

# Technical Report for Adviser Charging and Scope of Service

Qualitative research to investigate consumer understanding of adviser disclosure documents

Prepared by  
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## Authors & acknowledgements

This document reports the details of the methodology used for a research project carried out for the Financial Conduct Authority (FCA) in May by NMG Consulting.

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Any errors in the report are the responsibility of the authors.

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# 1. Technical Report

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## Research Method

This Chapter describes the business and research objectives set for this research and the methodology it adopted.

### 1.1 Business objectives

- To provide the FCA with insight into how much consumers understand from the documentation provided to them and how it could be improved
- To enable the FCA to identify good practice and highlight poor practice
- To help the FCA understand what drives consumer behaviour in particular respect to the use of firms' documentation on charges and scope of service
- To enable the FCA to better understand consumer needs and their financial decision making (in relation to the documentation)

### 1.2 Research objectives

The research was designed to provide sound qualitative feedback to answer the project's business objectives. Specific areas that the research had to address were:

#### **Whether consumers can clearly identify the fees / and or charges of a firm from the disclosure documents:**

- Can consumers easily identify the initial charges?
- Can they determine from that how much advice is likely to cost?
- Can they determine when they would be required to pay the charge?
- What do consumers understand about the service they will receive for the charges paid?
- Which examples of documentation are clear and easy to understand?
- Which examples of documentation are challenging to understand?
- Can consumers compare charges across different adviser firms?

#### **Whether consumers can identify and understand the scope of service provided by a firm based on their disclosure documents:**

- Are consumers able to identify if a firm is independent, restricted or both?
- If restricted, can consumers understand the nature of the restriction?
- If independent but with a narrower relevant market, can consumers understand this description?
- Where an on-going service is being offered, can consumers identify what is included in this service proposition?

## **1.3 Research method**

This Section provides a brief overview of the method employed in this study. Full details of the methodology can be found in Appendix A.

### **1.3.1 Overall approach**

Prior to the consumer research phase, a short online survey of 131 IFAs was undertaken to understand the current use and format of Key Facts Documents. The results from this survey provided input into the consumer research structure.

The consumer research involved 48 face-to-face depth interviews with a variety of consumers conducted in their homes. Interviews were spread across England and Scotland and covered rural, town and city locations and took place between 13<sup>th</sup> May and 24<sup>th</sup> May 2013. Respondents were recruited according to a number of interlocking quotas (see Section 2.3.3) on a free-find basis. Interviews were around one hour in length and were recorded. The depth interviews were based on capturing understanding of the documents and the possible impacts on behaviour.

Additionally four workshops were conducted in England in viewing facilities between 21<sup>st</sup> May and 23<sup>rd</sup> May 2013. Respondents were recruited according to a number of interlocking quotas (see Section 2.3.6) on a free-find basis. These sessions lasted two hours each and were recorded. The workshops were aimed at understanding impact on behaviours as well as the improvements consumers wanted to see within the documents.

All research was conducted by one of a team of senior qualitative researchers familiar with the RDR, adviser charging and consumer behaviour.

### 1.3.2 Summary of documents tested

In total, documents from eight adviser firms were tested within the research. These documents were selected to represent a range of business models, advice pricing structures, layouts and designs.

The balance was weighted toward restricted models given the much broader scope of restricted definitions in the market.

Firm A – Restricted	Firm B – Restricted	Firm C – IFA	Firm D – IFA
Advisory firm ----- Two documents – FCA style Key Facts and own Service Proposition and Fee Agreement (18 pages total) ----- Two tier service – consultancy and transactional ----- Initial and ongoing adviser charge based on % of investment ----- Ongoing charge variable depending on service	Building Society ----- Booklet style Proposition document and separate Charges document (14 pages total) ----- Initial and ongoing adviser charge based on % of investment ----- Other charges (fund / platform) also shown -----	Advisory firm ----- Separate Service Proposition and Client Agreement documents (13 pages total) ----- Can select from four different service levels for ongoing service or purely transactional ----- % based initial advice charge subject to minimum ----- Ongoing charge % based with minimum variable by service level	Advisory firm ----- Single 4 page document based on FCA style ----- Four different service propositions; partly lifestyle based ----- Initial advice based on hourly fees variable by role ----- % based ongoing service ----- Separate reference to VAT, not part of example calculation

Firm E – IFA	Firm F – Restricted	Firm G – Restricted	Firm H – Restricted
Advisory firm ----- Separate Guide to our services and Terms of Business documents (9 pages total) ----- Two on-going service levels; main differential being frequency of reporting ----- Initial adviser charge can be fixed fee of % of investment (tiered on size of assets)	Stockbroker ----- Two pages in total – shortest document ----- Two propositions – advisory and discretionary investment management ----- Multiple charges several of which layer on each other; minimum fee applies -----	Advisory firm ----- Separate documents for scope of services and adviser charges; different font size used (7 pages total) ----- Suggests that an independent service is available if restricted not suitable but not defined ----- Initial and ongoing adviser charge based on % of investment (tiered on size of assets)	Advisory firm ----- Two propositions differentiated on breadth of advice i.e. full and ‘focused’ using three documents (7 pages total) ----- Independent service available if restricted not suitable but not defined ----- Focused advice service described in detail but little information on full advice service ----- Multiple charging models – tiered %, hourly rates, fixed fee, minimum fee

Figure 1: Summary of firm documents tested

### 1.3.3 Pre-placement of disclosure documents

Given the scope of documents used in the research, and the length of the documents, pre-placement was used in half the depth interviews (24) and for all the workshop participants (30).

Pre-placement allowed participants to respond to the documents in their own environments (at home) and with the usual daily distractions surrounding them (work, family etc...). Pre-placement is not at odds with behaviour in the industry as research (survey of 131 independent investment advisers) conducted by NMG Consulting in early May 2013<sup>1</sup> established that four in 10 advisers have provided documentation to clients ahead of meeting with them (often as one of a number of methods used to deliver the initial disclosure documents). It was this scenario that pre-placement of materials aimed to mirror.

In the pre-placed depth interviews and for all workshop sessions, participants received documents from two adviser firms. They were asked to read them in a particular order to ensure that any learning from the first document could be tracked against the second document. These were accompanied by a task booklet designed to capture their initial views on these documents ahead of the interview.

24 depth interviews were conducted where participants only saw a copy of one document during the interview. These interviews were designed to capture how much understanding was apparent on a single, fresh read of the documents versus the pre-placed interviews where participants generally had between 3 – 5 days to absorb the contents.

Within all of these research sessions, documents were tested with a firm's appropriate target markets – e.g. if a firm had stated that their target market was those with £100,000 or more in investable assets, then their documents were tested with consumers whose real life situations mirrored this.

#### **1.3.4 Knowledge Tests**

During the interviews, knowledge tests were administered to validate the responses individuals were giving about how confident they were of the knowledge they had gained from reading the documents. These tests were between 6 – 8 questions and were based on a multiple choice format. Two standard questions were asked of all documents with the remainder being specific to certain elements of each of the documents such as scope of service and pricing models.

#### **1.3.5 Strengths and weaknesses of this approach**

Qualitative research was appropriate for this research as it allows complex issues to be explored sensitively and in depth. It is particularly appropriate for examining consumer understanding of communications and for assessing respondents in as wide a context as possible; for example their wider views about finance and investment and its role in their lives, alongside any formal categorisation into demographic groupings.

*Qualitative research provides a detailed exploration of the issues but cannot deliver statistical data. Some 'counts' of responses are given in the body of this report to give an indication of the split of response on particular topics. These are indicative only and should not be regarded as statistical measures.*

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<sup>1</sup> NMG Consulting Financial Adviser Census – May 2013

### 1.3.6 Quotas

The key quotas for the sample were based on the following elements:

- Age: Younger (30 – 45), Older (46 – 60) and Retired/Transitioning (61+)
  - Age is a key factor in determining the level of investable assets an individual has access to, with assets typically increasing with age. To account for the impact of age on wealth, the sample structure focused on the three key life stages for financial advice with emphasis on the older ages (recent analysis of NMG's Financial Adviser Census data shows that adviser client banks are more focused on older ages with 23% of clients aged under 45, 48% aged 45-64 and 29% aged 65+).
- Level of investable assets from £10,000 to £2million
  - Providing a minimum level of investable assets (£10,000) ensured the research reached a group of participants for whom this information is either already pertinent, or has the potential to become pertinent in the future. These less experienced investors are potentially more vulnerable to misunderstanding of charges and it was crucial for the research to understand how best to communicate with this novice group. Adding a break point in level of investable assets at £250,000 allowed us greater ability to examine the potential for differing levels of financial sophistication and attitude to investing. The research capped the level of investable assets at £2million to ensure those who took part were still within the market for mainstream financial advice and had not moved into highly bespoke or discretionary arrangements (with private banks or stockbrokers for example)
- Whether an investment product had ever been purchased, and if so how recently that purchase was made
  - This break was important in establishing how 'educated' participants were to the world of investing and of advice around this
- How financially sophisticated the participants' believed themselves to be (soft target of 50:50)
  - Financial sophistication was anticipated to be a key driver in responding to the disclosure materials

The sample framework for the depth interviews is shown below:

Investable Assets	£10,000 - £50,000	£51,000 - £250,000	£251,000 - £500,000	£501,000 - £2million
<b>Have never purchased</b>	3 depth interview younger 3 depth interview older			
<b>Recently purchased (last 12 months)</b>	4 depth interview younger 2 depth interview older 3 depth interview retired	2 depth interview retired 2 depth interview younger 2 depth interview older	1 depth interview retired 2 depth interview older	1 depth interview older 1 depth interview retired
<b>Not purchased in the last 2 years</b>		3 depth interview retired 3 depth interview older 2 depth interview younger	3 depth interview retired 3 depth interview older	2 depth interview older 1 depth interview retired
<b>Advised/Purchased since 01.01.13</b>	1 depth interview older	2 depth interviews older	1 depth interview retired	1 depth interview older
<b>Total interviews</b>	16 depth interviews	16 depth interviews	10 depth interviews	6 depth interviews

Figure 2: Sample framework for the depth interviews

The sample framework for the workshops is shown below:

<b>GROUP 1:</b> Older (46 – 60), £101K – £250K investable assets, all to see themselves as more financially sophisticated. All to hold an investment product.	<b>GROUP 2:</b> Younger, (30 - 45), £51k – £100K investable assets, all to see themselves as less financially sophisticated. All to hold an investment product.
<b>GROUP 3:</b> Younger (30 – 45), £101K – £250K, investable assets, all to see themselves as more financially sophisticated. All to hold an investment product.	<b>GROUP 4:</b> Older (46 – 60), £251K – £500K investable assets, all to see themselves as less financially sophisticated. All to hold an investment product.

Figure 3: Sample framework for the workshops

### 1.3.7 Analysis

The analysis combined positivist and interpretive approaches, i.e. analysis based on the evidence of what people said together with interpretation of the underlying meaning and context. It involved some 'counts' of the answers to specific questions, grounded theory<sup>2</sup> analysis to develop hypotheses and compare findings from sub cells, together with observation and exploration of the language and stories used by the participants.

Using subgroup analysis, NMG examined whether responses varied according to a number of different variables. Qualitative research allows comparison of responses not only according to pre-defined market or demographic variables but also according to factors which arise through the process of analysis itself.

This facilitates analysis of factors such as age, gender, life stage, total assets, together with more interpretive factors like attitudes towards investment, relationships with advisers and financial knowledge.

Financial sophistication was particularly relevant to this analysis. Participants were categorised into the following discrete subgroups:

- More financially sophisticated, i.e. took an interest in financial matters, openly discussed financial concepts, and fully aware of all financial terms and concepts discussed.
- Less financially sophisticated, i.e. felt that other people knew more about money than they did, they took less interest in the financial world than others.

Specific differences between subgroups relating to any of these variables, where they arise, are discussed within the body of the report. If no specific references are made to differences between subgroups, no such differences are apparent.

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<sup>2</sup> Grounded theory was developed principally by Glaser and Strauss in 1967 and has been the leading analytical approach for qualitative research since then. "Grounded theory is an inductive, theory discovery methodology that allows the researcher to develop a theoretical account of the general features of a topic while simultaneously grounding the account in empirical observations or data" (Glaser & Strauss, 1967). Glaser, Barney G & Strauss, Anselm L, 1967. *The Discovery of Grounded Theory: Strategies for Qualitative Research*, Aldine Publishing Company, Chicago

## 2. Methodological details

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### 2.1 Sample source

Individual participants were recruited by Leftfield Recruitment. These consumers were sourced on a free-find basis using a detailed recruitment screener to ensure they matched the profiles we were seeking.

### 2.2 Recruitment process

The team of recruiters worked under the supervision of Sarah Lawrie and Daniel Farrell. The team all had specific experience of financial services research and of recruitment on a free-find basis.

Victoria Thrift of NMG Consulting conducted a detailed recruitment briefing on 3<sup>rd</sup> May 2013.

Recruitment began on 4<sup>th</sup> May and continued until 17<sup>th</sup> May.

Once the consumer had been contacted the recruiter then completed a screening interview. The aim of screening was principally to ensure that the consumer met the profiles we needed across the research. In addition, the following factors were monitored to ensure we had a good spread across the research:

- Gender
- Region – to achieve a good spread across all the main regions of the UK. There was no specific need for the quota to cover the four nations.
- Age (actual or estimated if not disclosed)

All respondents were taken through this screening process.

Where consumers were willing to take part in the research and were 'within quota', an appointment for the interview was agreed. This was confirmed in writing (by email or post). 24 of the depth interview consumers and all the workshop participants were also provided with two firms' documentation along with a pre-task booklet that was intended to capture their initial thoughts on these documents.

Copies of the screening questionnaire and pre-task booklets are included in Appendix B.

Consumers were offered incentives between £70 and £100 to take part in the research either as a cash sum, cheque from NMG consulting or as a contribution to a charity of their choice.

## 2.3 Achieved sample

### Depth Interviews

Region	South East	Midlands	North	Scotland
Number of interviews	20	12	8	8

Level of investable assets	£10,000 - £50,000	£51,000 - £250,000	£251,000 - £2million
Number of interviews	16	16	16

Financial Sophistication	More financially sophisticated	Less financially sophisticated
Number of interviews	25	23

Gender	Male	Female
Number of interviews	30	18

### Workshops

Region	South East	Midlands
Number of workshop participants across 2 sessions	15	15

Financial Sophistications	More financially sophisticated	Less financially sophisticated
Number of workshop participants across 2 sessions	15	15

Level of investable assets	£51,000 - £100,000	£101,000 - £250,000	£251,000 - £500,000
Number of workshop participants by session	7	15	8

Gender	Male	Female
Number of workshop participants	14	16

Financial Sophistication	More financially sophisticated	Less financially sophisticated
Number of workshop participants	15	15

### 3. Field materials

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This appendix comprises copies of the main materials used as part of the recruitment and interviewing processes.

- **Recruitment screening questionnaire**

The screening questionnaires follow a standard format for qualitative recruitment conducted by telephone. There were two screening questionnaires: One for the depths and one for the workshops.

The screening questionnaire was signed off by the FCA on 2<sup>nd</sup> May 2013 with a minor amend to language used put in place on 7<sup>th</sup> May 2013.

- **Pre-tasks (2 versions)**

The pre-tasks consisted of two questionnaires designed to ascertain the respondent's initial impression of the materials prior to the face to face interviews. Specifically they aimed to ascertain:-

- The respondent's view as to the main purpose of the documents.
- How well the respondent felt the documents communicated information concerning fees and charges, services offered and the type of advice given by the firm.

These were used so that we could compare a considered impression of the documents with the spontaneous views gained in the non- preplaced interviews.

These were sent to each respondent along with the confirmation letter or e-mail giving details of the appointment. Where respondents had filled in the questionnaire, this was used during the interview to ensure that all these areas had been covered.

Two versions of the document were used. The first version was sent to respondents who were taking place in a workshop and the second to those taking part in a depth interview.

The pre-interview questionnaires were signed off by the FCA on 13<sup>th</sup> May 2013.

- **Topic guides**

The topic guide shows the overall coverage and flow of the interviews conducted in this study. This was utilised in the context of a fully qualitative interview that involved some respondent led discussion and was also designed to provide the interviewer with the ability to adapt the questioning to suit the level of understanding and awareness of individual respondents.

There were 3 topic guides used for this project:-

- One for depth interviews where the adviser firm documentation was preplaced.
- One for the depth interviews with no pre-placement.
- One for the workshops.

The versions included in this appendix were signed off by the FCA on 13<sup>th</sup> May 2013.

- **Example stimulus materials**

The stimulus materials were developed by NMG Consulting in consultation with the FCA team. There were four distinct pieces of stimulus material for this project:-

- 1) The adviser firm documentation.**

Each respondent was shown documentation from one or sometimes two adviser firms. The exact nature of the documentation varied according to the firm it related to but typically comprised of a generic disclosure document and a Schedule of Charges or Client agreement.

However, all the documentation shown was anonymised, so that respondents could assess the content objectively without being influenced by the brand.

- 2) Knowledge quizzes**

During the interview the respondents were also asked to fill in knowledge quizzes. Each quiz consisted of questions directly relevant to the documentation shown. The questions varied according the firm they related to, but the main purpose was to assess:-

- Their understanding of the type of advice offered.
- Their understanding of the firm's charging structure.
- Their ability to calculate charges given specific criteria.

- 3) Oral disclosure cards**

During the interviews, respondent were shown cards to facilitate their understanding of:-

- Restricted and independent advice
- Initial and on-going payments

- 4) Alternative approaches**

During the non-preplaced interviews, the respondents were shown examples of alternative ways to show adviser charging to enable them to form a view as to their preferred design and layout. There were ten examples in total and three of these were shown in rotation to each respondent, so that there was no undue bias when formulating their views. As these were drawn from the documents tested, we cannot show the examples in this report as it will undermine the anonymity of the firms who took part.

### 3.1 Recruitment screening questionnaire

## FCA DOCUMENT DISCLOSURE RESEARCH: CONSUMER SCREENER

Recruitment Screener version 3: 07.05.13

### Introduction - depths

My name is \_\_\_\_\_. I am working on behalf of NMG, an independent research company. We are carrying out some research on behalf of the Financial Conduct Authority involving talking to people about their savings and investments and how they use financial advisers now and in the future.

We are looking for people to take part in a one-to-one interview. If you are able to help with the research, we would arrange for one of our senior interviewers at NMG to visit you to conduct the interview at a time that is convenient for you. In appreciation of your time, we would like to offer £ to thank you for your help. The interview will last 1 hour and there will be about 20 - 30 minutes of preparation required before the interview.

DATES TO BE CONFIRMED

**IF WILLING, PROCEED. EXPLAIN THAT WE NEED TO ASK SOME QUESTIONS FIRST TO ESTABLISH WHETHER THE INTERVIEW WOULD BE APPROPRIATE**

Q1 Please could you first tell me if you work currently or have worked for any financial services organisations, or work in journalism/ media/ PR/ market research?

**IF RESPONDENT EMPLOYED CURRENTLY OR IN THE PAST IN FINANCIAL SERVICES, JOURNALISM, MEDIA, PR OR MARKET RESEARCH – CLOSE**

Q2 Who in your household is the main financial decision maker?

SELF	1-CONTINUE TO 3
PARTNER	2-CLOSE
SELF & PARTNER JOINTLY	3-CONTINUE TO 2A
SOMEONE ELSE	4-CLOSE

**ALL MUST BE THE SOLE OR JOINT FINANCIAL DECISION MAKER IN THEIR HOUSEHOLD**

Q2A Which of the following statements best describes the role you take in financial decision making?

I tend to lead on all the financial decisions taken for our household with my partner having slightly less involvement	1 – CONTINUE
We split the financial duties, I look after the everyday money and my partner looks after our long term needs	2 – CLOSE
We split the financial duties, I look after the longer term needs and my partner deals with our day to day money	3 – CONTINUE
I have a secondary involvement, my partner will generally do most of the leg work and I will 'rubber stamp' decisions	4 – CLOSE
None of the above	5 – Clarify against need for respondents who are truly involved in the financial decision making process, Close if not the case.

Q3 Which of the following brackets do your total investable assets fall into – this includes savings, investments and pension savings but does not include property:

Less than £10,000	1 – CLOSE
£10,000 - £50,000	2 – CONTINUE
£51,000 - £250,000	3 – CONTINUE
£251,000 - £500,000	4 – CONTINUE
£501,000 - £2million	5 – CONTINUE – MIN OF 6 TO QUOTA HERE
£2million plus	6 - CLOSE

Q4A Have you ever purchased an investment or pension product?

Yes – CONTINUE – Q4B-Q4D

No – CONTINUE TO Q6D IF IN £10 - £50K BRACKET / ALL OTHERS CLOSE

Q4B Which of the following types of investment or pension products do you hold?

Q4C Which of the following products have you purchased in the last 12 months?

Q4D Which of the following products have you purchased more than 2 years ago?

<b>PRODUCT</b>	<b>4B. OWN</b>	<b>4C. PURCHASED IN LAST 12 MONTHS* ask Q5</b>	<b>4D. PURCHASED MORE THAN 2 YEARS AGO</b>
1. Equity based ISA (invested in shares or unit trusts not just a cash ISA)			
2. Unit trust OR OEIC (Open Ended Investment Company) portfolio			
3. Personal pension – organised by yourself rather than through your employer (We do not want Group Pensions or Defined Contribution or Defined Benefit / Final Salary)			
4. SIPP - Self invested Personal Pension (SIPP) holding a range of investments			
5. Investment Bond (where the return is related to stock market performance)			
6. Stocks and shares/ share portfolio			
7. Funds held on an investment platform or fund supermarket			
8. Income drawdown facility via pension			
9. Other (please specify NB: Cash ISAs do not qualify)			
10. None of these – CLOSE			

**ENSURE A SPREAD OF DIFFERENT PRODUCTS HELD ACROSS THE RESEARCH - do not want all to just have equity ISAs.**

**ALL WITH ASSETS OVER £51,000 MUST HOLD AT LEAST ONE OF THE PRODUCTS LISTED ABOVE.**

**IF PERSONAL PENSION (CODE 3.) SELECTED, THEY MUST HOLD ANOTHER PRODUCT IF OTHER (CODE 9.) SELECTED – CHECK WITH PROJECT MANAGER THAT PRODUCT MENTIONED QUALIFIES**

**FOR ALL WHO ANSWER PRODUCT PURCHASED IN THE LAST 12 MONTHS ASK Q5 FOR ALL THOSE WHO ANSWER ALL PRODUCTS PURCHASED MORE THAN 2 YEARS AGO – ASK Q6**

Q5 You mentioned that you purchased (X product) in the last 12 months, did you purchase this after January 1<sup>st</sup> this year?

Yes – 1 – CONTINUE TO Q5A

No - 2 – CONTINUE TO Q6

Q5A Did you purchase this most recent product through a financial adviser rather than directly yourself through a provider?

Yes – 1 – MINIMUM OF 4 TO QUOTA HERE – CONTINUE TO Q6

No – CONTINUE TO Q6

Q6 Which of the following applies to how you **most often buy** your investments?

I have an independent financial adviser who I am in touch with every year and who provides advice and access to financial products	1 – CONTINUE TO Q6B
I make use of a financial adviser from the bank or building society if I want advice or access to investments or pensions	2 – CONTINUE TO Q6B
I will see an independent financial adviser if I want to buy investments or pensions but don't have a regular relationship	3 – CONTINUE TO Q6B
I mainly do my own research on investments and then buy directly from a financial company or through the Internet	4 – CONTINUE TO Q6C

Q6B You mention that you have a financial adviser that you see (annually or occasionally), can I ask if you have had a financial review with them since January 1<sup>st</sup> 2013?

Yes, I did have a financial review – 1 – MINIMUM OF 2 TO QUOTA HERE – CONTINUE TO Q7

No, I have not had a financial review – 2 – CONTINUE TO Q7

Q6C You mention that you mainly do your own research and then buy directly from a financial company. Do you think that you might consult a financial adviser in the future?

Yes, I think I will need to seek professional financial advice in the future	1 – CONTINUE TO Q7
No, I don't think I would ever need professional financial advice in the future	2 – CLOSE
Maybe, I am not certain but I am not closed to the idea of professional financial advice in the future	3 – CONTINUE TO Q7

Q6D You mention that you don't currently own any investment products. When and if the time comes that you were interested in purchasing an investment, what do you think you would feel about professional financial advice?

I think I will need to seek professional financial advice in the future	1 – CONTINUE TO Q7
I don't think I would ever need professional financial advice in the future	2 – CLOSE
I am not certain I would need it but I am not closed to the idea of professional financial advice in the future	3 – CONTINUE TO Q7

Q7 I am now going to read some statements and I'd like you to tell me how much you agree or disagree with them, where 5 means strongly agree and 1 means disagree strongly?

	Disagree strongly	Disagree slightly	Neither agree nor disagree	Agree slightly	Agree strongly
A: I always read the personal financial pages in the newspapers	1	2	3	4	5
B: I wish someone else would sort out my financial affairs	1	2	3	4	5
C: I think I am more clued about money than the average person	1	2	3	4	5

All financially sophisticated to code red on QA and C

All less financially sophisticated to code green on QA and C

**PLEASE ENSURE A SPREAD OF FINANCIAL SOPHISTICATION**

Q8 Which of the following descriptions best matches you and your current life:

I am aged under 30 with no children	CLOSE
I am aged 30 – 45 years old, I have no children at the moment	CLASS AS YOUNGER LIFESTAGE
I am aged 30 – 45 years old, I have young children (aged 12 or younger)	CLASS AS YOUNGER LIFESTAGE
I am aged 46 – 60 years old, I have older children (aged 12 or older) or they may have left home	CLASS AS OLDER LIFESTAGE
I am aged over 60 and I am either fully retired or partially retired	CLASS AS RETIRED LIFESTAGE

Q9 Occupation: \_\_\_\_\_

Q10 What is the highest level of qualification you hold:

- 1- GCSE / O Level
- 2- A Level
- 3- Degree
- 4- Masters
- 5- PHD
- 6- Professional Qualification (Capture)

Q11 Social grade (code, not asked):

A	-	1-
B	-	2-
C1	-	3-
C2	-	4-
D	-	5-
E	-	6-

Q12 Marital status :

SINGLE	-	1-
MARRIED	-	2-
WIDOWED	-	3-
DIVORCED	-	4-
CO-HABITING	-	5-

Q18 Gender :

MALE	1
FEMALE	2

**SAY THAT THEY WILL RECEIVE A LETTER/ E-MAIL OF CONFIRMATION FOR THE APPOINTMENT TOGETHER:**

**For non preplaced interviews: WITH A SHEET WITH A FEW QUESTIONS COVERING SOME THINGS WE WOULD LIKE THEM TO THINK ABOUT BEFORE THE MEETING.**

**For preplaced interviews: WITH SOME EXAMPLES OF FINANCIAL MATERIALS AND A SHEET WITH A FEW QUESTIONS COVERING SOME THINGS WE WOULD LIKE THEM TO THINK ABOUT BEFORE THE MEETING.**

NAME OF RESPONDENT: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_ POST CODE \_\_\_\_\_

HOME TEL: \_\_\_\_\_ WORK TEL: \_\_\_\_\_

DATE OF DEPTH/WORKSHOP: \_\_\_\_\_ TIME

# FCA DOCUMENT DISCLOSURE RESEARCH: CONSUMER SCREENER

## WORKSHOPS

Recruitment Screener version 3: 01.05.13

### Introduction - workshop

My name is \_\_\_\_\_. I am working on behalf of NMG, an independent research company. We are carrying out some research on behalf of the Financial Conduct Authority involving talking to people about their savings and investments and how they use financial advisers now and in the future.

We are looking for people to take part in a workshop. If you are able to help with the research we would ask you to attend a research session lasting 2 hours. This session would be (viewed / run in home) with 8 people taking part. You would be offered £80 / £100 to thank you for your help. There would be around 20 – 30 minutes of preparation before the session.

NMG works under the code of the Market Research Society and is completely independent and the research is confidential. We will report only overall results to our clients.

DATES TO BE CONFIRMED

**IF WILLING, PROCEED. EXPLAIN THAT WE NEED TO ASK SOME QUESTIONS FIRST TO ESTABLISH WHETHER THE INTERVIEW WOULD BE APPROPRIATE**

GROUP 1: Older (46 – 60), £101K – £250K investable assets, all to see themselves as <b>more</b> financially sophisticated. All to hold an investment product.	GROUP 2: Younger, (30 - 45), £51k – £100K investable assets, all to see themselves as <b>less</b> financially sophisticated. All to hold an investment product.
GROUP 3: Younger (30 – 45), £101K – £250K, investable assets, all to see themselves as <b>more</b> financially sophisticated. All to hold an investment product.	GROUP 4: Older (46 – 60), £251K – £500K investable assets, all to see themselves as <b>less</b> financially sophisticated. All to hold an investment product.

Q1 Please could you first tell me if you work currently or have worked for any financial services organisations, or work in journalism/ media/ PR/ market research?

**IF RESPONDENT EMPLOYED CURRENTLY OR IN THE PAST IN FINANCIAL SERVICES, JOURNALISM, MEDIA, PR OR MARKET RESEARCH – CLOSE**

Q2 Who in your household is the main financial decision maker?

SELF	1-CONTINUE TO 3
PARTNER	2-CLOSE
SELF & PARTNER JOINTLY	3-CONTINUE TO 2A
SOMEONE ELSE	4-CLOSE

**ALL MUST BE THE SOLE OR JOINT FINANCIAL DECISION MAKER IN THEIR HOUSEHOLD**

Q2A Which of the following statements best describes the role you take in financial decision making?

I tend to lead on all the financial decisions taken for our household with my partner having slightly less involvement	1 – CONTINUE
We split the financial duties, I look after the everyday money and my partner looks after our long term needs	2 – CLOSE
We split the financial duties, I look after the longer term needs and my partner deals with our day to day money	3 – CONTINUE
I have a secondary involvement, my partner will generally do most of the leg work and I will 'rubber stamp' decisions	4 – CLOSE
None of the above	5 – Clarify against need for respondents who are truly involved in the financial decision making process, Close if not the case.

Q3 Which of the following brackets do your total investable assets fall into – this includes savings, investments and pension savings but does not include property:

Less than £10,000	1 – CLOSE
£10,000 - £50,000	2 – CLOSE
£51,000 - £100,000	3 – CONTINUE (GROUP 2)
£101,000 - £250,000	4 – CONTINUE (GROUP 1&3)
£251,000 - £500,000	4 – CONTINUE (GROUP 4)
£501,000 - £2million	5 – CLOSE
£2million plus	6 - CLOSE

Q4A Have you ever purchased an investment or pension product?

Yes – CONTINUE – Q4B-Q4D

No – CLOSE

- Q4B Which of the following types of investment or pension products do you hold?  
 Q4C Which of the following products have you purchased in the last 12 months?  
 Q4D Which of the following products have you purchased more than 12 months ago?

PRODUCT	4B. OWN	4C. PURCHASED IN LAST 12 MONTHS	4D. PURCHASED MORE THAN 12 MONTHS AGO
11. Equity based ISA (invested in shares or unit trusts not just a cash ISA)			
12. Unit trust OR OEIC (Open Ended Investment Company) portfolio			
13. Personal pension – organised by yourself rather than through your employer (We do not want Group Pensions or Defined Contribution or Defined Benefit / Final Salary)			
14. SIPP - Self invested Personal Pension (SIPP) holding a range of investments			
15. Investment Bond (where the return is related to stock market performance)			
16. Stocks and shares/ share portfolio			
17. Funds held on an investment platform or fund supermarket			
18. Income drawdown facility via pension			
19. Other (please specify NB: Cash ISAs do not qualify)			
20. None of these – CLOSE			

**ENSURE A SPREAD OF DIFFERENT PRODUCTS / PURCHASE TIMEFRAMES HELD ACROSS THE RESEARCH – i.e. not all just holding equity ISAs**

Q5 Which of the following applies to how you **most often buy** your investments?

I have an independent financial adviser who I am in touch with every year and who provides advice and access to financial products	1 – CONTINUE TO 6
I make use of a financial adviser from the bank or building society if I want advice or access to investments or pensions	2 – CONTINUE TO 6
I will see an independent financial adviser if I want to buy investments or pensions but don't have a regular relationship	3 – CONTINUE TO 6
I mainly do my own research on investments and then buy directly from a financial company or through the Internet	4 – CONTINUE TO Q5B

Q5B You mention that you mainly do your own research and then buy directly from a financial company. Do you think that you might consult a financial adviser in the future?

Yes, I think I will need to seek professional financial advice in the future	1 – CONTINUE TO Q6
No, I don't think I would ever need professional financial advice in the future	2 – CLOSE
Maybe, I am not certain but I am not closed to the idea of professional financial advice in the future	3 – CONTINUE TO Q6

Q6 I am now going to read some statements and I'd like you to tell me how much you agree or disagree with them, where 5 means strongly agree and 1 means disagree strongly?

	Disagree strongly	Disagree slightly	Neither agree nor disagree	Agree slightly	Agree strongly
A: I always read the personal financial pages in the newspapers	1	2	3	4	5
B: I wish someone else would sort out my financial affairs	1	2	3	4	5
C: I think I am more clued about money than the average person	1	2	3	4	5

All more financially sophisticated to code red on QA and B – GROUPS 1 AND 3

All less financially sophisticated to code green on QA and B – GROUPS 2 AND 4

Q7 Which of the following descriptions best matches you and your current life:

I am aged under 30 with no children	CLOSE
I am aged 30 – 45 years old, I have no children at the moment	CLASS AS YOUNGER LIFESTAGE – GROUP 2 AND 3
I am aged 30 – 45 years old, I have young children (aged 12 or younger)	CLASS AS YOUNGER LIFESTAGE – GROUP 2 AND 3
I am aged 46 – 60 years old, I have older children (aged 12 or older) or they may have left home	CLASS AS OLDER LIFESTAGE – GROUPS 1 AND 4
I am aged over 60 and I am either fully retired or partially retired	CLOSE

Q8 Occupation: \_\_\_\_\_

Q9 What is the highest level of qualification you hold:

- 7- GCSE / O Level
- 8- A Level
- 9- Degree
- 10- Masters
- 11- PHD
- 12- Professional Qualification (Capture)

Q10 Social grade (code don't ask):

A	-	1-
B	-	2-
C1	-	3-
C2	-	4-
D	-	5-
E	-	6-

Q11 Marital status :

SINGLE	-	1-
MARRIED	-	2-
WIDOWED	-	3-
DIVORCED	-	4-
CO-HABITING	-	5-

Q12 Gender :

MALE	1
FEMALE	2

**SAY THAT THEY WILL RECEIVE A LETTER/ E-MAIL OF CONFIRMATION FOR THE APPOINTMENT TOGETHER WITH SOME EXAMPLES OF FINANCIAL MATERIALS AND A SHEET WITH A FEW QUESTIONS COVERING SOME THINGS WE WOULD LIKE THEM TO THINK ABOUT BEFORE THE MEETING.**

NAME OF RESPONDENT: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_ POST CODE \_\_\_\_\_

HOME TEL: \_\_\_\_\_ WORK TEL: \_\_\_\_\_

DATE OF DEPTH/WORKSHOP: \_\_\_\_\_ TIM

## 3.2 Pre-tasks

- Depths

### 1. Two Documents to Review



In this envelope you will find some documents from two financial adviser firms.

We would like you to imagine that you have just received these documents in the post from your financial adviser – you have requested these as you are looking for a new investment. This means read them like you would if you really had just been sent them (i.e. if you would skim read them, that's fine or if you would normally read through every detail, that's fine too).

You'll see that the documents have stickers on them asking you to read one of them first. Please can you stick to this as much as possible. We'd be very grateful!

Once you've done that we'd like you to answer a few questions based on your understanding of the document and ease of finding certain pieces of information. Please feel free to use a pen or highlighter to mark up the documents with things you like or dislike in them and we can talk about these when we meet.

We would like you to be as open and honest in your views as possible!

2

### Document 1



Please write the Document Name here (e.g. document A, B, C, D, E, F, G or H)

Q1: What is the main purpose of this document?

Q2: What are key pieces of information in the document?

## Document 1 - continued



Overall, how well does the document communicate the following points:	Please rate each on a scale of 1 to 5, where 1 is poor and 5 is excellent					Not applicable
	1	2	3	4	5	
Q3: How much you have to pay initially for an investment with them?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q4: How much you have to pay for an on-going service with them?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q5: The service you might receive for an on-going fee?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q6: The type of <u>investment</u> advice offered i.e. independent, restricted or no advice?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q7: Financial Services Compensation Scheme protection or the complaints process?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4

## Document 1 - continued



Q8: What do you think is good about this document?

Q9: What do you think is not so good or could be improved?

Please capture any other thoughts here:

5

## Document 2



Please write the Document Name here (e.g. document A, B, C, D, E, F, G or H)

Q1: What is the main purpose of this document?

Q2: What are key pieces of information in the document?



6

## Document 2 - continued



Overall, how well does the document communicate the following points:	Please rate each on a scale of 1 to 5, where 1 is poor and 5 is excellent					Not applicable
	1	2	3	4	5	
Q3: How much you have to pay initially for an investment with them?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q4: How much you have to pay for an on-going service with them?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q5: The service you might receive for an on-going fee?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q6: The type of <u>investment</u> advice offered i.e. independent, restricted or no advice?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q7: Financial Services Compensation Scheme protection or the complaints process?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7



Q8: What do you think is good about this document?

Q9: What do you think is not so good or could be improved?

Please capture any other thoughts here:

- **Workshop pre-task**

NAME: \_\_\_\_\_

DATE: \_\_\_\_\_

CODE: \_\_\_\_\_

## Your Homework

Firstly let us say THANKYOU for agreeing to take part in our research.

Before you attend the research session it would be very useful for you to complete these homework tasks – don't worry, it's not like school – you won't be graded on this or have to pass an examination on it! The reason we want you to do this is that it helps you to have a little booklet of your experiences so that during the session, you have something to refer to!

There are two exercises and one collection task, which shouldn't take more than 20-25 minutes of your time. If you do have questions, feel free to call me.

Thank you so much for taking the time to complete these exercises. As outlined to you in your letter, there is a thank you payment for doing so. We look forward to seeing you soon and please don't forget to have this completed document with you for the research session.

Victoria Thrift  
020 7631 3087  
Victoria.thrift@nmg-group.com



### 1. Two Documents to Review



In this envelope you will find some documents from two financial adviser firms.

We would like you to imagine that you have just received these documents in the post from your financial adviser – you have requested them as you are looking for a new investment. This means read them like you would if you really had just been sent them (i.e. if you would skim read them, that's fine or if you would normally read through every detail, that's fine too).

You'll see that the documents have stickers on them asking you to read one of them first. Please can you stick to this as much as possible. We'd be very grateful!

Once you've done that we'd like you to answer a few questions based on your understanding of the document and ease of finding certain pieces of information. Please feel free to use a pen or highlighter to mark up the documents with things you like or dislike in them and we can talk about these when we meet.

We would like you to be as open and honest in your views as possible!

## Document 1



Please write the Document Name here (e.g. document A, B, C, D, E, F, G or H)

Q1: What is the main purpose of this document?

  
  
  
  
  

Q2: What are key pieces of information in the document?



## Document 1 - continued



Overall, how well does the document communicate the following points:	Please rate each on a scale of 1 to 5, where 1 is poor and 5 is excellent					Not applicable
	1	2	3	4	5	
Q3: How much you have to pay initially for an investment with them?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q4: How much you have to pay for an on-going service with them?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q5: The service you might receive for an on-going fee?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q6: The type of <u>investment</u> advice offered i.e. independent, restricted or no advice?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q7: Financial Services Compensation Scheme protection or the complaints process?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4

## Document 1 - continued



Q8: What do you think is good about this document?

Q9: What do you think is not so good or could be improved?

Please capture any other thoughts here:

5

## Document 2



Please write the Document Name here (e.g. document A, B, C, D, E, F, G or H)

Q1: What is the main purpose of this document?

Q2: What are key pieces of information in the document?

## Document 2 - continued



Overall, how well does the document communicate the following points:	Please rate each on a scale of 1 to 5, where 1 is poor and 5 is excellent					Not applicable
	1	2	3	4	5	
Q3: How much you have to pay initially for an investment with them?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q4: How much you have to pay for an on-going service with them?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q5: The service you might receive for an on-going fee?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q6: The type of <u>investment</u> advice offered i.e. independent, restricted or no advice?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Q7: Financial Services Compensation Scheme protection or the complaints process?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7

## Document 2 - continued



Q8: What do you think is good about this document?

Q9: What do you think is not so good or could be improved?

Please capture any other thoughts here:

8

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## The final task



For this task we would like you to collect one example of a document where financial information has been presented very clearly to you. This could be your bank statement, your council tax bill, a credit card document, your loyalty scheme statement – anything!

We will be talking about the best ways to present information in the workshop and you might find it useful to have an example to refer to. If you don't have time, don't worry, this one isn't mandatory!

THANK YOU! And we look forward to seeing you.

### 3.3 Topic guides

- **Workshop**

#### FCA Consumer Disclosure Research

Version 7: 13.05.13

2 hours

**Introduction:** Explain the purpose of the workshops – to find out how clearly the materials explain what service a financial adviser is offering and how much this would cost. Ultimately we want to ensure that materials going forward provide useful and relevant information to people like them, and help them in understanding the cost of advice.

Check that pre-task has been received and completed.

**Interviewer:** Explain respondent confidentiality, the purpose of recording the interview and how the information they provide is used. Explain that the interview is conducted under the MRS Code of Conduct which means that only their opinions are being sought – this is not a test! Explain purpose of viewing studio and disclose that FCA employees may be viewing the session

Question Number	Question
1.  5 minutes	<b>INDIVIDUAL / ROUND THE ROOM: Respondent Information</b> <ul style="list-style-type: none"> <li>- First name only</li> <li>- Current employment / previous if retired</li> <li>- Family</li> </ul>
2.  10 minutes	<b>GROUP DISCUSSION: Financial Behaviour</b> <ul style="list-style-type: none"> <li>- How actively involved are you in saving / investing?</li> <li>- What is your financial philosophy in life?</li> <li>- How do you demonstrate this in everyday life?</li> <li>- Do you monitor what is happening to your investments / pensions funds?</li> <li>- Do you use a financial adviser at the moment or do you make their own decisions and arrangements?</li> <li>- <b>When did you last see a financial adviser?</b></li> <li>- <b>What can you recall about the information given to you from the adviser regarding their services or charges?</b> (Probe for level of recall; any specifics they can remember, good or bad...)</li> </ul>
3.  10 minutes	<b>GROUP DISCUSSION: Information Beacons – Capture key points on flip chart</b> <ul style="list-style-type: none"> <li>- Which financial companies or businesses do you think are particularly strong at sharing complicated information with you?</li> <li>- What do they particularly like about their communication, the way they talk to you?</li> <li>- Prompt on – charts, figures, layout, language etc.?</li> <li>- Who do you think is particularly poor at communicating to you?</li> <li>- What do they particularly dislike about what they do??</li> </ul>

<p>4.</p> <p>20 minutes</p>	<p><b>BREAK OUT GROUPS: Initial Impressions of stimulus 1 and 2 (ONE BREAK OUT EXAMINES STIMULUS 1, THE OTHER STIMULUS 2)</b></p> <ul style="list-style-type: none"> <li>- What was your overall impression of this document:</li> <li>- What is the purpose of this document? (Prompt: Regulatory / sales / advice / reassurance....)?</li> <li>- What feelings does it prompt? (probe confusion / peace of mind / uncertainty / clarity etc....)</li> <li>- Are there particular sections that are less easy to read or understand?</li> <li>- Is the information laid out in a clear enough way? What do you think are the key messages?</li> <li>- Should the order of the information be presented in a different way?</li> <li>- Did it keep you interested (i.e. did you stay focused on it until the end)?</li> <li>- <b>Does it use any 'jargon' that you are not familiar with?</b></li> <li>- Does it talk to your level of financial knowledge? Too technical vs. too basic?</li> <li>- <b>How would you describe the service provided in your own words?</b></li> <li>- <b>What types of service are available? What service do you think you get initially? What is part of on-going service, if anything?</b></li> <li>- Do you think this adviser is providing independent advice or something else? What leads you to say that?</li> </ul> <p><b>MODERATOR NOTE: PLEASE USE ORAL DISCLOSURE CARDS ON RESTRICTED VS. INDEPENDENT IF NEEDED AT THIS POINT</b></p> <ul style="list-style-type: none"> <li>- Can you identify what fees are payable?</li> <li>- How easy or hard is it to find this information?</li> <li>- <b>Do you know when you would be expected to pay these charges (probe all upfront; combination of upfront and on-going; monthly; annually etc.....)</b></li> <li>- <b>Do you think the adviser is charging you commission or a fee?</b></li> </ul> <p><b>MODERATOR NOTE: PLEASE USE ORAL DISCLOSURE CARDS ON INITIAL VS. ON-GOING PAYMENTS IF NEEDED AT THIS POINT</b></p> <ul style="list-style-type: none"> <li>- Can you calculate what the cost of advice would be for a £50,000 lump sum investment – both for setting it up and for on-going servicing (can use a calculator)?</li> </ul>
<p>5.</p> <p>15 minutes</p>	<p><b>GROUP DISCUSSION</b></p> <ul style="list-style-type: none"> <li>- <b>Nominate an individual to share the break-out group's feedback, then discuss:</b></li> <li>- Feedback to the stimulus – agree / disagree / other points of view</li> <li>- Points that make a document successful, points that make it unsuccessful</li> <li>- What is hard to understand?</li> <li>- What approaches help with understanding?</li> <li>- Create 'the rules' of good / poor practice (flip chart) Dos and Don'ts</li> </ul>
<p>6.</p> <p>10 minutes</p>	<p><b>INDIVIDUAL Knowledge Tests</b></p> <ul style="list-style-type: none"> <li>- See separate document</li> </ul>
<p>7.</p> <p>15 minutes</p>	<p><b>BUILDING BEST PRACTICE</b></p> <p>Present 3 alternative ways of presenting charging information (showcards)</p> <p><b>MODERATOR NOTE: PLEASE CAVEAT – <i>We are really interested in the different ways that information can be presented rather than the charging structures/ amounts themselves. We'd like you to think about this as purely illustrating information in different ways.</i></b></p> <p><b>SELECT 3 EXAMPLES FROM THE PACK – ENSURE ROTATION ACROSS THE</b></p>

<p>15 minutes</p>	<p><b>WORKSHOPS</b></p> <ul style="list-style-type: none"> <li>- Likes / dislikes</li> <li>- Which of these 3 work best for you and why?</li> <li>- Do any improve on the documents you have already seen? If so how?</li> <li>- Taking everything we've learnt today (including our thoughts on other companies from earlier and our rules of good practice) what would we say is our ideal way of receiving information about charges?</li> </ul> <p>Give groups of 4 A3 paper to draw out their ideal approach:</p> <ul style="list-style-type: none"> <li>- Prompt on: ways to present information; separate pages vs combined; £ vs %; examples; tables vs bullets etc...</li> <li>- Prompt on: at time of meeting, ahead of meeting, after meeting</li> </ul>
<p>8. 20 minutes</p>	<p><b>SUMMARY</b></p> <ul style="list-style-type: none"> <li>- On balance which document worked best for you and why?</li> <li>- Would either impact your decision on whether to use the firm or not if you received them after the first meeting?</li> <li>- What other things might they prompt you to do (spontaneous first, then prompt) <ul style="list-style-type: none"> <li>o Do you think this would help you in shopping around for an adviser?</li> <li>o <b>Would you try and see another adviser?</b></li> <li>o Would it cause you to question or try and negotiate the charges?</li> <li>o <b>Or having been in a 1-2 hour meeting, would you feel comfortable enough to walk away and go elsewhere?</b></li> </ul> </li> <li>- Do you think they would help you know more about the costs of advice?</li> <li>- What overall changes would you make to these documents to make them easier for people like you to use and feel like you had a good idea of the cost of advice? (specific to each document)</li> </ul>

**Closing:** Thank the respondent for their time. Hand over incentive and capture signature.

- **Depth Discussion Guide – No Preplaced stimulus**

**FCA Consumer Disclosure Research**

**Version 7: 13.05.13**

**60 minutes**

**Introduction:** Explain the purpose of the interviews – to find out how clearly the materials explain what service a financial adviser is offering and how much this would cost.

**Interviewer:** Explain respondent confidentiality, the purpose of recording the interview and how the information they provide is used. Explain that the interview is conducted under the MRS Code of Conduct which means that only their opinions are being sought – this is not a test!

Question Number	Question
1. 2 minutes	<p><b>Respondent Information</b></p> <ul style="list-style-type: none"> <li>- Current Employment / Previous if retired</li> <li>- Family</li> </ul>
2. 5 minutes	<p><b>Financial Behaviour</b></p> <ul style="list-style-type: none"> <li>- How actively involved are you in saving / investing?</li> <li>- Do you monitor what is happening to your investments / pensions funds?</li> <li>- Do you use a financial adviser at the moment or do you make their own decisions and arrangements?</li> <li>- <b>When did you last see a financial adviser?</b></li> <li>- <b>What can you recall about the information given to you from the adviser regarding their services or charges?</b> (Probe for level of recall; any specifics they can remember, good or bad...)</li> </ul>
3. 10 minutes reading time 5 minutes	<p><b>Initial Impressions of Stimulus – Check depth number and schedule</b></p> <p><b>MODERATOR READ OUT:</b> <i>‘Imagine that you have been looking for a new investment and you requested some information from a financial adviser on their services. You have just received this document in the post or been handed it by the adviser. What would you do with it?’</i></p> <ul style="list-style-type: none"> <li>- Not read it, skim read it, read it in detail?</li> <li>- Bin it, put it to one side, file it for future reference?</li> </ul> <p><i>Please ask the respondent to read the document as they would if they had just received it in the post. Allow up to 10 minutes for this.</i></p> <ul style="list-style-type: none"> <li>- What is the purpose of this document? (Prompt: Regulatory / sales / advice / reassurance....)?</li> <li>- What feelings does it prompt? (probe confusion / peace of mind / uncertainty / clarity etc....)</li> <li>- When would you expect to receive this document? Before a meeting, in a meeting with an adviser, after a meeting with an adviser?</li> <li>- <b>Would you prefer that someone talked this through with you? Why/ why not?</b></li> <li>- What format would you expect to receive it in? In hard copy, a PDF sent with an email, a PDF you have to download from a website? What would you prefer?</li> </ul>

<p>4. 10 minutes</p>	<p><b>Specific opinions of the Stimulus – Ask respondent to point out and highlight examples during each of these questions.</b></p> <ul style="list-style-type: none"> <li>- How easy is it to read?</li> <li>- Is the language used understandable?</li> <li>- <b>Are there particular sections that are less easy to read or understand?</b></li> <li>- Is the information laid out in a clear enough way?</li> <li>- <b>Which pieces of information do you think are the most important? Are they presented that way?</b></li> <li>- Did it keep you interested (i.e. did you stay focused on it until the end)?</li> <li>- <b>Does it use any ‘jargon’ that you are not familiar with?</b></li> <li>- Does it talk to your level of financial knowledge? Too technical vs. too basic?</li> <li>- Any suggestions for improvement?</li> </ul>
<p>5. 5 minutes</p>	<p><b>Locating Information in the Stimulus – Check depth number and schedule</b></p> <ul style="list-style-type: none"> <li>- Does the document tell you the type of service the adviser might be offering you?</li> <li>- <b>What types of service are available? What service do you think you get initially? What is part of on-going service, if anything?</b></li> <li>- How easy or hard is it to find this information?</li> <li>- <b>How would you describe the service(s) provided in your own words?</b></li> <li>- Do you think this adviser is providing independent advice or something else? What leads you to say that?</li> </ul> <p><b>MODERATOR NOTE: PLEASE USE ORAL DISCLOSURE CARDS ON RESTRICTED VS. INDEPENDENT IF NEEDED AT THIS POINT</b></p> <ul style="list-style-type: none"> <li>- Can you identify what fees are payable?</li> <li>- How easy or hard is it to find this information?</li> <li>- <b>Do you know <i>when</i> you would be expected to pay these charges (probe all upfront; combination of upfront and on-going; monthly; annually etc.....)</b></li> <li>- <b>Do you think the adviser is charging you commission or a fee?</b></li> </ul> <p><b>MODERATOR NOTE: PLEASE USE ORAL DISCLOSURE CARDS ON INITIAL VS. ON-GOING PAYMENTS IF NEEDED AT THIS POINT</b></p> <ul style="list-style-type: none"> <li>- Can you calculate what the cost of advice would be for a £50,000 lump sum investment – both for setting it up and for on-going servicing (can use a calculator)?</li> </ul>
<p>6. 5 minutes</p>	<p><b>Stimulus Specific Questions:</b> See appendix for any extra questions</p>
<p>7. 5 minutes</p>	<p><b>Knowledge Test</b></p> <ul style="list-style-type: none"> <li>- See appendix to guide</li> </ul>
<p>8. 5 minutes</p>	<p><b>Alternative approaches: showcards for adviser charge disclosure</b></p> <p><b>MODERATOR NOTE: PLEASE CAVEAT – <i>We are really interested in the different ways that information can be presented rather than the charging structures/ amounts themselves. We’d like you to think about this as purely illustrating information in different ways.</i></b></p> <p><b>SELECT 3 EXAMPLES FROM THE PACK – ENSURE ROTATION ACROSS YOUR INTERVIEWS</b></p> <ul style="list-style-type: none"> <li>- Which of these approaches do think you could read most easily?</li> <li>- What do you like about the presentation of information in this: Prompt on bullet points, sub headings, use of colour, tables and charts?</li> <li>- Which of these formats would be the easiest to compare? I.e. which might help you ‘shop around’ for an adviser?</li> </ul>

<p>9.</p> <p>5 minutes</p>	<p><b>Summary</b></p> <ul style="list-style-type: none"> <li>- On balance how useful was this document (stimulus 1)?</li> <li>- Would it impact your decision on whether to use the firm or not if you received it after the first meeting?</li> <li>- What other things might it prompt you to do (spontaneous first, then prompt) <ul style="list-style-type: none"> <li>o Do you think it would help you in shopping around for an adviser?</li> <li>o <b>Would you try and see another adviser?</b></li> <li>o Would it cause you to question or try and negotiate the charges?</li> <li>o <b>Or having been in a 1-2 hour meeting, would you feel comfortable enough to walk away and go elsewhere?</b></li> </ul> </li> <li>- Do you think it would help you know more about the costs of advice?</li> <li>- <b>What overall changes would you make to this document to make it easier for people like you to use and feel like you had a good idea of the cost of advice? (specific to each document)</b></li> </ul>
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**Closing:** Thank the respondent for their time. Hand over incentive and capture signature.

**Ask these first, then filter to specific stimulus piece**

<b>Stimulus question applies to:</b>	<b>Questions</b>
<b>A,B,C,D,E,F,G,H</b>	<ul style="list-style-type: none"> <li>- How easy or hard is it to distinguish between different service levels available (probe on initial vs. ongoing, then on specific ongoing service options)?</li> <li>- How easy or hard is it to understand that on-going service is optional? I.e. that you can get initial advice and not have to take on-going advice?</li> </ul>
<b>A,E</b>	<ul style="list-style-type: none"> <li>- Can you clearly tell the difference between the different on-going service levels available?</li> <li>- Would you pay more for the higher level of service?</li> </ul>
<b>D, E, F, H</b>	<ul style="list-style-type: none"> <li>- How many fee options are there? Can you identify more than one? Where are you looking to find this information?</li> <li>- How does this impact your understanding of the costs of advice?</li> </ul>
<b>A, D, E, G, H</b>	<ul style="list-style-type: none"> <li>- How useful are the example cost scenarios used?</li> <li>- What do they add or take away from your understanding of the costs of advice?</li> </ul>
<b>A, C, D, H</b>	<ul style="list-style-type: none"> <li>- At what points can you walk away and not owe any money? When would you be liable for any costs?</li> <li>- Is the 'off setting' of costs clear?</li> <li>- How likely is it that you would walk away once you are liable for any costs?</li> </ul>
<b>A, B, C, E, G, H</b>	<ul style="list-style-type: none"> <li>- What do you think about multiple documents used to explain things?</li> <li>- Impact on ability to understand?</li> </ul>
<b>D, F</b>	<ul style="list-style-type: none"> <li>- What do you think about the fact that this is a single document used to explain things?</li> <li>- Impact on ability to understand?</li> </ul>
<b>A, B, F, G, H</b>	<ul style="list-style-type: none"> <li>- What do you think about the description of 'restricted advice'?</li> <li>- What impact does this have for the understanding of service levels available?</li> <li>- How useful would a list of the providers and products that a restricted firm can advise on be?</li> <li>- How would this help/hinder your understanding of the service?</li> </ul>
<b>C, D, E</b>	<ul style="list-style-type: none"> <li>- What do you think about the description of 'independent advice'?</li> <li>- What impact does this have for the understanding of service levels available?</li> </ul>

Stimulus Piece	Questions
A	<ul style="list-style-type: none"> <li>- How clear are the stages of this process?</li> <li>- Ask respondent to describe it in their own words?</li> </ul>
B	<ul style="list-style-type: none"> <li>- Focus on the presentation of charges</li> <li>- How easy is this presentation to understand?</li> <li>- What is simple, what is complex?</li> <li>- Do you think that you could calculate this on your own? Or would you want somebody to talk it through with you?</li> <li>- Specifically – what would you include in your estimates of advice costs from these tables (check to see if product / fund manager charges etc. are being included too).</li> </ul>
C	<ul style="list-style-type: none"> <li>- Focus on the ongoing service tables – likes / dislikes / understanding of this presentation? Impact on understanding of service levels?</li> <li>- Which one would they select and why?</li> <li>- Do you feel confident that you can see where you would ‘fit’ on the on-going service levels? Would you want to pay more/ less to change service level?</li> </ul>
D	<ul style="list-style-type: none"> <li>- Layout generally – views on this</li> <li>- Page 1 – show respondent a ‘restricted advice’ description (showcard XX). What impact does this have for their understanding of service level available? Positive/ negative?</li> <li>- Focus on page 2 – lining up between service description vs. fees? Impact on perception / understanding of charges</li> </ul>
E	<ul style="list-style-type: none"> <li>- Different charging for initial (set fee vs. % of investment) – notice this, when would these different charges be applied?</li> <li>- Different charging for on-going (compass vs. navigation) – notice this? When would these be applied?</li> <li>- For both initial and on-going how much choice do they think they have about these? Can they select or will they be told?</li> </ul>
F	<ul style="list-style-type: none"> <li>- (PP only) How does this compare with any other information you have seen on another piece of stimulus?</li> <li>- From this document is it clear to you which services the firm will charge and fee for and for which the firm may receive a commission?</li> </ul>
G	<ul style="list-style-type: none"> <li>- Layout of the costs – preference for single page vs. separate page for separate charges?</li> <li>- Impact on their understanding?</li> <li>-</li> </ul>
H	<ul style="list-style-type: none"> <li>- How impactful or useful are the diagrams in this document?</li> </ul>

- **Depth Discussion Guide – Preplaced stimulus**

**FCA Consumer Disclosure Research**

**Version 7: 13.05.13**

**60 minutes**

**Introduction:** Explain the purpose of the interviews – to find out how clearly the materials explain what service a financial adviser is offering and how much this would cost.

Check that pre-task has been received and completed.

**Interviewer:** Explain respondent confidentiality, the purpose of recording the interview and how the information they provide is used. Explain that the interview is conducted under the MRS Code of Conduct which means that only their opinions are being sought – this is not a test!

<b>Question Number</b>	<b>Question</b>
1. 2 minutes	<b>Respondent Information</b> <ul style="list-style-type: none"> <li>- Current employment /previous if retired</li> <li>- Family</li> </ul>
2. 5 minutes	<b>Financial Behaviour</b> <ul style="list-style-type: none"> <li>- How actively involved are you in saving / investing?</li> <li>- Do you monitor what is happening to your investments / pensions funds?</li> <li>- Do you use a financial adviser at the moment or do you make their own decisions and arrangements?</li> <li>- <b>When did you last see a financial adviser?</b></li> <li>- <b>What can you recall about the information given to you from the adviser regarding their services or charges?</b> (Probe for level of recall; any specifics they can remember, good or bad...)</li> </ul>
3. 5 minutes	<b>Initial Impressions of Stimulus – Check depth number and schedule</b> <ul style="list-style-type: none"> <li>- What do you think you would do with this document? <ul style="list-style-type: none"> <li>- <i>Not read it, skim read it, read it in detail.</i></li> <li>- <i>Bin it, put it to one side, file it for future reference.</i></li> </ul> </li> <li>- What is the purpose of this document? (Prompt: Regulatory / sales / advice / reassurance....)?</li> <li>- What feelings does it prompt? (probe confusion / peace of mind / uncertainty / clarity etc....)</li> <li>- When would you expect to receive this document? Before a meeting, in a meeting with an adviser, after a meeting with an adviser?</li> <li>- <b>Would you prefer that someone talked this through with you? Why/ why not?</b></li> <li>- What format would you expect to receive it in? In hard copy, a PDF sent with an email, a PDF you have to download from a website? What would you prefer?</li> </ul>
4. 10 minutes	<b>Specific opinions of the Stimulus – Ask respondent to point out and highlight examples during each of these questions.</b> <ul style="list-style-type: none"> <li>- How easy is it to read?</li> <li>- Is the language used understandable?</li> </ul>

	<ul style="list-style-type: none"> <li>- Are there particular sections that are less easy to read or understand?</li> <li>- Is the information laid out in a clear enough way?</li> <li>- Which pieces of information do you think are the most important? Are they presented that way?</li> <li>- Did it keep you interested (i.e. did you stay focused on it until the end)?</li> <li>- Does it use any 'jargon' that you are not familiar with?</li> <li>- Does it talk to your level of financial knowledge? Too technical vs. too basic?</li> <li>- Any suggestions for improvement?</li> </ul>
5. 5 minutes	<p><b>Locating Information in the Stimulus – Check depth number and schedule</b></p> <ul style="list-style-type: none"> <li>- Does the document tell you the type of service the adviser might be offering you?</li> <li>- What types of service are available? What service do you think you get initially? What is part of on-going service, if anything?</li> <li>- How easy or hard is it to find this information?</li> <li>- How would you describe the service provided in your own words?</li> <li>- Do you think this adviser is providing independent advice or something else? What leads you to say that?</li> </ul> <p><b>MODERATOR NOTE: PLEASE USE ORAL DISCLOSURE CARDS ON RESTRICTED VS. INDEPENDENT IF NEEDED AT THIS POINT</b></p> <ul style="list-style-type: none"> <li>- Can you identify what fees are payable?</li> <li>- How easy or hard is it to find this information?</li> <li>- Do you know <b>when</b> you would be expected to pay these charges (probe all upfront; combination of upfront and on-going; monthly; annually etc.....)</li> <li>- Do you think the adviser is charging you commission or a fee?</li> </ul> <p><b>MODERATOR NOTE: PLEASE USE ORAL DISCLOSURE CARDS ON INITIAL VS. ON-GOING PAYMENTS IF NEEDED AT THIS POINT</b></p> <ul style="list-style-type: none"> <li>- Can you calculate what the cost of advice would be for a £50,000 lump sum investment – both for setting it up and for on-going servicing (can use a calculator)?</li> </ul>
6. 5 minutes	<p><b>Stimulus Specific Questions:</b></p> <ul style="list-style-type: none"> <li>- See appendix for any extra questions</li> </ul>
7. 5 minutes	<p><b>Knowledge Test</b></p> <ul style="list-style-type: none"> <li>- See appendix to guide</li> </ul>
8. 15 minutes	<p><b>Repeat sections 4, 5 and 6 for second document pre-placed</b>  <b>No knowledge test for second stimulus unless time permits</b></p>
9. 5 minutes	<p><b>Summary</b></p> <ul style="list-style-type: none"> <li>- On balance which document worked best for you and why?</li> <li>- Would either impact your decision on whether to use the firm or not if you received them after the first meeting?</li> <li>- What other things might they prompt you to do (spontaneous first, then prompt) <ul style="list-style-type: none"> <li>o Do you think this would help you in shopping around for an adviser?</li> <li>o Would you try and see another adviser?</li> <li>o Would it cause you to question or try and negotiate the charges?</li> <li>o Or having been in a 1-2 hour meeting, would you feel comfortable enough to walk away and go elsewhere?</li> </ul> </li> </ul>

	<ul style="list-style-type: none"><li>- Do you think they would help you know more about the costs of advice?</li><li>- What overall changes would you make to these documents to make them easier for people like you to use and feel like you had a good idea of the cost of advice? (specific to each document)</li></ul>
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**Closing:** Thank the respondent for their time. Hand over incentive and capture signature.

## APPENDIX 1

### Stimulus specific questions:

Ask these first, then filter to specific stimulus piece

Stimulus question applies to:	Questions
A,B,C,D,E,F,G,H	<ul style="list-style-type: none"> <li>- How easy or hard is it to distinguish between different service levels available (probe on initial vs. ongoing, then on specific ongoing service options)?</li> <li>- How easy or hard is it to understand that on-going service is optional? I.e. that you can get initial advice and not have to take on-going advice?</li> </ul>
A,E	<ul style="list-style-type: none"> <li>- Can you clearly tell the difference between the different on-going service levels available?</li> <li>- Would you pay more for the higher level of service?</li> </ul>
D, E, F, H	<ul style="list-style-type: none"> <li>- How many fee options are there? Can you identify more than one? Where are you looking to find this information?</li> <li>- How does this impact your understanding of the costs of advice?</li> </ul>
A, D, E, G, H	<ul style="list-style-type: none"> <li>- How useful are the example cost scenarios used?</li> <li>- What do they add or take away from your understanding of the costs of advice?</li> </ul>
A, C, D, H	<ul style="list-style-type: none"> <li>- At what points can you walk away and not owe any money? When would you be liable for any costs?</li> <li>- Is the 'off setting' of costs clear?</li> <li>- How likely is it that you would walk away once you are liable for any costs?</li> </ul>
A, B, C, E, G, H	<ul style="list-style-type: none"> <li>- What do you think about multiple documents used to explain things?</li> <li>- Impact on ability to understand?</li> </ul>
D, F	<ul style="list-style-type: none"> <li>- What do you think about the fact that this is a single document used to explain things?</li> <li>- Impact on ability to understand?</li> </ul>
A, B, F, G, H	<ul style="list-style-type: none"> <li>- What do you think about the description of 'restricted advice'?</li> <li>- What impact does this have for the understanding of service levels available?</li> <li>- How useful would a list of the providers and products that a restricted firm can advise on be?</li> <li>- How would this help/hinder your understanding of the service?</li> </ul>
C, D, E	<ul style="list-style-type: none"> <li>- What do you think about the description of 'independent advice'?</li> <li>- What impact does this have for the understanding of service levels available?</li> </ul>

Stimulus Piece	Questions
A	<ul style="list-style-type: none"> <li>- How clear are the stages of this process?</li> <li>- Ask respondent to describe it in their own words?</li> </ul>
B	<ul style="list-style-type: none"> <li>- Focus on the presentation of charges</li> <li>- How easy is this presentation to understand?</li> <li>- What is simple, what is complex?</li> <li>- Do you think that you could calculate this on your own? Or would you want somebody to talk it through with you?</li> <li>- Specifically – what would you include in your estimates of advice costs from these tables (check to see if product / fund manager charges etc. are being included too).</li> </ul>
C	<ul style="list-style-type: none"> <li>- Focus on the ongoing service tables – likes / dislikes / understanding of this presentation? Impact on understanding of service levels?</li> <li>- Which one would they select and why?</li> <li>- Do you feel confident that you can see where you would ‘fit’ on the on-going service levels? Would you want to pay more/ less to change service level?</li> </ul>
D	<ul style="list-style-type: none"> <li>- Layout generally – views on this</li> <li>- Page 1 – show respondent a ‘restricted advice’ description (showcard XX). What impact does this have for their understanding of service level available? Positive/ negative?</li> <li>- Focus on page 2 – lining up between service description vs. fees? Impact on perception / understanding of charges</li> </ul>
E	<ul style="list-style-type: none"> <li>- Different charging for initial (set fee vs. % of investment) – notice this, when would these different charges be applied?</li> <li>- Different charging for on-going (compass vs. navigation) – notice this? When would these be applied?</li> <li>- For both initial and on-going how much choice do they think they have about these? Can they select or will they be told?</li> </ul>
F	<ul style="list-style-type: none"> <li>- (PP only) How does this compare with any other information you have seen on another piece of stimulus?</li> <li>- From this document is it clear to you which services the firm will charge and fee for and for which the firm may receive a commission?</li> </ul>
G	<ul style="list-style-type: none"> <li>- Layout of the costs – preference for single page vs. separate page for separate charges?</li> <li>- Impact on their understanding?</li> <li>-</li> </ul>
H	<ul style="list-style-type: none"> <li>- How impactful or useful are the diagrams in this document?</li> </ul>

### 3.4 Example stimulus materials

DEPTH CODE

FIRM NAME

- Knowledge quizzes

Please circle A, B, C or D

- FIRM A

<p><b>1. What service does this firm provide?</b></p> <p>A. Independent advice  <b>B. Restricted advice</b>            C. No advice            D. Don't know</p>	<p>A            B            C            D</p>
<p><b>2. What do you understand by independent advice?</b></p> <p><b>A. Advice and recommendation based on a comprehensive and fair analysis of the market</b>            B. Advice and recommendation based on a limited number of products or companies            C. Advice and recommendation from one company            D. Don't know</p>	<p>A            B            C            D</p>
<p><b>3. What do you understand by restricted advice?</b></p> <p>A. Advice and recommendation based on a comprehensive and fair analysis of the market  <b>B. Advice and recommendation based on a limited number of products or companies</b>            C. No advice or recommendation can be given; you need to make your own choice about how to proceed            D. Don't know</p>	<p>A            B            C            D</p>
<p><b>4. As a new investment customer, how are advice charges paid?</b></p> <p>A. A fixed fee            B. Commission from the product provider  <b>C. A charge based on the value of my investment</b>            D. Don't know</p>	<p>A            B            C            D</p>
<p><b>5. What advice charges for investments do you typically have to pay for advice on a new investment (assuming you go on to implement the advice)</b></p> <p><b>A. Initial advice charge with the option of an ongoing service at an additional charge</b>            B. An on-going advice charge only            C. Both initial and on-going advice charges are compulsory            D. Don't know</p>	<p>A            B            C            D</p>
<p><b>6. If you choose to pay an on-going advice charge, is this amount fixed or variable?</b></p> <p>A. Fixed, I pay the same amount in pounds each year  <b>B. The amount I pay in pounds will vary each year as it depends on the value of my investment</b>            C. A certain amount is fixed, but a proportion may be variable            D. Don't know</p>	<p>A            B            C            D</p>

<p><b>7. If you receive a Financial Review and Recommendation but do not go ahead and implement the advice is there a fee payable by you?</b></p> <p>A. No, nothing is payable</p> <p>B. Yes, I have to pay £1000 for the financial review and suitability report</p> <p><b>C. Yes, I have to pay £250 for the financial review and suitability report</b></p> <p>D. Don't know</p>	<p>A</p> <p>B</p> <p>C</p> <p>D</p>
<p><b>8. If you have want to set up a regular premium pension of £75 per month for a 30 year term what would your advice charge be?</b></p> <p>A. A one-off adviser charge of £250</p> <p><b>B. 3% of total premiums payable i.e. £810, paid all upfront as a one-off charge</b></p> <p><b>C. 3% total premiums payable i.e. £810, paid in 12 monthly instalments from my premium</b></p> <p>D. Don't know</p>	<p>A</p> <p>B</p> <p>C</p> <p>D</p>

• FIRM B

<p><b>1. What service does this firm provide?</b>  A. Independent advice  <b>B. Restricted advice</b>  C. No advice  D. Don't know</p>	A B C D
<p><b>2. What do you understand by independent advice?</b>  <b>A. Advice and recommendation based on a comprehensive and fair analysis of the market</b>  B. Advice and recommendation based on a limited number of products or companies  C. Advice and recommendation from one company  D. Don't know</p>	A B C D
<p><b>3. What do you understand by restricted advice?</b>  A. Advice and recommendation based on a comprehensive and fair analysis of the market  <b>B. Advice and recommendation based on a limited number of products or companies</b>  C. No advice or recommendation can be given; you need to make your own choice about how to proceed  D. Don't know</p>	A B C D
<p><b>4. As a new investment customer, how are advice charges paid?</b>  A. A fixed fee  B. Commission from the product provider  <b>C. A charge based on the value of my investment</b>  D. Don't know</p>	A B C D
<p><b>5. What advice charges for investments do you typically have to pay for advice on a new investment (assuming you go on to implement the advice)</b>  <b>A. Initial advice charge with the option of an ongoing service at an additional charge</b>  B. An on-going advice charge only  C. Both initial and on-going advice charges are compulsory  D. Don't know</p>	A B C D
<p><b>6. If you choose to pay an on-going advice charge, is this amount fixed or variable?</b>  A. Fixed, I pay the same amount in pounds each year  <b>B. The amount I pay in pounds will vary each year as it depends on the value of my investment</b>  C. A certain amount is fixed, but a proportion may be variable  D. Don't know</p>	A B C D
<p><b>7. What services each year do you receive if you are paying an on-going advice charge?</b>  A. Nothing, I simply get access to my investments via the internet  <b>B. A performance report on my investments; access to my investments via the internet and access to a financial adviser to review my investments</b>  C. A performance report on my investments and access to my investments via the internet  D. Don't know</p>	A B C D
<p><b>8. If you have a £100,000 lump sum to invest, how much will this cost you in initial charges?</b>  A. 0.5% of funds invested, i.e. £500  B. 1% of funds invested, i.e. £1,000  <b>C. 3% of funds invested, i.e. £3,000</b>  D. Don't know</p>	A B C D

- FIRM C

<p><b>1. What service does this firm provide?</b>  <b>A. Independent advice</b>          B. Restricted advice          C. No advice          D. Don't know</p>	<p>A B C D</p>
<p><b>2. What do you understand by independent advice?</b>  <b>A. Advice and recommendation based on a comprehensive and fair analysis of the market</b>          B. Advice and recommendation based on a limited number of products or companies          C. Advice and recommendation from one company          D. Don't know</p>	<p>A B C D</p>
<p><b>3. As a new investment customer, how are advice charges paid when a policy is implemented?</b>          A. A fixed fee          B. Commission from the product provider  <b>C. A charge based on the value of my investment</b>          D. Don't know</p>	<p>A B C D</p>
<p><b>4. What advice charges for investments do you typically have to pay for advice on a new investment (assuming you go on to implement the advice)?</b>  <b>A. An initial policy arrangement / implementation charge with the option of an ongoing service at an additional charge</b>          B. An on-going charge only          C. Both arrangement / implementation and on-going advice charges are compulsory          C. D. Don't know</p>	<p>A B C D</p>
<p><b>5. If you pay an on-going advice charge, is this amount fixed or variable?</b>          A. Fixed, I pay the same amount in pounds each year  <b>B. The amount I pay in pounds will vary each year as it depends on the value of my investment</b>          C. A certain amount is fixed, but a proportion may be variable          D. Don't know</p>	<p>A B C D</p>
<p><b>6. Is there a minimum charge payable to receive on-going services?</b>  <b>A. Yes, I have to pay a minimum charge of 0.75% of my investment value which will determine which level of ongoing service I will qualify for. I then have the option to pay more for a higher level of service.</b>          B. Yes, I have to pay a minimum charge which is £1,000 a year regardless of the service level I opt for          C. No, there is no minimum charge payable, I simply pay a set % of my investments          D. Don't know</p>	<p>A B C D</p>
<p><b>7. If you receive a Financial Review and Recommendation but do not go ahead and implement the advice is there a fee payable by you?</b>          A. No, nothing is payable          B. Yes, I have to pay £1000 for the financial review and suitability report  <b>C. Yes, I have to pay £600 for the financial review and suitability report</b>          D. Don't know</p>	<p>A B C D</p>
<p><b>8. If you have a £100,000 lump sum to invest, what will be the total initial costs for the recommendation and implementation?</b>          A. 0.6% of funds invested, i.e. £600  <b>B. 3% of funds invested, i.e. £3,000</b>          C. £600 for the Review &amp; Recommendation PLUS 3% of funds invested, i.e. £3,000 = £,3600 in total          D. Don't know</p>	<p>A B C D</p>

• FIRM D

<p><b>1. What service does this firm provide?</b>  <b>A. Independent advice</b>          B. Restricted advice          C. No advice          D. Don't know</p>	<p>A B C D</p>
<p><b>2. What do you understand by independent advice?</b>  <b>A. Advice and recommendation based on a comprehensive and fair analysis of the market</b>          B. Advice and recommendation based on a limited number of products or companies          C. Advice and recommendation from one company          D. Don't know</p>	<p>A B C D</p>
<p><b>3. As a new customer how do you have to pay for any initial advice charges?</b>  <b>A. A fee based on hours worked or a fixed fee</b>          B. Commission from the product provider          C. A charge based on the value of my investment          D. Don't know</p>	<p>A B C D</p>
<p><b>4. If you agree a fixed fee of £1,000 with a financial adviser but decide not to proceed after he has already carried out 4 hours work, what will you need to pay?</b>  <b>A. Nothing as he has not fully completed the task</b>  <b>B. £440, i.e. 4 times his hourly rate of £110</b>          C. The full £1,000 initially agreed          D. Don't know</p>	<p>A B C D</p>
<p><b>5. If you choose to pay an on-going advice charge, is this amount fixed or variable?</b>          A. Fixed, I pay the same amount in pounds each year  <b>B. Variable, the amount I pay in pounds each year may change as the value of my investment fluctuates</b>          C. Either a fixed amount or a variable amount          D. Don't know</p>	<p>A B C D</p>
<p><b>6. What services each year do you receive if you are paying an on-going advice charge?</b>          A. Nothing, I simply get access to my investments via the internet          B. A performance report on my investments and access to my investments via the internet  <b>C. A review service that looks at my current position, performance, adjusts my portfolio if necessary and gives me access to my investments via the internet</b>          D. Don't know</p>	<p>A B C D</p>
<p><b>7. If you have a £100,000 lump sum to invest, how much will this cost you in on-going charges each year? Please ignore any fluctuations in the value of your investment.</b>          A. 0.6% of funds invested, i.e. £600  <b>B. 0.84% of funds invested, i.e. £840</b>          C. 1% of funds invested, i.e. £1,000          D. Don't know</p>	<p>A B C D</p>

• FIRM E

<p><b>1. What service does this firm provide for investments?</b>  <b>A. Independent advice</b>          B. Restricted advice          C. No advice          D. Don't know</p>	<p>A B C D</p>
<p><b>2. What do you understand by independent advice?</b>  <b>A. Advice and recommendation based on a comprehensive and fair analysis of the market</b>          B. Advice and recommendation based on a limited number of products or companies          C. Advice and recommendation from one company          D. Don't know</p>	<p>A B C D</p>
<p><b>3. What do you understand by restricted advice?</b>          A. Advice and recommendation based on a comprehensive and fair analysis of the market  <b>B. Advice and recommendation based on a limited number of products or companies</b>          C. No advice or recommendation can be given; you need to make your own choice about how to proceed          D. Don't know</p>	<p>A B C D</p>
<p><b>4. Do you have a choice of how you pay for initial advice on setting up a new pension?</b>          A. Yes, I can pay a fixed fee such as £500 for setting up a pension plan OR I can pay a percentage of my investment          B. No, the adviser will decide whether I pay a fixed fee such as £500 for setting up a pension plan OR I can pay a percentage of my investment          C. No, I can only pay the charge as a percentage of my investment          D. Don't know</p>	<p>A B C D</p>
<p><b>5. What advice charges do you typically have to pay for advice on a new investments (assuming you go on to implement the advice)?</b>  <b>A. Initial advice charge only with the option of an ongoing service at an additional charge</b>          B. An on-going service charge only          C. Both initial and on-going advice charges are compulsory          D. Don't know</p>	<p>A B C D</p>
<p><b>6. If you have to pay an on-going advice charge, is this amount fixed or variable?</b>          A. Fixed, I pay the same amount in pounds each year  <b>B. The amount I pay in pounds will vary each year as it depends on the value of my investment (subject to a minimum fee)</b>          C. A certain amount is fixed, but a proportion may be variable          D. Don't know</p>	<p>A B C D</p>
<p><b>7. If you have a £100,000 lump sum to invest and choose the 'Level X' level of on-going service, how much will this cost you in on-going charges each year?</b>          A. 0.5% of funds invested, i.e. £500          B. 0.75% of funds invested, i.e. £750  <b>C. 1% of funds invested, i.e. £1,000</b>          D. Don't know</p>	<p>A B C D</p>

- FIRM F

<p><b>1. What service does this firm provide for investments?</b></p> <p>A. Independent advice  <b>B. Restricted advice</b>  C. No advice  D. Don't know</p>	<p>A  B  C  D</p>
<p><b>2. What do you understand by independent advice?</b></p> <p><b>A. Advice and recommendation based on a comprehensive and fair analysis of the market</b>  B. Advice and recommendation based on a limited number of products or companies  C. Advice and recommendation from one company  D. Don't know</p>	<p>A  B  C  D</p>
<p><b>3. What do you understand by restricted advice?</b></p> <p>A. Advice and recommendation based on a comprehensive and fair analysis of the market  <b>B. Advice and recommendation based on a limited number of products or companies</b>  C. No advice or recommendation can be given; you need to make your own choice about how to proceed  D. Don't know</p>	<p>A  B  C  D</p>
<p><b>4. As a new customer what are your options for paying for advice?</b></p> <p><b>A. A management fee based on the value of my portfolio</b>  B. Commission which can be offset against the appropriate management fee  C. A combination of a fixed fee and commission  D. Don't know</p>	<p>A  B  C  D</p>
<p><b>5. What advice charges for investments do you typically have to pay for advice on a new investment (assuming you go on to implement the advice)?</b></p> <p><b>A. Initial advice charge with the option of an ongoing service at an additional charge</b>  B. An on-going advice charge only  C. Both initial and on-going advice charges are compulsory  D. Don't know</p>	<p>A  B  C  D</p>
<p><b>6. If you have to pay an on-going advice charge, is this amount fixed or variable?</b></p> <p>A. Fixed, I pay the same amount in pounds each year  <b>B. The amount I pay in pounds will vary each year as it depends on the value of my investment (subject to a minimum)</b>  C. A certain amount is fixed, but a proportion may be variable  D. Don't know</p>	<p>A  B  C  D</p>
<p><b>7. Does the amount you have to pay vary if you select the discretionary portfolio service or the advisory portfolio service?</b></p> <p>A. Yes, you pay more for the discretionary portfolio service  B. Yes, you pay more for the advisory portfolio service  <b>C. No, the fees are not dependent on the type of service I choose</b>  D. Don't know</p>	<p>A  B  C  D</p>
<p><b>8. If you have a £100,000 lump sum to invest, how much will this cost you in on-going investment management charges on the fee only option?</b></p> <p>A. 0.5% of funds invested, i.e. £500  <b>B. 1% of funds invested, i.e. £1000</b>  C. A fixed fee of £250  D. Don't know</p>	<p>A  B  C  D</p>

• FIRM G

<p><b>1. What service does this firm provide for investments?</b></p> <p>A. Independent advice</p> <p><b>B. Restricted advice</b></p> <p>C. They can provide both independent AND restricted advice</p> <p>D. Don't know</p>	<p>A</p> <p>B</p> <p>C</p> <p>D</p>
<p><b>2. What do you understand by independent advice?</b></p> <p><b>A. Advice and recommendation based on a comprehensive and fair analysis of the market</b></p> <p>B. Advice and recommendation based on a limited number of products or companies</p> <p>C. Advice and recommendation from one company</p> <p>D. Don't know</p>	<p>A</p> <p>B</p> <p>C</p> <p>D</p>
<p><b>3. What do you understand by restricted advice?</b></p> <p>A. Advice and recommendation based on a comprehensive and fair analysis of the market</p> <p><b>B. Advice and recommendation based on the company's own investment products</b></p> <p>C. No advice or recommendation can be given; you need to make your own choice about how to proceed</p> <p>D. Don't know</p>	<p>A</p> <p>B</p> <p>C</p> <p>D</p>
<p><b>4. As a new investment customer, how are advice charges paid?</b></p> <p>A. A fixed fee</p> <p>B. Commission from the product provider</p> <p><b>C. A charge based on the value of my investment</b></p> <p>D. Don't know</p>	<p>A</p> <p>B</p> <p>C</p> <p>D</p>
<p><b>5. What advice charges for investments do you typically have to pay for advice on a new investment (assuming you go on to implement the advice)?</b></p> <p><b>A. Initial advice charge with the option of an ongoing service at an additional charge</b></p> <p>B. An on-going advice charge only</p> <p>C. Both initial and on-going advice charges are compulsory</p> <p>D. Don't know</p>	<p>A</p> <p>B</p> <p>C</p> <p>D</p>
<p><b>6. If you choose to pay an on-going advice charge, is this amount fixed or variable?</b></p> <p>A. Fixed, I pay the same amount in pounds each year</p> <p><b>B. The amount I pay in pounds will vary each year as it depends on the value of my investment</b></p> <p>C. A certain amount is fixed, but a proportion may be variable</p> <p>D. Don't know</p>	<p>A</p> <p>B</p> <p>C</p> <p>D</p>
<p><b>7. Does the percentage you have to pay for advice vary by the size of your investment?</b></p> <p><b>A. Yes, I pay a higher percentage if I have a smaller amount to invest (under £250,000)</b></p> <p>B. Yes, I pay a lower percentage if I have a smaller amount to invest (under £250,000)</p> <p>C. No, the percentage remains the same regardless of the size of the investment</p> <p>D. Don't know</p>	<p>A</p> <p>B</p> <p>C</p> <p>D</p>
<p><b>8. If you have a £100,000 lump sum to invest, how much will this cost you in initial charges?</b></p> <p>A. 0.5% of funds invested, i.e. £500</p> <p>B. 1% of funds invested, i.e. £1,000</p> <p><b>C. 3% of funds invested, i.e. £3,000</b></p> <p>D. Don't know</p>	<p>A</p> <p>B</p> <p>C</p> <p>D</p>

• FIRM H

<p><b>1. Based on the document provided, what service would you expect to receive from the adviser?</b></p> <p>A. Independent advice  <b>B. Restricted advice</b>  C. No advice  D. Don't know</p>	<p>A B C D</p>
<p><b>2. What do you understand by independent advice?</b></p> <p><b>A. Advice and recommendation based on a comprehensive analysis of the market</b>  B. Advice and recommendation based on a limited number of products or companies  C. Advice and recommendation from one company  D. Don't know</p>	<p>A B C D</p>
<p><b>3. What do you understand by restricted advice?</b></p> <p>A. Advice and recommendation based on a comprehensive and fair analysis of the market  <b>B. Advice and recommendation based on a limited number of products or companies</b>  C. No advice or recommendation can be given; you need to make your own choice about how to proceed  D. Don't know</p>	<p>A B C D</p>
<p><b>4. As a new investment customer, how are advice charges paid?</b></p> <p>A. A fixed fee  B. Commission from the product provider  <b>C. A charge based on the value of my investment</b>  D. Don't know</p>	<p>A B C D</p>
<p><b>5. What advice charges for investments do you typically have to pay for advice on a new investment (assuming you go on to implement the advice)?</b></p> <p><b>A. Initial advice charge with the option of an ongoing service at an additional charge</b>  B. An on-going service charge only  C. Both initial and on-going advice charges are compulsory  D. Don't know</p>	<p>A B C D</p>
<p><b>6. If you have to pay an on-going advice charge, is this amount fixed or variable?</b></p> <p>A. Fixed, I pay the same amount in pounds each year  <b>B. The amount I pay in pounds will vary each year as it depends on the value of my investment (subject to a minimum fee)</b>  C. A certain amount is fixed, but a proportion may be variable  D. Don't know</p>	<p>A B C D</p>
<p><b>7. Does the percentage you have to pay for initial advice vary by the size of your investment?</b></p> <p><b>A. Yes, I pay a higher percentage if I have a smaller amount to invest (under £250,000)</b>  B. Yes, I pay a lower percentage if I have a smaller amount to invest (under £250,000)  C. No, the percentage remains the same regardless of the size of the investment  D. Don't know</p>	<p>A B C D</p>
<p><b>8. If you have want to set up a regular premium pension of £400 per month for a 30 year term what would your advice charge be?</b></p> <p>A. A one-off adviser charge of £1000  B. 3% of total premiums payable i.e. £4,320, paid in 12 monthly instalments  <b>C. 4 x the regular premium, i.e. £1,600 paid in 12 monthly instalments</b>  D. Don't know</p>	<p>A B C D</p>

- **Oral disclosure cards**

**FCA Showcards for Research Study –  
Oral Disclosure Statements  
May 2013  
Version 2: 100513**

#### EXAMPLE 1

**“Independent advice** means the adviser will look at all product types, all providers, all fund managers – to find the appropriate investment solution for you. There are no restrictions on the advice they can provide to you”

#### EXAMPLE 2

**“Restricted advice** means that the adviser will only consider recommending investments from a limited range of products and/or providers. Each firm can decide the nature of their restriction and this can vary greatly between firms.

For example, a particular adviser may only provide advice on a single product type (such as pensions), or may only consider products offered by a particular company. Alternatively, some Restricted advisers can offer advice on a wide range of product types offered from a range of firms but not all.

All Restricted advisers should clearly disclose the nature of their restriction.”

EXAMPLE 3

“An **initial payment** is typically the amount of money you would pay upfront for financial advice. This can be based on a variety of models from set fees, percentages of the amount to be invested or hourly rates for the work involved.”