

ADVICE

2021

CATERING FOR CHANGING CUSTOMER NEEDS



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Many factors contributed to record levels of investor activity in 2020. Volatile markets; the surging Nasdaq; the rise of social media fuelled interest driven by stories such as Reddit and Gamestop; and for some, surplus cash as a result of lockdown combined with hours in front of a screen to trade.

As the number of UK investors surges to an all-time high, confidence levels remain low. Consumers are looking for help, guidance and advice but remain uncertain about what their options are. Traditional advice models will not cater for everyone.

The demand for advice in its broadest sense remains high. The supply of advice is slowly expanding, as more groups respond to changing customer needs with lower-cost, typically digital options.

This report explores whether newer forms of advice are indeed meeting consumer needs, and where the gaps remain. It explores the driving factors changing the way in which people want to pay for and receive advice, and the threats and opportunities presented by this evolving demand and supply.

This report has been designed to help you:

- Navigate the current landscape of advice and guidance offerings, from full fat advice to investment guidance and financial coaching.
- Size the served and underserved segments of the market – how big is the advice gap in both customer numbers and £billions?
- Map the consumer need across different life stages i.e. accumulation, nearing retirement and in retirement – what questions do they have when it comes to investments, pensions and their broader finances?
- Understand where consumers feel currently well-served, and where there are opportunities for development – where can and should the market go from here?
- Size and forecast how the market and advice landscape could change based on consumer needs – where will people go in the future; what proportion of full fat advice users could move to alternatives?

The focus of this report is on the need for advice in relation to savings, investments and pensions. We do not cover debt and so all references to the advice gap are focussed on this from an investment perspective.

Results for this report come from:

- An online survey of 6,698 nationally representative UK adults conducted between January 21st and January 26th, 2021.
- An online survey of 2,062 nationally representative UK adults conducted between April 29th and April 30th, 2021.
- 16 in-depth qualitative interviews with investors.
- Online survey of 1,529 actively engaged retail fund investors, conducted in March 2021.

Definitions

Throughout this report we refer primarily to savers and investors. These are defined as:

Savers: All who have only cash savings (no investments) i.e., cash savings account, cash ISA, junior cash ISA on behalf of a child, cash Lifetime ISA

Investors: All those with an investment account i.e., stocks and shares ISA, stocks and shares Lifetime ISA, investment account/share trading account, junior stocks, and shares ISA on behalf of a child, personal pension/SIPP