Consumers and Direct Investment - UK - October 2017

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"Increasing numbers of people, from across the wealth spectrum, are choosing to invest directly rather than use an intermediary – and this trend is set to continue. Based on the findings of our research, many consumers are planning to start investing over the coming year. Most of these expect to self-invest, and many are open to the idea of using an online investment platform or similar service."
– Sarah Hitchcock, Senior Financial Analyst

This report looks at the following areas:

- **Engage with prospective investors and nurture the relationship**
- **Convincing the risk-averse with informal, entry-level propositions**

DIY investing is becoming increasingly popular in the UK, mirroring similar trends seen internationally – especially in the US, which leads the way in areas such as robo advice. Here in the UK, increasing numbers of retail investors are similarly choosing to build and manage their own investment portfolios online, or are letting computer algorithms create and rebalance portfolios on their behalf. The direct investment market has grown to the point where providers now administer assets worth over £270 billion and around three fifths of regulated investment product sales are now being generated via non-advised channels.

The growth of the self-directed market has been facilitated by advances in technology and new innovations arising from the Fintech sector. Changes in the advice market have also played a huge role. As the intermediary market has had to adapt to new professional standards and a ban on commission-based sales, many financial advisers have shifted their focus onto more affluent clients, where there is scope to add value. At the same time, the retail banks scaled back or closed their face-to-face advice operations, creating an advice gap for those with smaller amounts to invest.

New technology-driven start-ups have emerged, aiming to fill this gap. They, along with direct-to-consumer (D2C) platforms and other online service providers, are helping to make investing more accessible and affordable for individual investors. Now retail banks, insurers and other wealth managers are responding to the changing environment. Many are ploughing money into new digital services and developing their own low-cost, consumer-friendly guidance solutions.

Faced with rising consumer demand, the prospects are bright for direct operators. However, as the options continue to expand for retail investors, with a widening array of research tools and propositions at their fingertips, providers in the D2C space will have to withstand intensifying competition. Inevitably, it will become harder for smaller brands to stand out and gain traction. It is therefore useful to appraise the needs and expectations of the target audience. Among other things, Mintel's Report assesses the level of consumer interest in direct investment and how comfortable people are with key elements of investing. It also reveals what investors most want from an online platform or service, and measures their usage and awareness of 14 investment brands currently operating in the D2C market.

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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