

# The Post-Pandemic Advice Landscape

The Impact of Covid-19 on  
UK Financial Advisers



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# BACKGROUND

The Covid-19 pandemic has had a seismic impact on the UK advice industry. It has changed how advisers work, where they work and how they engage and communicate with clients. It has impacted the viability of advice firms, many of which have furloughed staff. And it has impacted the financial and mental health of clients – especially those nearing retirement and living off retirement income.

Some advice firms face a struggle to survive – something not lost on the regulator which recently asked advisers about the feasibility of them staying afloat in the current climate.

Covid-19 is one of the biggest crises to hit the industry. But the sector has been less impacted than other industries such as travel, hospitality and retail. Indeed, the crisis has arguably increased the need for financial advice and financial planning.

Some of the effects of Covid-19 are likely to be temporary in nature, but other aspects of the pandemic could leave a lasting impact on the advice industry. The shift to virtual and digital interactions, for example, amounts to a communications revolution which will forever alter the way advisers engage with clients.

While new technologies have enabled new forms of client interactions, new working practices have enabled advisers to work more efficiently and perhaps more productively.

And it is these structural changes representing progress and evolution that will leave a permanent footprint on the industry. While Covid-19 has inflicted severe economic and financial damage, it has also modernised the UK advice sector and ushered in more streamlined working practices.

The advice industry has also demonstrated agility and flexibility in the way it has adapted to the new Covid realities and embraced new modes of working. Through the years, advisers have proved adept at reconfiguring business models to successive waves of regulation and this adaptability and survivability has stood them in good stead for the sterner challenges of Covid-19.

Methodology: CoreData Research surveyed 250 UK advisers in June 2020.

# FIVE KEY TAKEAWAYS

## 1

### Advisers think Covid-19 will reshape the advice landscape

Nearly half of UK advisers expect the pandemic to permanently change the industry. One dimension of the crisis set to have a lasting legacy are new working practices. About two-thirds expect some advisers to continue working from home after the crisis. Another aspect of the pandemic expected to leave a permanent imprint is the way advisers have embraced new forms of technology. Almost half think advice businesses with outdated technology will not survive – opening up the prospect of firms competing in a technological survival of the fittest contest.

## 2

### Adviser-client relationships have improved since Covid-19

Six in 10 advisers are communicating more with clients since the crisis and this is serving to strengthen existing relationships. There is a clear correlation between frequency of communication and strength of client relationship. A higher proportion of advisers focusing on mass-affluent and high net worth clients have ramped up levels of communication since Covid-19 and more are now benefiting from improved relationships. But a smaller proportion of mass-market advisers have increased communication and consequently far fewer report improved relationships. A similar dynamic is at play among those working in the industry for more than 30 years — fewer have upped levels of communication and fewer say client relationships are stronger.

## 3

### Covid-19 could trigger a large reduction in advice numbers

One in five advisers think the crisis will see more peers leave the industry than under the Retail Distribution Review (RDR). This proportion increases to a quarter of mass-market advisers and a third of those working in the industry for more than 30 years. Meanwhile, four in 10 expect the Covid-19 pandemic to widen the advice gap, although advisers reject the notion that the crisis will result in more investors using robo-advice.

## 4

### Younger advisers are more concerned about returning to the office

As lockdown measures start easing, the prospect of resuming pre-Covid work routines brings anxiety and uncertainty for some. About one in five are worried about returning to the office after lockdown. Fears about returning to the office are more pronounced among younger advisers — more than a quarter of those working in the industry for up to 10 years express worry.

## 5

### Advisers have high levels of job security

Concern about returning to the office does not extend to concern about job security. Only 5% of advisers say they are worried about losing their job due to Covid-19. An even smaller proportion (2%) are worried their firm will not survive because of the crisis. This demonstrates high levels of job security among advisers who overwhelmingly think both their jobs and firms will survive the challenge of Covid-19. However, mass-market advisers display elevated levels of concern – a fifth worry about losing their job.

# CoreData

## About Us

CoreData Research is a global specialist financial services research and strategy consultancy. CoreData Research understands the boundaries of research are limitless and with a thirst for new research capabilities and driven by client demand; the group has expanded over the past few years into the Americas, Africa, Asia, and Europe.

CoreData Group has operations in Australia, the United Kingdom, the United States of America, Colombia, Sweden, Malta, Singapore, South Africa and the Philippines. The group's expansion means CoreData Research has the capabilities and expertise to conduct syndicated and bespoke research projects on six different continents, while still maintaining the high level of technical insight and professionalism our repeat clients demand.

With a primary focus on financial services CoreData Research provides clients with both bespoke and syndicated research services through a variety of data collection strategies and methodologies, along with consulting and research database hosting and outsourcing services.

CoreData Research provides both business-to-business and business to- consumer research, while the group's offering includes market intelligence, guidance on strategic positioning, methods for developing new business, advice on operational marketing and other consulting services.

The team is a complimentary blend of experienced financial services, research, marketing and media professionals, who together combine their years of industry experience with primary research to bring perspective to existing market conditions and evolving trends.

CoreData Research has developed a number of syndicated benchmark proprietary indexes across a broad range of business areas within the financial services industry.

- Experts in financial services research
- Deep understanding of industry issues and business trends
- In-house proprietary industry benchmark data
- Industry leading research methodologies
- Rolling benchmarks

The team understands the demand and service aspects of the financial services market. It is continuously in the market through a mixture of constant researching, polling and mystery shopping and provides in-depth research at low cost and rapid execution. The group builds a picture of a client's market from hard data which allows them to make efficient decisions which will have the biggest impact for the least spend.



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