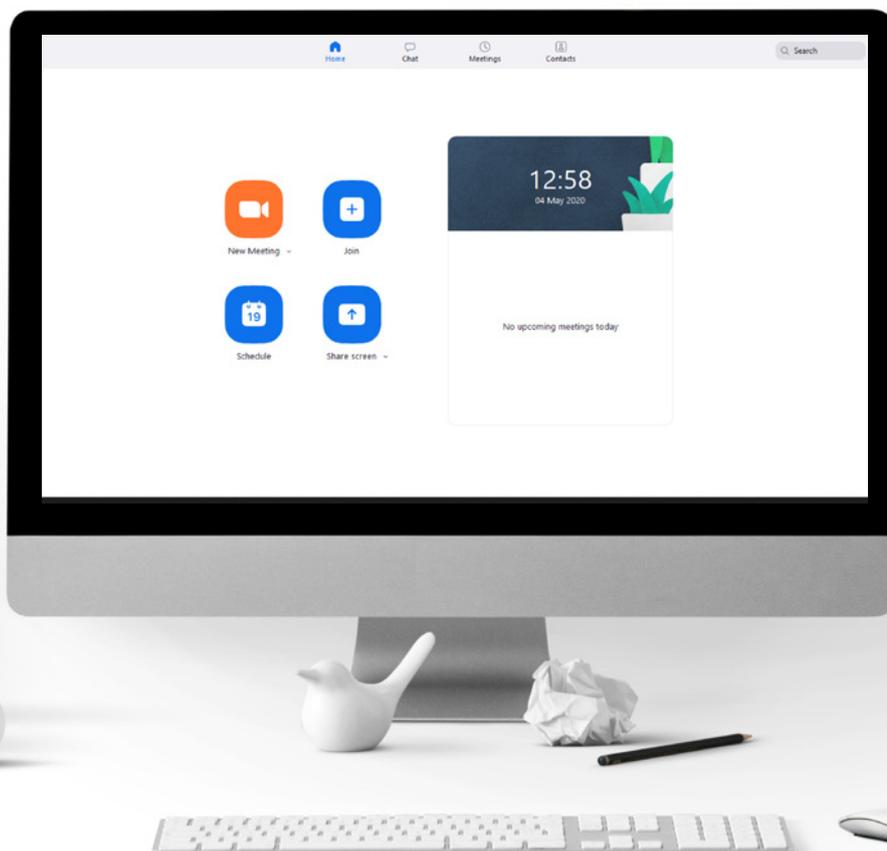


MAY 2020

bOringmoney INSIGHTS

ADVICE REPORT 2020

*An accelerated path to
digital adoption*



Contents

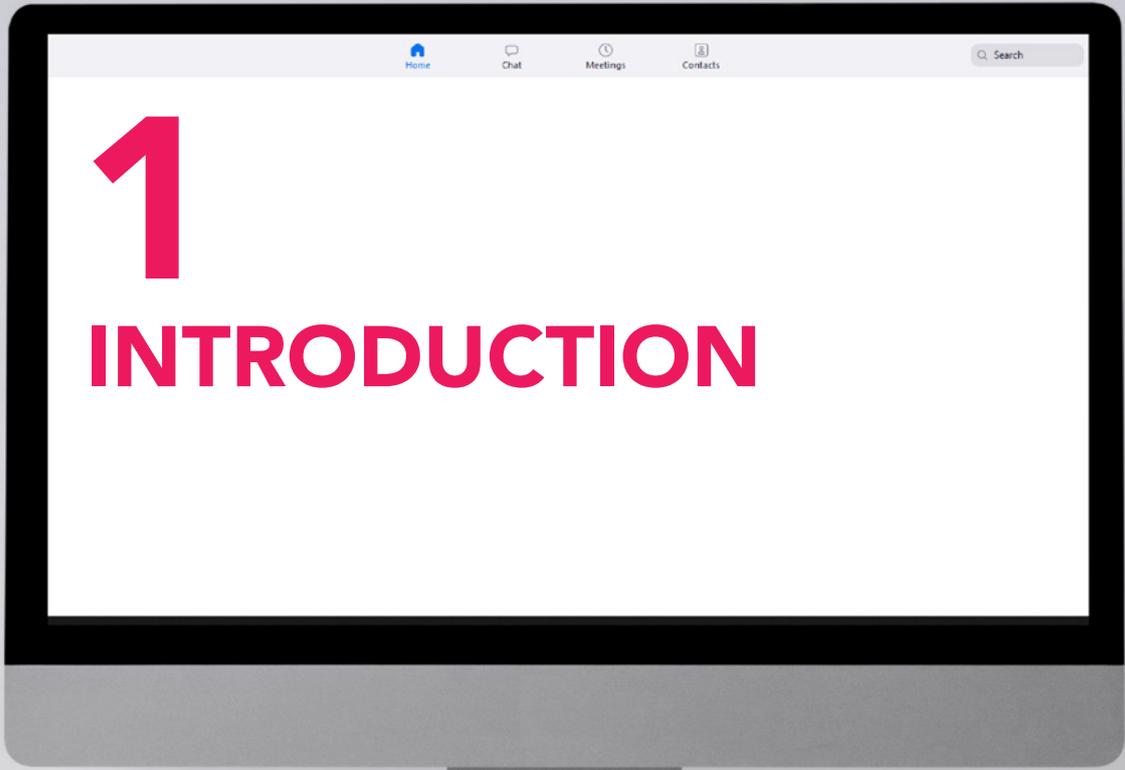
1	Introduction	6
2	Executive Summary	8
3	The advice backdrop in the UK	10
3.1	How many people have investment products?	11
3.1.1	Auto enrolment is developing a new cohort of accidental investors	12
3.2	How many people use an adviser?	12
3.3	How do advised investors compare to DIY investors?	13
3.4	Platforms and providers	14
3.4.1	Advised platforms	14
3.4.2	DIY platforms	15
3.5	Market Overview	16
4	Consumer attitudes towards financial advice	17
4.1	Where do people go for help?	18
4.1.1	Sources of financial advice	18
4.1.2	Advice needs of younger investors are different	19
4.2	What is the value of advice?	19
4.2.1	Satisfaction with financial advisers	19
4.2.2	What drives satisfaction – the value of advice	20
4.3	What appetite is there for advice going forward?	23
4.3.1	Current advice users	23
4.3.2	Future advice users	23
4.4	Can robo advice meet people’s needs?	24
4.4.1	Comfort with different advice sources	24
4.4.2	Brand consideration	26
4.4.3	What do investors think about digital advice?	26
4.5	What help do investors need?	28
4.5.1	Confidence opening a new investment product	28
4.5.2	What areas of their finances do they most need help with?	28
5	Advice in light of COVID-19	31
5.1	What help do investors need following the COVID-19 outbreak?	32
5.2	What contact have investors had with their adviser?	34
5.3	What do investors value about financial advice?	36
5.4	What are non-advised investors intentions for advice?	37
5.5	How have attitudes changed towards videoconferencing?	37

6	Digital advice: what is available today?	40
6.1	The current advice market	41
6.2	Comparison websites	41
6.3	Life companies	42
6.4	DIY platforms	45
6.5	Robo advisers	50
6.6	Digital advisers	52
6.7	Banks	54
6.8	Financial coaching	56
6.9	Traditional advice	57
7	The industry view	59
7.1	What is the industry hearing?	60
7.1.1	What questions are your call centres or customer service teams getting from clients?	60
7.1.2	What are the biggest questions your advisers are getting from clients?	61
7.1.3	Has the principal response to the market downturn been to buy, sell or do nothing?	61
7.2	The advice needed	62
7.2.1	What advice does your audience most need (either little 'a' or big A)?	62
7.2.2	Is digital advice something you would explore?	63
7.3	Regulatory restrictions	64
7.3.1	Is there something you would like to have done for clients (to help with their questions) but couldn't because of regulation?	64
7.3.2	Do you think the boundaries between advice and guidance need to be softened?	65
7.3.3	What more would you like to be able to do for your customers or a newer broader audience than regulation does not currently allow you to do?	66
8	Next steps	67
8.1	Communications blueprint	68
8.1.1	Drawdown	68
8.1.2	Nearing retirement	69
8.1.3	Accumulation	70
8.2	Proposition development	71
8.2.1	Traditional advice	71
8.2.2	DIY platforms	72
9	Conclusion	73

List of figures

Figure 1: Savings and investment product ownership	11
Figure 2: Proportion of employees with workplace pensions, by age	12
Figure 3: Financial adviser use	13
Figure 4: Comparing advised and DIY investors	14
Figure 5: Top 5 providers by assets under administration and number of users, as of 2019	15
Figure 6: The advice market overview	16
Figure 7: Sources of advice on personal finances	18
Figure 8: Sources of advice on personal finances, by age	19
Figure 9: Satisfaction with current financial adviser	19
Figure 10: Reasons given for satisfaction/dissatisfaction with advisers	22
Figure 11: Advised consumers' expected use of advice	23
Figure 12: Expected use of advice - those who don't currently use a financial adviser	24
Figure 13: Comfort with different sources of financial advice	25
Figure 14: Comfort with different sources of financial advice – current users of advice	25
Figure 15: Brands considered for automated advice	26
Figure 16: Confidence opening a new investment product	28
Figure 17: Investors' need for help or information	29
Figure 18: Investors' need for help or information, by employment status	29
Figure 19: Questions investors want to ask in light of COVID-19, April 2020	32
Figure 20: Investor attitudes towards stock markets, March 2020	34
Figure 21: Contact with financial adviser in light of COVID-19, April 2020	35
Figure 22: Changing attitudes towards financial advice in light of COVID-19, April 2020	35
Figure 23: Investor intentions for getting financial advice in light of COVID-19, April 2020	37
Figure 24: Changing attitudes towards videoconferencing, April 2020	37
Figure 25: Use of videoconferencing, April 2020	38
Figure 26: The advice continuum	41
Figure 27: Money.co.uk investment ISA comparison	42
Figure 28: Legal and General SIPP selection	43
Figure 29: Standard Life's new robo offers a comprehensive income analysis tool	44
Figure 30: Standard Life's new robo shows a breakdown of income in retirement	45
Figure 31: Fidelity pathfinder helps people find the best solution for them	46

Figure 32: Fidelity has introduced nudges for account management	46
Figure 33: Interactive Investor ACE shortlist	48
Figure 34: AJ Bell Youinvest multi-asset funds	49
Figure 35: Nutmeg's onboarding process verifies an understanding of risk and an emergency cash buffer	50
Figure 36: IG's annual suitability checks - is your Smart Portfolio still right for you?	51
Figure 37: OpenMoney conducts a broader review of personal financial circumstances and details	52
Figure 38: Multiply covers income tax, emergency funds, protection, wills, pensions and more	53
Figure 39: Wealth Wizards' MyEva is an online personal digital financial adviser	54
Figure 40: HSBC's fact find	55
Figure 41: HSBC investment summary recommendation	55
Figure 42: HSBC investments dashboard - the secure site is much less engaging	56
Figure 43: Hatch Financial Coaching details	56
Figure 44: True Potential customers will have online access to a personalised webpage	57



The FTSE has fallen by more than 20% since the start of the year. Investors have seen a significant amount of money wiped from their investment and pension pots. They have questions about what the future looks like and what they should do with their money.

This report looks at advice from the customer viewpoint. What is the need and desire for financial advice – from ‘little a’ advice to full regulated advice, and what do people need in light of the ongoing impact of COVID-19. It also looks at advice from the provider view – the current landscape, what advice people have access to today, what providers are struggling with and those grey area between guidance and advice.

Unless otherwise stated, when we refer to advice in this report, we are referring to what the person in the street would think of as advice, not what the regulator would think of as advice. As such, use of the word advice can often be substituted with the word ‘help’ which is of course much broader than the regulatory definition of advice.

The industry faces several challenges when it comes to meeting the advice needs of the population. Whilst face-to-face advice is still desired, it is expensive, limited in supply and not always necessary for some of the more straightforward accumulation needs. There are further opportunities for guidance and digital advice to fill this gap, particularly as attitudes change towards digital as a channel and confidence grows in the technology.

This report:

- Explores the advice backdrop of the UK, looking at what is available from a consumer perspective
- Provides data to update firms’ insights on how many people use advice and who they are
- Explores attitudes to advice of a nationally representative sample of 6,520 UK adults (January 2020) and where they go for help
- Looks at what areas of their finances investors most want help or information on in light of COVID-19 and the core questions they have
- Explores how satisfied people are with the advice they receive and what they value
- Measures how advice users’ expectations have changed in light of COVID-19 and attitudes towards videoconferencing and evolving work practices
- Looks at what digital advice and guidance is on offer from banks, DIY platforms, robos and digital advisers and examples of best practice
- Analyses comments from over 20 industry leaders on what the consumer response has been to COVID-19 and attitudes towards the boundaries between advice and guidance
- Establishes the ‘so what’ – how do investment communications and propositions need to change going forward?



As this report shows, there are some 14.5 million adults in the UK with a risk-based investment product, of which 3.5 million have a financial adviser.

We know that the need and thirst for financial advice is strong but supply and minimum asset levels that are still required to make a relationship profitable means that the 9% figure of the population who receive financial advice is unlikely to change anytime soon.

So, how do we fill the gap between the 9% who say they use advice – and the 27% who have a risk-based investment product, of whom nearly half have confidence levels of 5 or less out of 10?

Obviously, DIY investment platforms and pension providers have a role to play. But these options are currently servicing a typically male and typically more confident investor, someone we might refer to as the ‘hobbyist’. Despite early excitement about robo advisers, with just a 2% market share the trailblazers have not (yet?) moved the dial.

All providers can do more with tailored content. As we have seen, different audiences will have different questions, different confidence levels and different needs. Those in drawdown will have lived through other market crashes but have little precedent of what to do when dividends are slashed. Those first-time investors are wondering if their risk-based investment selections were misguided?

Content is all well and good, but the decision-making remains in the lap of the investor. What options are there for those who want to delegate, or ideally just have someone to tell them what to do?

Nudges, risk profilers, Best Buy lists and ready-made portfolios have their roles to play. But a digital-only experience is not enough for many. The need and desire to have a human involved is as high as ever. It is also clear that brand plays an important role in digital advice where it can often feel like a leap of faith to a less experienced investor. Quite how we integrate humans with digital advice is not a question which has been answered yet by any mainstream provider, although there are some interesting developments we have reported here in [Digital advice: what is available today?](#)

Finally, how we receive, and issue advice is also under scrutiny. Over the last few months, we have all adopted different working practices. Across the board, acceptance of videoconferencing has risen, and we see greater comfort levels with video conversations and updates with financial advisers. Customers seem to fall into 2 camps – those who want the experience of the face-to-face meeting, and those who are busy and would rather avoid the hassle. Online access and the ability to make top-ups, see valuations and even see other financial accounts reported in one place are becoming the norm, rather than the exception. Although interestingly, the main drivers of value for customers of financial advisers remain the softer relationship-based elements rather than the more concrete product or technology-led factors.

We hope that this report helps provide some detailed, useful insights and data which will help you to plan your future strategy for helping customers with their questions – whether that is classified as guidance or advice by our regulator. If we can help further with segmentation or any more detailed questions about an area of specific interest, please contact jessica@boringmoney.co.uk.

Boring Money. London(ish). May 2020