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IFAs BELIEVE INCREASED FINANCIAL CAPABILITY WILL BOOST DEMAND FOR ADVICE

- **New quarterly AEGON research initiative launched with IFAs**
- **Lack of financial awareness among consumers cited as main contributor to savings gap**
- **Regulation and recruitment issues are key future concerns**
- **IFA Insights Survey aims to capture IFA thinking on key industry issues**

A new research programme within the IFA sector has today been launched by Otto Thoresen, AEGON's UK Chief Executive. The AEGON IFA Insights Survey, which will be conducted on a quarterly basis, will aim to gauge IFA opinion on emerging industry issues and provoke discussion within the industry on vital matters. AEGON believes this will be increasingly important as the FSA's review of retail distribution progresses and the industry looks at ways of responding to Sir Callum McCarthy's challenge to develop new distribution models. The first round of research, published today, questioned IFAs about their views on financial capability, the savings gap, and on the role of the IFA now and in the future.

AEGON UK chief executive Otto Thoresen says,

"There are a number of critical issues facing IFAs and the AEGON IFA Insights Survey initiative is designed to capture opinion and identify areas where the industry can work together to address concerns."

According to the first round of the survey, nearly two thirds of IFAs think that lack of education and understanding of individual financial needs has been 'very important' in contributing to the savings gap, more than for any other factor. Most believe that financial education in schools could encourage people to seek more independent financial advice. As momentum builds behind the Government's 10-year Financial Capability Strategy, AEGON believes IFA opinion is significant and highlights the importance of advice in helping people be aware of their responsibilities and to take the appropriate action in the future.

IFAs clearly believe that they have an important role to play in addressing the savings gap. There is a strong conviction that the role of the IFA is to help people develop a financial plan for the whole of their life, rather than simply advise on isolated product decisions. An overwhelming majority, 92% agreed that IFAs had a professional responsibility to encourage their clients to develop a plan for life, although 68% agreed that most clients only seek advice on one or two issues rather than taking a longer view. Only 11% of IFAs saw the availability of information over the internet making it difficult to persuade consumers of the importance of independent financial advice.

When asked about the challenges facing IFAs in the future, the burden of regulation, difficulties of recruiting the right calibre of people to the industry, and lack of public trust in the industry were seen as the most critical factors.

AEGON UK chief executive Otto Thoresen says,

“As momentum builds behind the Government’s Financial Capability strategy, it’s significant that IFAs share our views on the value of this type of initiative – and that they see a clear link between greater financial awareness, and people seeking independent financial advice. The Government would find it valuable to take account of the customer insight the IFA sector can provide as the strategy is developed.

“Our research paints a picture of an IFA profession that is very clear about the importance of its role in helping people develop a financial plan for life, and that it sees itself as increasingly relevant as the long term savings market develops – despite new sources of information such as the internet.

“But it also highlights that IFAs are particularly concerned about the growing burden of regulation on their business. They also believe a greater level of understanding of their professional status and moves to rebuild trust in the industry would encourage more people to seek financial advice.

“As we respond to Sir Callum McCarthy’s challenge to develop new distribution models for the industry, ensuring that people understand the value of professional advice, and building trust will be vital elements. But so is appropriate regulation, which can support responsible IFA businesses who treat their customers fairly, by being tough on those who do not. In the future regulatory regimes must reward businesses who safeguard customers and if we are to build trust in the industry, then we must work with the FSA to achieve practical solutions.”

– ENDS –

- The AEGON's IFA Insights Survey was carried out by Populus. 100 independent financial advisers, none of whom were part of AEGON's owned IFA companies Positive Solutions and Origen, were interviewed.
- On 18 October, AEGON chief executive Otto Thoresen spoke at the first UK conference on Financial Capability, organised by the Treasury and the FSA. He called for the long term savings industry to back the government's 10 year Financial Capability strategy, outlining that there was not only a moral case but a clear commercial case for doing so.
- AEGON has assets under administration of £45.2 billion and employs around 4,000 staff. AEGON is part of the AEGON Group, which is one of the world's largest listed insurers and has assets around Euro 359bn (£250 billion).

Further information:

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