



## INTRODUCTION

# Your country needs you

## There is a ever-growing need for financial advice but the profession still struggles to attract young blood

**THE MARKET FOR** financial advice is as buoyant as it has ever been. People are wealthier and have more complex, diverse financial needs. Better products are available. Plus, the technology exists to help advisers run more profitable and client-focused businesses. It should be one of the most sought-after professional careers around. But as yet, it hasn't been. How is the financial advice market changing?

It is an old story, but for many years, regulation and product providers have conspired to make product sales rather than client service the focus of an advisory business. This is a hard legacy to shake. It has prevented the industry developing the 'professional' status bestowed on accountants and lawyers. It has also meant the industry has seldom attracted the better graduates.

But there can be no doubt that this is changing. The well-documented troubles of some of the major advisory groups – Millfield and Berry Birch & Noble spring to mind – have forced advisers to look for a new model. Increasingly the tools are around to do this. Technology providers, such as our sponsor threesixty, are focusing on building better integrated advisory practices, rather than just bolt-on solutions. The advent of wrap has also helped advisers build more profitable businesses.

David Ferguson, director at consultancy group The Abacus, sets out his vision for the industry: "The future will surely see a repolarisation of advice with the split being driven by economics rather than regulatory control. The mass affluent and high net worth groups will be served by high quality

advisers operating a wrap model with a heavy reliance on recurrent income through fees or trail income. While the broader mass market will be forced to rely on self-service or more modern sales-led advisers.

This latter group will comprise multi-tied salesforces that have learnt lessons from the errors of the last 10 years, bank agents and to a shrinking extent network and old style national advisers. The emergence of true transparency will result in all parties being forced to justify their respective margins and we will have a fairer, more mature market for financial advice."

Tony Lanning, research and investment director at Origen, shares a similar vision. He believes many of the old network models are exhausted and wrap offers a building block for a new advice model. He says: "Investors need complete transparency in how they pay for advice."

Lanning believes that the regulator has come a long way in developing its understanding of advisory businesses. He also believes the days of 6%-7% commissions to sell products are at an end as margins are squeezed and the environment becomes more professional and competitive.

The end consumer is also better educated about finance and should better understand the benefits of strong financial advice. This trend is likely to continue. Pension deficits will force consumers to take a harder look at their portfolios. Fund supermarkets and the national and consumer press have also gone some way in educating the public about financial services.

All these developments are good for the



reputation of the industry and will go a long way to attracting top professionals.

A focus on client relationships rather than product sales makes for a more interesting and stimulating working day. Ultimately, the client knows the adviser's

only motivation is to provide the best service possible. The adviser should be at the heart of a client's financial affairs, having a significant influence on their long-term wealth. It is a profession that should finally start receiving the recognition it deserves.

## JOB SATISFACTION

### IAN SHIPWAY, FINANCIAL ADVISER, THINC DESTINI

*In the past practitioners traditionally came through a life and pensions company into an advisory role. Nowadays recruits come from a more professional backgrounds and training schools for the industry. Some even came in from graduate level. Depolarisation has also resulted in firms looking to recruit specialists in reaction to the market's segmentation.*

*The most rewarding thing about being an adviser is the opportunity to work with a client who both understands and appreciates what we do. When someone is appreciative of our role it gives me great job satisfaction and as a consequence my biggest gripe is those who don't comprehend what we do. When we're looking for new recruits competency is always important, as is a professional outlook and we always want someone with a degree. There also needs to be a high level of enthusiasm, which almost goes without saying.*

*The industry is currently in a state of flux. Some have seen how it will shape in the future and are changing their businesses to accommodate that environment. Others who don't understand are using every technique they can to try and make their business more effective.*

### JUSTIN MODRAY, BESTINVEST

*I enjoy providing a good service to my clients, and when they appreciate what I've done for them. In contrast, I don't enjoy it when markets fall, as that makes life difficult for everyone. The recent falls in the market are the sort of things that build apathy against the adviser industry. It's also hard when clients don't understand what I have done, and am trying to do, for them.*

*All members of staff are chosen with careful consideration. We look to those who are fresh to the industry, particularly graduates, who haven't been poisoned by the bad ways of the industry. We also welcome good referrals from customers. The pool of talent may be wider, as is the quality of person, but that means competition grows in tandem with the expense of these people. We like people who are both intelligent and ambitious; they also need to be honest. These people have to have good people-facing skills, and while degrees aren't a necessity, they can help as a filter. The whole business is now based upon financial advice, the relationship between the client and the adviser is the main point, and that's why we prefer those who are fresh, and who we can influence.*

### NICK MCBREEN, WORLDWIDE FINANCIAL PLANNING

*This industry has changed beyond recognition. The requirement now is to run a sound, profitable, advice-based business, as opposed to the sales-based industry it was 10 years ago. Good people skills, organisation, compliance and a forward-thinking nature, these are the pillars of the adviser industry today. You have to be multi-skilled. There's also more delegation. Gone are the days when a client looking for mortgage advice is turned away, someone within the group will be able to help, as advisers develop their own specialisms.*

*I love sitting down with people face-to-face and determining the best solution for them, and when it comes to fruition that's fantastic. We are happy to take on graduates and those who display a natural affinity with our own aims. The barriers are still getting higher as people are literally champing at the bit to get into this industry. Honesty and integrity are two aspects that are non-negotiable from possible employees. We want people with a business mentality, a framework of how things are done, and people who are motivated by the right things.*

*The future is very bright for those willing to embrace the opportunities open to them via new legislation. It's all about perception, for me the glass is half full, not half empty.*