

Financial Services Authority

Advice and the best way of delivering it

Literature survey for the Financial
Capability Generic Advice project

Prepared for the
Financial Services Authority
by Virginia Wallis

August 2005

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Acknowledgments

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Copies of the report can be downloaded from the publications section of the FSA website -
http://www.fsa.gov.uk/Pages/Library/Other_publications/Consumer/index.shtml

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1. Background

Launched in November 2003, the Strategy for Financial Capability is about “providing consumers with the education, information and generic advice needed to make their financial decisions with confidence”¹. The key to finding the right approach for raising financial capability is seen by the FSA as understanding the financial needs of consumers, the way in which consumers identify needs and how they attempt to satisfy them. Efforts to improve financial capability must also “be rooted in an understanding of how to change consumers’ behaviour”.

One of the seven priorities for delivering the financial capability strategy is establishing “what role generic advice has to play in financial capability”² including looking at the nature of generic advice, how it might be delivered (whether by using people and/or technology), and how it might be paid for.

For the purposes of the Financial Capability Generic Advice project, the working definition of generic financial advice is:

“Services and tools that use information about individuals’ circumstances to help them to identify and understand their financial needs and to plan their finances. Generic advice helps consumers to identify:

- a. choices and possible priorities for action which are appropriate to their needs;*
- b. how to take the next steps in addressing their priorities; and*
- c. how to access other relevant sources of information and advice.”³*

The FSA is committed to making generic financial advice more widely available to consumers in an easily accessible form which will help them to manage their personal finances more effectively. In making good generic financial advice available, the FSA wants consumers to plan (or plan better) for their short- and long-term future, manage their borrowing, maximise their income, shop around for the best deals, and not be ripped off.

However, the FSA fears that simply making good generic advice available will not be enough on its own to attract people, first to make use of it and second to act upon the advice to improve their financial well being.

¹ FSA, Towards a national strategy for financial capability, November 2003

² FSA, Building financial capability in the UK, May 2004

³ FSA, Building financial capability in the UK: the role of advice, July 2004

This research was commissioned by the Financial Capability Team of the Financial Services Authority (FSA), with the primary aim of providing the Generic Advice Working Group (formed under the Financial Capability Strategy) with an understanding of “which methods of delivery of advice appeal to different people – including Internet, face-to-face or telephone-based advice”⁴. In addition, the Generic Advice Working Group was particularly interested in learning lessons from other consumer advice services both in the UK and overseas.

Through a study of the findings of published research into the provision of advice to consumers – both in the financial services arena and in non-financial areas such as health and law – this report will attempt to answer the following questions.

- What currently prompts consumers to seek financial advice?
- What prompts consumers *not* to seek financial advice?
- What can be done to get consumers to change their behaviour?
- What are the best ways of delivering advice?
- How willing are consumers to pay for advice?

⁴ FSA, Financial Capability Strategy – Moving Forward, April 2005

2. What currently prompts consumers to seek financial advice?

The overriding message from the research reviewed for this study is that consumers are most likely to seek advice only in response to some form of external prompt. However, it should be noted that most research into what prompts people to seek financial advice seems to focus on consumers who already have - or who are in the market for - financial products.

There appears to be scant research and very little information on what prompts consumers to seek generic financial advice. Research by AEGON UK⁵ confirms this. However, it is probably safe to assume that many of the prompts which encourage consumers to engage with the financial services industry may also serve to prompt them into taking stock of their finances and so seek out generic financial advice.

The experience of non-financial advice services - including Community Legal Service Direct, the Connexions Service, Consumer Direct and NHS Direct - suggests that once consumers are aware that there is a good source of impartial and trusted advice, this in itself acts as a prompt to seek advice, especially if accessing advice is made easy.

Although research is still ongoing, the Department for Work and Pensions (DWP)⁶ also believes that people want help from an impartial source they can trust, and that personalised information can prompt some people to think about retirement planning.

In addition, the DWP believes that personalised information (which it makes available to consumers in the form of pension forecasts) can help people in their financial choices and assist their retirement planning.

DWP research⁷ on Combined Pensions Forecasts in particular found that the recipients of the forecasts who were interviewed for the research, generally felt that the forecasts made them more aware of their likely financial situation in retirement. It also prompted many to think about the options available to them for increasing their retirement savings. However, the DWP research was qualitative and so did not determine whether the provision of these forecasts did actually lead to people increasing their retirement savings or not.

⁵ AEGON UK, Pensions for Low Income Households: A Case of Market Failure? Laurie Edmans and Nick Hurman, April 2005

⁶ DWP, Simplicity, security and choice: Informed choices for working and saving, February 2004

⁷ DWP, Research Report 212: Combined Pension Forecasts: a report on the experiences and views of CPF providers and recipients, June 2004

This is borne out by research for the FSA⁸ which shows that when presented with personalised information (in the form of a pension forecast or endowment shortfall letter), consumers generally do think about taking action. However, the FSA research (also qualitative) additionally found that an intention to act does not necessarily translate into actual action.

In general, consumers are also prompted to seek advice when:

- their finances have reached crisis point;
- they have been alerted to the fact that there is - or may be in the future - a problem with their financial arrangements;
- their personal circumstances change - whether for the better or worse;
- they have identified a need for a financial product and want advice on what to buy; and
- advice is made available in the workplace.

Reaching crisis point is certainly a major prompt for clients who seek financial advice from the Citizens Advice Bureau, whose main activity in the financial line is helping people with severe debt problems⁹.

FSA research¹⁰ confirms that being alerted to a problem (by an endowment re-projection letter, for example) also encourages consumers to get advice.

As well as reacting to problems, FSA research¹¹ suggests that in terms of seeking financial advice, event-led factors (such as getting a pay rise, getting married, buying a house or having children) are also a major prompt.

Other FSA research¹² identifies reaching a milestone age (such as 30, 40 or 50) as being a key trigger in prompting financial action. The same research found that leaving employment to become self-employed also prompted people to seek financial advice.

⁸ FSA, Consumer Research 30 - Inflation and pension savings: Understanding the presentation of the Statutory Money Purchase Illustration (SMPI) in pension statements, July 2004

⁹ FSA, Consumer Research 26 - Widening the scope? FSA and CAB research into delivering financial advice through the CAB, May 2004

¹⁰ FSA, Consumer Research 16 - Mortgage endowments: the consumers' view, December 2002

¹¹ FSA, Consumer Research 1 - Better informed consumers, April 2000

¹² FSA, Consumer Research 10 - The impact of an ageing population on the FSA, January 2002

Research by IFA Promotion¹³ confirms that a change in personal circumstances is a main trigger in seeking advice. In its survey of people who had contacted IFA Promotion to find an independent adviser (which can be done using its hotline or via its online service), reasons for wanting an adviser included:

- protracted health problems;
- imminent retirement;
- a change of job;
- inheriting money; and
- mortgage coming to an end.

Among young people, FSA research¹⁴ suggests that key life-stage events such as earning money for the first time or leaving home are the only prompts that will encourage them to seek advice and engage with the financial services industry. Anecdotal evidence¹⁵ suggests that life-changing events such as separation, divorce and bereavement force women, in particular, to take an interest in finance in which otherwise they would have no interest, preferring to leave financial matters to a partner. This is also confirmed by FSA research¹⁶.

Not surprisingly, a significant prompt for older people is imminent retirement, with research for the FSA¹⁶ showing that the most active time for financial planning was in the couple of years both immediately before and after retirement. There is a critical period of financial planning around the actual point of retirement, and many consumers actively seek financial advice at this point.

Interestingly, a lot of research for the FSA (and also for the Financial Services Consumer Panel) has found that people who seek advice (in the regulatory sense) do so once they have established a particular financial need. This suggests that even though this group has not *formally* sought out generic financial advice, they may have done so *informally*.

Providing access to advice in the workplace can be a particularly effective prompt to consumers to get advice. FSA research¹⁶ found that employer-sponsored retirement seminars act as a call to action, but perhaps more importantly provide an introduction to an IFA, and so make it easy to get access to advice. The same research suggests that consumers are more likely to be inclined to look at finances overall once they are engaged in the advice process, even if the prompt for seeking advice in the first place was a one-off prompt, such as doing something about a pension.

¹³ IFA Promotion, Enquirer Research - report of findings, December 2004

¹⁴ FSA, Consumer Research 25 - Young people and financial matters, March 2004

¹⁵ Reader letters to Good Housekeeping

¹⁶ FSA, Consumer Research 10 - The impact of an ageing population on the FSA, January 2002

3. What prompts consumers *not* to seek financial advice?

Apart from noting that people seldom seek advice unless prompted to do so, it is difficult to say why people do not seek generic financial advice - or indeed to say categorically that they do not.

It should also be borne in mind that most research into why people do not seek financial advice approaches the question in the regulatory sense, so the real question that most research in this area answers is: "what stops people from buying financial products?" - the usual answer to which is: "no money".

However, numerous pieces of research for the FSA and others point to the fact that people use informal sources of advice, such as consulting friends, colleagues, family members, and trusted magazines and newspapers. But there appears to be no comprehensive research into whether informal sources are used for generic advice (rather than advice about what product to buy) or indeed why informal sources are used in preference to professional advisers.

Research for the FSA¹⁷ found that a reasonable number of people (20%) encountered problems in connection both with the availability of and need for advice. So it may be that people do not seek generic advice first because they are not aware that they need to and second, that even if they are aware of the need to get advice, they do not know where to get it.

A survey by IFA Promotion¹⁸ confirms that consumers are largely unaware of good sources of advice. In answer to the question: "If you wanted to get financial advice tomorrow, where would you look or go to first to find out how to get it?" 39% of respondents said that they would go to their bank or building society (see table below).

Answers to the question: "If you wanted to get financial advice tomorrow, where would you look or go to first to find out how to get it?"	%
Go to high-street bank/building society	39
Ask friends/relatives	19
Online/Internet	10
(Independent) Financial Adviser	10
Ask solicitor/accountant	4
Look in phone book/Yellow Pages	2
Newspaper	1
Don't know	9

Source: IFA Promotion Omnibus Research, November 2004

¹⁷ FSA, Consumer Research 19 - Review of the regulatory regime for Stakeholder pensions, April 2003

¹⁸ IFA Promotion, Omnibus Research, November 2004

So a key reason that people do not currently get generic advice is that there is no single trusted source of advice in the way that there is for:

- debt advice from Citizens Advice Bureaux;
- health advice from NHS Direct (which provides both advice on dealing with health problems and proactive advice on improving health);
- legal advice through the Community Legal Service and Community Legal Service Direct;
- consumer-related advice from Consumer Direct (which is currently available only in a limited number of regions but which will ultimately be a national service); and
- advice for young people through the Connexions Service.

The DWP¹⁹ suggests that a major contributory factor in people not engaging in retirement planning is “the lack of understandable and trusted information”. It may follow that a lack of understandable and trusted information also stands in the way of people actively seeking generic financial advice.

According to FSA research²⁰, the lack of trust in financial advisers may also be a factor. Anecdotal evidence suggests that some people assume that a financial adviser will just try to flog them a product, and are unaware that many independent financial advisers can provide generic financial advice. It should be added that research for IFA Promotion²¹ shows that once people have actually experienced independent financial advice, they are generally very satisfied.

FSA research²² also shows that trust is certainly an issue for young people, who prefer to get advice from parents as they are regarded as having a child’s best interests at heart and so are likely to provide trustworthy information.

Research among low-income groups by Liverpool John Moores University for the Co-operative Bank²³ suggests that the language of financial advice may be off-putting for some groups of consumer. For example, one respondent, when asked whether she would be interested in attending a financial training course, replied: “If I won the lottery then perhaps I would have some money to manage. If you have only got £40, what is there to learn about managing that? If I had thousands, it’d be different”.

¹⁹ DWP, Simplicity, security and choice: Informed choices for working and saving, February 2004

²⁰ FSA, Consumer Research 10 - The impact of an ageing population on the FSA, January 2002

²¹ IFA Promotion, Enquirer Research - report of findings, December 2004

²² FSA, Consumer Research 25 - Young people and financial matters, March 2004

²³ The Co-operative Bank in association with Liverpool John Moores University and Citizens Advice Bureau, Would you credit it? People telling stories about credit, January 2005

Young people questioned in research for the FSA²⁴ also expressed the same kind of scepticism that financial advice was relevant to them.

Other research for the FSA²⁵ also suggests that people associate financial advice with saving and investing, and having the surplus cash necessary for these activities.

Research by the New Zealand Retirement Commission²⁶ found that changing the language of its public education programme (to increase awareness of the need to save for retirement) succeeded in reaching previously hard-to-reach audiences. The Commission did this by taking the emphasis off the word 'retirement' and replacing it with the positive concept of 'financial fitness for life'.

The most straightforward answer to why people do not seek advice is perhaps that it is not delivered in a way that they find accessible, even though advice is available. For example, research by the Legal Services Commission (LSC)²⁷ suggests that a deterrent to seeking advice is the prospect of a formal face-to-face interview with a professional adviser. The same research found that the disabled faced physical barriers in seeking advice while those with young children and other full-time carers found leaving home difficult.

It is self-evident that people who do not have Internet access (which according to research for IFA Promotion²⁸ is 40% of the adult population) are barred from accessing web-based advice services.

²⁴ FSA, Consumer Research 25 - Young people and financial matters, March 2004

²⁵ FSA, Consumer Research 1 - Better informed consumers, April 2000

²⁶ Social marketing downunder, www.sorted.org.nz - A Case Study, July 2004

²⁷ Legal Services Commission, Improving access to advice in the Community Legal Service - Report on Evaluation Research on Alternative Methods of Delivery, July 2004

²⁸ IFA Promotion, Enquirer Research - report of findings, December 2004

4. What can be done to get consumers to change their behaviour?

Given that research has shown that some consumers will seek advice if prompted, it seems reasonable to conclude that taking steps to prompt consumers (as industry and government have already done by sending personalised information) will aid a change in behaviour for some. However, personalised information in written form will not always prompt everyone, as some consumers may not understand the information and/or may simply view it as junk mail and bin it.

Research already detailed also shows that life events encourage people to take advice, so it may be that providing information on sources of generic advice at the points in their lives when consumers are already predisposed to getting advice could make a difference. Research for the FSA²⁹ shows that consumers who are given easy access to advice at the point in their lives when advice is most needed are highly likely to seek advice.

HM Revenue & Customs (HMRC), for example, already sends targeted information on the Child Trust Fund to parents receiving child benefit. HMRC and other government departments who have access to information (such as birth dates, employment details or marital status, for example) could target consumers who are at stages in their lives when they are most amenable to the idea of getting advice.

Connexions³⁰ advisers are well placed to give advice on money matters to young people embarking on work or training, who may, for example, need advice about basic banking, tax and benefits. Connexions advisers already work closely with other advice providers such as the Community Legal Service to ensure that young people get the advice they need.

Another of the main ways in which consumers may be encouraged to change their behaviour is by removing the barriers – whether perceived or actual – that they face to getting generic advice. Based on the findings of research already discussed this will mean:

- raising awareness among consumers that action is required;
- providing consumers with a strongly-branded, clearly-identified and trustworthy source of generic advice;
- finding ways of overcoming possible consumer mistrust of financial advisers;
- addressing the language barrier faced by some consumers as to what financial advice is all about; and
- making it easy to get generic financial advice.

²⁹ FSA, Consumer Research 10 - The impact of an ageing population on the FSA, January 2002

³⁰ Department for Education and Skills, Connexions Service - Advice and guidance for all young people, March 2004

Research from Social marketing downunder³¹ (a website developed by a social marketing agency owned by the New Zealand government) suggests that consumers will change their behaviour if there is a clear message of what behaviour needs changing and how it should change. It also helps if there is some kind of understandable incentive to behavioural change - not dying from skin cancer by applying sunscreen, for example, or health improvements from giving up smoking.

Fear can also make consumers change their behaviour as demonstrated by research by AEGON UK³². This cites the example of call centre workers in Australia at an employer-sponsored pension presentation who asked more questions than any other group because they had reached the frightening conclusion that "there won't be any [state] pension when I retire". However, using scare-mongering tactics can be counterproductive as demonstrated by research for the FSA³³.

It is worth noting that there is nothing in the research which suggests that it is possible to persuade consumers to seek advice without having a reason to do so. Or to put it another way, giving consumers reasons to seek advice is likely to be more effective than persuading them to seek advice proactively.

³¹ Social marketing downunder, www.socialmarketing.co.nz

³² AEGON UK, Pensions for Low Income Households: A Case of Market Failure? Laurie Edmans and Nick Hurman, April 2005

³³ FSA, Consumer Research 30 - Inflation and pension savings: Understanding the presentation of the Statutory Money Purchase Illustration (SMPI) in pension statements, July 2004

5. What are the best ways of delivering advice?

The experience of non-financial advice services suggests that no single delivery channel will reach all – a fact that has already been recognised in the launching of the financial capability strategy³⁴.

5.1. Face-to-face advice

As already noted by the Generic Advice Working Group³⁵, “many commentators think that the best way to give advice is face to face”. However, as well as being the most expensive method of delivery, actual consumer behaviour suggests that face-to-face advice does not appeal to all consumers.

It is also worth noting that surveys which ask consumers how they prefer to receive advice do not appear to distinguish between informal face-to-face advice (such as getting advice from a friend or colleague) and receiving face-to-face advice in a formal setting such as at an advice agency or in a Financial Adviser’s office. Nor does survey work in this area appear to ask about factors such as convenience and accessibility when assessing the appeal of face-to-face advice.

Face-to-face advice has a big appeal for young people, for example, but access to it is easy and informal. Most young people get face-to-face advice from their parents while those who make use of the Connexions Service predominantly drop in to Connexions one-stop shops and community-based access points³⁶.

Vulnerable consumers and those on a low income also generally prefer face-to-face advice, as do the financially unconfident, who find support and guidance essential in digesting financial information³⁷. However, research by the Community Legal Service³⁸ found that some consumers were “too embarrassed or confused to seek the help of someone in a face-to-face situation” and so did not seek advice at all when face-to-face advice was the only option available.

Anecdotal evidence suggests that some people find seeking face-to-face advice too time-consuming. The fact that it typically has to be accessed during working hours makes it less convenient than other delivery channels. Having to taking time off work to enjoy face-to-face advice can also make it unappealing.

³⁴ FSA, Towards a national strategy for financial capability, November 2003

³⁵ FSA, Building financial capability in the UK: the role of advice, July 2004

³⁶ Department for Education and Skills, Connexions Service - Advice and guidance for all young people, March 2004

³⁷ The Co-operative Bank in association with Liverpool John Moores University and Citizens Advice Bureau, Would you credit it? People telling stories about credit, January 2005

³⁸ Community Legal Service press release, Community Legal Service Direct is launched, July 2004

5.1.1. Case study: Community Legal Service Direct

Community Legal Services Direct is a telephone advice line dealing in debt, education and welfare benefits, which was launched in July 2004 by the Legal Services Commission as part of its work in “developing new and more responsive ways of delivering legal services to clients in need, particularly those experiencing social exclusion”³⁹.

Before the advice line was launched nationally, a pilot study was undertaken to establish whether this method of delivering legal advice was suitable for its eligible clients (i.e. those entitled to Legal Aid). The pilot had two main goals, which were to:

- improve access to the Community Legal Service especially for elderly people, those with disabilities and those with responsibilities for caring that make it difficult to leave home during office hours; and
- improve access to legal advice for people in areas where there is scarce availability of face-to-face advice, which is largely rural areas with low population density.

The principal findings of the pilot study were that:

- people falling into the target groups were readily using the service and being helped to deal with their problems;
- the telephone advice lines provided access to legal advice to groups of people who previously would have found it very difficult to seek legal advice;
- some users would not have sought advice had the telephone advice line not been available;
- many people chose telephone advice in preference to face-to-face advice, even when face-to-face advice was available;
- reasons given for preferring telephone advice to face-to-face advice were convenience, immediacy, anonymity and non-judgemental nature of the service; and
- telephone advice is cheap enough at local rate for the cost of calling it not to be an issue.

³⁹ Legal Services Commission, Improving access to advice in the Community Legal Service - Report on Evaluation Research on Alternative Methods of Delivery, July 2004

5.2. Telephone advice

The advantage of a telephone advice service is that it is a lot less expensive to run than a service that depends on face-to-face advice. Telephone advice provides the cornerstone of the advice services provided in the non-financial sector for the following reasons.

- The telephone is near universal in UK homes (unlike access to the Internet).
- Telephone advice services can score very high satisfaction ratings when appraised by their callers. Of callers to NHS Direct, for example, 95% rated the service helpful while 91% of callers to the National Debtline said it was very helpful.
- Call centre technology means that consumer advice enquiries can be dealt with at a regional or national level thus providing gains both in efficiency and quality.
- Technology means that a single phone number can provide the consumer with one single point of entry to an advice service, even if there are multiple advice providers (as in the case of Consumer Direct).
- Telephone advice improves access to a service in areas of the country where face-to-face advice is patchy.
- Telephone advice also has the advantage of being available to consumers at a time when it is convenient for them. NHS Direct, for example, experiences its highest call levels outside normal working hours⁴⁰.

The Community Legal Service sees telephone-based advice as vital in meeting what it says is “a soaring demand for alternatives to face-to-face advice”⁴¹. It has found its telephone service to be particularly valuable to “people living in remote areas or those with mobility problems or caring responsibilities”. It also found that many people involved in the pilots of the telephone advice service would not have sought help had the telephone advice not been available.

Research by the Department of Trade and Industry⁴² found that in launching its telephone advice service, it was essential to keep branding as simple as possible to make it easy for members of the public to know who to contact. This echoes the experience of NHS Direct and the Community Legal Service which emphasise the need both for strong branding (especially where there are multiple advice channels in operation) and a single national number charged at the local rate.

⁴⁰ NHS Direct, A new gateway to healthcare, November 2001

⁴¹ Community Legal Service press release, Community Legal Service Direct is launched, July 2004

⁴² Department of Trade and Industry, Consumer Helplines Study Final Report, February 2002

5.2.1. Case study: Consumer Direct

Consumer Direct (which is sponsored by the Department of Trade and Industry) is a new national helpline and online service, providing clear and practical consumer advice and information.

The advice service works in partnership with local authorities and Consumer Support Network members, including Trading Standards and other advice agencies. It will be available through a single national telephone number and online, and it will be the first point of call for consumers looking for help before and after buying goods or services. As such, it will allow existing local consumer advice services to concentrate on more complex consumer issues and the provision of specialist and face-to-face support.

The purpose of Consumer Direct is to:

- increase consumers' access to quality-assured advice and information;
- aim to give people the knowledge, tools and confidence to be able to resolve matters themselves;
- improve the quality and coverage of information for Trading Standards and other stakeholders; and
- act as a gateway to other complementary services where further help is required or specialist advice is needed.

Consumer Direct will also act as a gateway to other consumer support services. If consumers need further help, such as an intervention on their behalf or specialist advice, advisers will refer them to the agency most able to help.

Consumer Direct is intended to complement and extend - but not replace - existing services. Sometimes consumers will need further help, such as specialist advice on personal debt, financial mis-selling, food standards or local government issues.

More vulnerable people may need to be helped face to face. In these cases (which pilot studies found was roughly one in five calls), Consumer Direct will refer consumers to the agency that is best qualified to help.

The new service will also create a new entry point for recruitment into the consumer advice and Trading Standards profession. A university-accredited qualification has been introduced for Consumer Direct advisers that will act as a stepping stone towards professional consumer qualifications.

5.3. Internet advice

Providing web-based advice services is very cost effective but they may have limited reach. Research by IFA Promotion⁴³ would suggest that, although Internet use - particularly in the home - has increased over the last four years, any Internet-based advice initiative will be unlikely to reach all people, as only 50% of adults have Internet access at home (see table below). Not surprisingly, the research also found that Internet access both at home and at work was more widely available to people in higher socio-economic groups (ABC1).

Access to the Internet	All adults (%)	ABC1 (%)
Internet access at home	50	75
Internet access at work	19	42
Internet access at an educational establishment	3	1
Other	2	3
No Internet access	41	15

Source: IFA Promotion Omnibus Research, November 2004

But even if consumers have access to the Internet, it does not follow that they will use it to get financial information. Respondents with Internet access were asked if they used the Internet to access financial information. Only 35% of all adults said that they had accessed financial information via the Internet which rose to 48% among socio-economic group ABC1. This suggests that interactive Internet advice services are likely to appeal most to the financially sophisticated, who are confident of their ability to understand and digest information. They could, however, be made to appeal to the less financially confident if there was some sort of parallel handholding or walk through - for example a person on the end of the phone following the model of Moneyextra's Financial Planner Service⁴⁴ which is supported by a team of fully trained advisers who can take users through the online service.

The fact that the Internet is not as widely used as the phone may explain why the websites of other advice services are seen more as sources of general information and advice, and as providing consumers with signposts to other sources of information, rather than as a tool for delivering advice tailored to a consumer's individual circumstances. However, the Community Legal Service website does provide an interactive legal aid eligibility calculator and NHS Direct provides interactive health checks, to calculate, for example, whether you are drinking too much or not taking enough exercise.

⁴³ IFA Promotion, Enquirer Research - report of findings, December 2004

⁴⁴ Moneyextra, Financial Planner Service, www.moneyextra.com/advice/financialplanner

However, research shows that although not necessarily used by everybody, web-based interactive advice services are popular with the people who make use of them. The experience of the Retirement Commission of New Zealand (see case study below) whose website is used by around 25% of the population, may be of particular relevance to the 'Healthcheck' launched by the FSA in June 2005⁴⁵ and the web-based retirement planner due to be delivered by the DWP in the spring of 2006⁴⁶.

5.3.1. Case study: www.sorted.org.nz

The website of the New Zealand Retirement Commission, which was launched in 1998 as part of the Commission's programme, is designed to:

- increase awareness of the need to save for retirement;
- improve New Zealanders' knowledge of sound approaches to financial planning for retirement; and
- increase the ability of individuals to make well-informed decisions on savings, debt management and other areas of lifetime financial management.

According to a case study published by Social marketing downunder⁴⁷, although the Commission's first website (launched in 1998 and updated with interactive calculators in 1999) had become the preferred channel by which people accessed the Commission's information (website visitors outnumbered 0800 callers by 10 to 1), by 2001 it was failing to reach its target audience. The majority of users were 'confident planners' who were people who were already saving for retirement. It was not attracting hard-to-reach groups including 'young spend-for-todays', 'careful budgeters' and 'future planners'

The Commission decided to shift the focus of the programme from financial planning for retirement to financial skills for life, and to concentrate on the information needs of three broad target audiences: young people; families and households; and people at work.

A much-reduced budget and the desire to deliver information in a personalised, interactive way led the Commission to the decision that the programme should be web-based. The website had to become the core information source around which all advertising and supporting activities centred.

⁴⁵ FSA, Financial Capability Strategy - Moving Forward, April 2005

⁴⁶ DWP, Simplicity, security and choice: Informed choices for working and saving, February 2004

⁴⁷ Social marketing downunder, www.sorted.org.nz - A Case Study, July 2004

A new brand for the public education programme was developed with the intention that it should take the emphasis off the word 'retirement' and attract previously hard-to-reach audiences by:

- conveying the positive concept of 'financial fitness for life';
- being relevant to everyone irrespective of age or life stage; and
- working as a website URL.

The new site was launched in September 2001 with accompanying television, bus and online advertising of its strong visual brand of a real mouse with its foot on a computer mouse.

Since its launch, three distinct sections have been added to the website.

- **Sorted Kids & Money** - aimed at 5-12 year olds which has interactive games and activities.
- **Sorted Students** - to help students manage their personal finances without overwhelming them with complicated information.
- **60plus** - aimed at people "wanting tools and information to manage their nest egg once they are in semi-retirement or retirement".

In its first two years, awareness of the Sorted website was promoted principally by using broadcast media. As a consequence of this advertising strategy, seven out of ten New Zealanders now recognise the Sorted mouse and byline⁴⁸; however, only one in four use the site.

5.4. Other advice channels

The fact that the Internet may not be accessed by certain groups - including older people (who may not be familiar with computers) and, surprisingly, younger people (who according to FSA research⁴⁹ see the Internet primarily as a source of entertainment) - led NHS Direct to install touch-screen information points in public places such as libraries, colleges, pharmacies, NHS walk-in centres and GP surgeries.

Recognising that NHS Direct had not succeeded in reaching some sectors of the population through its other delivery channels, NHS Direct Interactive (a digital television service) was launched in December 2004. Pilots for the service showed that both men and women used the service, including significant numbers of younger women and older men. The pilots also indicated that digital TV had potential to attract viewers from low-income backgrounds⁵⁰.

⁴⁸ "When you want to get sorted on money matters, use your mouse"

⁴⁹ FSA, Consumer Research 25 - Young people and financial matters, March 2004

⁵⁰ Department of Health press release, Health information on your TV screen, December 2004

6. How willing are consumers to pay for advice?

Affluent consumers who engage the services of financial planners are clearly willing to pay for generic financial advice. But there doesn't seem to be any research into the willingness of consumers generally to pay for generic financial advice.

However, research by IFA Promotion⁵¹ helps to shed light on whether consumers are prepared to pay for professional advice. Consumers in the survey were told: "Many independent financial advisers do not charge a fee for their services but rely on commission they receive from product providers". They were then asked: "If they worked only on a fee basis, would this make you more or less likely to use one?" The answers are summarised in the table below.

Attractiveness of fee-based remuneration	%
Much more likely	8
Slightly more likely	15
No difference	46
Slightly less likely	8
Much less likely	6
Depends/don't know	18

Source: IFA Promotion Omnibus Research, November 2004

Respondents were then told: "Most fee-based independent financial advisers charge between £40 and £200 per hour for their services". They were then asked: "Taking this into account, if you were given the choice of paying by fee or via commission they receive from product providers, which would you personally prefer?" The answers are given in the table below.

Reactions to potential fee levels	%
Fee	18
Commission	20
No preference	24
Neither	21
Don't know	17

Source: IFA Promotion Omnibus Research, November 2004

⁵¹ IFA Promotion, Omnibus Research, November 2004

However, it should be noted that the survey sample was made up of the financially engaged so should not be used as a concrete indicator of willingness to pay for advice by the general population.

Research into initial disclosure for the FSA⁵² found that some less financially sophisticated respondents would be decidedly unwilling to consider going for advice if a fee was charged. This suggests that if consumers are to be encouraged to use a generic advice service, it should - initially, at least - be provided for free. But this would need to be tested.

With the exception of the Community Legal Service, the only cost involved in using other non-financial advice services is that of the phone call or connecting to the Internet. With the Community Legal Service, the first 30 minutes of advice are free but a client will continue to get free legal advice after that only if they qualify for legal aid.

⁵² FSA Consumer Research 17 - Initial disclosure documentation research, January 2003

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