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# Closing the Advice Gap: A Pivotal Step Towards Mass Personalisation of Investment

Robert Holford

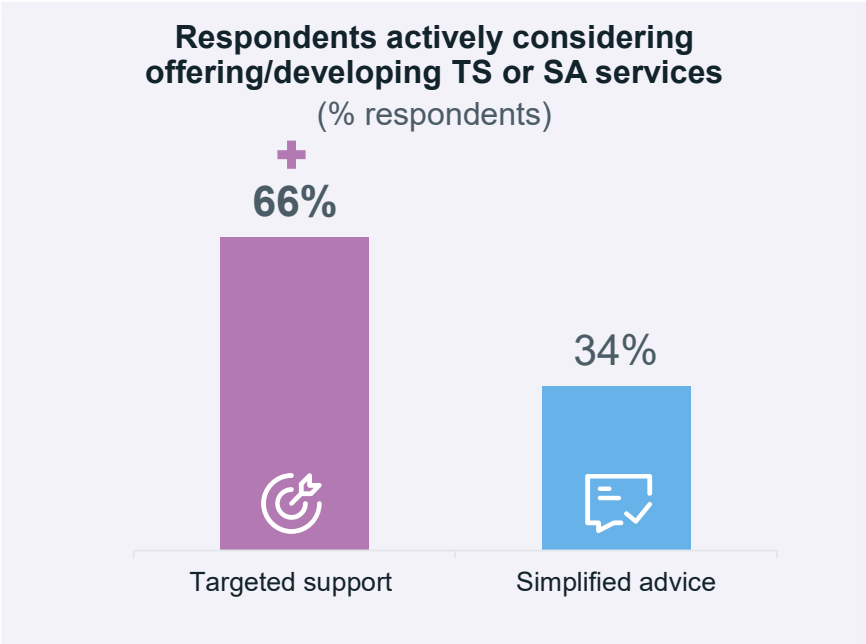
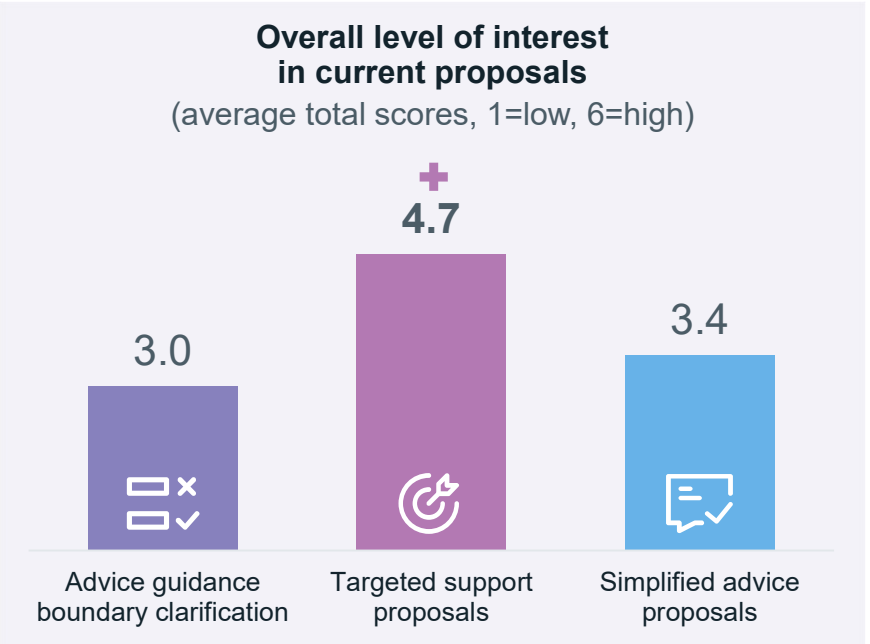
AFM Annual Conference 2024

7<sup>th</sup> October 2024

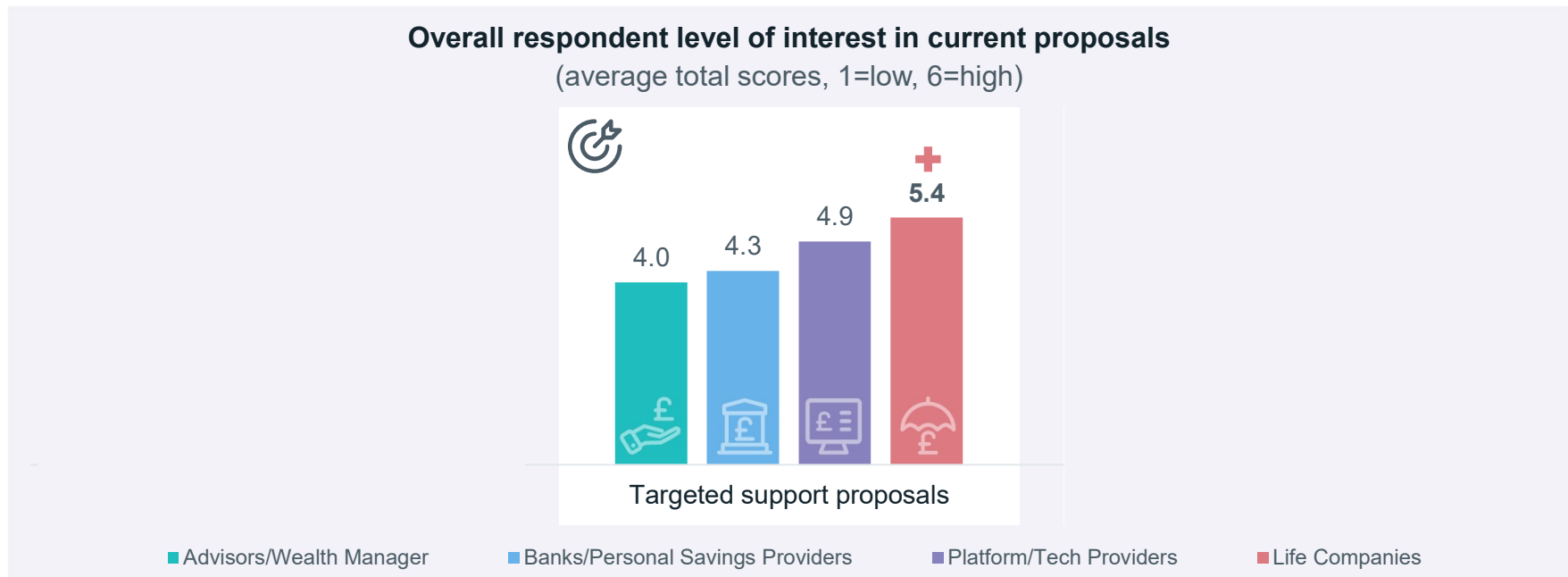


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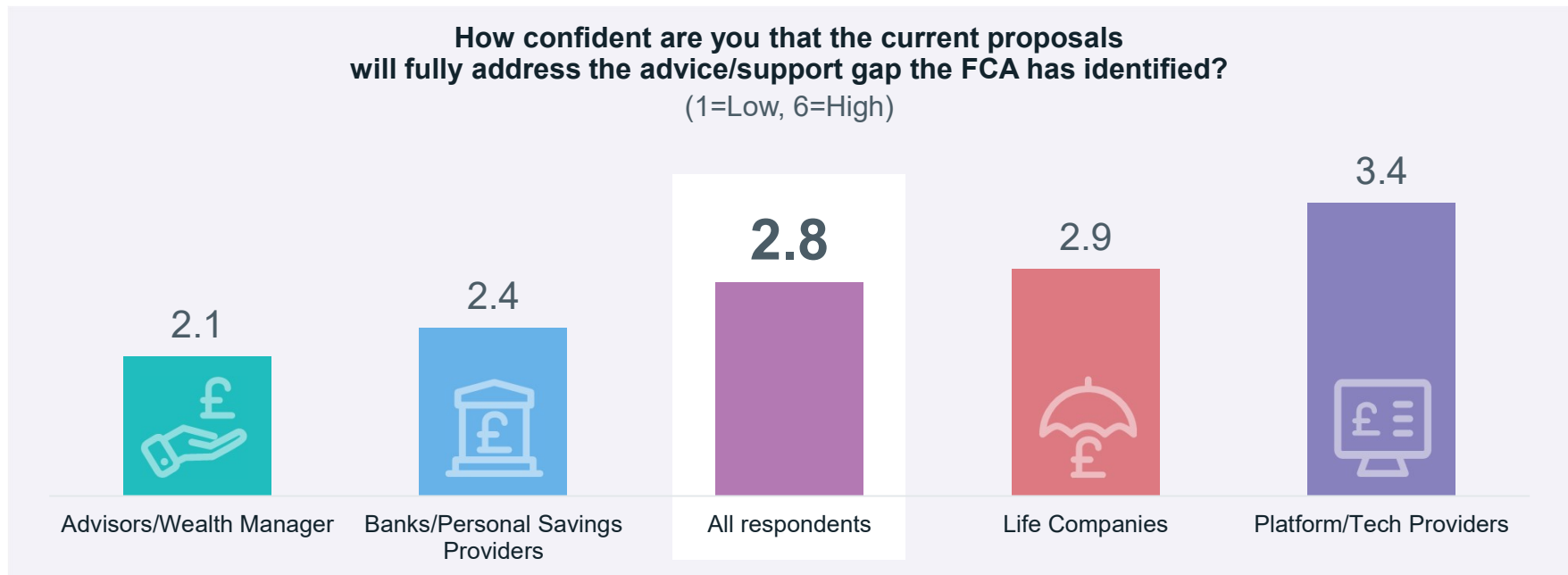
# Targeted Support is the key innovation...



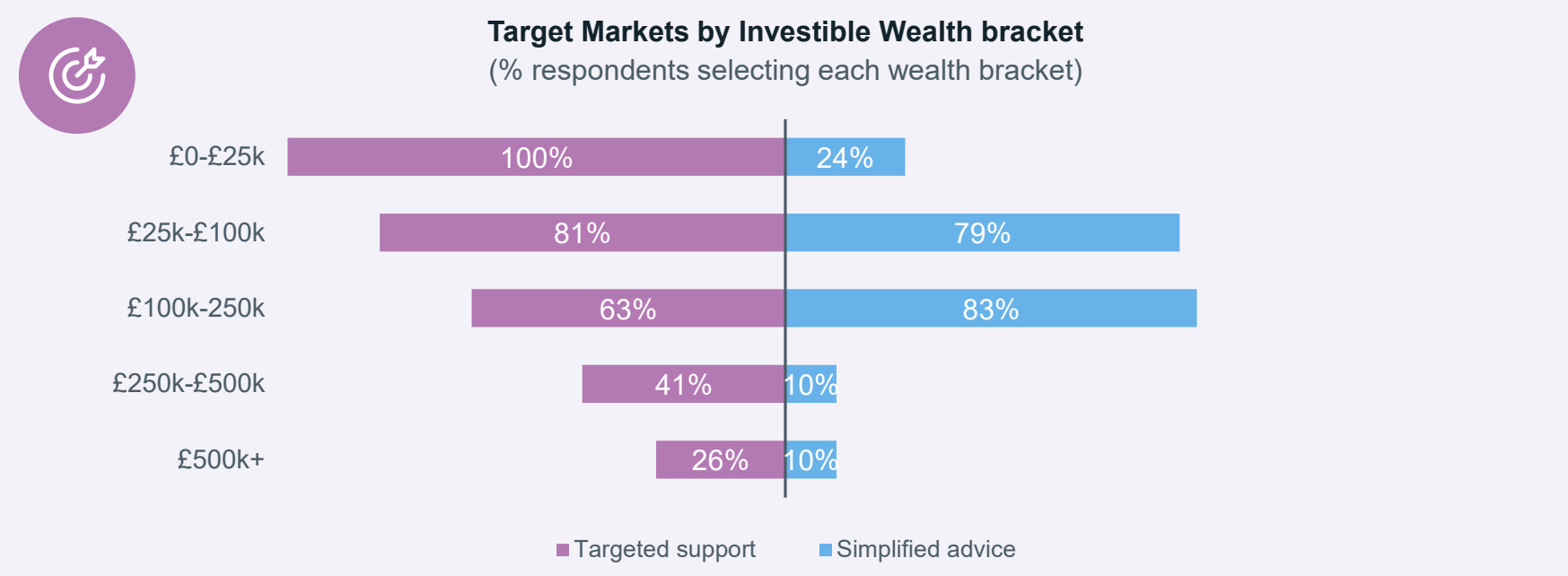
# ...with life companies having the strongest interest...



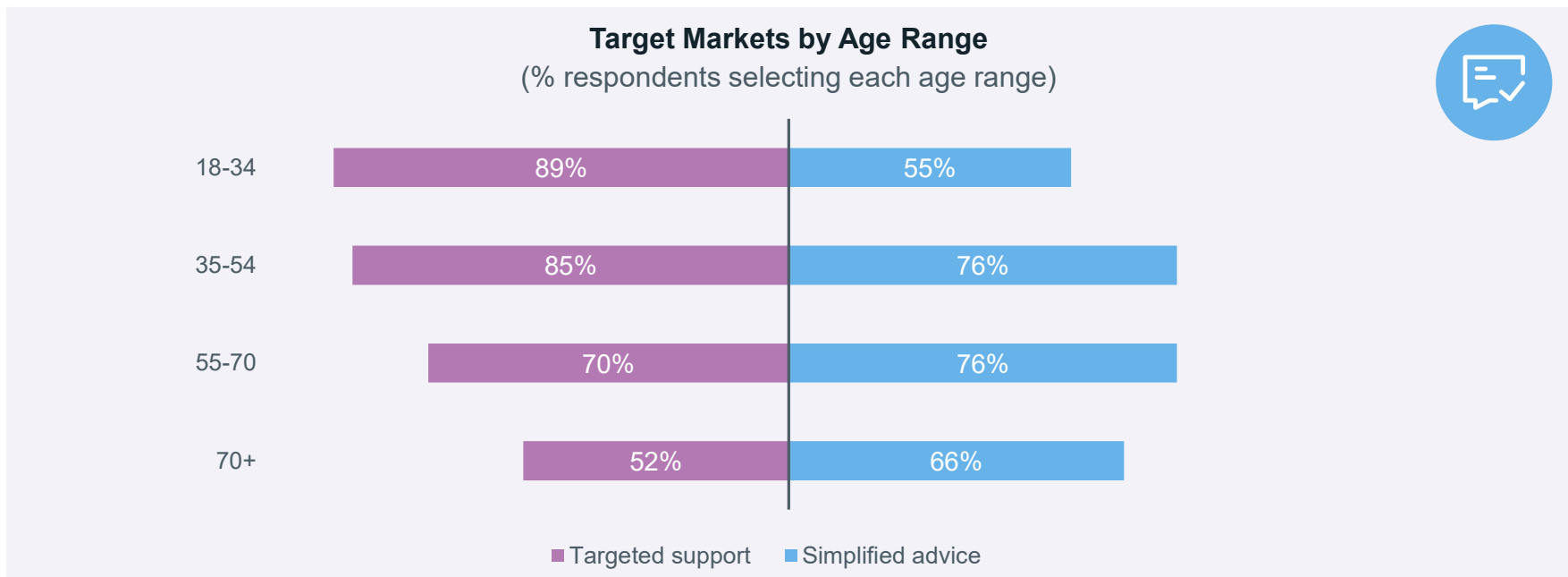
## ...but the proposals are seen as 'just the start'



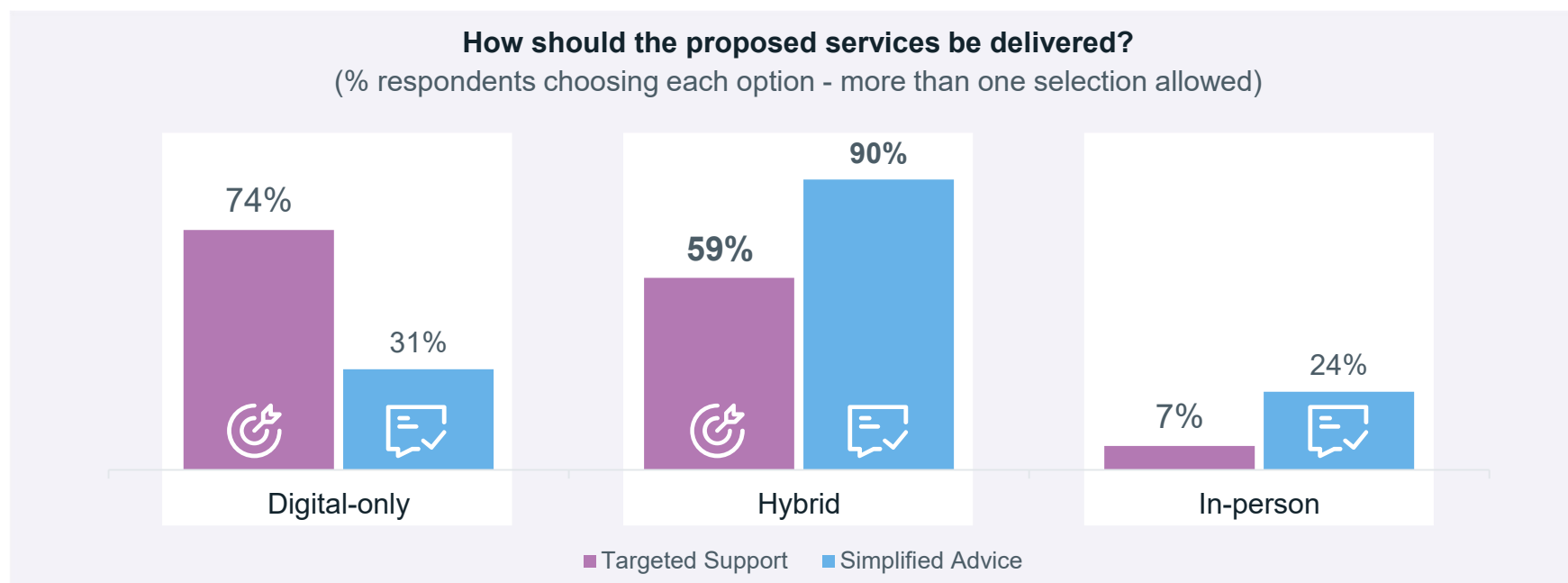
# TS has applications across the wealth spectrum...



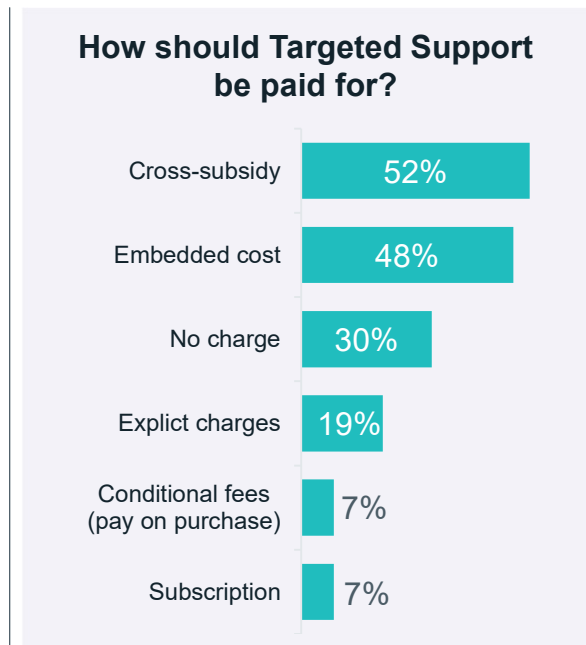
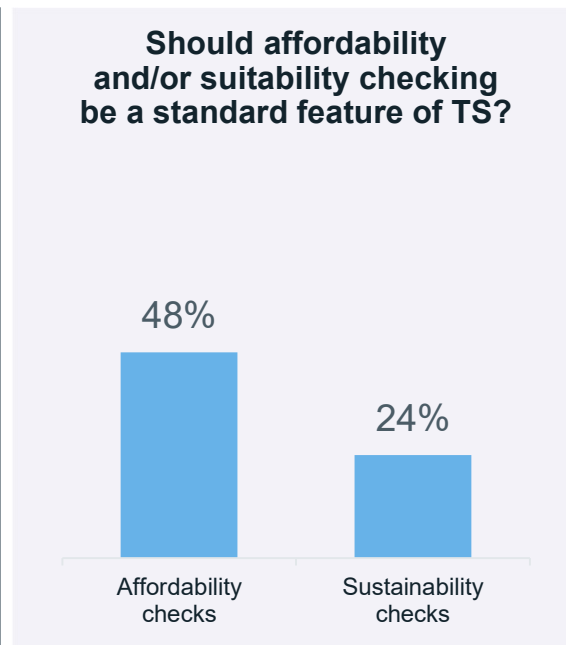
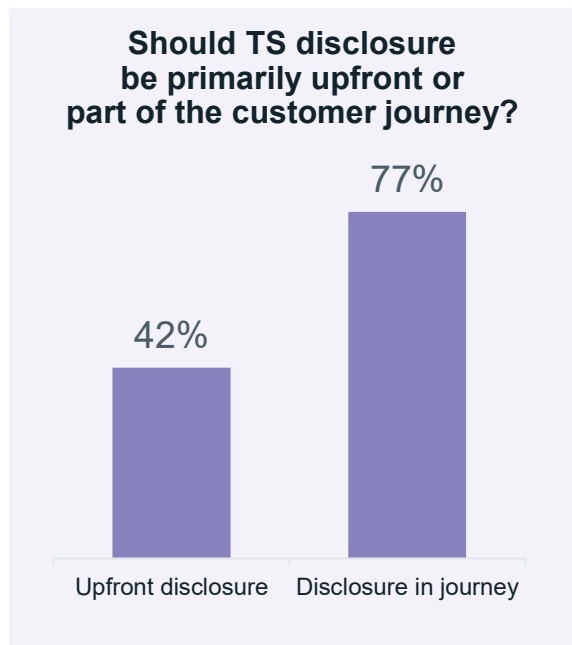
# ...but SA is most likely to meet decumulation needs



# A hybrid approach will be key to delivery...

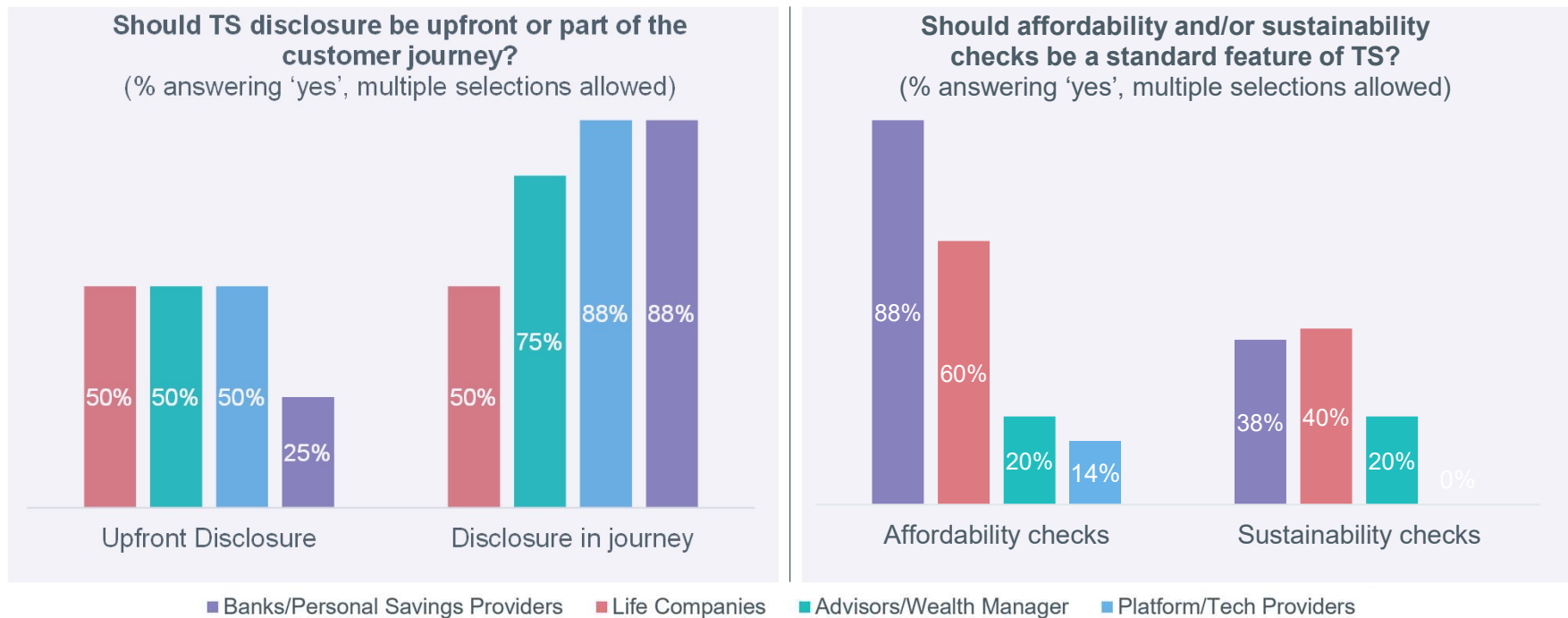


# ...as will making TS as 'frictionless' as possible...



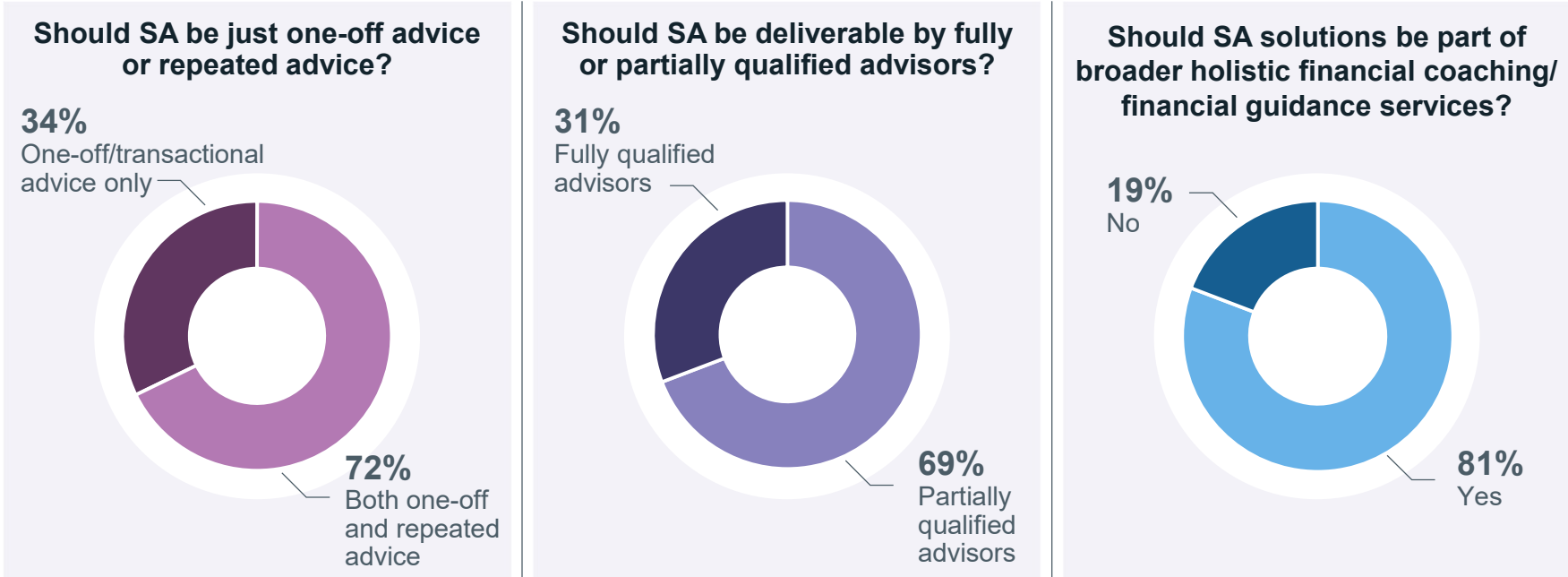


## ...although views differ on where 'friction' should lie

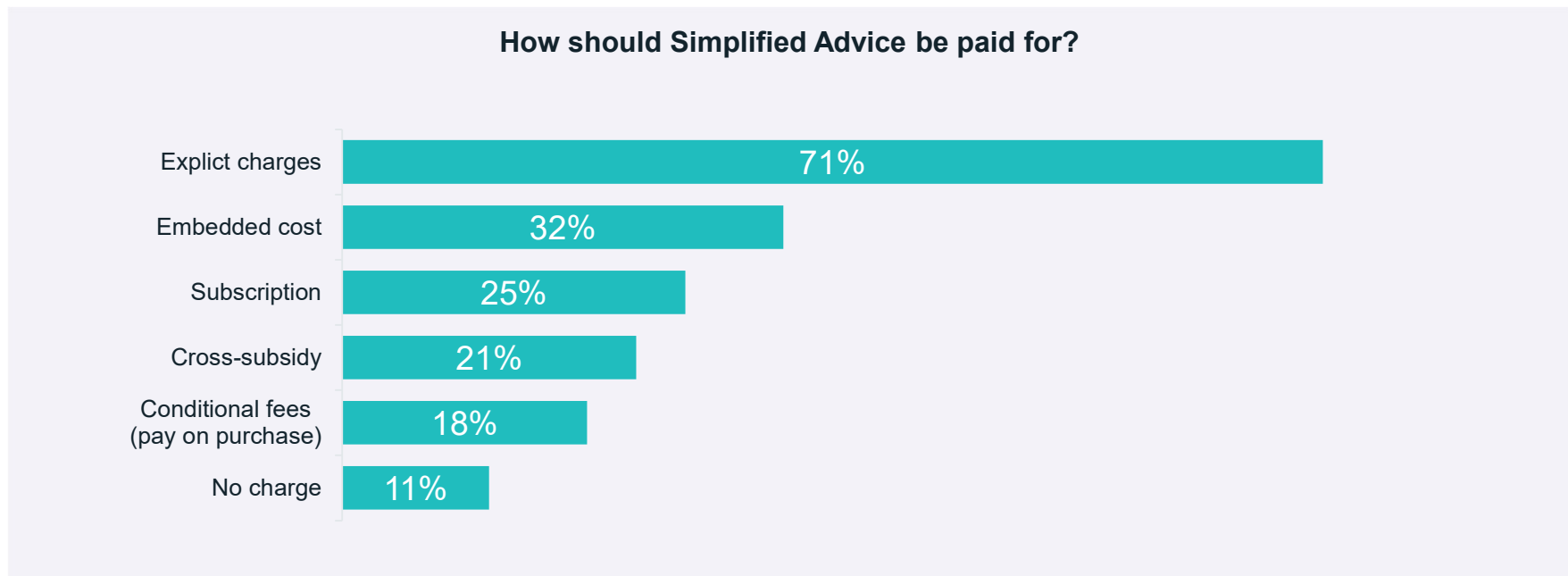


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# Effective SA would differ a lot from FCA proposals...



...and may need to explore new charging models...

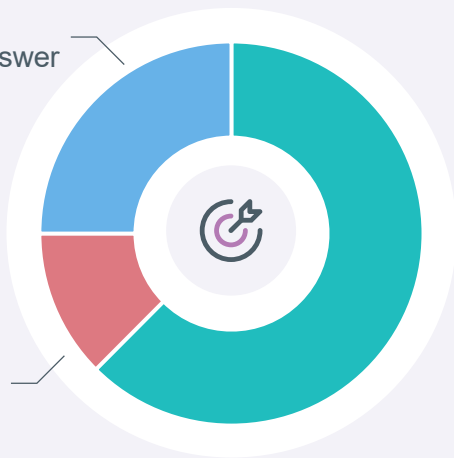


## ...and even expand beyond an investment focus

Should TS be extended to consumers who need support on short-term debt?

25%  
No answer

13%  
No

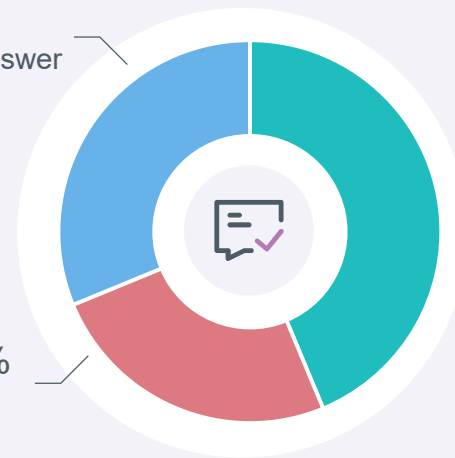


**63%**  
Yes

Should SA be extended to consumers who need support on short-term debt?

31%  
No answer

25%  
No



**44%**  
Yes

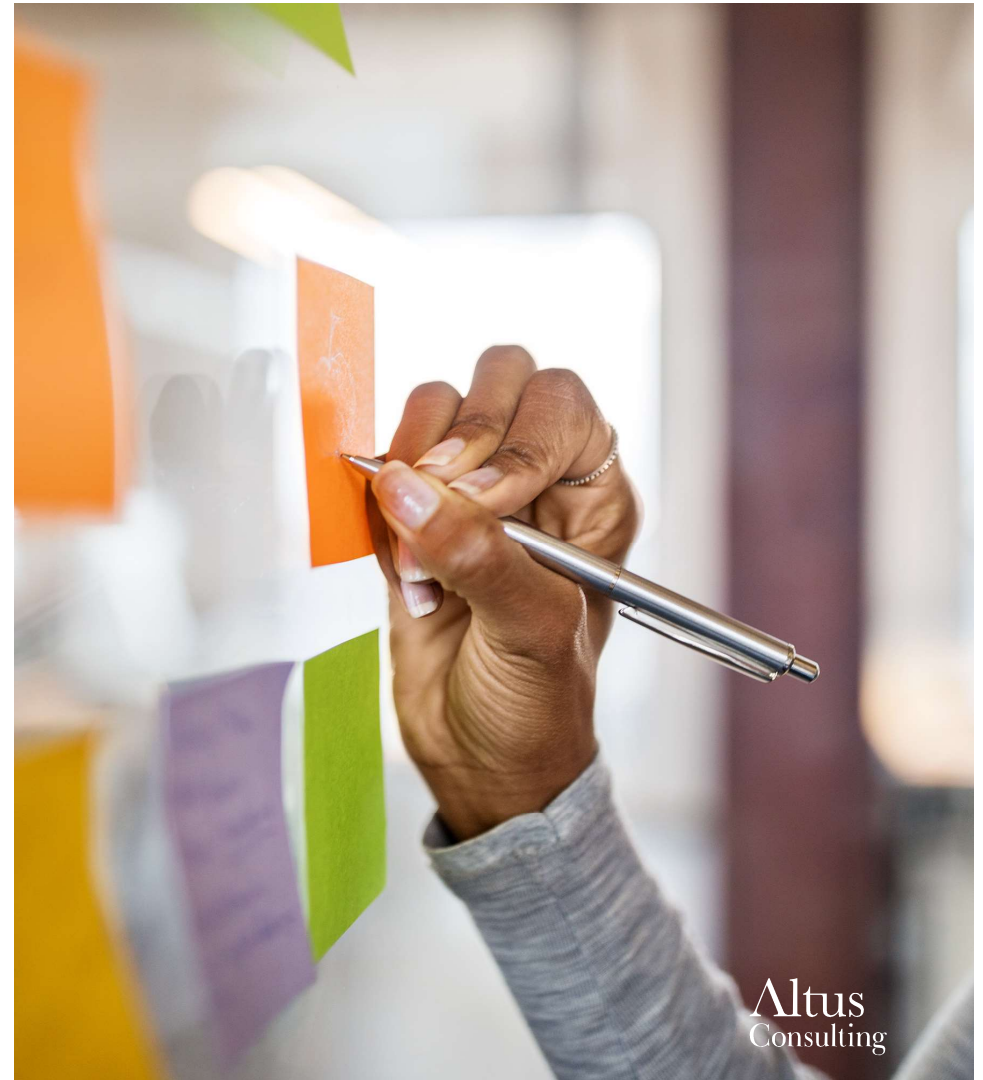
# Overall a good start towards mass personalisation, but more is needed

Targeted Support	Simplified Advice	Looking Forward
<ul style="list-style-type: none"> <li>• “We are very excited about Targeted Support. We feel it is <b>truly innovative</b> and is <b>tailored to target the 92% of people</b> who don’t get financial advice”</li> <li>• “If implemented ambitiously, Targeted Support is a <b>game changer</b> because it can be <b>delivered proactively</b>, it is <b>free at the point of service</b> and commercially it both allows <b>multiple different use cases</b> and aligns to the <b>industry’s Consumer Duty obligations</b>”</li> </ul>	<ul style="list-style-type: none"> <li>• “The simplified advice proposals feel like we’ve <b>been here several times before</b>. The fundamental problems with the <b>liabilities and economics of it</b>, as well as the <b>requirement for consumers to pay</b> upfront for it, have not been solved”</li> <li>• “People in the ‘advice gap’ need support that is <b>holistic, human, and affordable</b> – simplified advice is the big opportunity here, but it is <b>currently none of those things</b>”</li> </ul>	<ul style="list-style-type: none"> <li>• “We have got to assume the <b>market is better than in the past</b> – this is not the market that RDR reshaped – this is a <b>market shaped by Consumer Duty</b>”</li> <li>• “We are <b>very pleased</b> the FCA are trying to <b>head in this direction</b> – we believe they <b>just need to be a lot bolder</b>”</li> <li>• “This is all about trying to take customers from a <b>state of confusion</b> to a <b>state of confidence</b>”</li> </ul>

## Short term impacts

- **The Future is Now**
- **Non-Adviser Market is Primary Target**
- **Rise of Hybrid Models**
- **Delivered with Existing Technology**
- **Advice Delivery Costs Will Continue to Fall**
- **Consumer Duty Delivery**
- **Further Regulatory Development Needed**

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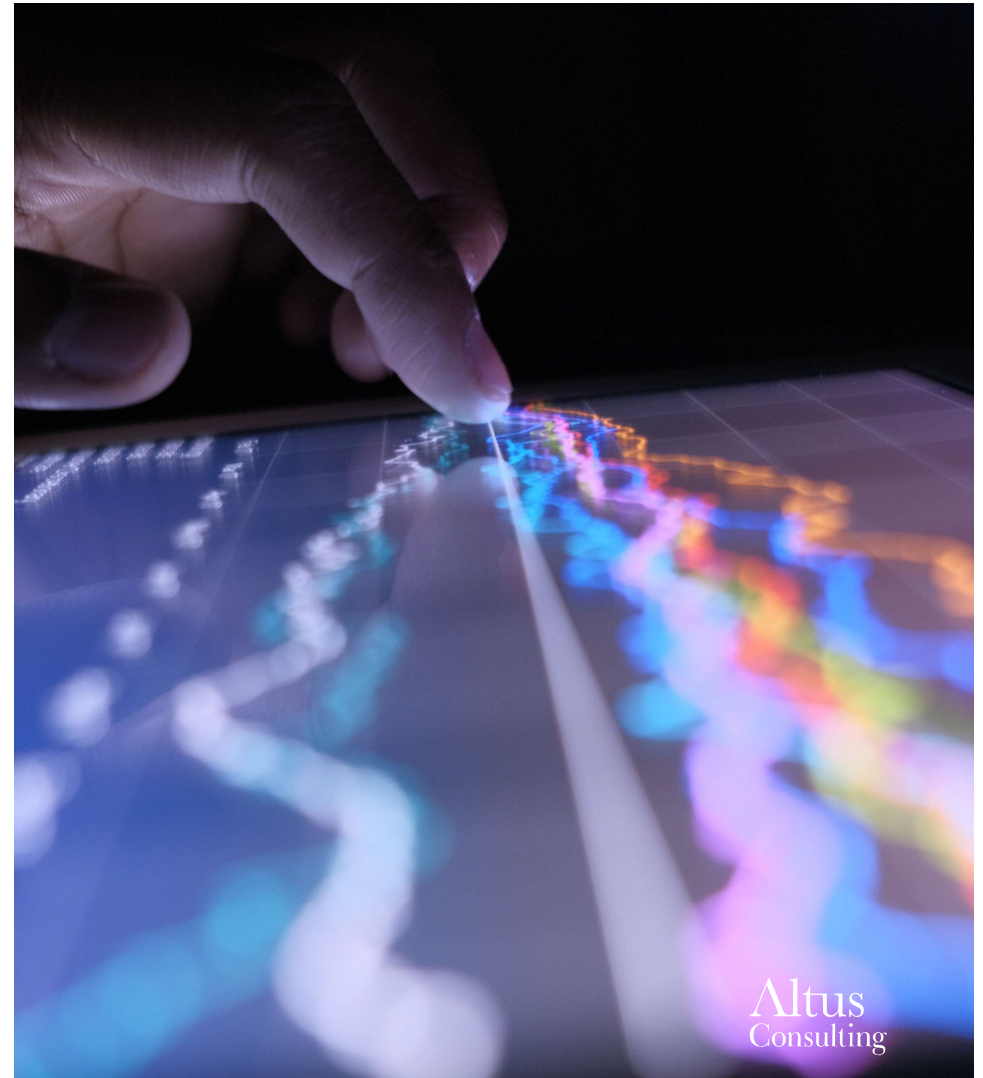


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## Longer term impacts

- **Shift Towards Mass Personalisation**
- **Move to More Holistic Service Offerings**
- **Enhanced Collaboration Across Value Chain**
- **Mass Market Providers Will Re-Enter**
- **Industry Standard Target Markets?**
- **Adoption of New Fee Models**
- **Stronger Regulatory Co-ordination**

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**Thank you!**



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