

# **PFS/CII MEMBER SURVEY**

**RETAIL DISTRIBUTION REVIEW AND PROFESSIONALISM**

**VIEWS OF FINANCIAL ADVISERS AND PRACTITIONERS**

**CONDUCTED BY ERNST & YOUNG**

**May 2009**

## SUMMARY

- A representative survey of over 700 CII/PFS members revealed an overwhelming support for increased professional standards advocated by the CII and other bodies in response to the RDR.
- Support remains strong for the RDR and its proposals. Three fifths (60%) think it will lead to a more professional sector.
- Yet again, four-fifths (83%) support mandatory professional body membership for IFAs.
- Two-thirds agree that the minimum qualification level should be Level 4 (Diploma) and 69% believe that better qualifications mean a higher quality of service to clients.
- The majority of advisers (81%) intend to stay in the market when the RDR proposals are implemented. Contrary to some suggestions in recent months, only 12% of respondents say they would exit the market completely.

## SURVEY DETAILS

The Chartered Insurance Institute (CII) and Personal Finance Society (PFS) commissioned its latest on-line survey by Ernst & Young. The poll was conducted in April 2009 to gauge views on RDR and 717 Members participated:

- 576 (80%) were authorised financial advisers, of which 88% were IFAs, and the rest single- or multi-ties or bancassurers. The non-advisers (directors, managers, sales force and compliance departments) made up the remaining 20% of respondents.
- Age groups were similar to the last survey in October: 43% were over 50, 46% between 35 and 50, and only 11% under 35.
- This is the fifth such PFS/CII RDR survey. The others were held in: October & April 2008 and November & October 2007.

## KEY FINDINGS

In general the mood seems slightly more pessimistic than the previous October survey. However support for our professionalism agenda remains strong.

- 60% agree that the RDR will lead to a more professional retail financial services market.
- 69% feel that a better qualified adviser delivers a higher quality of advice to clients;
- Two thirds (66%) agree that the minimum qualification level for advisers should be QCF/OfQual Level 4 or equivalent (Diploma level);
- Three quarters (75%) agree that a single independent professional standards board should be established to oversee professional standards of the existing professional bodies;
- 82% say that it should be mandatory for an independent financial planner or adviser to be a member of a professional body;
- A high proportion (89%) feel that qualified professionals should be required to meet annual Continuing Professional Development (CPD) requirements.

However there was some concern about how realistic the RDR timetable is and whether it can be achieved:

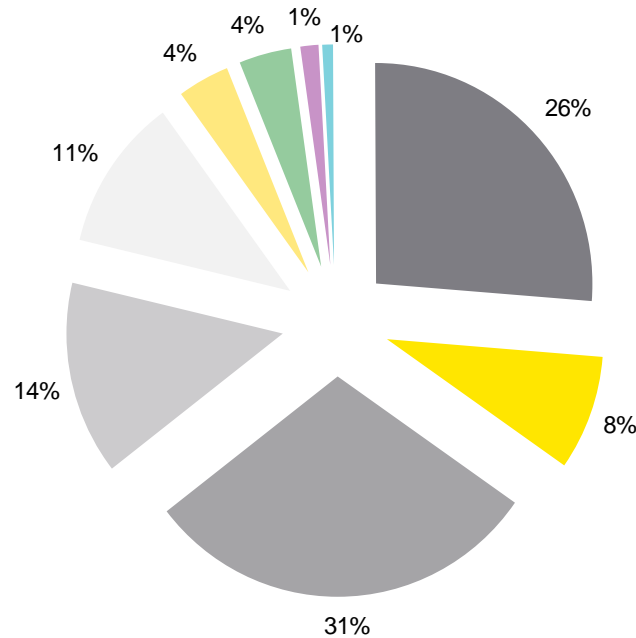
- For the RDR timeline as a whole, more respondents feel that it is unlikely to be achieved (31%) than those who think it will (19%). Others said tough but realistic (27%) and very testing (21%);
- In terms of the qualifications timelines 21% regard the timelines for qualifications them as achievable for most, 30% tough but realistic, 28% unlikely to be achieved and 19% very testing.
- In addition 81% think that the proposed tiers of advice will not be meaningful to consumers.

High numbers expect to achieve higher level qualifications and a good proportion also see the RDR as a boost to their career:

- Most respondents (70%) think that the RDR proposals will not damage their future career prospects, with half of these believing that RDR will actually enhance their career. Only 30% saying prospects will be worse.
- Almost three quarters (73%) say that they anticipate achieving further qualifications. This increase is particularly significant given this number has remained at 70 over the last three surveys.

The majority of respondents are IFAs. Of those (65%) are directly authorised IFAs.

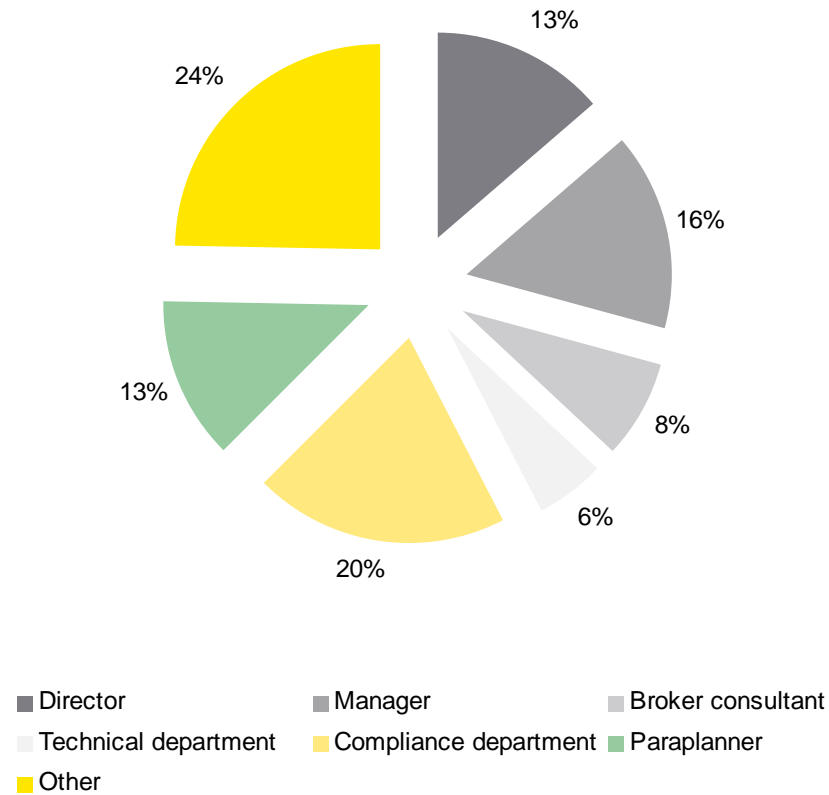
**As an authorised advisor, what is your job role?**



- IFA (directly authorised) – principal (of a firm using a compliance service provider)
- IFA (directly authorised) – principal (of a firm NOT using a compliance service provider)
- IFA (directly authorised) – advisor
- IFA (indirectly authorised ie netw orkmember) – principal
- IFA (indirectly authorised ie netw orkmember) – advisor
- Multi-tied adviser – principal
- Multi-tied adviser – advisor
- Single tied adviser – principal
- Bancassurance advisor

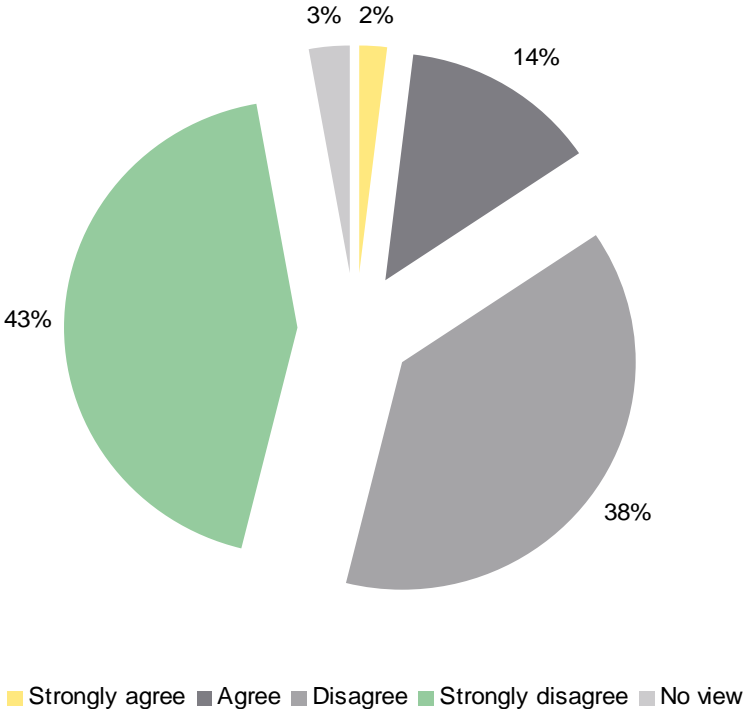
Those respondents who are not advisers covered a wide variety of roles

**If you are not an authorised advisor what is your job role?**



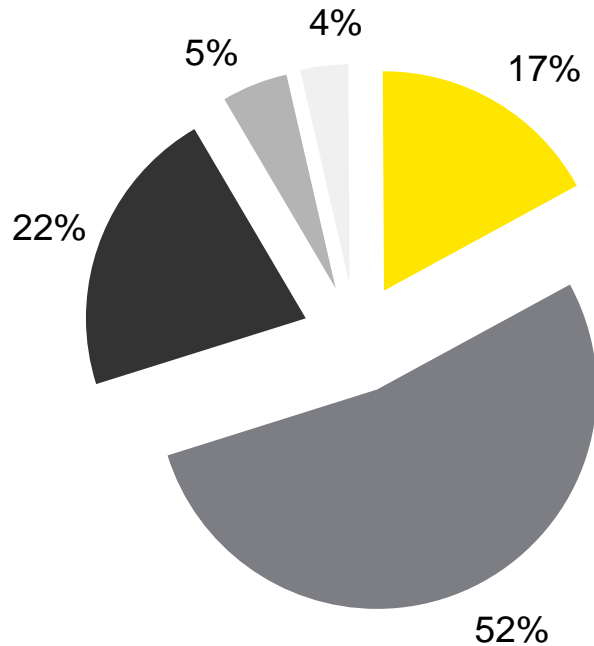
The majority of respondents (81%) do not agree that the proposed tiers outlined in the Feedback Statement will be meaningful to customers

**The proposed tiers outlined in the Feedback Statement outlining a spectrum of independent/non-independent and advised non-advised sales services will be meaningful to customers**

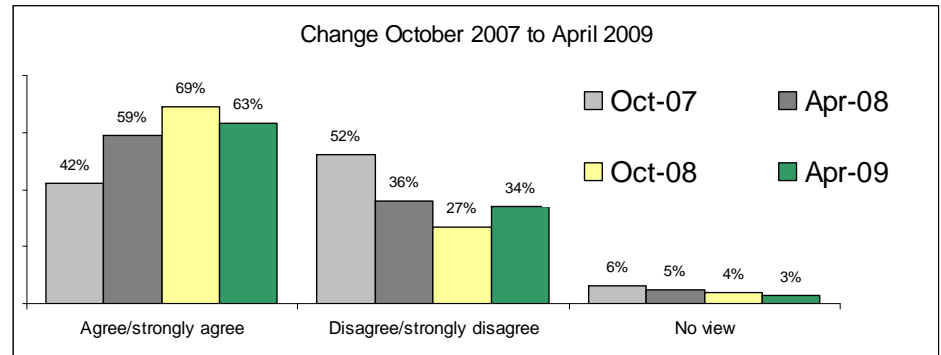


# Most respondents (69%) think that the RDR will lead to a more professional retail financial services market

The RDR will lead to a more professional retail financial services market

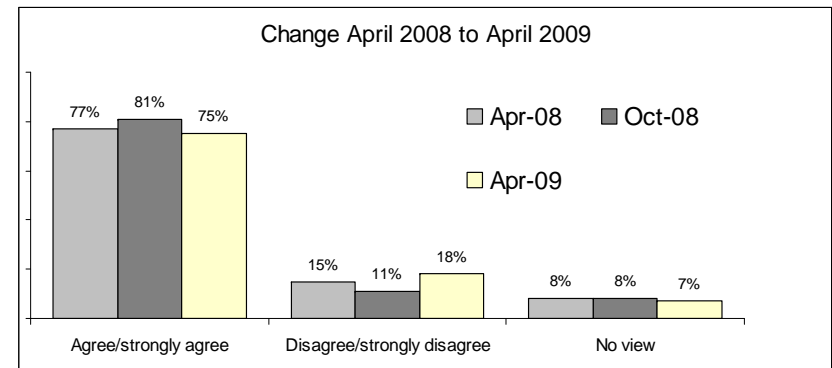
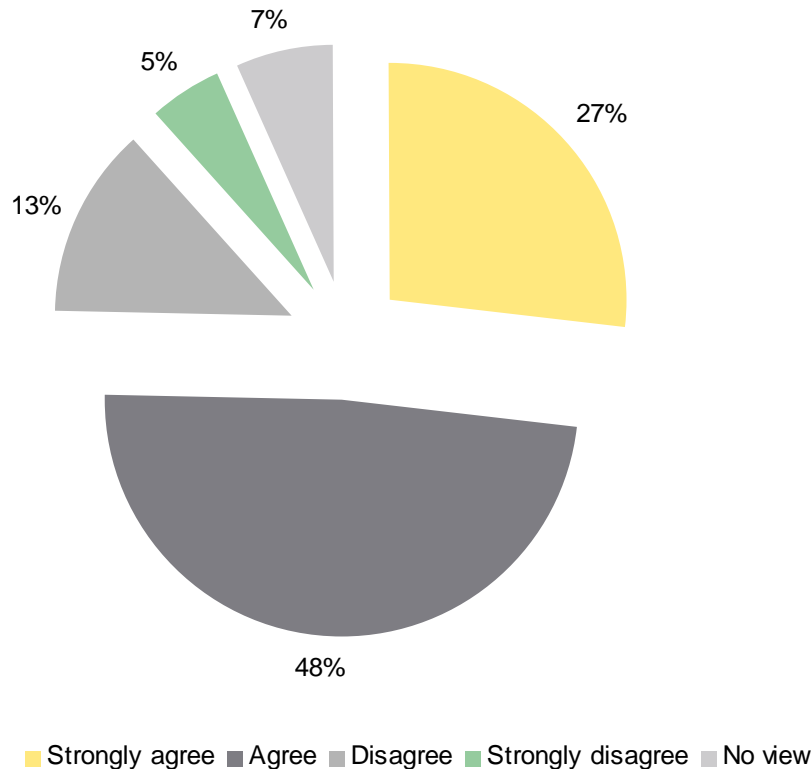


- Strongly agree
- Agree
- Disagree
- Strongly disagree
- No view



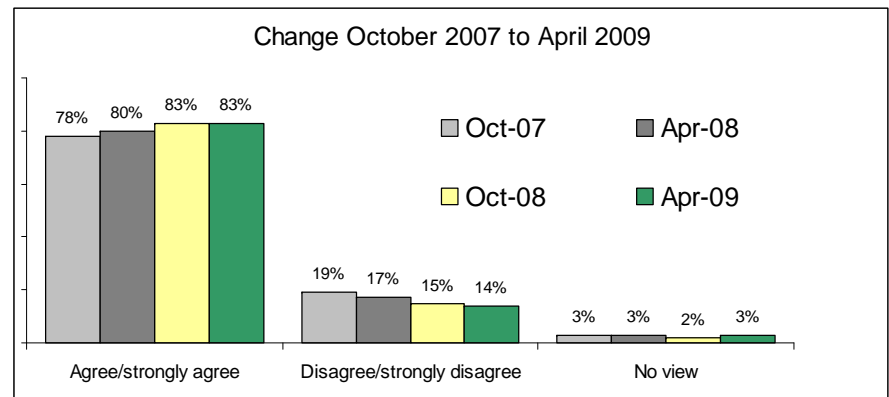
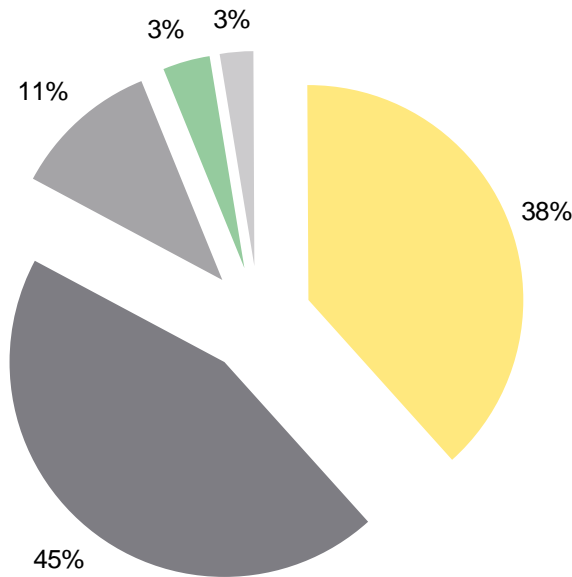
75% of respondents believe that a single independent professional standards board should be established to oversee professional standards of existing professional bodies 7

**A single independent professional standards board should be established to oversee professional standards of the existing professional bodies**



The majority of respondents (83%) think that it should be mandatory for a financial planner or adviser to be a member of a professional body

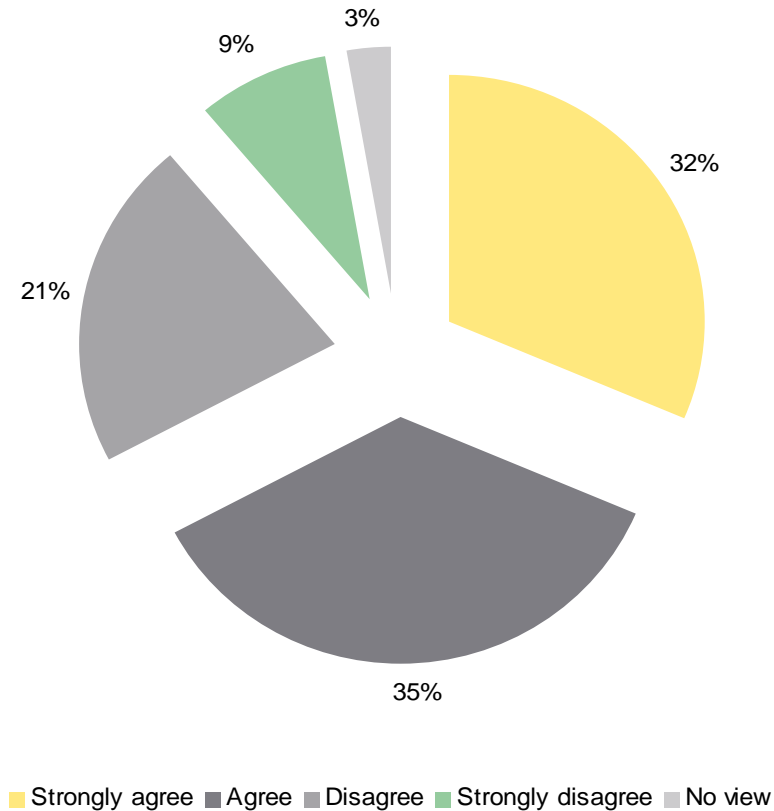
**It should be mandatory for an independent financial planner or adviser to be a member of a professional body**



Strongly agree Agree Disagree Strongly disagree No view

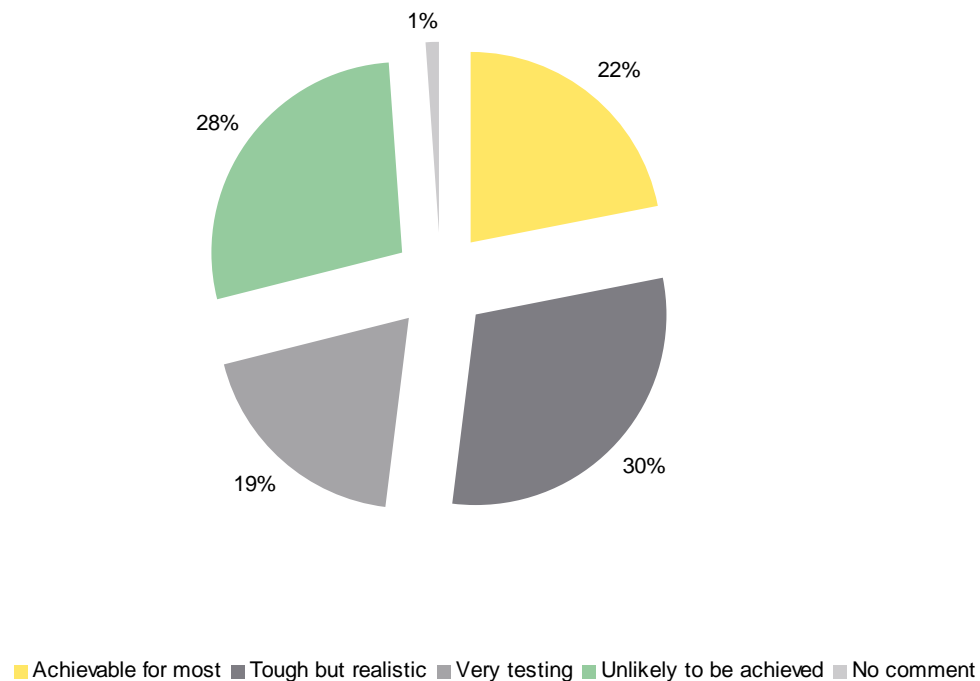
The minimum qualification level for advisers should be QCF/OfQual Level 4 or equivalent according to 67% of respondents

**The minimum qualification level for advisers should be QCF/OfQual Level 4 or equivalent (Diploma level)**



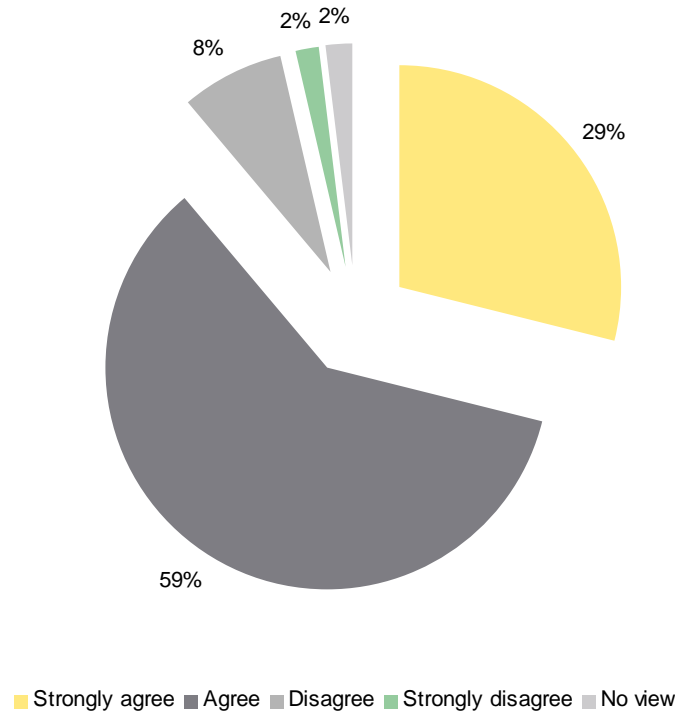
The majority of respondents (30%) think that the timelines for the qualifications element of the proposals are 'tough but realistic'

**In relation to the timelines for the qualifications element of the proposals, do you regard them as:**



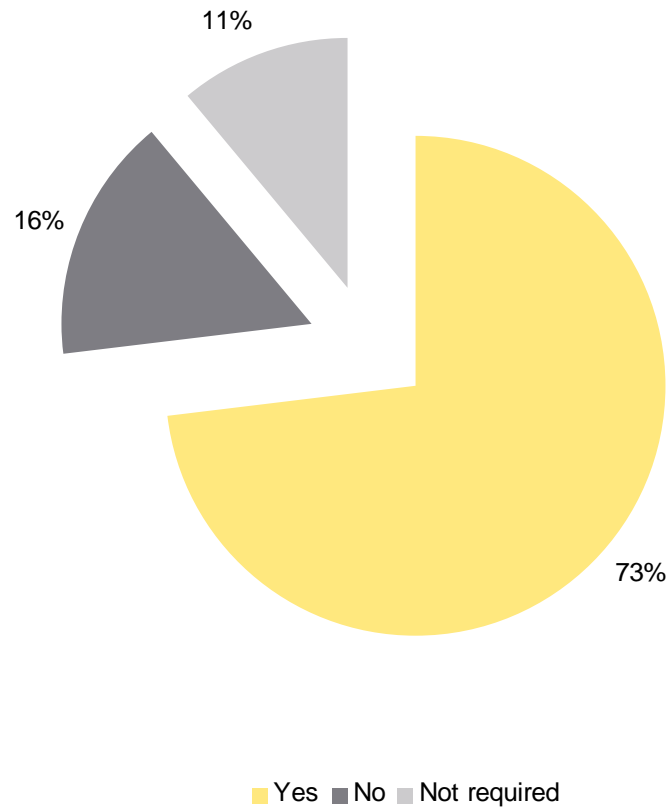
Most respondents (88%) believe that qualified professional would be required to meet annual Continuing Professional Development requirements

**Qualified professionals would be required to meet annual Continuing Professional Development requirements**



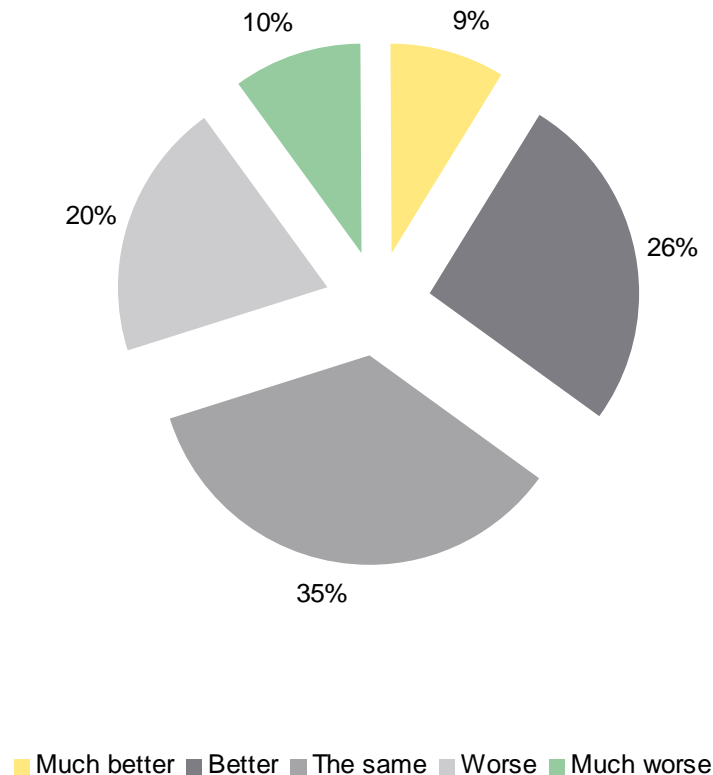
## 73% of respondents anticipate achieving further qualifications

**Do you anticipate achieving further qualifications?**

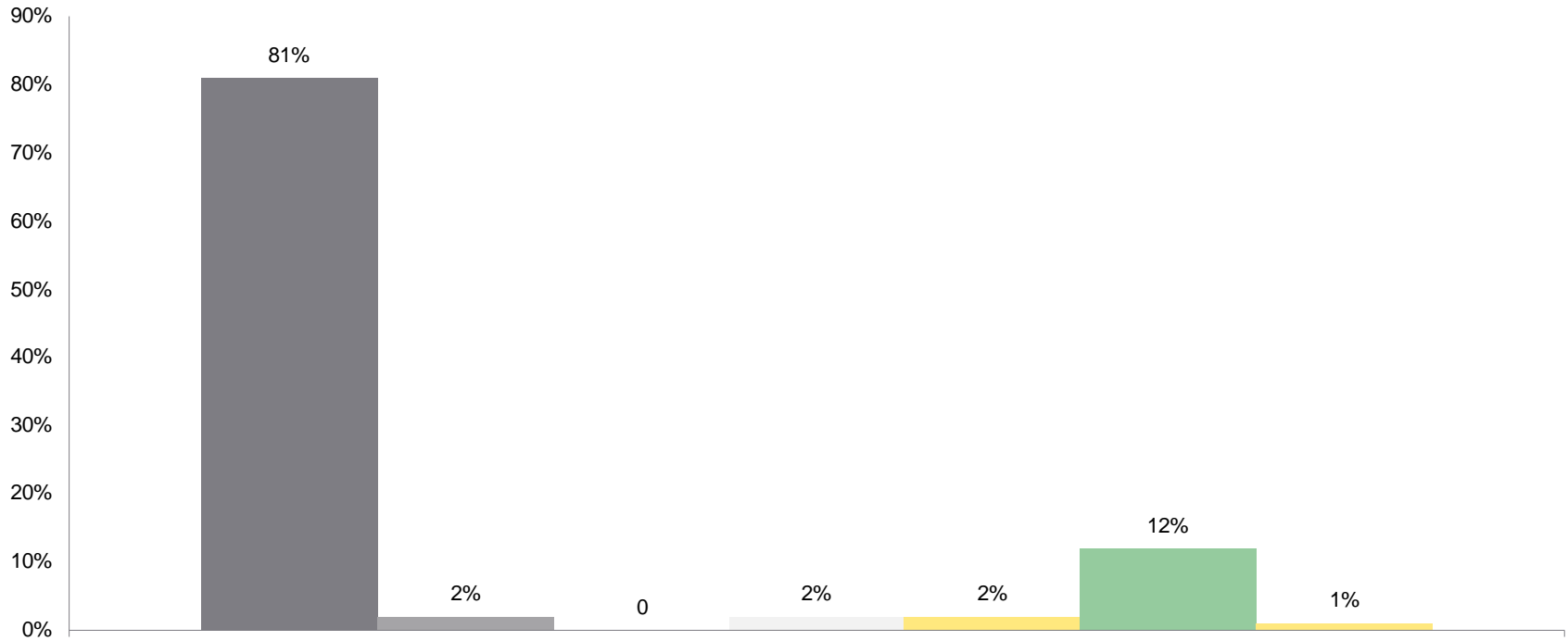


Most respondents (70%) think that the RDR proposals will not damage their future career prospects, with half of these believing that RDR will actually enhance their career.

Since the RDR proposals were outlined in June 2007 do you think your future career prospects under these plans are:



The vast majority (81%) of IFAs will continue as such following the implementation of RDR proposals. Only 12% said they would leave the advice market.



If you are an independent financial adviser (either directly or indirectly authorised), what are your intentions as a result of the proposed new requirements outlined in the FSA RDR Feedback Statement when they are implemented in 2012?

- Continue as an "independent adviser"
- Change status to "non-independent adviser"
- Change status to "guided sales" if such a category is available
- Only advise on protection or mortgage products
- Stop advising but stay within financial services, eg become a paraplanner or consultant
- Exit the advice/sales market completely
- Not applicable

## The majority of respondents (57%) read the press comment on the FSA Discussion Paper and Interim Feedback Paper

