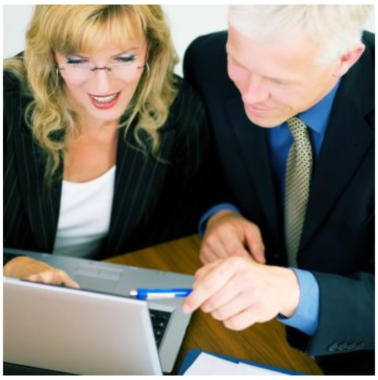
Eye on intermediaries - Savings and Investment - UK - November 2009

Report Price: £1500 / $3000 / €2250



What is this report about?

This report explores these issues in relation to investment intermediaries. It examines the impact of changing regulation and market conditions on this sector of the advice market, by drawing on a range of trade, consumer and desk research. The report also presents the findings of Mintel's IFA survey, conducted by NMG.

What have we found out?

- Investors are clearly still nervous, despite the stock market rally. Half of IFAs surveyed by Mintel reported that clients were taking a more defensive approach to investments.
- It's not just their attitude towards risk that has changed. Many IFAs reported that people were more reluctant to lock their money away in long-term investments, with the continuing economic uncertainty meaning that they want to make sure their money is accessible in an emergency.
- IFAs themselves are rightly reluctant to throw caution to the wind. Half had recommended corporate bond funds over the last six months, and a third gilt funds - classic defensive investments.
- However, there has been a shift in sentiment compared to similar results from May 2009, and IFA confidence seems to be recovering. More are recommending emerging markets and global equities, and this trend is likely to feed through into retail investor demand over the coming months.
- There's further signs of optimism among IFAs when it comes to the impact that consumer sentiment will have on their business in the coming months. Seven in ten say that investor confidence in the equity market will have a positive impact on their business.
- The widespread positivity, though, is unlikely to put a stop to the consolidation seen in the intermediary market. The number of firms has fallen sharply over the last few years, and Mintel's trade contacts expect this trend to continue, thanks largely to the burden that regulatory developments place on smaller firms.

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