Even the new sheriff in town will often stop, pause and reflect on the territory they protect and oversee, before raising their guns.

This is happening right now with the FCA’s views around why with the advent of huge leaps in technology and communications development, the concept of simplified advice and execution-only distribution is not blossoming as expected.

TISA has set up a special interest group looking at the current barriers to this and Direct to Consumer (D2C) distribution, which most platforms, fund groups and providers are sketching on journey boards but not yet building with any conviction.

The main issue is what can you build within your proposition and how will it be interpreted by the regulator in terms of what is clearly an advised route as opposed to non-advised. The framework to this is enshrined in Feedback Statement 086, Annexes 7 and 8. This is overseen by MiFID and COB’s rules 9.1 and 9.2.

When the FCA carries out its post-implementation review of the RDR, they may expect one of the consequences to have been a boom in non-advised sales. This has not happened, primarily because of the misinterpretation of this at the offset and distributors needing more clarity on where the “line in the sand” is.

There are now fewer financial advisers operating and most have moved away from transactional sales, even those in simple protection, small investments and annuities.

We are all aware with the emergence of moneyontoast.com, nutmeg.com and other new entrants (taking advantage of advances in technology and increasingly giving consumers access to comparative data, information and the ability to access financial products and services directly) allowing consumers to make informed decisions about purchasing solutions and products.

At a recent TISA suitability event on the subject, the FCA again referred to the familiar phrase - “If it walks like a duck and quacks like a duck…..it’s a duck” – the inference here is that if it looks or feels like some type of advice, opinion or guidance being provided, then it is advice!

This is the critical area to get clear understanding on what distributors are allowed to build for the consumer, determined by whether their proposition is advised or not. There clearly is currently an advice gap and there is a place for non-advised sales. There are increasing numbers of financially confident consumers who are more than capable of making their own decisions and taking full responsibility for them.

The key issue to resolve is once a route or solution is embarked upon by the consumer, which is a non-advised process, and how do you help the consumer with the myriad of options open to them? It is really important to structure the non-advised process so that the distribution firm does not cross the line between rich information and what would be determined by the current rules as advice.

TISA’s special interest group has now starting work amongst its diverse membership to try and bring the industry together, working closely and collaboratively with the FCA to develop a code for non-advised sales which protect consumers and which allow this market to develop properly as opposed to the new sheriff riding into town, all guns a blazing.

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