



LET'S GET DIGITAL!

Evolution happens – often without us noticing. A little more than a decade ago few of us would have imagined that we would be conducting our banking or grocery shopping, or following our favourite team's progress, without actually going into a bank or supermarket, or venturing out to a sporting venue. As increasing numbers move to conduct their affairs online it is probably reasonable to assume that investors, particularly first time investors, will opt for a similar path.

Clearly the dynamics of the financial services market are changing and RDR has speeded up the process. In the eyes of some, it has prompted the current 'advice gap' and led to disenfranchised consumers, no longer willing to pay for full advisory services. In response, we are seeing the emergence of a raft of online-only, digital investment propositions, 'Money on Toast' being one of many accessible from the comfort of your own home.

This theme has taken an interesting twist, another post-RDR consequence emerging recently with the announcement that Tesco is launching an online annuity business comparison service. This will also fit in the advice gap and access high street consumers. The supermarket giant is the UK's largest retailer by sales and will now enter a £12 billion market that sold approximately 450,000 annuity plans last year reading the ABI figures. At this point, Tesco will not be launching its own annuity products, but the new service on its 'TESCOCompare' site will make it easier for retirement savers to shop around. This is all currently subject to regulatory approval but is indicative of a move to expand an award-winning price comparison site to include annuities. The next step will be informing all of their online and foot traffic customers at every Tesco's branch that this is available. The natural follow-on from that once a customer has looked at the service will be "that's what I want - how do I get it?".

It is clear that at retirement consumers should be urged to seek financial advice or full understanding of their options but the truth of the matter is that there are many who simply will not, or whose pension pot is too small for them to be catered for in a fee-based advice market. The annuity comparison service would help to plug that gap and highlight the need for people to look at the wide variety of options available to them at retirement. The recently launched ABI code of conduct on retirement choices encourages clients to shop around, therefore Tesco's timing is immaculate.

This is a sign that post-RDR, big brands are seeing opportunities to connect with consumers and as the code kicks in there will potentially be additional hundreds of thousands of people who will need help. The forward thinking advisory business that can link its digital or simplified offering to this type of service will be able to open interesting streams of business. Suffice to say online financial services are with us and will continue to evolve at a pace. Embrace it.

Peter Smith
Head of Distribution Engagement