

**Exploration of
consumer attitudes
and behaviour with
regard to financial
advice and the
implications of RDR
proposals**

**Commissioned by the
Financial Services
Consumer Panel**

**Published
January 2008**





Financial Advice Research

November 2007

1.0	BACKGROUND TO THE STUDY	2
2.0	OBJECTIVES FOR THE RESEARCH	5
3.0	RESEARCH METHODOLOGY	7
3.1	<i>Discussion flow</i>	8
3.2	<i>Use of stimulus within the discussions</i>	9
4.0	MAIN FINDINGS: REACTIONS TO THE CURRENT SYSTEM	11
4.1	<i>The current system is regarded negatively by consumers</i>	11
4.2	<i>Independence and Financial Advice</i>	13
4.3	<i>Drivers for Financial Advice usage</i>	14
4.4	<i>Barriers to seeking advice</i>	15
4.5	<i>Consumers don't understand the importance of FA independence</i>	16
4.6	<i>Growing distrust in FAs may enhance importance of 'independence'</i>	17
4.7	<i>Summary</i>	18
5.0	MAIN FINDINGS: REACTIONS TO THE NEW STRUCTURE	19
5.1	<i>Positive reactions to the New Structure</i>	19
5.2	<i>Lack of Differentiation from current system</i>	20
5.3	<i>Four tiers seems too many</i>	21
5.4	<i>Consumer reactions to Factory Gate pricing (FGP)/Customer Agreed Remuneration (CAR)</i>	22
6.0	DETAILED REACTIONS TO THE NEW TIERS	24
6.1	<i>Generic Advice:</i>	24
6.2	<i>Primary Advice</i>	26
6.3	<i>General Financial Advice</i>	27
6.4	<i>Independent Financial Advice</i>	28
7.0	EFFECT OF CHANGES ON PROPENSITY TO SEEK ADVICE	31
8.0	CONCLUSION	34
9.0	APPENDIX	35
9.1	<i>Discussion guide</i>	35
9.2	<i>Stimulus used within the sessions</i>	44
9.3	<i>Recruitment Screeners</i>	48

1.0 Background to the study

The overall aim of the FSA is to help consumers achieve a fair deal from the financial services industry and confidence in the products they buy and in the advice they take. The FSA wants to achieve a retail market where consumers are capable and confident, information for consumers is clear simple and understandable, firms are soundly managed, adequately capitalised and treat their customers fairly, and regulation is risk based and principles based.

However, within the retail investment market there are problems with the way products are designed and distributed which makes the overall aims for the market difficult to achieve. In particular, many products have complex charging structures which are unclear to consumers, consumers are left to rely heavily on advisers often with no way of assessing the quality of this advice (particularly given that it might be a number of years before the quality of the advice becomes apparent based on the performance of a product), many consumers are unable to afford advice despite having the means to save, and those providing advice can do so with relatively little training and testing.

This position is also supported by data from the GfK Financial Research Survey. From the FRS we can see that across most markets there is a trend towards lower engagement with longer term financial products. Future focused products such as pensions, life protection, savings and investments have all seen decreases in penetration over the past 5 years, while increasing levels of consumer debt are well publicised. For example, the percentage of people holding savings has declined from 71% to 66% since June 2000 and Investments has declined from 35% to 19% since June 2000.

Taking all of this together, and supported by a speech made by Callum McCarthy, 'Is the present business model bust?', the FSA has concluded that the retail investment market does not work as well as it ought to and is not serving the interests of consumers or firms as well as it could. At the same time the market is changing. The introduction of initiatives such as a Generic Advice service and Personal Accounts and the need for more people to make better provisions for the future, is likely to lead to a growing need for financial advice. In addition the increase in income and wealth of some people adds to the need for more financial advice. Furthermore, advances in technology mean that many firms are changing the way they operate in terms of delivery and charges to their products and services.

As a result the Retail Distribution Review (RDR) was launched in autumn 2006. The ultimate aim of the RDR is to provide better outcomes for consumers in the form of a market which allows more consumers to have their needs and wants met and for them to understand the products and services available to them. In June 2007 the FSA issued a Discussion Paper¹ in relation to the RDR outlining the FSA's early thoughts on how distribution within the retail investment market might be changed to achieve its ultimate objective.

¹ Discussion Paper 07/1 - A Review of Retail Distribution - FSA

In this Discussion Paper a set of proposals was advanced in order to address issues with the current advice framework, and ultimately to increase propensity to seek advice. These proposals aimed to reduce confusion by clarifying issues on pricing and independence, through a new tiered structure. In addition, the issue of factory gate pricing was raised in the Discussion Paper as a potential solution to any current market confusion.

The proposed four tiers of advice

Tier 1. Professional Financial Planners

The term ‘independent’ could be restricted to firms that charge a fee for advice that is derived through discussions with the customer and not influenced at all by the product provider. The definition could include arrangements currently categorised as fees as well as some payments that are currently categorised as commission, but **only** where these payments have been determined with customer agreement. A high proportion of advisers in this segment will maintain the highest level of professional standards. The advice would be targeted at those with more complex requirements and involve covering a consumer’s full range of needs and deep analysis of each of these needs.

Tier 2. General Financial Advisers

These would be advisers who do not meet the requirements of tier 1 (Professional Financial Planners), in that they might not have the same range of in-depth knowledge or qualifications. They would be able to continue using the full range of commission based remuneration arrangements, but crucially would not be able to describe them as ‘independent’ even if they currently do so. This service would also be aimed at people with fairly complex financial planning needs, but whilst these advisers will be able to offer a good depth of advice, the range of advice will be less than Tier 1.

Tier 3. Primary Advisers

This type of advice might be introduced to meet the needs of consumers who may not be able to access full financial advice (the target would be a wider consumer segment than the existing Basic Advice and the range of products would be broader). Given the increases in standard for tier 1 and 2 advice under this proposal, there are likely to be associated increases in costs for those segments of advice. This could potentially leave more people without access to advice, hence the need for Primary Advice. Primary Advice would be less costly and consequently it is likely to cover a fairly limited range of ‘simple’ products, ‘simple’ meaning that the potential benefits, risks and other limitations can be easily explained to consumers. The sales process could also be regulated, for example by using standardised fact finds and decision processes. This level would be aimed at consumers with less complex needs, i.e. a fairly broad range of needs but not requiring particularly extensive analysis of needs.

Tier 4. Generic Advisers

This advice would be personalised, giving limited help and guidance to consumers on their financial needs. The advice would be unregulated. At this stage it is thought that this advice would be aimed at low-income consumers needing some form of financial advice and guidance, but not necessarily leading to a specific product recommendation. One intended outcome should be an assessment of what route a consumer should take to access the market as a next step, as well encouraging savings behaviour and improving confidence and understanding in dealing with financial matters.

These propositions whilst based on sound evidence, were untested. As such this research was commissioned to assess the impact of the new proposals on the advice market, through assessing consumer's current understanding of the market then analysing the reaction to the proposed new tiers of advice and factory gate pricing. As such the research first sought to establish consumers' current understanding of the market, particularly in relation to independence of financial advisers (FAs)

2.0 Objectives for the research

The overall objective of this research was to provide the Financial Services Consumer Panel with a better understanding of, and evidence in relation to, the potential impact on consumers of specific proposals within the RDR Discussion Paper. More specifically, the three key underlying objectives were:

- 1. To investigate consumer understanding and perception of the word ‘Independent’ in relation to Independent Financial Advisers.**
- 2. To assess consumer response to the proposed four segments, or ‘tiers’, of advice (Professional Financial Planners, General Financial Advisers, Primary Advisers and Generic Advisers).**
- 3. The impact which the introduction of Customer Agreed Remuneration (CAR) / Factory Gate Pricing (FGP) may have on consumer perceptions of and demand for advice from investment intermediaries (if this scheme was introduced for all intermediated retail investment sales).**

These objectives were further broken down thus:

- 1. Investigating consumer understanding and perception of the word ‘Independent’;**
 - What was their understanding of this term in relation to FAs, and if and how this related to remuneration, ownership, coverage of the market / products a FA represents.
 - Consumer awareness and perceptions of other classes of adviser, understanding of the differences between types of adviser and subsequent expectations of the different types.
 - Ascertain how the ‘independent’ label was viewed (positively / negatively), to what extent this influenced choice of adviser and the impact on choice of other factors.
 - How did the interpretation of the word ‘independent’ under the RDR DP align with consumers’ understanding of the term?
 - If and how the proposed restriction of the ‘independent’ label to Tier 1 (Professional Financial Planners) would impact on the appeal of this advice segment particularly when compared to Tier 2 (General Financial Advisers), if other differences between the segments were ignored.
- 2. Assessing consumer response to the proposed four tiers of advice:**
 - Assess the ease of understanding of each of the segments.

- Find out how these proposed services differed from the advice services they currently have access to (if any).
- Establish how well these propositions fitted with consumer needs and highlight areas where needs were not being met by the advice segments.
- We note from the RDR DP that in particular there is a necessity to know if there is a real demand for Primary Advice, both by consumers and firms. We feel a further objective of this research, therefore, was to assess consumer demand for Primary Advice.

3. Understanding the impact which the introduction of Customer Agreed Remuneration (CAR) / Factory Gate Pricing (FGP) may have on consumer perceptions of and demand for advice from investment intermediaries;

- Understand how CAR/FGP compared to commission as a means of advisers being paid (is this favourable/unfavourable).
- Find out if and by how much the introduction of CAR/FGP might change levels of demand for advice.
- Find out if and by how much the replacement of traditional commission with CAR/FGP would attract additional consumers into the market.
- Establish to what extent an improvement in the clarity and understanding of what intermediaries were paid might deter people from seeking financial advice.
- Understand how well equipped consumers would need to be to 'agree' fees with advisers. Find out what consumers would consider to be a 'reasonable' fee for receiving advice (for specific example situations) and find out how likely they would be to shop around for in terms of fees.
- Awareness of trail commission and if/how this benefits consumers.
- Find out if consumers understood the impact commission has on their investment and ultimately the value of their fund. Establish how well consumers understood the cumulative impact of small changes over a number of years. If this is explained to consumers, if and how would it impact on their behaviour.
- Establish whether or not consumers supported the idea of commission being replaced by CAR/FGP

3.0 Research Methodology

The research was entirely qualitative in nature and consisted of 12 x 2 hour focus group discussions. The key split within the research was income, with 3 key dimensions identified. We conducted 4 group discussions per income band

- **Low** (Below £25,000 per annum - Chief Wage Earner)
- **Medium** (£25,000 - 50,000 p/a - CWE)
- **High** (51,000 - 100,000 p/a - CWE)

We further split each income band by age and experience of advice.

- **Age**

- **Young** - aged 25 - 49 - half pre-family (single, co-habiting, married, without children) half young family (married, co-habiting, with children between 0-11)

- **Older** - aged 50 - 65 - half older family (married/co-habiting, with children still at home 11-21) half post-family (single/married/co-habiting, without children at home)

- **Advice Experience**

- Had not taken financial advice in last 2 years
- Has taken financial advice in last 2 years

Accordingly, within each income band we conducted 2 x younger and 2 x older groups and 2 x groups who had taken advice in last 2 years and 2 x groups who hadn't.

Furthermore, within each group we recruited a mix of those who currently held a savings and/or investment product and those who didn't currently hold a savings or investment product but were considering taking out a savings and/or investment product in the next 6 months or would like to hold a savings and/or investment product.

For the high income group, this criterion was relaxed as we felt that those respondents who fell into this category but didn't currently hold a savings and/or investment product would not be representative of this group.

As such the groups were framed thus:

Group Number	Income band	Life stage	Taken advice	Location
1	Low	Younger	Taken advice	Hertfordshire
2	Low	Younger	Not taken advice	Manchester
3	Low	Older	Taken advice	Edinburgh
4	Low	Older	Not taken advice	Central London
5	Middle	Younger	Taken advice	Manchester
6	Middle	Younger	Not taken advice	Edinburgh
7	Middle	Older	Taken advice	Hertfordshire
8	Middle	Older	Not taken advice	Sutton Coldfield
9	Top	Younger	Taken advice	Glasgow
10	Top	Younger	Not taken advice	Central London
11	Top	Older	Taken advice	Sutton Coldfield
12	Top	Older	Not taken advice	Glasgow

Finally all respondents were either solely or jointly responsible for the household financial decision making. We also looked to recruit an even mix of men and women throughout the research.

N.B The recruitment screeners used to recruit each group are included in the appendix (appendix 9.3)

Groups were conducted between Tuesday 25th September 2007 and Thursday 4th October 2007.

3.1 Discussion flow

The discussions followed two different routes (see appendix 9.1 for the two different discussion guides used). The first route was conceptual in nature the second more intuitive.

The conceptual route began with a general discussion about finance and peoples financial confidence. We then followed this with a discussion around independence and how this concept could be defined and its importance with regard to financial advice. This was then followed by a conceptual discussion around advice and what that actually meant to consumers. These conceptual discussions were then used as a backdrop from which to discuss the current advice situation, and consumers' attitudes towards the current advice landscape and usage of that.

This discussion was then followed by an introduction of the proposals in the RDR discussion paper. Again these concepts were introduced at a conceptual level first to understand consumer expectations of what a new financial landscape might look like before delving into the detail within each tier (see appendix 9.2 for the stimulus used within the groups).

The rationale for this route was to understand if and how an understanding of independence and the importance this had with regard to financial advice impacted upon consumer attitudes and perceptions of the proposals within the RDR discussion paper.

The second route was more intuitive. Instead of beginning the discussion with a conceptual discussion of what independence and advice meant and their importance with regard to financial advice we straight away introduced the proposals after briefly discussing consumers' general confidence with regard to financial matters.

The outline of the proposals (appendix 9.2, 'Summary of advice proposals') was therefore introduced without any preliminary discussion of 'independence' or 'advice'. We then introduced the detail of each tier and discussed similar issues of what independence was and meant and its importance and advice within the context of the detail of the new proposed tiers.

The rationale for this different approach was that one of the key aims of the new proposals was to create a more intuitive and logical advice landscape. However the fear was if we only understood consumer responses in the light of an in-depth discussion around 'independence' and 'advice' their responses would be affected by that understanding.

In the real world consumers would not have had the opportunity to discuss and think about what those concepts meant and their importance with regard to financial advice. Therefore by only reviewing the concepts in this way we risked biasing consumer response.

As such we introduced the new proposals without this initial conceptual discussion in order to mirror how consumers might actually receive these concepts in the 'real' world. This approach enabled us to understand if the proposals within the RDR paper were immediately understandable, logical and intuitive to consumers. It gave us the opportunity to see how consumers might react when interacting with an altered advice landscape. Importantly, it also allowed us to see if a deeper understanding of independence and advice and their importance and relevance to financial advice did influence consumer response to the proposals.

3.2 Use of stimulus within the discussions

Appendix 9.2 shows the stimuli that were presented to consumers within the discussions. Appendix 9.1 and the above section details out the discussion flows and how the stimulus was presented within the groups.

The stimuli were designed with consumer understanding and comprehension in mind. Essential within any group and in order to facilitate useful and insightful discussion is a full understanding of any concepts being discussed.

Accordingly, the respondents encountered the new system as a whole, presented in a regimented order with the links made relatively explicit. In a real life environment they are more likely to encounter the new structure in a more fractured manner, finding it out piece-by-piece, within less focused environments.

As such, whilst this greatly aided the discussion, consumer feedback that the tiers were logical and simple to understand (section 5.1) may have been a research affect rather than a true consumer response that would be mirrored by actual behaviour. For a more in-depth explanation of this please see section 5.1

4.0 Main Findings: Reactions to the Current System

This section outlines consumer perceptions, understanding and reactions to the current advice system. It details the current perceptions of financial advice, looks at independence as a concept and seeks to explain the extent to which ‘independence’ is an important concept for consumers with regard to financial advice.

4.1 The current system is regarded negatively by consumers

The current advice framework/system is characterised by a good deal of confusion. Consumers do not distinguish between the different types of advice/advisers when talking about or referring to financial advice.

Many consumers referred to **any** advice they had received as independent financial advice or, more to the point, advice received from an independent financial adviser, even when the advice was provided by a tied financial adviser or even bank sales staff.

(N.B. for the purposes of this report and clarity, the term ‘bank sales staff’ will be used throughout the report to refer to staff who work in a bank and ostensibly provide advice. As explained in this section however this is not consumer terminology)

“I went to the bank for an annual review with their independent adviser”

Low Income, Older, Taken advice

This is not to say that consumers perceive all advice they receive as independent, more that given the confusion between the different types of advice ‘IFA’ is a handy catch-all term to refer to financial advice.

Accordingly, there seems to be a real lack of clarity and transparency over the differences and barriers that exist between bank sales staff, financial advisers and IFAs. Although this lack of understanding exists across the board it is more pronounced amongst those with less financial sophistication and expertise.

However, when pushed/made to think about it (within the groups) as to the distinctions, participants seemed to have a grasp of the difference between an FA (Financial Adviser and IFA) and a Bank based adviser.

(N.B. for the purposes of this report and clarity, financial advisers and IFAs are referred to as FAs - Financial Advisers, rather than IFAs, which as explained below is the terminology consumers use)

At this level the majority of consumers can understand that bank sales staff are likely to have access only to the products that their bank offers, whereas those advisers who are outside of the bank have access to a wider range of products from different providers.

However, consumers generally, even when pushed, are not aware that a distinction exists between IFAs and Financial Advisers. In consumers' minds they are the same thing. They offer the same service and as such are referred to as IFAs. Consumers mention that the distinction is probably apparent in the small print provided by both financial advisers and IFAs but nobody reads the small print. As such, this further adds to the lack of clarity and transparency which pervades this area.

Furthermore, FAs are generally perceived in a negative light.

FAs are seen in a similar vein to the stereotypical 'estate agent'. They are perceived as young, fairly flash/arrogant, relatively inexperienced and lacking in expertise.

This negative perception of FAs is the majority view but it is more likely to be held by those who are more financially savvy and experienced as they themselves are likely to have confidence, knowledge and less deference to supposed authority. This negative perception is also influenced by consumers lumping both FA's and IFAs together. As such, if the distinctions were explained and/or understood it is likely that consumer perceptions of solely IFAs would be more positive.

However, this negative view of FAs is not the only way respondents envisioned them. They are also perceived with more of a 'bank manager' image. Older, more experienced and knowledgeable and, rather than flash and arrogant, successful.

This more positive view of FAs is a minority view and is more likely to be held by those who are less financially sophisticated and savvy. The fact they lack financial knowledge and experience means often an FA can seem more experienced and authoritative than maybe is the case.

Interestingly, for those who do lack financial sophistication and knowledge this perception of FAs as 'Bank Managers' can be a reason in itself for not seeking financial advice as they can feel nervous visiting and asking advice of someone with a lot of perceived expertise.

Overall, these consumer perceptions of FAs are 'top of mind' associations. They are the aspects which respondents are most aware of in terms of their view of FAs and refer to when asked spontaneously to describe FAs.

However, underlying these top-of-mind associations are a series of more fundamental perceptions with regard to FAs that go across all consumers, despite their top-of-mind perceptions. These are the views

that are elicited when consumers are asked to think further about FAs and what they represent. Ultimately, this more considered view relates to the view of a ‘salesman’; someone who is ultimately out for their own interests rather than those of the consumer. There is also a general feeling of a lack of transparency and clarity surrounding FAs.

4.2 Independence and Financial Advice

The majority of consumers understand that FAs are not ‘independent’.

Independence is understood by consumers with regard to financial advice as; advice provided with truly their best interests at heart, rather than biased in any way. This can be further broken down as follows;

- **Non-tied (to providers)** - Advice provided by advisers who are in no way tied to a provider, thereby enabling them to offer advice with only the best interests of the consumer at heart. This means advice that is not paid for by any form of commission and is instead paid by the consumer directly to the adviser. From a consumer perspective this would be the key element of ‘independent’ financial advice

“To be fully independent you’ve got to be commission free, there’s no incentive to go a particular route”

- **Whole of market** - a lesser consideration for consumers when defining what independence is with regard to financial advice - nonetheless it is still an attribute of ‘independence’. Consumers feel that for advice to be truly independent it has to come from a thorough search of the ‘whole’ market, rather than a selection of the market
- **Non-tied (to products)** - not a real, top-of-mind consideration for consumers when thinking about what the concept of ‘independence’ means. However, in order to offer advice with the consumers best interests truly at heart the adviser must have the freedom to choose any product on the market which best caters to the consumers needs

“(FAs) would have a vast range of knowledge, a vast range of products and therefore completely independent”

Accordingly, given consumers definition of independence and the latent associations attributed to FAs it is not surprising that FAs are not regarded as independent.

Consumers are aware that most FAs get paid via commission from providers and therefore can’t be truly independent. Moreover, most expect/understand that FAs are probably paid different levels of commission by different providers, leading to further biased advice. However the majority of consumers

are currently unaware of trail commission.

In addition, some respondents suspect that the FAs have a limited pool of providers which they search amongst, creating a further bias.

Interestingly, given their definition of what 'independence' is, many consumers actually report the fact they also believe it would be very difficult/almost impossible to attain 'true' independence.

However, the concept of financial advisers' independence or lack of it is not a top-of-mind issue for consumers; indeed the majority have never even considered it. When prompted (in groups) consumers can analyse, understand and rationalise FA independence or lack of it as above. However the reality is that in the 'real' world consumers simply don't think about or consider the issue in any great detail and therefore any concerns regarding their lack of independence are dormant or non-existent. As such consumers are not particularly concerned about FAs independence or lack of it.

4.3 Drivers for Financial Advice usage

Indeed FA independence is not a consideration when consumers are deciding whether to seek financial advice. The key reason for using financial advice is the efficacy benefits of consulting and using financial advice.

Currently, consumers trade-off these efficacy benefits against their negative perceptions of FAs and any concerns they may have over the independence of advice and therefore its validity/trustworthiness.

The majority of consumers do not have the time and/or inclination to search the market for the best product for them. As such the ease and convenience of using an FA to search the market and find the 'best' product for you is probably the driving factor in consumers' decision to seek financial advice.

"Maybe that's the lazy way; I could've done that myself"

FAs are also perceived by consumers as on reflection probably having more expertise than them.

In general this expertise isn't necessarily attributed to higher intelligence or ability, rather the time to observe the market and follow its trends. This means by consulting an FA they are able to make a better informed decision as to where their money can go. This attitude is particularly prevalent amongst those in the medium income category (£25,000 - £50,000 pa), who often feel that they do not have the time or inclination to stay in touch with the financial market:

"It's a question of getting the time to do so (be aware of financial markets) and still enjoying one's life"

“We know that the advice that they are giving us is better than the advice we know ourselves”

For those who lack expertise in the financial area, the perceived expertise of FAs (Bank Managers) is probably the driving factor in the decision to seek financial advice. These consumers feel they do not have sufficient knowledge to make decisions and therefore seek advice as a means of deferring responsibility for the decision and enabling them to feel confident that their money is invested wisely.

Advice from FAs feels free and this is a further reason to seek advice. Rationally, when consumers are made to discuss the issue of FA remuneration in groups they can understand that ultimately it is probably them who end up paying for financial advice, although often they don't know specifically how they are paying. However, emotionally when consumers seek FA advice and sign on the dotted line it doesn't feel like they are paying anything for that advice; the absence of a visible payment means that advice feels free. Consumers are also aware that if they don't sign on the dotted line then the advice, both emotionally and rationally, is free.

Finally, there is also an element of liking the personal relationship gained with a FA. It would appear that the ability to engage with a person and discuss their financial situation is an attractive prospect, allowing them to take a more holistic view of their situation, or at least making them feel that way:

“She was very supportive of my situation at the time, which was a divorce...she gave me advice of not just how to get a mortgage but to financially plan for the short term”

Accordingly, the ease and convenience of using an FA and the fact he knows (even just a little bit) more than the consumer does outweighs any fears with regard to the independence of financial advice and ultimately the validity/trustworthiness of his advice/recommendation.

“It just aids you to make the right decision. It opens up the variety of options that are available to you”

4.4 Barriers to seeking advice

Independence or lack of it is also not a barrier to seeking advice. As explained, consumers fears/concerns with regard to independence or lack of it is not a top-of-mind concern and any concerns they do have are currently outweighed by the efficacy benefits of seeking advice.

As such, it is not independence or fears concerning FAs lack of it but rather consumer perceptions that there is no value in seeking advice that is the key barrier to seeking advice. This lack of perceived value in financial advice is driven both by attitude and circumstance.

Attitudinally, the less financially experienced or knowledgeable didn't understand the value of advice because there is a perception that FAs are not for them; that they are only for rich people with

thousands to invest and that the amounts they themselves have to invest would not be of interest to FAs. Moreover, many consumers in this group simply don't know where to start and how to contact FAs.

Indeed, one of the real positives of the tiers proposed in the RDR and specifically the Generic Advice tier is that this tier of advice may serve to counteract these perceptions and work to highlight the ease and accessibility of seeking advice.

Conversely, those who are financially sophisticated and particularly well off feel they have sufficient knowledge to manage their money themselves, or more knowledge than the FAs themselves. They also enjoy researching and making financial decisions.

"I would rather take responsibility for my own investments"

Finally, circumstances also dictated to a large extent the perceived value of seeking advice. The majority of consumers we spoke to commented that they would only seek advice for 'life changing' amounts of money i.e. if they had £20-30,000 they would seek advice but if they had £5-10,000 they probably wouldn't. This response is mainly driven by the fact consumers believe that for a 'smaller' amount of money they believe there doesn't exist sufficient scope or options for investment that will make a real difference to the returns they see. Accordingly, they surmise there is no real point in seeking advice.

As such, in order to enhance the propensity of consumers to seek advice it seems important to communicate the value of advice and the fact consumers will be much better off if they make decisions based on advice they have received.

4.5 Consumers don't understand the importance of FA independence

Independence is not a top-of-mind concern for the majority of consumers. Furthermore, any fears regarding independence are out-weighed by the ease and convenience of using an FA and the real barrier to seeking advice is not fears regarding independence but a lack of perceived value in advice.

However to some extent the lack of importance attached to independence by consumers is driven by the fact there is little appreciation/understanding of the scale of FAs lack of independence and the implications of that.

Although consumers understand (when pushed) the fact that FAs are not independent, they have little appreciation for the potential scale. The majority of consumers are not aware that an FA may only search a handful of providers. Although they realise it isn't the whole market the perception still exists that it is more than simply a handful.

Most importantly however is the fact that consumers fail to realise the implications of this lack of independence. It is difficult for consumers to get their head around, unless it has actually happened to them, the idea that a lack of independence with regard to the advice they have received might mean that they are mis-sold a product (less of a leap, especially in today's climate of endowment mortgages) or more significantly that they were not told about a better product that may have better suited their needs and may have resulted in much higher returns.

This lack of understanding/appreciation is further embedded by the personal recommendation of FAs. It seems that consumers are to an extent stymied into not asking more questions or thinking about their FAs lack of independence and the implications of that, by the fact they have been recommended personally. Indeed, the personal element of the relationship can create a false impression that the FA is operating in their best interests.

Interestingly, when consumers realised the possible scale and the potential implications of FA's lack of independence in the groups, the concept of independent financial advice became much more important and valuable. However, the likelihood of consumers sitting down and discussing FA independence for 2 hours in the real world has to be considered doubtful.

4.6 Growing distrust in FAs may enhance importance of 'independence'

Although as explained independence is not currently a real issue for consumers with regard to financial advice this may change in the future as distrust in financial advisers may be growing.

This potential growth in distrust of financial advisers is both a general and specific FA trend.

There is currently a general consumer trend towards cynicism and distrust which has become more prominent in recent times. Generally consumer trust in traditional institutions is in decline as consumers lose their traditional deference to authority.

"The government is looking to steer us towards products that are going to help with the economy and the products which are going to raise the maximum tax out of the people that are involved."

On top of this, there is a further trend towards cynicism and distrust specifically within financial services. The perceived profit rather than customer focus of financial services providers has led/is driving an increasing distrust of financial services providers. This is further exacerbated by recent experiences and media stories such as credit card and overdraft charges and also the recent problems with Northern Rock

"(Banks) they were only interested in getting my money off me"

Finally, customers exhibit a growing distrust of FAs. There seems to be increasing evidence and consumer stories of products being mis-sold e.g. endowment mortgages etc. Also, it seems that consumers are increasingly information savvy; they are increasingly able and likely to question information, its source, motive and uses. As such, these two trends together represent an increasing distrust of FAs.

“I’ve had a bad experience within the family of so-called Independent Financial Advisers”

“You get bitten once and you wise up to it”

As such, although the issue of FA independence and ultimately the validity and trustworthiness of advice is not currently important for consumers its importance may well increase as distrust increases across the board and also specifically in financial services.

4.7 Summary

At present some consumers are not well informed about the different forms of financial advisers available, they misunderstand the definition of an FA and are unaware of the FSA’s role in regulating them. In addition, FAs do not fit with the current consumer understanding of an independent adviser; their commission based nature does not fit with their concept of independence.

However, independence, or lack of it is not a top-of-mind concern for the majority of consumers. Furthermore, any fears regarding independence or negative perceptions of FAs are out-weighed by the ease and convenience of using an FA and the fact they are more expert than the consumer. Moreover, the real barrier to seeking advice is not fears regarding independence but a lack of perceived value in advice.

Accordingly, the concept of ‘independence’ with regard to financial advice does not appear to be an important concept for consumers and in encouraging consumers to seek advice.

However, to some extent this is due to a lack of understanding of the implication of a lack of independence and indeed when consumers fully appreciate these implications ‘independence’ becomes much more valuable and important. Finally, although independence is not currently an issue it may become one in the future as distrust in FAs may grow.

5.0 Main Findings: Reactions to the New structure

This section outlines the reactions from consumers to the new tiers of advice outlined in the RDR Discussion Paper. This section will comprise of a broad discussion of the general, overall reactions to the new tiers.

5.1 Positive reactions to the New Structure

The concept of tiering the Financial Advice sector was well received, particularly as the concept of a tiered structure is intuitive to consumers. The tiered structure is used in many sectors, and the concept of a basic, middle and advanced level of service makes sense.

The new structure seems to clarify the market for consumers, allowing them to more easily identify what type of advice each level is offering:

“It’s clear for you to see...You can see it’s in black and white in basic terms, it’s structured a bit. Whereas at the minute, if you didn’t have anything in front of you you wouldn’t know there was fully qualified planners or qualified advisers, what’s the difference? I don’t know.”

It goes in line with the general desire of the participants for clarity, and the structure does “*make sense*”.

Moreover, respondents seemed to engage well with the proposals at an overall level. Not only were they clear and easy to understand they provided an intuitive structure which consumers were immediately able to recognise and understand. Indeed, consumer were able to understand, without prompting, the idea that the different levels of the structure were intended for various reasons and that dependent upon specific needs and levels of investment you may chose different levels to suit those needs.

- Increasingly complex/risky financial product
 - Respondents could appreciate that higher up the tier, the advisers had more expertise and as such could deal with more complex queries, and give better advice on more risky financial products such as stocks and shares.

- Increasing amount of investment
 - Most participants agreed that the lower generic advice suited cheaper investments whilst the top level was mainly for large investments, over the £20,000 mark.

- Knowledge of financial services
 - Participants expressed an opinion that the lower level would be a good point for financial novices to start, finding out background for the area they are interested in investing in,

then deciding to use the higher levels of advice if they need to. Those with more financial sophistication can enter straight into the higher levels if they need to.

The transparency of the information was also praised. Firstly in terms of its clear explanation of how each level gets paid, reducing the confusion about commission based pay. Secondly, to an extent it illuminates the different levels of qualifications and ability at each level of the tier, although there is some confusion surrounding the difference between the 'qualified' general adviser and the 'fully qualified' professional financial planners.

However, these findings should be treated with caution, as their presentation within the stimulus may have aided the perception that they serve to clarify the system. The respondents encountered the new system as a whole, presented in a regimented order with the links made relatively explicit, within an environment where they were able to concentrate on the new structure. In a real life environment they are more likely to encounter the new structure in a more fractured manner, finding it out piece-by-piece, within less focused environments. As such, their praise of the system as clarifying may be a research effect, rather than a valid finding.

Moreover, we can not discount the fact that, given the fractured, piece-by-piece way in which consumers will encounter the new framework, there is a possibility that the new framework may actually enhance confusion with regard to advice. Without proper explanation or clear presentation the increase in the number of tiers and title of advisers may further add to the confusion already apparent in this area.

However, because we were only able to test reaction to the stimulus we had within the groups we can not say, based on any consumer feedback from this research, to what extent this is likely to form a realistic consumer reaction to the proposals.

5.2 Lack of Differentiation from current system

Although the new system was seen as a positive move by many participants, others regarded it as demonstrating very little difference from the current system.

Primary advice is recognised as already available in banks, and very little has changed in the new structure in relation to this type of advice:

“That to me is what you get when you’re in the bank”

General advice is recognised as a new name for the current level of FA. Similarly, the Professional Financial Planner level is thought to be also available, albeit as an extremely expensive option which is only available to the very rich.

The only area within which participants felt there was a marked difference was generic advice. Consumers felt the government backing and basic approach of this tier was a development. This said, some did point out that general information is already available on the internet. Respondents cited such sources as Google, Money Supermarket and Which? as areas where they could obtain general information on finances.

“I think its there if you go and look for it”

However some consumers can understand that the type of advice provided by these types of services differs from the type of advice proposed in the Generic tier.

Some consumers also expect the type of advice described in the Generic Tier to be available elsewhere. Consumers mention Citizens Advice Bureau as a likely place for this type of advice to exist. However, although consumers expect this type of advice to exist elsewhere they are unable to offer concrete examples for its existence.

Also on further consideration, the professional advice tier could also be seen as a new development, when it is understood as aimed at more than the affluent income level.

Indeed, it seems important to communicate the fact that the professional financial planning level is accessible to the mass audience, rather than simply high net worth individuals.

5.3 Four tiers seems too many

When questioned on how many tiers they would imagine to be present in a new tier structure, most participants suggested a three level approach, with basic, middle and advanced tiers. Accordingly it seems they find a three level system more intuitive.

This fits with the general consumer rule of three. In most cases a three levelled structure is the most intuitive option, as evidenced by structures in such sectors as supermarkets (basic/value, normal, finest/taste the difference) and air travel (economy, business, first).

As such, consumers can suggest amalgamating two of the tiers to create a simpler and more intuitive advice landscape.

However, consumers feel that the best approach would be to amalgamate Primary and General advice rather than General and Independent as suggested. Primary and General are deemed to have more in

common than General and Independent as they are both based on commission and 'salesy' in their nature.

5.4 Consumer reactions to Factory Gate pricing (FGP)/Customer Agreed Remuneration (CAR)

FGP/CAR was regarded by consumers as essential in order to convince as to the independence of the top tier of advice. Indeed, for the majority of consumers the FGP/CAR was the bedrock on which claims of independence were understood and believed.

As explained earlier, for consumers independence of financial advice is understood as advice that is not biased in any way and has the consumer's best interests truly at heart. In this context, consumers can appreciate and understand that FGP/CAR is essential in order to achieve 'independence'.

It enables consumers to believe that the adviser will receive no commission from providers and as such has no vested interest in suggesting one product over another. Indeed, consumers can go even further to understand that in this context the only real vested interest the adviser would have would be to provide the best possible advice as this would be the only way he could guarantee repeat business and therefore more money.

Such grandiose terms such as 'full impartial advice' and 'whole market', which are initially met with cynicism, can be believed and trusted once the FGP/CAR has been seen/understood.

FGP/CAR is also a fairly intuitive concept and indeed there was no real need to have to explain the fundamental concept to consumers. The idea of paying an up-front fee for a service is something consumers have lots of experience of and are comfortable with. Indeed this also fits more succinctly with the way you pay for professionals at the moment eg. Lawyers, accountants etc. However there is some confusion as to exactly how they would be paid, which is explained below.

However the FGP/CAR is not without its negatives.

Firstly and most importantly the vast majority of consumers would not feel comfortable negotiating a price for such advice. Indeed the majority of consumers report that such an arrangement would definitely put them off using such a service.

Consumers are also unsure as to how they would pay for such a service. Many don't like the idea of paying by the hour for the service as they then have no come back if they decided not to take the advice offered. This confirms a further consumer perspective that they would have to be convinced by this tier's expertise in order to be prepared to pay an up-front fee for their advice.

There also exists the perception that such advice would be extremely expensive and therefore would only be appropriate for the most affluent and/or when investing large sums of money.

However, despite the fact that in theory the idea of FGP/CAR was positively received by consumers in groups we don't believe the majority of consumers would currently pay to receive advice.

Consumers are not rational, utilitarian machines who weigh up equally the positives and negatives of each decision, they are emotional human beings who very often make decisions based on gut feel. Visibly paying for advice up-front is an emotional barrier that the majority of consumers will not overcome, especially as consumers currently don't understand the value and importance of advice.

Indeed, we feel that consumers would not only have to understand the value and importance of advice in order to countenance paying they would also have to fully understand the importance of independence with regard to financial advice. Actually in the groups, where respondents did understand the importance of both advice and 'independent' advice, we had a greater incidence than expected of consumers saying they would be willing to pay for advice.

However, in the real world consumers don't have 2 hours in which to fully discuss and understand this context and as such we are doubtful the majority of consumers, left to their own devices, will ever understand the importance of advice and independent advice sufficiently to be persuaded to pay for independent advice.

Moreover, just by simply introducing the idea of FGP/CAR, those less financially savvy and experienced with less money to invest will instinctively be frightened away from using this tier.

However, if a fee was presented in a trail-commission format it is likely to be less off-putting, especially if it linked to return on investment.

Accordingly, in our opinion, whilst FGP/CAR is essential in being able to claim 'independence' of advice we feel the majority of consumers would be put off from using this tier by the fee and that ultimately only the most affluent and financially sophisticated would end up using this tier of advice.

6.0 Detailed reactions to the new tiers

This section looks in detail at each specific tier and seeks to explore consumer reactions, comprehension and relative appeal of each.

6.1 Generic Advice:

Generic advice was received extremely positive by the majority of consumers. Indeed, on reflection it is considered to be the most important of all of the tiers.

All felt that this tier would provide general information as to financial products, the differences between and the pros and cons of each. In other words a factual account or description of the financial products in the market.

Different types of participants saw different uses for this tier. Those who were less financially savvy or experienced saw it as a good way to get started on the process so that they at least approached the decision from a stronger more informed position than they normally would. It would allow them to get to grips with the basics of the financial market and allow them to acquire the knowledge to be able to have an active discussion with the higher levels.

“Good to use it as a starting point. Get to know things before you go on to the next step”

“It just gives you that base knowledge of what products are out there”

Those consumers who are more financially sophisticated initially saw this tier as not for them. They felt they already had this level of knowledge and therefore didn't need a service of this nature. However on reflection these consumers actually came to the conclusion that they may well use this tier. They saw it is a good starting point for any advice decision and felt that it was always important to refresh oneself with the options. They also saw it as an opportunity to stay on top of new products and service.

“It would be good to give you a grounding”

There were various underlying factors which underpinned the positive reactions. The government basis gave the tier a reassuring impartiality, free from the bias of larger companies. This sense of impartiality was further confirmed by nature of service in that by providing factual information there is little room for accusations of bias.

“I like the fact that it's government funded, it means it's more secure for you”

“it’s going to have the FSA on it or something...I’d trust it”

Also the free nature of the tier makes it risk-free, they lose nothing by taking the advice:

“I don’t see any reason why you wouldn’t use this!”

The online option is the best received of all the channels tested. They can use it anytime at their own convenience, and negates the need for dialogue, which some find embarrassing when discussing finances.

Overall and most importantly some consumers felt this tier may well encourage them to seek advice, if it became, and was used as, a natural first port of call for all/most advice decisions. By outlining the myriad options available for any one investment decision no matter how small the amount, the associated risks and the possible returns you make apparent the complexity of the market but most importantly the possibilities.

As such, for those consumers who are not currently seeking advice for £5000, this tier would illustrate the potential returns for them and the options open to them and would reinforce the need to seek advice in order to make the best decision.

More succinctly, this tier could potentially emphasise and communicate the value of financial advice.

However, the tier was not without its flaws. On the most basic level, the term ‘generic’ is not the most consumer friendly term and some consumers, especially the less financially savvy didn’t immediately understand what this meant and therefore what type of advice or service was going to be offered. Potentially ‘foundation’ may be more consumer friendly.

Moreover, the use of the word ‘advice’ can be misleading for some. Advice for the majority of consumers implies some element of direction in terms of which product/option best suits their needs. Given the nature of the service offered many feel ‘advice’ is not an appropriate term and that ‘information’ is a more accurate term.

Currently, consumers feel they are unlikely to use the information pack and phone service.

Indeed, this goes to the fundamental weakness of this tier in that in its current format it is likely to be missed and therefore not used by consumers. For this tier to be as successful as it could, as stated above it needs to be the natural first port of call for majority of financial decisions and in its current format we don’t believe this will be the case.

To remedy this we believe this tier needs to be heavily communicated to consumers. One possibility would be the use of celebrity advisers (Martin Lewis, Adam Hall) to add impact to the tier. Other suggestions have included more of a physical presence, like an NHS drop-in clinic.

Many also failed to appreciate its impartiality compared to comparison sites such as Moneysupermarket. It's benefits need to be clearly labelled and impartiality stressed.

Functionality is also essential. The information given needs to be of sufficient detail to not be 'dumbed down' for the more experienced users, but accessible for the novices; a complex balancing act.

Finally, most imagined that it would join up to other tiers, explaining the other tiers and the distinctions between them and for example, providing a list of approved Primary/Professional advisers in their area.

6.2 Primary Advice

The majority of consumers recognised that this tier represents the status quo and that these are simply bank sales staff re-named.

Most envision Primary Advisers as being relatively untrained in financial matters, with more of an expertise in the specific products which they are responsible for. These would potentially be part of a bank or building society, or potentially a lower level of a financial advisory firm. Their primary purpose would be to advise on lower risk products, which do not require financial expertise to consult on such as basic saving products (ISA's etc).

"If I was going to buy a cash ISA from them I'd expect them to know the interest rate."

This tier proved to be unpopular with the vast majority. The idea of a salesman is not attractive. It has negative connotations of an adviser who puts a high value sale before the customer's interests. It also implies cheap and relatively 'dodgy' advice.

Participants did appreciate the clarity of the definition however, whilst they don't like the tag of salesmen there is an appreciation that at least it is made clear:

"The word salesman just automatically puts you off...they're just trying to make as much commission (as possible)"

"salesman, lower, short time, they're not inspiring words...quick and dirty...cheap products"

Also the 20 minute time seems too short for those with more financial experience, they would expect longer to be able to answer any questions they might have.

Older consumers also occasionally cite bad experiences of mis-selling from bank sales staff, which leads to suspicion.

On reflection, consumers can feel that the title 'primary advice' is slightly misleading as consumers feel what is being offered is not advice but selling and as such this tier should be branded in this way.

As discussed, this tier was unpopular with the majority of consumers even those who had actually used this tier of advice before (Bank sales staff). Communicating clearly what this tier is and actually does with this level of clarity ultimately put people off using this tier of advice for future financial decisions. By clearly communicating the nature of this advice it undermines the validity and trustworthiness of the advice offered.

6.3 General Financial Advice

The consumer reaction to this tier was relatively poor and this tier was felt to suffer the most in comparison to the other tiers.

This tier compares poorly with the independent tier and there seems to be relatively little differentiation between this tier and the primary advice tier. They focus on the method of payment and the fact that both are restricted in their range of products, ignoring the greater range within this tier:

"I don't think there's much difference between Primary and General other than you get more time to look at your financial need"

A particular issue with this tier focused around the definition of 'qualified'. As previously discussed, currently FAs are regarded as close to estate agents, this has an association of worthless qualifications, used to fool the consumer into a sense of ease.

"Just because they're qualified doesn't mean they can give you good advice"

The general opinion is that the definition 'qualified' needs more detail to make it beneficial, as it could potentially be a useful tag:

"a qualified adviser too so that makes you feel a bit more secure"

Some participants did find positives in this tier, some pointed out the fact that this tier emphasised a more personal service, taking account of goals and other factors within the consumers life:

"That's good - my goals and ambitions"

Similarly to the 'Primary Advice' tier, consumers were ultimately put off from using this tier within the groups by the full and transparent communication of the full scope of this tier. Moreover, when compared to the 'Independent' tier consumers were further able to realise the limitations of this tier and ultimately the lack of value in seeking advice from this tier.

Again, many of those consumers in the groups who had used this tier of advice before (FA) and recognised they had, upon seeing clearly the definition of what they do and the difference between that and the 'true' independence of the top tier, felt this level was a tier they would not be using in the future.

There is undoubtedly a research effect here in that in the real world consumers will not be approaching these tiers in such a formulaic and informed way. However this reaction to the proposals is instructive and confirms the danger inherent in undermining the validity and usefulness of advice from Bank sales staff and FAs by clearly communicating their true nature.

6.4 Independent Financial Advice

This tier was regarded positively by the majority of respondents.

As explained in the section on FGP/CAR, this tier is regarded as independent because of the way these advisers will be paid. Moreover, the fact they will search the 'whole market' further confirms this sense.

Indeed, due to these factors consumers identified this tier as being the best quality advice, particularly because of its separation from commission:

"He hasn't got as much of a vested interest...full impartial advice. Because he's not getting commission on the products that he is selling, he's getting a fee negotiated. So that appeals to me, a lot better than before anyway."

As discussed in the previous FGP/CAR section we believe that paying for advice is an emotional barrier too large for all but the most affluent/financially sophisticated to overcome. Indeed this is especially the case for those with lower incomes and less financial experience, for whom the idea of paying for financial advice seemed to be a difficult barrier to overcome. They viewed this tier as being exclusively for the very rich, and for large investments, around £100,000.

"Everyday people wouldn't be able to afford that sort of thing"

There was a view expressed that this level of adviser would actively discourage smaller investments:

"A fully qualified financial planner wouldn't probably want to get involved in the smaller cases anyway...penny policies"

Further issues for this tier emerged from the issue of negotiating a fee. While a minority viewed this as a good way to get value for money, mainly wealthier individuals, a significant number viewed this as an intimidating concept, and would dislike this as a method of payment.

“Why can’t they have a fixed fee? Why has it got to be negotiated? You’ve got to have some kind of band because people could get ripped off”

Others are concerned about the up-front nature of the fee. Two issues emerged concerning this matter, firstly that the adviser wouldn’t have any motivation to work particularly hard on your investment once his payment is secured:

“If you give him £300 to invest your money he doesn’t care if you don’t pay him anymore”

Another issue which emerges from the lack of link between performance and payment concerns whether there will be any form of compensation or recompence if their advice proves to be particularly bad advice. Some consumers would expect the ability to launch ‘malpractise’ cases against these advisers through the financial ombudsman.

Linked to the previous issue within the general advice framework is an issue regarding the level of qualifications which this adviser would have, in particular, what the difference is between “fully qualified” and simply “qualified”. This reflects negatively on both tiers, pulling the positive aspects of the professional tier into the less positive aspects of the general qualification, and further highlighting the issue of what ‘qualified’ means.

However, the term ‘professional’ is the right word. Consumers need to be convinced of this tier’s expertise as well as its independence in order to justify paying a fee and the term ‘professional’ goes some way to establishing that sense.

Ultimately, professionals like lawyers and accountants are what consumers are prepared to pay for. However the word has some rigorous implications that consumers would expect this tier of advisers to adhere to if claims of their expertise were to be believed. It has connotations of high quality and consumers would expect this tier to have to take and pass difficult and taxing industry standard exams, they would expect rigorous regulation and vetting of this tier and would expect some professional body.

The term ‘financial planner’ can be slightly misleading for consumers. This terminology implies long-term help and proactivity and because of these expectations it also implies an expensive fee.

Overall, this tier is received positively and is regarded as independent and expert by consumers. However as discussed in previous sections we are doubtful that all but the most affluent would overcome

the emotional barrier of paying for advice. Ultimately for this advice to be worth paying for consumers must be convinced about the value of financial advice and the value of independent financial advice. Again, left to their own devices we are doubtful consumers will ever arrive at these two realisations.

7.0 Effect of changes on propensity to seek advice

This section seeks to some extent to summarise the main findings but also seeks to answer the key objectives not only of this research but the RDR itself; will the changes proposed in the RDR enhance consumers' propensity to seek advice?

As previously mentioned, the new structure does serve to clarify the situation, deal with confusion, and make clear the levels of independence within each tier of the new structure. However, as discussed in the previous section, these are not the key drivers/barriers to use/non-use of FAs.

Therefore, reducing distrust and confusion in the advice market, although potentially reasons in themselves to implement the changes, will not be enough to enhance people's propensity to seek advice.

Indeed, the proposals need to effectively enhance the value of advice and making decisions based on advice in order to truly enhance consumers' propensity to seek advice.

Our research suggests that, although in theory the proposals may enhance certain audience's propensity to seek advice, in reality there are a number of dangers/challenges inherent within the proposals which any implementation will have to look to rectify.

The Generic Advice tier in the new proposals may enhance the propensity of those who lack financial experience/knowledge to seek advice. This tier allows them to access basic information in their own time at their own pace and provides an easily accessible starting point. More importantly it also shows that advice is not just for the affluent and, as discussed in the detailed reaction to generic advice segment, also illustrates the value of advice.

Moreover, generic advice may also enhance the propensity to seek advice of those consumers who don't see the value in seeking advice for smaller, non life-changing sums of money. As previously mentioned in the generic advice section, this tier could illustrate the myriad options available no matter what the sum involved, the associated risks and the possible return. In providing this illustration therefore you make apparent the real tangible benefits of making financial decisions based on advice tailored to your needs. Ultimately, you communicate the value of advice.

The new proposals may enhance the propensity of those financially experienced/savvy consumers to seek advice. The top tier of advice, not surprisingly, appeals quite strongly to this group and the expertise and independence of this tier would encourage this audience to seek advice. They understand the value of good advice and would be willing to pay a premium to obtain that advice. The new tier makes clearer where the highest expertise lies (within the professional planning tier) and as such this is

the tier which the financial sophisticates are drawn to. In this case it is the perceived expertise which is the attraction rather than the independence, although doubtless this has an effect.

However, there is a real risk that the new system may actually discourage the majority from seeking advice.

Ultimately we feel that by clearly communicating the nature of the status quo (Primary and General) you make explicit their weaknesses and thereby undermine the validity and usefulness of the advice provided by these tiers. Indeed by doing this you make explicit the latent consumer fears around FA independence and expertise illustrated in the initial section of this document. As such, the danger is that these fears become exacerbated as they were in the groups and they begin to outweigh the current efficacy benefits of using an FA. Accordingly, the result is you put people off using these tiers of advice.

This state of affairs in itself would not be too problematic and may be preferred if consumers instead of using these tiers of advice would instead use the top tier of independent financial planners.

However as explained in the previous section on FGP/CAR we do feel that the majority of consumers will be reluctant to pay for top level advice.

Therefore the danger is that you worry people about the current state of affairs without providing them with a solution, thereby dis-incentivising the majority from seeking advice.

Indeed the proposals seem to be in danger of trying to fix a problem that consumers don't know exists/aren't bothered about.

In order to avoid this situation several steps could be taken. Firstly, generic advice will need to become crucial in priming the consumer as to the value of advice, both independent and non-independent. Generic advice has to be the first port of call for most consumers before they move onto the other tiers of advice. In this context generic advice can play a vital role in setting up consumers' expectations and educating them about the rest of the system, and what tier of further advice is appropriate to them.

However, in its current format as a static piece of information (website/leaflets) it will struggle to become a 'top-of-mind' association for consumers. In order to be better placed it ideally needs to have an element of 'advice', of dynamic interaction for the consumer. Ideally this would arise from it being a face to face interaction, where the information can be adapted for the consumers needs. It still needs to remain as an impartial service, as its governmental roots were reassuring for most participants, and it needs to remain free in order to avoid the emotional barrier discussed above. Making this immediate and accessible is also important to remove as many potential barriers to this level of advice as possible.

Furthermore, the middle tiers of Primary and General Advice need to be made to be more attractive to consumers, as at present the reaction from consumers was that these two didn't seem to convey any real advantage:

"I'd keep the top and the bottom one and lose the other two"

Highlighting the positive aspects of these tiers, potentially within the generic advice tier, is a possible solution to this:

- Free;
- Primary advisers are expert on the specifics of the products they look at;
- General advisers have financial qualifications which allow them to select a product which suits the consumers best.

Furthermore, these tiers must be presented with care as there are words within these areas that are loaded and will promote negative views. For example, 'sales' has connotations of not caring about the customer, inexperience, young etc; the use of sales/salesman within the focus groups received widespread disdain, associated with an ability to sell rather than advise on financial matters.

In doing this you enable consumers to decide for themselves which level suits them best and for what reasons.

8.0 Conclusion

The current advice landscape is characterised by confusion and negative emotions.

The RDR proposals should reduce distrust and confusion in the advice market and in theory may enhance the propensity of consumers to seek advice. However, the key barrier to seeking advice is ultimately the fact that most consumers don't currently see the value in advice.

The majority of consumers realise that FAs are not independent. However, FA independence or lack of it is not a top-of-mind consideration for the majority of consumers. Indeed, independence or lack of it is not a key driver of FA usage or even a key reason for non-usage in the current market. Consumers trade off any fears they may have with regard to independence or expertise of FAs against the ease and convenience of using an FA.

The danger exists that by clearly communicating the nature of the status quo (Primary and General tiers) consumers' latent fears surrounding FA lack of expertise and independence are made explicit and apparent and that these fears outweigh the efficacy benefits of using these tiers, therefore discouraging consumers from using these tiers.

This might be an ideal outcome if consumers were likely to use the top tier of advice instead of Primary and General. However, the majority of consumers say they will not pay for advice and therefore we feel only the affluent will actually use this level. The danger is that people become worried about the status quo without being provided with a solution, thereby discouraging the majority from seeking advice.

Generic advice is the key to avoiding this scenario. Generic advice has the opportunity to communicate the value of advice and independent advice. However, this tier must become the natural first port of call for the majority of financial decisions in order to achieve this.

In its current format Generic Advice will struggle to be top-of-mind for consumers. This tier must be widely and heavily communicated and be more accessible and advice led than currently proposed, in order for it to become more important in consumers' minds

9.0 Appendix

9.1 Discussion guide

RDR Research - Qualitative

Group Discussion Guide - 2 hours - v2 - 24/09/07

Route 1 - Conceptual Route

In this route we propose conducting a conversation based around a conceptual framework of advice, independence and pricing.

In this context we will then evaluate the tiers of advice and understand their appeal and logic. This approach also allows us to obtain consumer thoughts and ideas on what a tiered advice landscape would look like from their perspective and place this against the ideas contained within the RDR.

Introduction to the research (5 mins)

Interviewer to thank the respondents for participating and explain the purpose of the research - interested in understanding views on financial issues.

- Interviewer to also cover:
 - Format, discussion based
 - No right or wrong answers
 - Confidentiality, MRS and data protection
 - Audio / video recording of the interview
 - Client observation (where relevant)
-
- Respondents to introduce themselves to each other, first name, occupation, family status etc

Financial Behaviour/confidence (10 mins)

Moderator to probe around participants' financial confidence and experience, and to focus down on information sources and advisors as they emerge.

Moderator: Take specific note of use of terms such as "IFA" or "advisor" - probe around "what does that mean? Who do you mean by that?"

- *Using a projective technique “the words I would use to describe my attitude towards financial products and matters are” - moderator to probe on respondents attitudes to finances*
 - How confident, interested and engaged are they - why is that? What drives that sense?
 - How expert are they? What drives this sense?
 - Would they like to be more confident/expert? Why/why not? If yes, how do they assume they could become more confident/expert - what would have to happen for this to be the case?
- How do they buy financial products - what is the process they go through?
 - How do they identify what they need?
 - Do they do any research - if not why not, if so where do they go and why?
 - What information sources do you use for information when choosing a financial product?
SPONTANEOUS AND THEN PROMPT WITH:
 - Press? Which? Why?
 - Internet? Which sites? Why?
 - Talking to an advisor? Who? [Moderator - probe around where these advisors are identified, and how they are described]
 - How do they make the decision - do they have any help in making the financial decision?
- How do they know they have made the right decision? What drives that sense? What reassurances do they have/would they ideally like to have?
- Has it go easier or harder to make financial decisions over the last 10 years - why?
- Do they think it is going to get easier or harder to make financial decisions in the next 10 years - why?
- What could be done to make financial decision making easier over the next 10 years - what would they ideally like to see - who would provide this service and why?

Understanding of concept of advice (10 mins)

- What is advice? When I say advice what words spring to mind - (Moderator to note on flipchart)
- What spheres of life do they seek/receive advice?
- How important is advice when making financial decisions? -why?
- Who do you currently look to for advice - why? What characteristics/skills do they possess that enables them to give you advice? Probe ‘technical skills’ if not mentioned
- What advice are you looking for when making financial decisions - what do you need to know that you don’t already?
- What would an ideal advisory service look like - what advice/information would they give, where would they give it, what would the people look like who gave the financial advice?
- Are there different types of advisers on today’s market? Who? Pros and cons of each.
- How do professional advisors currently operating in the market stack up against this picture of advice - favourably/un-favourably - why?
- Are they advisors in the strictest sense of the word - why/why not?

Understanding of concept of “Independence:” (25 mins)

- Moderator to ask group to come up with examples of organisation/entities etc that are independent -
 - moderator to note organisations on a flipchart - moderator to then probe on the characteristics of these organisations/entities - i.e. what makes them independent
 - *In this way we will be able to arrive at an understanding of what are the constituent elements of independence* - (easier for consumers rather than simply asking them independence means)
- *Does independence exist within the financial arena - why/why not?*
- *How important is independence?*

- *How important is independent financial advice - why?*
- *What would independent financial advice look like?*
 - *What information would they give - where would they get this information from - would they have to search the whole market to be 'independent'*
 - *Who would give it*
 - *Where would you find it*
 - *How would they be paid*
- What words come to mind when I say "Independent Financial Advisor"? [MODERATOR - NOTE ON FLIPCHART]
- SPONTANEOUS THEN PROMPT WITH:
 - Professional/well-qualified?
 - Trusted?
 - Have your interests at heart?
 - Free to select product for me from across the market.
 - Who / what are they independent from? [IF NOT SPONTANEOUSLY MENTIONED]:
 - Who pays them?
 - Who owns the firms?
 - How much of the market they select products from?
 - Do you believe this? Why? Why not?
- MODERATOR: Describe the current IFA definition - display on board
 - Does this match what we've been talking about?
 - What is different? (if anything)
 - (If different) How do you feel about that? (Pleased? Worried? Something else?)
- As well as IFAs, are you aware of other types of financial advisor?
 - What are they? How would you describe them?
 - What is the difference between them and IFAs?
- If you were thinking of taking out a new investment or savings product, and looking for **advice** on this, what would you be looking for?
 - [MODERATOR TO NOTE ON FLIPCHART]
 - Independence? (relate back to the original flipchart)
 - Known to you?
 - Bank you trust?
 - Something else?
- Would you use an IFA?
 - Why?
 - Why not?
- What products would/wouldn't you use an IFA for - why?
- What is important to you in selecting an advisor? What else?

PAYING FOR ADVICE (15 mins)

Expectation is much of this initial conversation around remuneration will have been had when discussing independence/IFAs etc

- How important is 'how an advisor' gets paid to the concept of independent advice
- Ideally how would financial advisors get paid - what advantages/disadvantages would this bring?

- How do IFA's get paid currently? (spontaneous responses first)
 - How does this affect perceptions of independence and advice?
- Moderator to explain concept of Trail Commission to respondents (stimulus used here)
 - How does this fit with consumer perceptions of IFA remuneration?
 - How does this knowledge impact on perceptions of IFAs - does it reduce sense of independence and level/quality of advice provided - how/why?
 - Would they be more/less likely to use IFAs as a result of this knowledge - why/why not?
- Moderator - explain the concept of Customer Agreed Remuneration/Factory Gate Pricing (SHOWCARD)
- Reactions to this?
 - Positive/Negative - why
 - Understanding/appeal
- Is this a better/worse way of advisors being paid vs. current situation - why?
- What affects would this have on propensity to seek advice - more/less likely to seek advice - why?
- How confident would they be in 'agreeing' fees with advisors - why/why not? Would they visit a number of advisors to compare?
- How much would they be prepared to pay (per hour) for advice on taking out an investment product?

Evaluation and appeal of new tiers (60 mins)

Evaluation of concept and appeal of a tiered advice system

Moderator to introduce idea of tiers of advice as a concept we want to look at and understand.

- Appeal - likes/dislikes - advantages/disadvantages of tiers

Ideal tiered advice system

Moderator to get consumers, in teams to design their ideal 'tiered advice landscape' – moderator to focus respondents and probe on the following

- number and level of tiers
- type of advice given at each tier
- skills/qualifications of advisors at each tier
- where would they get/receive advice
- remuneration of each tier
- independence of each tier

Evaluation of tier framework

Moderator to then introduce the advice framework suggested in RDR (generic, primary, and professional) and obtain consumer responses to appeal and likely content

Moderator to probe on following

- Ease of understanding.
- Likes/dislikes - advantages/disadvantages
- Appeal - how does this fit with 'ideal' created by respondents
- How would it work

- What would each tier look like (moderator to probe on consumer perceptions of type, level of advice, skills/qualifications of advisors, where they would receive advice etc for each tier)
 - Generic
 - Primary
 - Professional - Independent/general

Evaluation of each specific tier

Moderator to then introduce detail of advice tiers. Moderator to introduce one tier after another and gain respondent feedback and evaluation of detail.

Moderator to use stimulus here as descriptions of each tier.

Moderator to probe on the following for each tier of advice

- Understanding
- Appeal
- Advantages/disadvantages
- Application/use - types of products
- Skills/qualifications of advisors
- Where receive/get advice
- Propensity to change behaviour etc

Comparison of all tiers

Moderator to show comparison table and get respondents to evaluate tiers as a whole, making comparisons between the tiers etc

Moderator to probe on following

- Understanding
- Are the tiers logical
- What other information would you like to receive about this?
- Is this different from what's currently in the marketplace?
- Which tier would you choose if you were looking for new savings or investments?
 - Why?
 - [IF "IT DEPENDS"] On what?
 - Can you imagine using different tiers for different things?
 - What?
 - Why?
 - How?
- Would you be more/less likely to seek advice in this new landscape - why/why not

Summary (5 mins)

- What is the one thing that would enhance respondents' likelihood of seeking advice in future - why?

RDR Research - Qualitative

Group Discussion Guide - 2 hours - v2 - 24/09/07

Route 2 - Intuitive Route

This route follows a different framework - in this route we are showing the tiers of advice very early in the discussion and using the tiers and the detail of the tiers as practical prompts from which to discuss some of the more conceptual ideas such as advice, independence and pricing.

This approach allows us to understand spontaneous consumer responses to the tiered approach in a situation not unlike how they are going to learn about these changes in the real world - ie with little discussion or thought about what the concepts of independence and advice constitute and what this means for financial advice.

Accordingly, by presenting the tiers and using that as a prompt we are able to understand whether the changes actually represent an 'intuitive' financial advice landscape - one which is logical, and easy to understand without potentially biasing responses via a discussion of what independence and advice truly mean and whether IFAs currently deliver this.

Introduction to the research (5 mins)

Interviewer to thank the respondents for participating and explain the purpose of the research - interested in understanding views on financial issues.

- Interviewer to also cover:
- Format, discussion based
- No right or wrong answers
- Confidentiality, MRS and data protection
- Audio / video recording of the interview
- Client observation (where relevant)

- Respondents to introduce themselves to each other, first name, occupation, family status etc

Financial Behaviour/confidence (20 mins)

Moderator to probe around participants' financial confidence and experience, and to focus down on information sources and advisors as they emerge.

Moderator: Take specific note of use of terms such as "IFA" or "advisor" - probe around "what does that mean? Who do you mean by that?"

- *Using a projective technique "the words I would use to describe my attitude towards financial products and matters are" - moderator to probe on respondents attitudes to finances*
 - How confident, interested and engaged are they - why is that? What drives that sense?
 - How expert are they? What drives this sense?

- Would they like to be more confident/expert? Why/why not? If yes, how do they assume they could become more confident/expert - what would have to happen for this to be the case?
- How do they buy financial products - what is the process they go through?
 - How do they identify what they need?
 - Do they do any research - if not why not, if so where do they go and why?
 - What information sources do you use for information when choosing a financial product?
SPONTANEOUS AND THEN PROMPT WITH:
 - Press? Which? Why?
 - Internet? Which sites? Why?
 - Talking to an advisor? Who? [Moderator - probe around where these advisors are identified, and how they are described]
 - How do they make the decision - do they have any help in making the financial decision?
- How do they know they have made the right decision? What drives that sense? What reassurances do they have/would they ideally like to have?
- Has it go easier or harder to make financial decisions over the last 10 years - why?
- Do they think it is going to get easier or harder to make financial decisions in the next 10 years - why?
- What could be done to make financial decision making easier over the next 10 years - what would they ideally like to see - who would provide this service and why?

Comparison of all tiers (20 mins)

Moderator to show comparison table of tiers of advice. Moderator to introduce this as the new advice framework.

Moderator to probe on following

- Understanding/comprehension
- Appeal
- logic
- differentiation
- Which tier would you choose if you were looking for new savings or investments?
 - Why?
 - [IF "IT DEPENDS"] On what?
 - Can you imagine using different tiers for different things?
 - What?
 - Why?
 - How?
- Would you be more/less likely to seek advice in this new landscape - why/why not?
- Would this help you make financial decisions in future - why/why not?
- How does it compare to the current financial advice landscape - better/worse - why?

Evaluation of each specific tier (60 mins)

Moderator to then introduce detail of advice tiers. Moderator to introduce one tier after another and gain respondent feedback and evaluation of detail.

Discussions of advice and what that constitutes and means for consumers and the concept of independence will be contained within each evaluation of specific tiers and the detail. As such the conversation will be framed around the detail of the tiers, using that as a prompt for discussion of various conceptual themes.

Moderator to use stimulus here as descriptions of each tier.

Moderator to probe on the following for each tier of advice

- Understanding
- Appeal
- Advantages/disadvantages
- Application/use
- Skills/qualifications of advisors
- Where they would expect to get/receive advice
- Pricing approach
- Propensity to change behaviour etc
- Better/worse than current situation
- Optimisation

Following sections on advice, independence and pricing will not function as separate sections - they will serve as prompts for the moderator to use within discussion of each tier of advice

Advice

- What is advice?
- How important is advice when making financial decisions? -why?
- Who do you currently look to for financial advice - why? What characteristics do they possess that enables them to give you advice - probe on 'technical skills' if not mentioned spontaneously!
- What advice are you looking for when making financial decisions - what do you need to know that you don't already?
- What would an ideal advisory service look like - what advice/information would they give, where would they give it, what would the people look like who gave the financial advice?
- How do professional advisors currently operating in the market stack up against this picture of advice - favourably/un-favourably - why?
- Are there different types of advisors in the market currently - who? - pros and cons of each
- Are they advisors in the strictest sense of the word - why/why not?

Independence

- *Does independence exist within the financial arena - why/why not?*
- *How important is independence?*
- *How important is independent financial advice - why?*
- *What would independent financial advice look like?*
 - *What information would they give - where would they get this information from - would they have to search the whole market to be 'independent'*
 - *Who would give it*
 - *Where would you find it*
 - *How would they be paid*
- *How would consumers describe IFAs*
 - *Professional/well-qualified*
 - *Trusted*
 - *Have your interests at heart etc*
 - *Free to select across the market*
- *What products would/wouldn't they use an IFA for - why?*

PAYING FOR ADVICE

- How important is 'how an advisor' gets paid to the concept of independent advice
- Ideally how would financial advisors get paid - what advantages/disadvantages would this bring?
- How do IFA's get paid currently? (spontaneous responses first)
 - How does this affect perceptions of independence and advice?
- Moderator to explain concept of Trail Commission to respondents (SHOWCARD)
 - How does this fit with consumer perceptions of IFA remuneration?
 - How does this knowledge impact on perceptions of IFAs - does it reduce sense of independence and level/quality of advice provided - how/why?
 - Would they be more/less likely to use IFAs as a result of this knowledge - why/why not?
- Moderator - explain the concept of Customer Agreed Remuneration/Factory Gate Pricing (SHOWCARD)
- Reactions to this?
 - Positive/Negative - why
 - Understanding/appeal
- Is this a better/worse way of advisors being paid vs. current situation - why?
- What affects would this have on propensity to seek advice - more/less likely to seek advice - why?
- How confident would they be in 'agreeing' fees with advisors - why/why not? Would they visit a number of advisors to compare?
- How much would they be prepared to pay (per hour) for advice on taking out an investment product?

Optimisation (15 mins)

Moderator to use comparative table again to drive out overall thoughts and ideas for optimisation

- Overall, how appealing are these changes?
- Is it better/worse than current situation - why?
- moderator to note and probe on any differences between what was said initially and now - why do those differences exist - what drives those - how can they be overcome etc
- How could this tiered approach be improved?
- How should these tiers be communicated - what further information would you need to know about each of these?

Summary (5 mins)

- What is the one thing that would enhance respondents' likelihood of seeking advice in future - why?

9.2 Stimulus used within the sessions

Summary of new advice landscape

Slide 1

	Who provides advice ?	What do they provide ?	How do I pay for advice ?
<i>Full Advice</i> Independent advice	A fully qualified financial planner	Full impartial advice comparing the whole market	Up front fee
General advice	A qualified advisor	Full advice based on products from a single provider or selection of providers	Generally by commission
Primary advice	A trained salesman (may be specialist bank branch staff)	Sales advice on lower risk products after a short consultation (20 minutes)	Generally by commission
Generic advice	A website, information pack or phone service	Impartial, general advice Explains how different financial products work and types of people they would be suitable for	free

Slide 2

Independent professional advice

Who provides advice ?

- A **fully qualified financial planner**

What do they provide ?

- Full **impartial** advice comparing a range of products representative of the **whole market**
- A detailed assessment of your financial needs based on your financial goals and situation

How do I pay for advice ?

- A fee is negotiated and agreed with your advisor, which you can either pay up-front or pay over time with the payment for the product

Slide 3

General professional advice

Who provides advice ?

- A **qualified advisor**

What do they provide ?

- Full advice based on products from a single provider or **selection of providers**
- A detailed assessment of your financial needs based on your financial goals and situation

How do I pay for advice ?

- Generally by **commission**

Slide 4

Primary advice

Who provides advice ?

- A trained salesman
(may be part of a bank/ building society branch or financial advisory firm)

What do they provide ?

- Sales advice on **lower risk products** after a **short consultation** (20 minutes)

How do I pay for advice ?

- Generally by **commission**

Slide 5

Generic advice

Who provides advice ?

- A website, information pack or phone service

What do they provide ?

- Impartial, **general advice**
- Explains how different financial products work and types of people they would be suitable for
- Offers best options for specific circumstances but does not select or recommend a product or provider

How do I pay for advice ?

- Information is provided free of charge (government funded)

Slide 6

Paying for Advice – A new proposal

Ultimately the costs of receiving advice are separated from the costs of the product.

- Products are priced by manufacturers excluding charges to cover the costs of payment to advisers for their services.
- Advisers and customers agree the level and timing of payment, in a discussion of all services being supplied (and to be supplied). This is very much like a fee discussion.
- This fee is either paid up-front by you or over time with the payment for the product

Trail commissions

What are they?

- Trail commissions are a way in which financial advisers are paid for their on-going advice today
- Paying trail commissions reduces the amount of up-front commission at the beginning of the investment

How do they work?

- As your investment grows, the IFA receives a commission on the total value of your fund each year until it is sold (typically ranging from 0.1% to 1% of the value of your investment)
- Trail commissions are paid to the advisor by the provider from the management fee
- However, because the consumer pays the management fee, the cost of the trail commission is passed on by the provider to the consumer

9.3 Recruitment Screeners

Total Focus

(a wholly owned subsidiary of Total Research Services Limited)

First Floor, Quality House, 41 High Street, Sutton Coldfield, West Midlands, B72 1UH

Tel: 0121 362 3700

Fax: 0121 362 3701

Field Controller: Lorna Brookes

Job Name: Project Radar

Job No: GK.09.07.6700

Good afternoon/evening, my name is.....from Total Focus, an independent research company based in Sutton Coldfield. Could you spare a few minutes please?

A). We are carrying out a market research survey and are looking for people representing various occupations. Do you, or any members of your family or any of your close friends work in the following occupations, either now or in the past?

READ OUT AND CODE BELOW

	YES	NO
ADVERTISING	1	1
MARKET RESEARCH	2	2
PUBLIC RELATIONS	3	3
JOURNALISM	4	4
MARKETING	5	5
FINANCIAL SERVICES**	6	6

(banks, building societies, finance companies, insurance companies etc)

IF YES TO ANY OF THE ABOVE – THANK AND CLOSE INTERVIEW

B). Have you ever attended a market research group discussion?

YES	1	GO TO C
NO	2	GO TO Q1

C). How long ago did you attend a market research group discussion?

In the last 6 months	1	CLOSE
6 – 12 months ago	2	ASK D

12 months – 2 years ago	3	ASK D
2 – 3 years ago	4	ASK D
Over 3 years ago	5	ASK D

D). What was the discussion about?

.....IF ON A SIMILAR SUBJECT – THANK AND CLOSE

E). Method of recruitment?

FACE TO FACE TELEPHONE STREET DOOR TO DOOR

F). Research projects are often routinely audio and/or video taped. These tapes are only ever used for the purposes of market research and are destroyed at the conclusion of the project. Do you have objections to being audio/video taped?

Yes	1	Close
No	2	CONTINUE

If the project is to be audio/video recorded, you will be asked to sign a consent form at the venue

We would like to talk to a cross section of men and women about financial services. Are you the person within the household responsible for financial decision making?

YES, SOLELY	1	CONTINUE TO Q2
YES, JOINTLY	2	ASK Q1A
NOT RESPONSIBLE	3	CLOSE

1a) You say you make all financial decisions jointly. Do you actively input into the decision -making process or do you tend to 'rubber stamp' your partners' decisions?

Active Input	1	CONTINUE
Rubber Stamp	2	Close

You said you don't currently hold either a Savings Account or Investments, however which of the following statements best describes your attitudes towards these products?

<i>Although I don't currently hold any savings or investments I am definitely considering taking them out in the next 6 months</i>	1	Continue
<i>Although I do not currently hold any savings or investment products and wont probably be taking out these products in the next 6 months I wish I had these products/feel like I should have these products</i>	2	Continue
<i>I don't currently hold any savings or investment products and don't feel the need to have them</i>	3	CLOSE

NB. Please aim for a mix of attitudes towards savings and investments in each group

Gender? (Recruiter observation)

- Male 1 HALF per group
- Female 2 HALF per group

Please can I ask your age at your last birthday? (Record) ___ yrs old

- 24 years old or younger 1 Close
- 25 - 40 years old 2 **Groups 1,2,5,6,9 & 10**
- 41 – 65 years old 3 **Groups 3,4,7,8,11 & 12**
- 66 years old or older 4 Close

(25 – 40 yrs old is the younger group)
 (41 – 65 yrs old is the older group)

Which of the following incomes bands does the chief wage earner fall into?

Below £25,000	1	GROUPS 1, 2, 3, 4
Between £25,000 - £50, 000	2	GROUPS 5, 6, 7, 8,
£50-£100,000	3	GROUPS 9, 10, 11, 12
£100,000 +	4	CLOSE

Please can I ask your family status?

Pre family	1	
Young Family with kids (0 – 11)	2	
Older Family with kids (12 – 20)	3	
Post Nesters	4	

GROUPS 1, 2, 5, 6, 9, 10

HALF per group to code 1 @ Q9 and HALF per group to code 2 @ Q9

GROUPS 3, 4, 7, 8, 11, 12

HALF per group to code 3 @ Q9 and HALF per group to code 4 @ Q9

Classification Details

Q1	Are you at present	Married	Single							
GP	<i>Gender</i>	Age	SEG	Divorced	Profile	Widow	Date	Venue		
				Separated		Cohabiting				
Q2	Occupation of Chief Wage Earner									
	Probe fully, obtain as many details as possible									
	Qualifications									
	Number in charge of				Note Social Grade					
					A	B	C1	C2	D	E
Q3a)	Age of Respondent			Q3b)	DOB					
					D.....M.....Y.....					
Q4	Occupation of Respondent if not Chief Wage Earner									
	Working full time (30+ hours per week)									
	Working part time (6-29 hours per week)									
	Working less than 6 hours per week									
	Non working									
Q5	No. of children living at home:									
	Ages									
Name of Respondent (incl. First name):										
Address:										
		Post Code:								
Telephone No (Work):		Telephone No (Home):			Telephone No (Mobile):					

Group/Depth discussion Date & time:	
--	--

Interviewer Declaration

I certify that this interview was conducted with a person previously unknown to me and that the interview was administered according to the provisions of The Market Research Society's Code of Conduct and the briefing instructions from Total Focus.

Interviewer details:

Name (printed):

Signature: