



Inducements, trail and consumer choices - a view from the UK

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The retail distribution review - mainly introduced at the end of 2012
Phase 1 of the post-implementation review by FCA - December 2014

Three main themes

- Greater professionalism amongst advisers through higher qualifications
- Clearer communications about charges
- An end to provider's paying commission to advisers

The post-implementation review challenges

- The advice gap
- Is the interplay of fund and adviser or platform charges allowing easy comparison?
- Has the total cost of ownership reduced?
- Has the quality of advice really improved?

Financial Advice Market Review - June 2016

Inducements and conflicts of interest thematic review - April 2016

MiFID II introduces independent and non-independent advisers - January 2018

In response HMT, and FCA, launch a review into the advice gap. The final report contains 28 recommendations on:

- Affordability
- Accessibility
- Liability and consumer redress

- FCA introduce guidance on inducements post RDR and finally publish a thematic review on such conflicts:
- “Hospitality provided or received did not always appear to be designed to enhance the quality of service to the client. Individuals from firms had participated in or spectated at sporting or social events, eg golf, tennis, concerts. These benefits did not appear capable of enhancing the quality of service to clients as they were either not conducive to business discussions or the discussions could better take place without these activities.”

INDUCEMENTS, TRAIL AND CHOICES - THE UK

Useful links

The Post RDR review by FCA

- <https://www.fca.org.uk/publication/research/post-implementation-review-rdr-phase-1.pdf>

HMT and FCA financial advice market review

- <https://www.fca.org.uk/publication/corporate/famr-final-report.pdf>

The FCA post RDR work on inducements

- <https://www.fca.org.uk/publications/thematic-reviews/inducements-and-conflicts-interest-thematic-review-key-findings>

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