S.A. (New York), which brings accountability to investment advice through an objective, proprietary tracking and rating system.

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