

## Consumers and Financial Advice - UK - March 2021

Report Price: £2195.00 | \$2963.91 | €2470.25

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“The coronavirus pandemic has accelerated the technological evolution of the UK advice market. As this digital shift continues to gather momentum, advisers are benefiting from more efficient and regular contact with clients.”

- Sarah Hitchcock, Senior Financial Services Analyst

This report looks at the following areas:

- The impact of COVID-19 on the financial advice market.
- How the market is evolving and adapting to new technological innovation, within an evolving regulatory framework.
- How and why people seek financial advice.
- Consumer willingness to pay for advice.
- Preferred advice channels and interest in online advisers/advice platforms.

Mintel’s research shows that a much larger proportion of adults have an identifiable financial advice need than have sought advice in the past. As we might expect, readiness to pay for advice increases with household income and personal wealth. However, somewhat counterintuitively, it decreases with age. While 60% of under-35s are prepared to pay for advice, the proportion falls to 36% among over-55s. Younger consumers are not only more willing to pay for the services of an expert, but they are also more likely to be interested in obtaining advice, including online. This is a positive finding, given how the pandemic is changing the way many advice firms conduct business.

The global health crisis has affected individual firms and sectors in different ways and to varying degrees, and there have been some casualties. Yet despite the UK entering into a third national lockdown in January 2021 and a prolonged period of uncertainty, most firms are holding up – albeit, in many cases, with government support to counter reduced income. Furthermore, there is a certain amount of optimism about the industry’s longer-term prospects, with many expecting a surge in new client enquiries once the worst of the crisis is over and as the economy recovers.

Perhaps the biggest challenge for the industry going forward is narrowing, and ultimately closing, the advice gap. Until this is addressed, the retail advice market will fail to achieve its full potential. Research continues to show that many people do not know where to go for professional advice. In addition to this, Mintel’s latest consumer survey reveals considerable latent demand.

This is where technology can be a useful enabler. Prior to the coronavirus outbreak, the market was steadily moving towards digital and remote channels of communication and client engagement, particularly in the insurance and mortgage sectors. However, the pandemic has accelerated this digital shift, bringing fresh opportunities with it – among them, the ability for firms to reach a wider geographical audience and generate efficiencies. In addition, there is ample scope to grow the online/automated advice market. This is, though, providing firms can convince enough people that they offer a secure, as well as convenient and cost-effective, service.

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### DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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Some robo advisers have branched out into more personalised advice

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First digital IFAs launched in the UK

Fintuity

MyEva

Many traditional IFAs are making greater use of digital channels as a result of the pandemic

Online mortgage brokers continue to emerge and innovate

Habito Plus

New entrants

### The Consumer – Key Takeaways

Few adults seek expert financial advice on a regular basis

Fee transparency helps to foster trusted client relationships...

...while a fixed-fee model could bring on board new clients...

...along with free no-obligation initial consultations

Many under-35s recognise the value of using a professional adviser...

...and are more willing to pay for advice

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### What Consumers Seek Financial Advice About

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## Attitudes towards Online Financial Advisers

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45% of adults would use an online adviser

Figure 51: Agreement with statements about online financial advisers, December 2020

Many adults are attracted to the convenience of online advice...

...especially under-55s

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