

ADVISER SNAPSHOT

Service with a smile?

Adviser Snapshot 2: Research into the provision of on-going services by advisory firms

Introduction

Adviser Snapshot researches the adviser firm market to assess how firms are reacting to the implementation of the RDR. This second report looks at the type of on-going services that have been developed by advisory firms specifically as a result of the RDR.

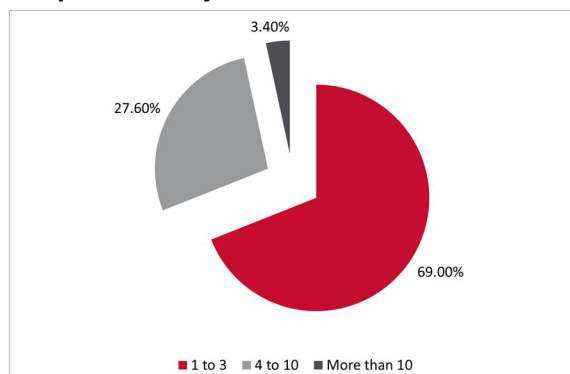
Full analysis of the results is provided to advisers taking part in the research.

Overview

- **60% of firms are charging for on-going service solely via a flat or tiered % of assets under management.**
- **Over 40% of respondents have concerns about the impact that the gradual replacement of trail by fees for on-going service will have on their income.**
- **Over 40% firms are concerned that the cost of providing on-going service may exceed the fees charged.**
- **Only 1 in 4 has a problem with provider facilitation of service charge deduction.**

The survey sample

Respondents by number of advisers



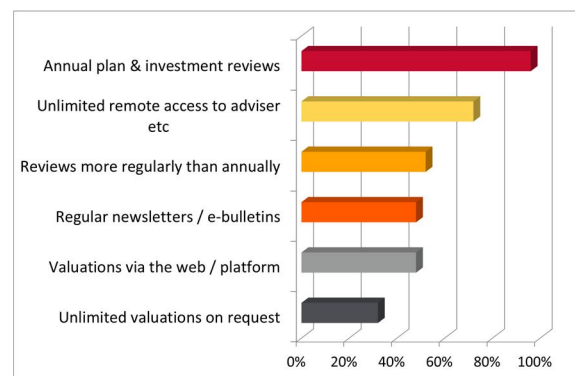
The vast majority (86%) of respondents are directly authorised, 69% are firms with 3 or fewer advisers, and 96% are independent.

The survey very much tests how smaller, mainly directly authorised firms are reacting.

Design of the service

Most common on-going services

Nearly 9 out of 10 firms (86%) are now offering a charged-for on-going service and only 3% are offering no on-going service at all. Some firms (7% of respondents) are offering on-going service without explicit charge.



The most common services being offered are annual reviews, access to the adviser and other staff, reviews more regularly than annually, and valuations.

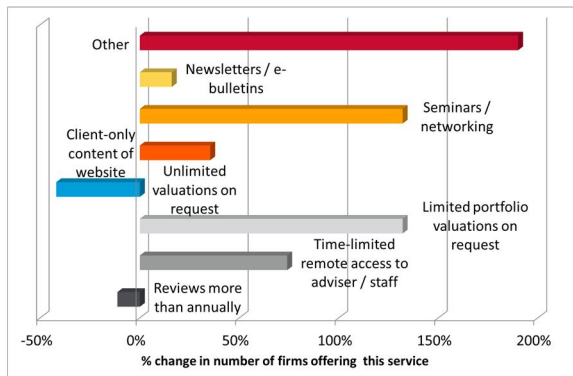
Some other services being offered include:

- Free fund switches
- Reviews of risk, ATR and changes in circumstances
- Free ISA reviews and implementation

Changes in services as a result of RDR

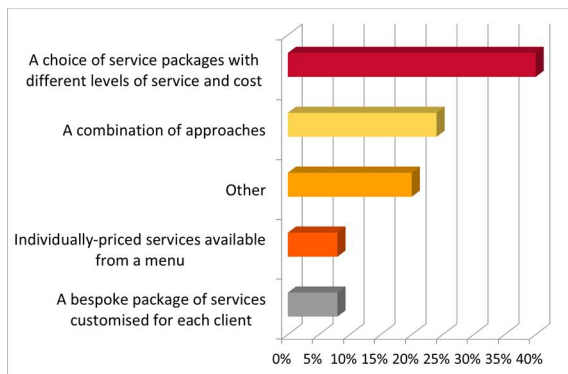
The most common services being offered were the same as had been offered prior to RDR, but there are some discernible trends away

from, for example, unlimited valuations or access to the adviser, to limiting the number of valuations, or amount of access to staff.



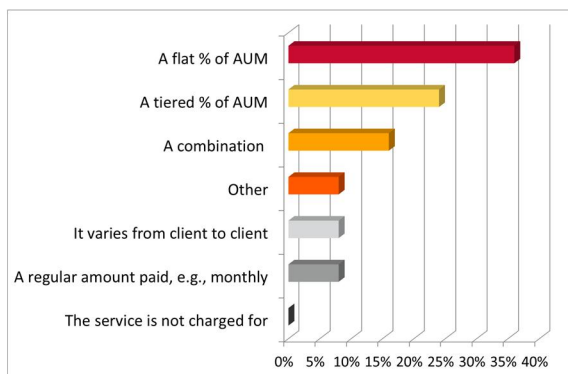
How on-going service is being packaged

The most common method of offering the services to clients is via pre-determined packages, each with different levels of service and charge. Some firms are offering bespoke ranges of service designed for each client.



On-going service charges

Basis of charging for on-going service

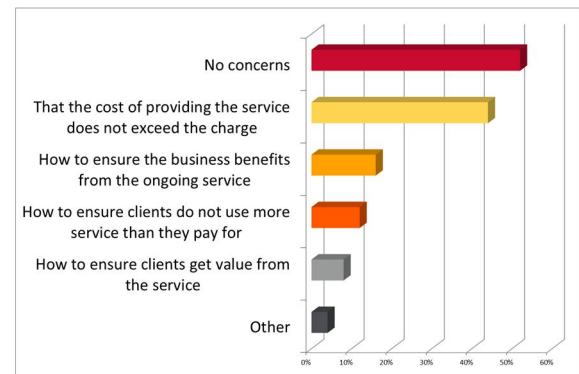


The survey indicated that, post-RDR:

- 60% of firms charge solely on the basis of a % of the amount invested;
- Only 8% charge a regular, fixed amount
- 16% use a combination of the two.

Managing the service

While 50% of respondents have no specific concerns about managing their on-going service, 42% are concerned about ensuring that the cost of providing it does not exceed the fees they charge.



Fewer than 1 in 10 are concerned about ensuring that clients get value for money from the on-going service, yet nearly two-thirds (62%) have no plans to issue clients with an annual statement of the service received, in comparison with the fees paid.

Only 24% of firms report some problems with providers not being able to administer on-going service charges in the way they had intended.

Next steps

Future surveys in the series will consist of:

- Tracker surveys, looking at how the adviser market is evolving as firms adapt to the new regulatory environment.
- More in-depth surveys on specific topics.

If you would like to participate in this research and find out what other adviser firms are doing, simply email us at:

enquiries@actionconsulting.co.uk

and ask to be included in our adviser panel.

Action Consulting is a research-based consultancy that helps professional services businesses to improve the loyalty of their customers, the performance of their staff, and the effectiveness of their marketing and service propositions.

Action Consulting (UK) Limited
48a High Street, Henlow, Bedfordshire SG16 6AA

www.actionconsulting.co.uk
T +44 (0)1462 813020
F +44 (0)1462 813021

actionconsulting