

A close-up, high-resolution photograph of a cat's eye, showing the iris and pupil in detail. The eye is a golden-yellow color. The surrounding fur is also a warm, golden-brown hue, creating a monochromatic, textured background. The lighting is soft, highlighting the fine details of the fur and the structure of the eye.

**THE
LANG
CAT**

HIGHLIGHTS FROM 2024 RESEARCH

Steve Nelson

The lang cat

2024

LANG CAT RESEARCH

- The lang cat regularly partners with its advice panel (>1,400 members of the advice profession) to research the core issues affecting financial planning in the UK
- The following is a selection of highlights from 2024, illustrating the range of topics covered in the year so far.

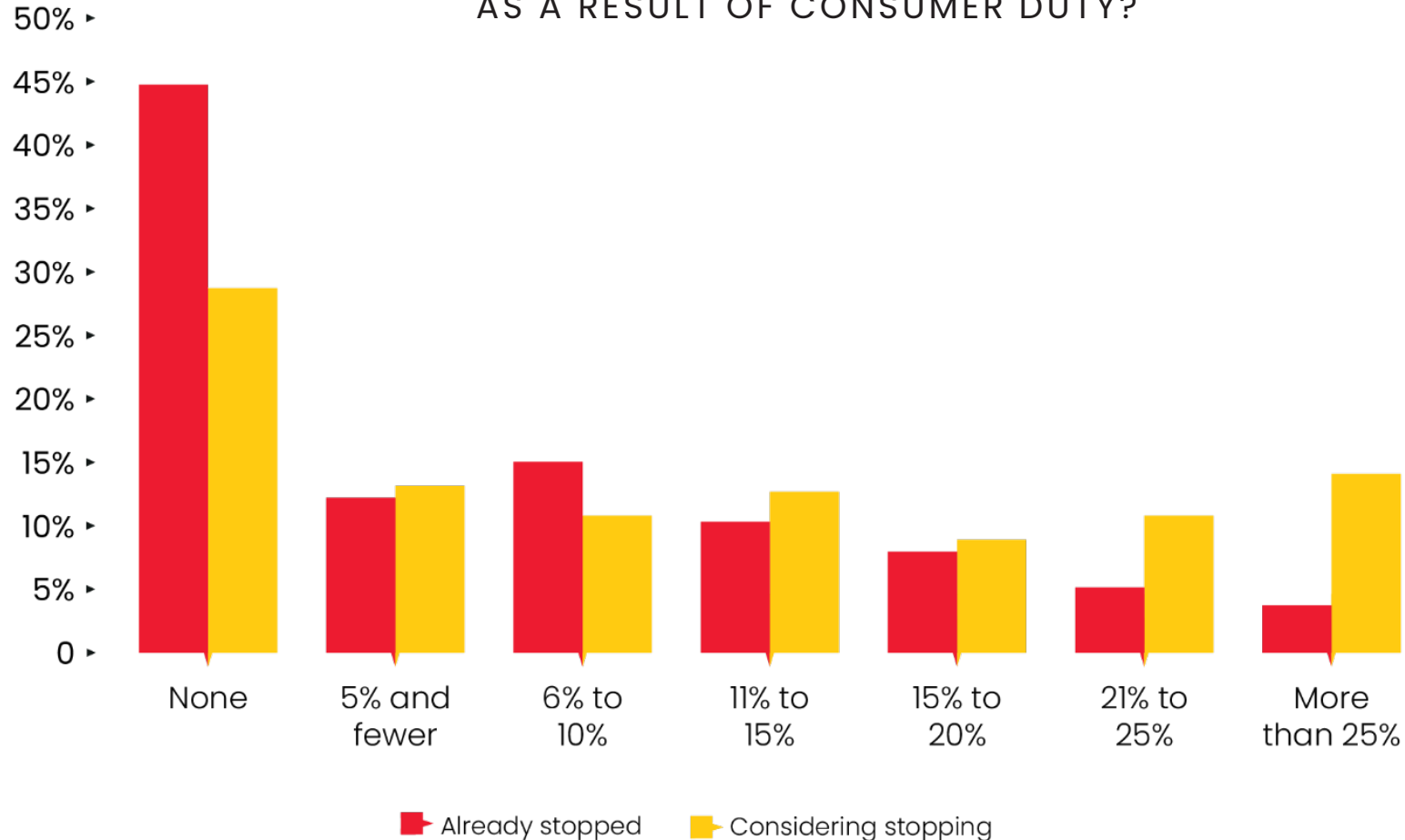
Consumer Duty and the advice gap

In Spring we conducted our now annual research looking at the advice gap in the UK. The first chart highlights that a significant proportion of the advice profession have begun to – or plan to – turn away clients as a result of the Consumer Duty.

The second chart illustrates (via research in partnership with YouGov) that consumers show little difference preference for a range of advice delivery styles.

IMPACT OF CONSUMER DUTY PART 2

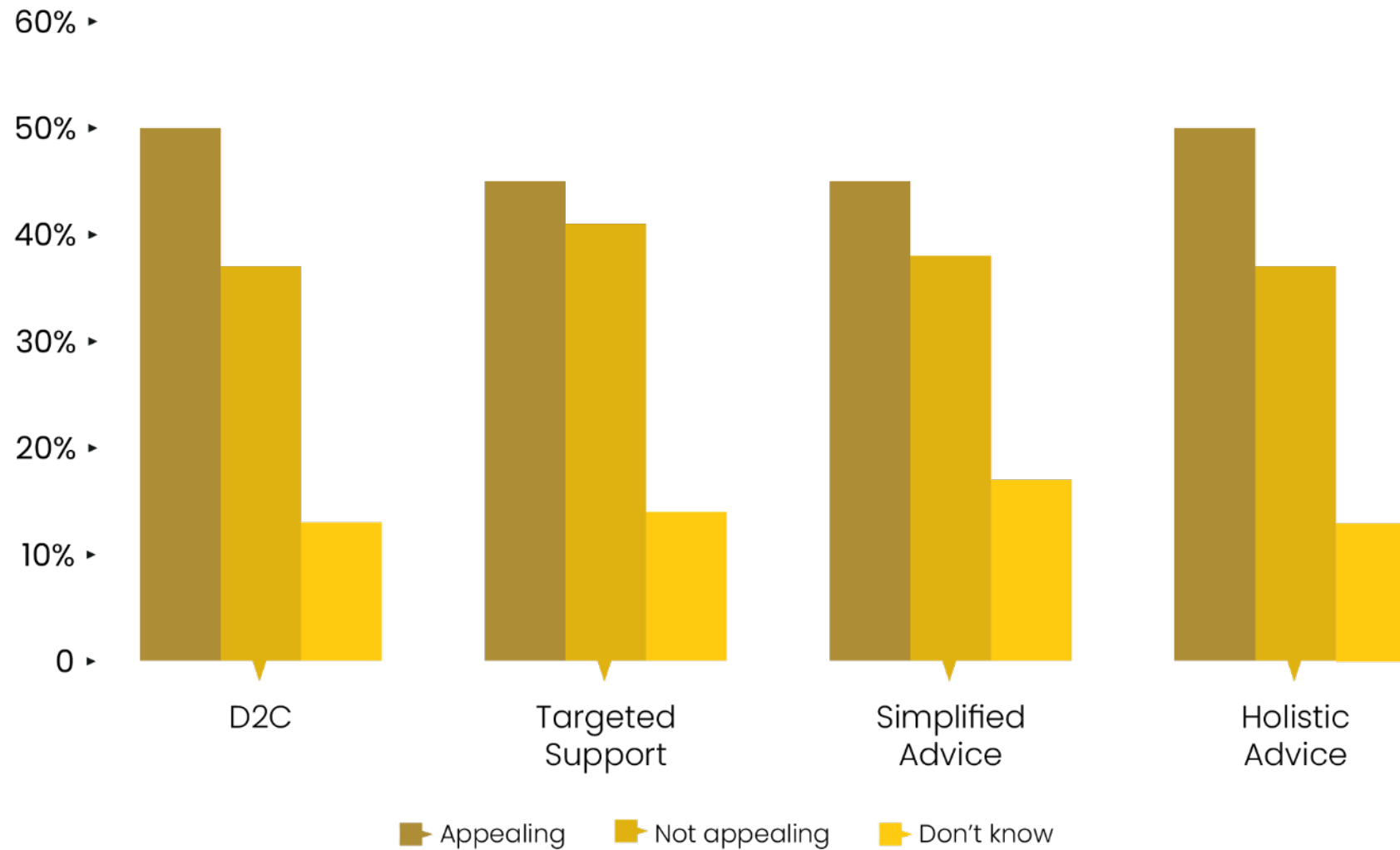
PROPORTION OF CLIENTS NO LONGER SERVICED AS A RESULT OF CONSUMER DUTY?



“
The time cost of advice regulation is far too high for us to be able to consider taking on non-commercial / low-value clients and every new set of rules issued by the FCA tends to increase the advice gap.
”

TESTING SERVICE TYPES

SERVICE APPEAL



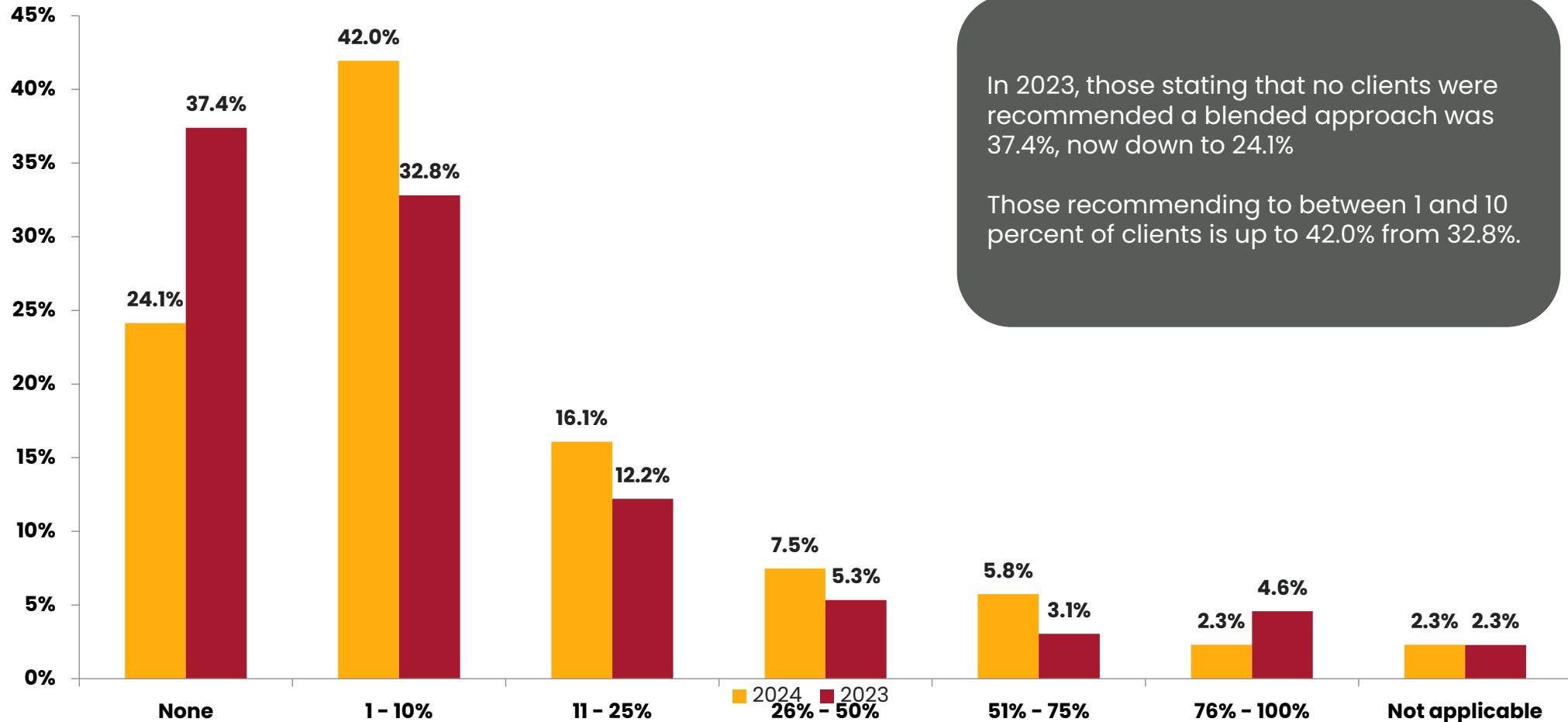
Guaranteed Income

At the start of the year we repeated research looking retirement propositions, specifically in the context of guaranteed income.

The first chart illustrates that demand for blended solutions that include a degree of guaranteed income is on the rise.

The second chart illustrates responses to a range of statements, again showing an uptick of positive sentiment towards guaranteed solutions.

“For the core pension investment portfolio/centralised investment proposition you oversee, what percentage of your clients who retired in the last 12 months did you recommend blending a guaranteed income producing asset with the remaining part of the portfolio?”

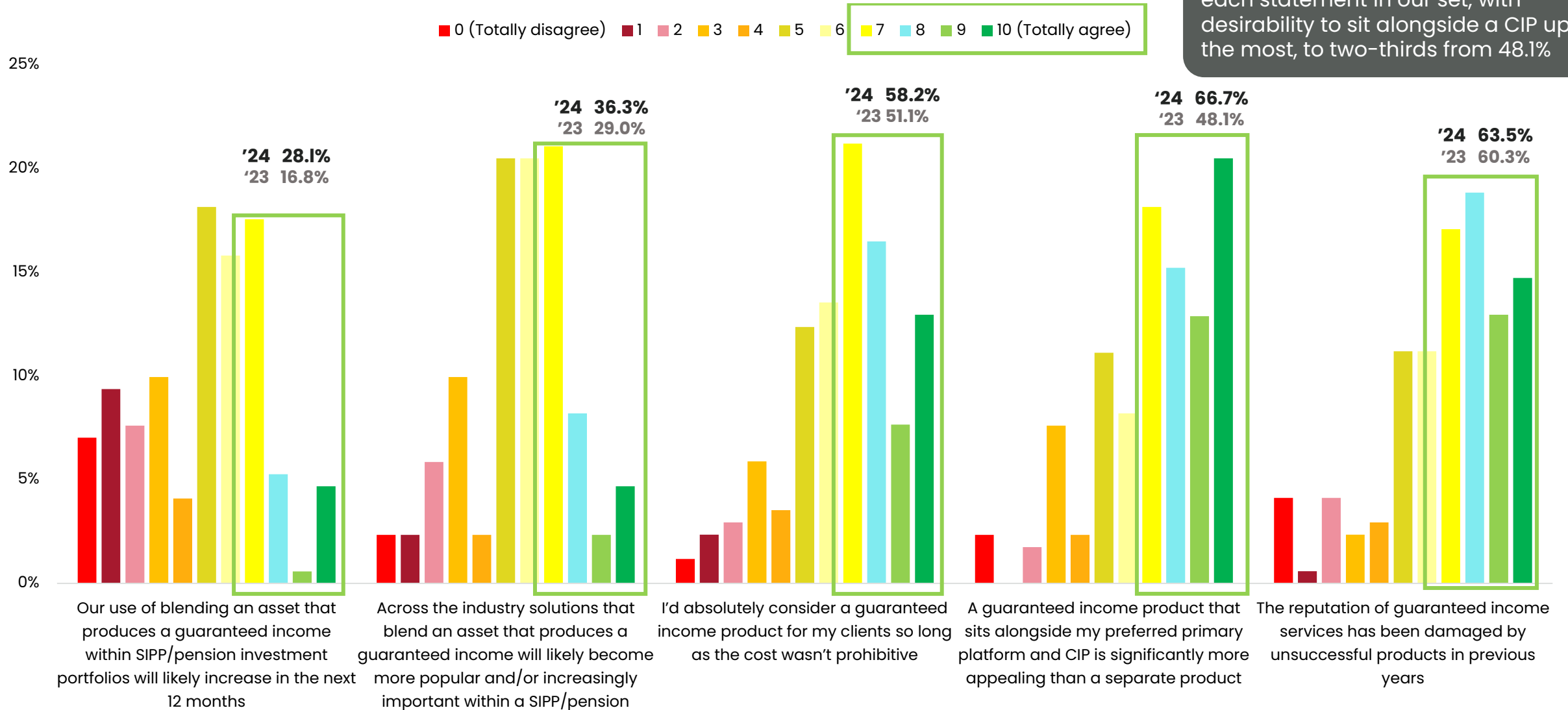


In 2023, those stating that no clients were recommended a blended approach was 37.4%, now down to 24.1%

Those recommending to between 1 and 10 percent of clients is up to 42.0% from 32.8%.

“On a scale of 1-10 where 1 is 'Totally disagree' and 10 is 'Totally agree', to what extent do you agree or disagree with the following statements?”

Strength of agreement is up across each statement in our set, with desirability to sit alongside a CIP up the most, to two-thirds from 48.1%



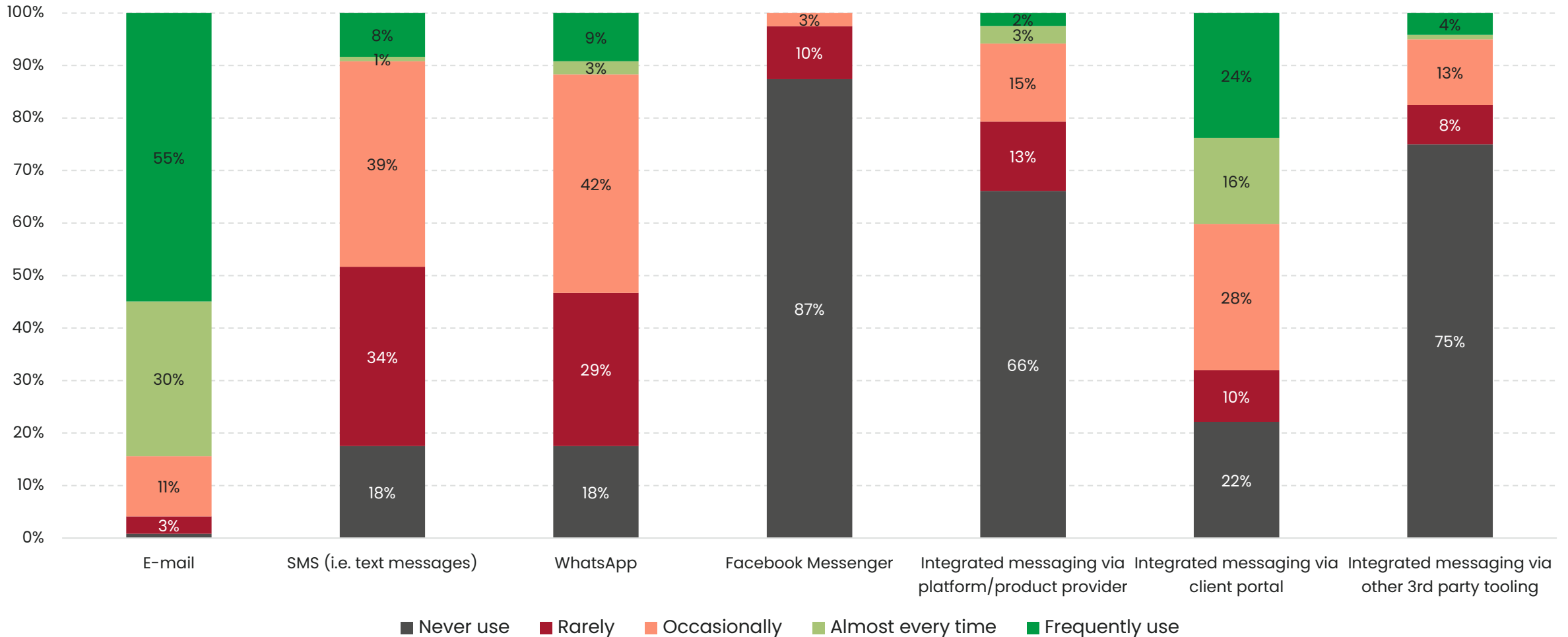
Communication Research

In the Spring, we tested a new communications platform on behalf of a technology provider. As part of that, we examined the range of communication methods that advice firms used with their clients. The next chart illustrates the variability that exists within firm practices.

METHODS OF COMMUNICATION

Email is the primary electronic method used to contact clients, with 75% using this almost every time or frequently use; this is followed by integrated messaging via client portal (40%)

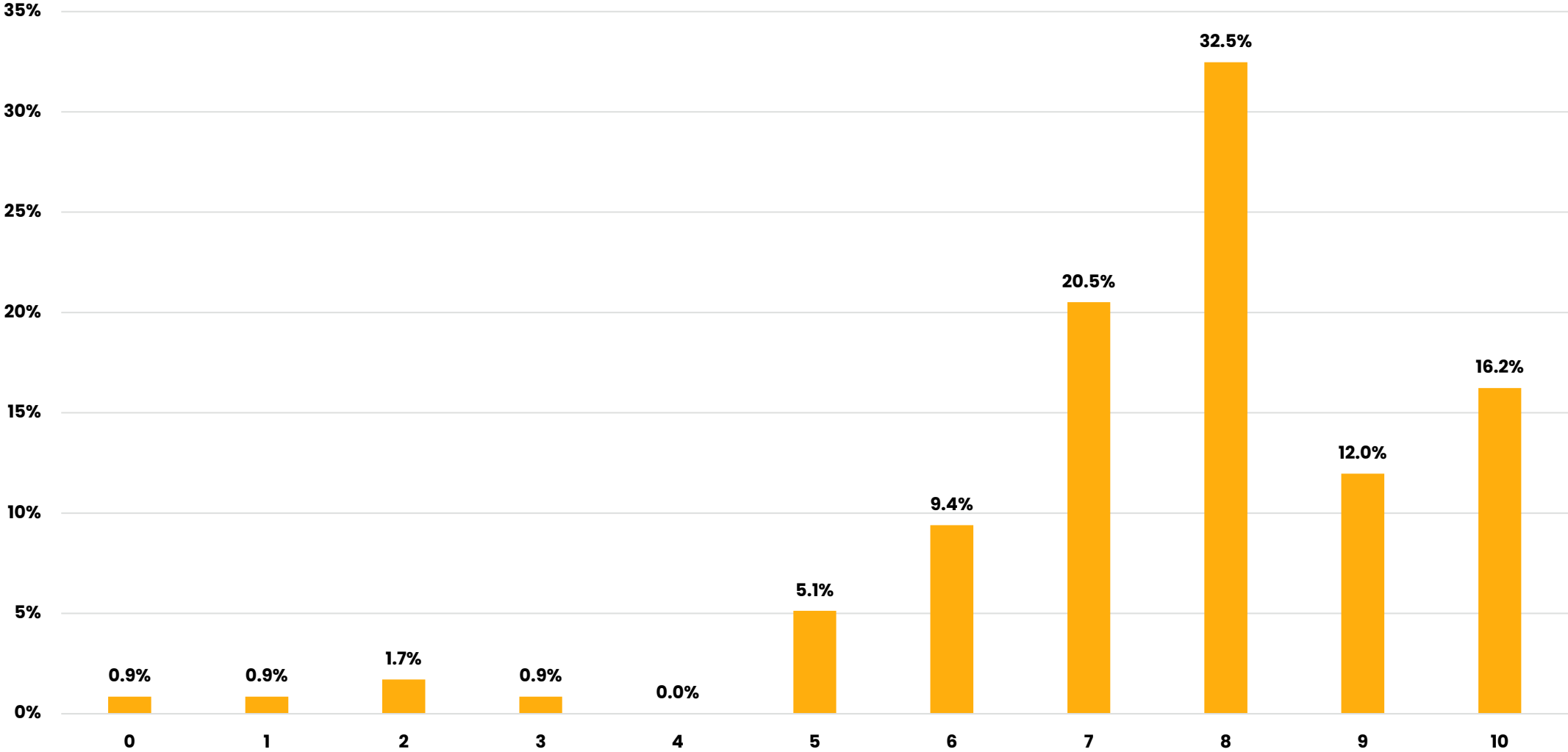
By what electronic methods do you or the advisers you work with contact your clients?



CGT

Towards the start of summer we worked with a bond wrapper provider to look at attitudes and usage towards bonds. As part of that, we looked at the impact of taxation changes on CGT management. The next chart illustrates the upturn in CGT being a tangible issue for the advice profession.

Where...0 = significantly less of an issue, 5 = about the same, 10 = significantly more of an issue...Compared to two years ago, how would you describe CGT in terms of the size of an issue it is for you and your clients?



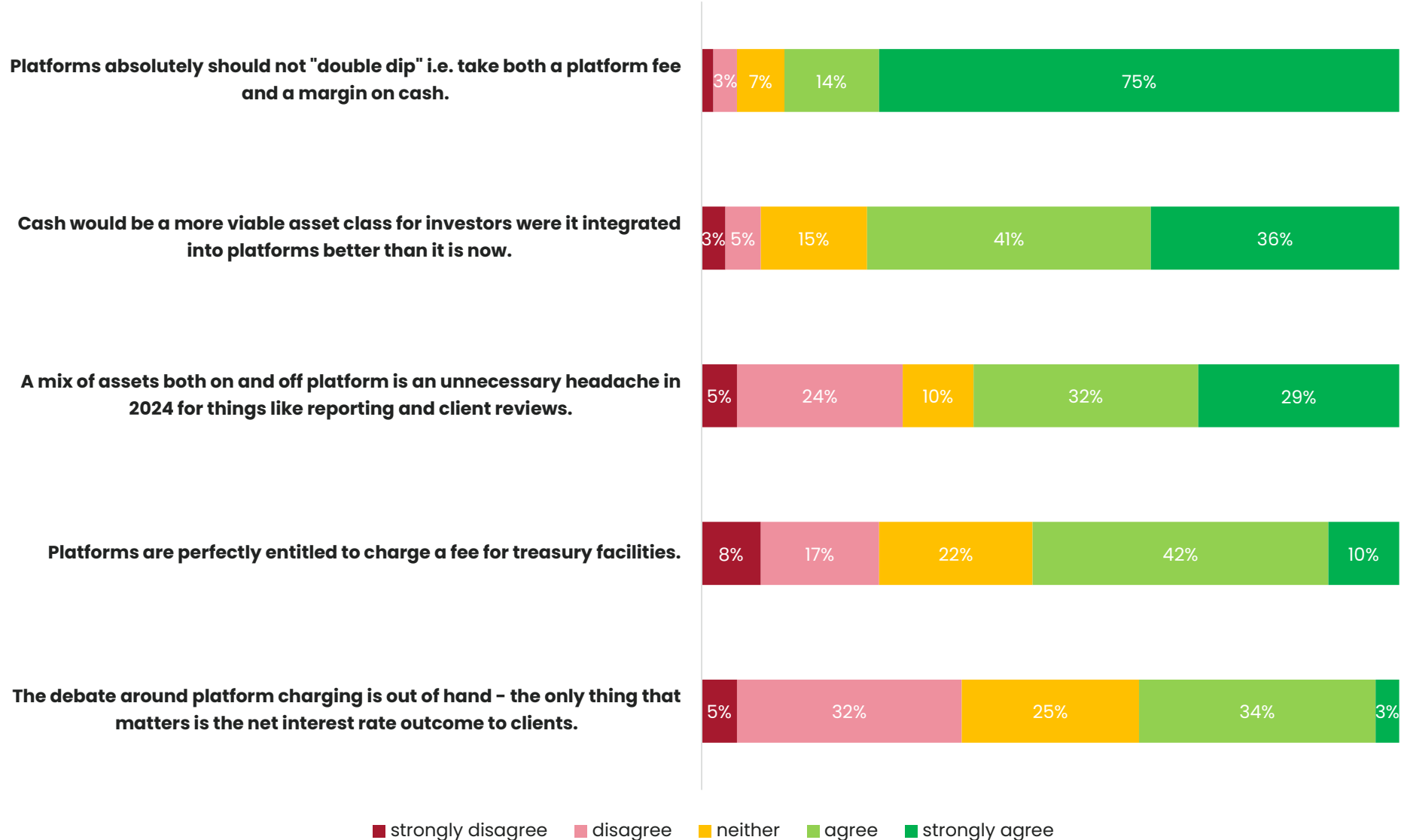
Platform treatment of cash

Such a hot topic within the platform sector and in the summer, we partnered with a provider who offers a cash management service within platforms.

The first chart shows the clear strength of sentiment towards some issues associated with platform treatment of cash, particularly around the “double dipping” practise.

The second chart illustrates via a guessing game that the advice profession expects the increased interest rate environment to be around for some time yet.

STRENGTH OF SENTIMENT TOWARDS PLATFORM CASH ISSUES



We presented the advice profession with a range of statements relating to how platforms treat cash.

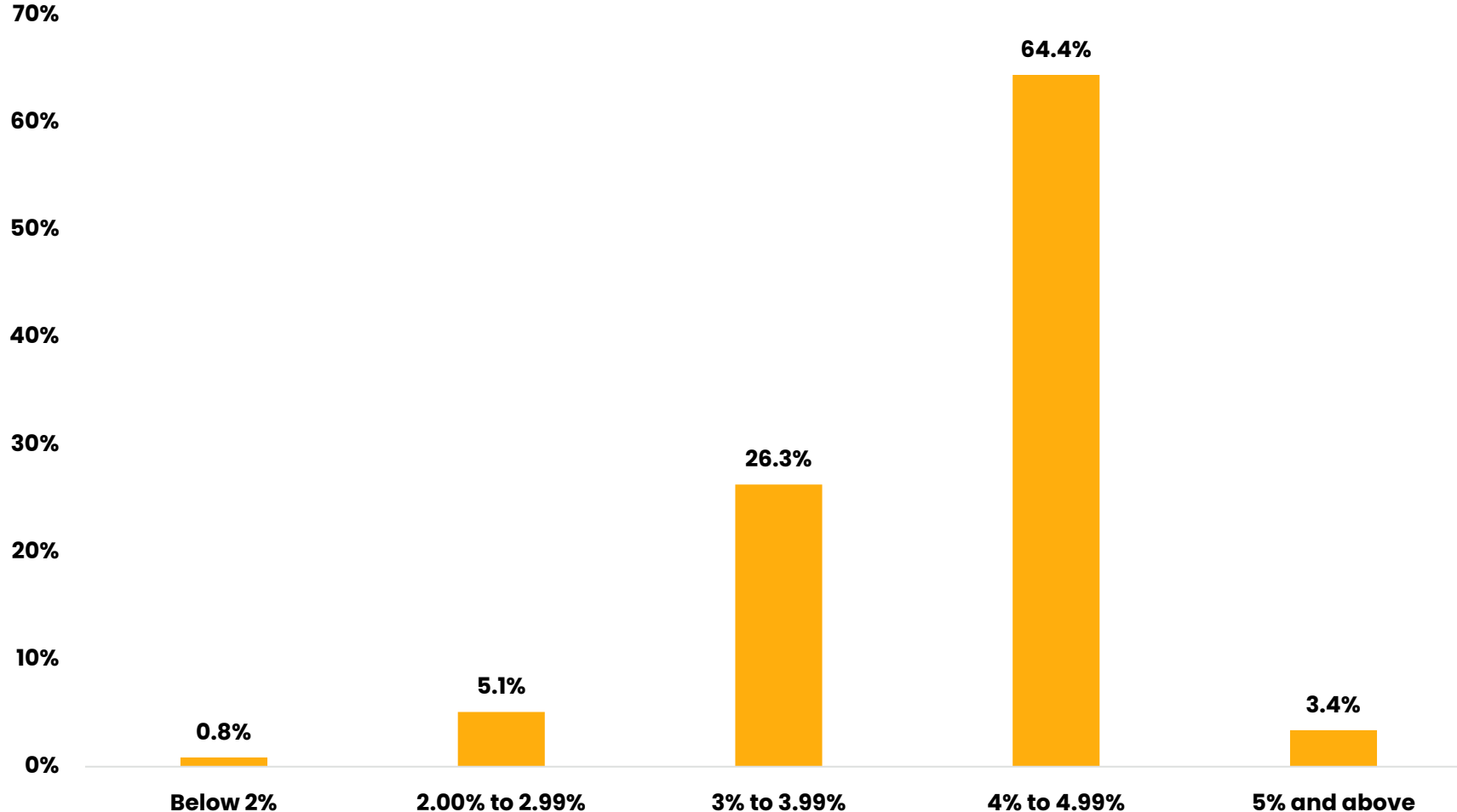
89% agree or strongly agree that platforms absolutely should not "double dip" on client's cash assets, therefore there is no doubt that the majority of advisers do not agree with how some platforms have been managing cash, aligning with our qualitative research.

However, despite the issue of double dipping and how the adviser community feel about it, 77% agree that cash would be a more viable asset class for investors were it integrated into platforms better than it is now.

This correlating with the fact that 61% expressed that a mix of assets both on and off platform is an unnecessary headache in 2024 for things like reporting and client reviews, if platforms do the work and keep the consumers and their advisers at the forefront, opinion of cash as a whole and how it is used on platforms could change.

ECONOMIC CLIMATE: 2.OUTLOOK

Where do you expect the BoE base rate to be on 1st July 2025?



We asked respondents to state where they felt base rates would be a year from now. Over two-thirds believe rates will exceed 4% on 1st July 2025. We asked this for a dual purpose. (1) an engaging, palate cleanser in-between other, more traditional question types but chiefly (2) to help us form a proxy for whether firms felt cash might still remain a viable asset class a year from now – removing the psychological barrier of other conflicting factors such as lack of integration or platform treatment of cash.

Artificial Intelligence (AI)

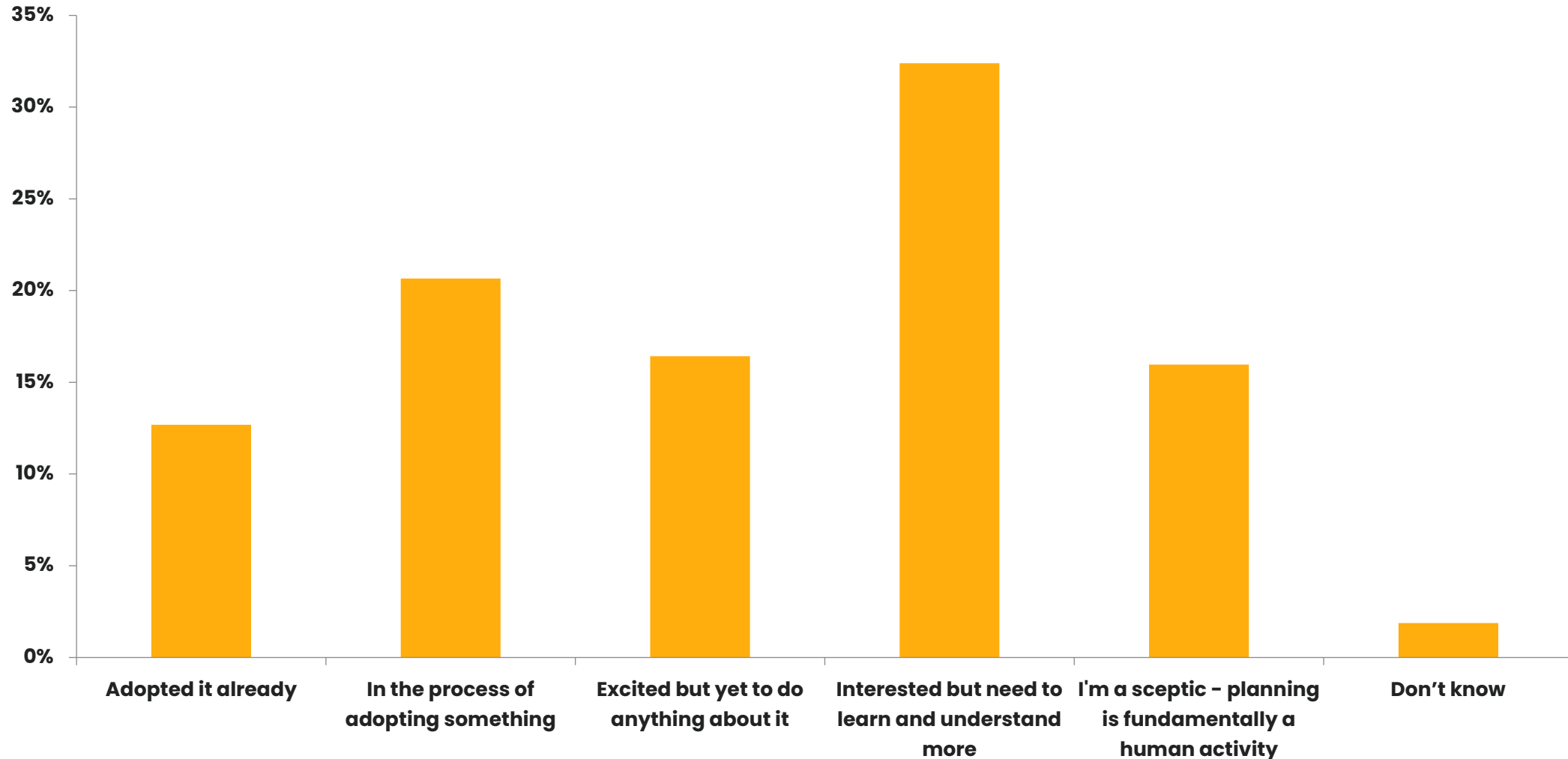
If it were blockchain, open APIs and ESG before, then it is surely AI that is the zeitgeist topic of 2024.

As part of the preparation for our inaugural “Catwalk” event in London in early summer, we took a look at advice profession views towards AI.

The first slide illustrates that a significant proportion of the profession are already at an advanced stage of AI adoption within their firms but the second chart highlights some of the significant blockers that are still in the way – most notably issues around understanding, security and compliance.

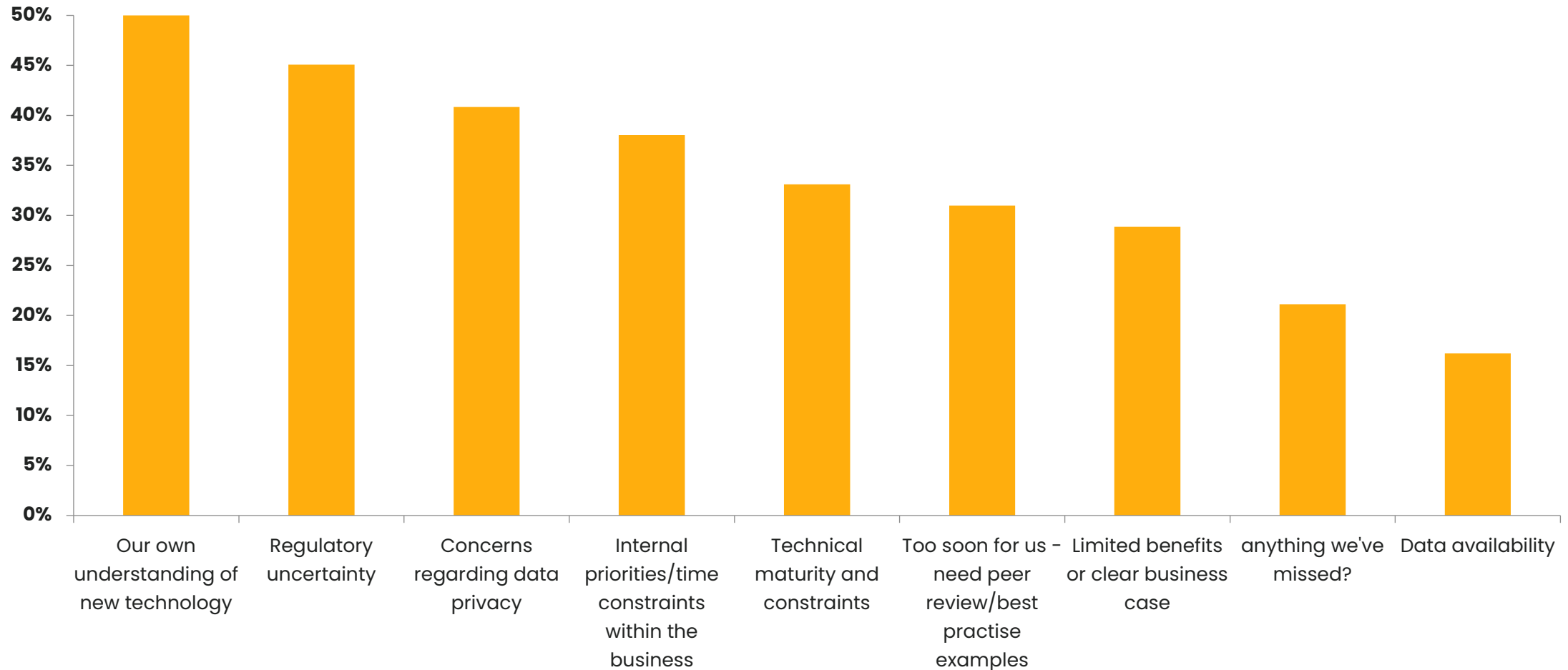
ARTIFICIAL INTELLIGENCE

AI is such a huge, hot topic at the moment. Which best reflects your view of AI and the general advice process?



ARTIFICIAL INTELLIGENCE

What do you feel are the biggest blockers to adopting AI within your firm/financial services?



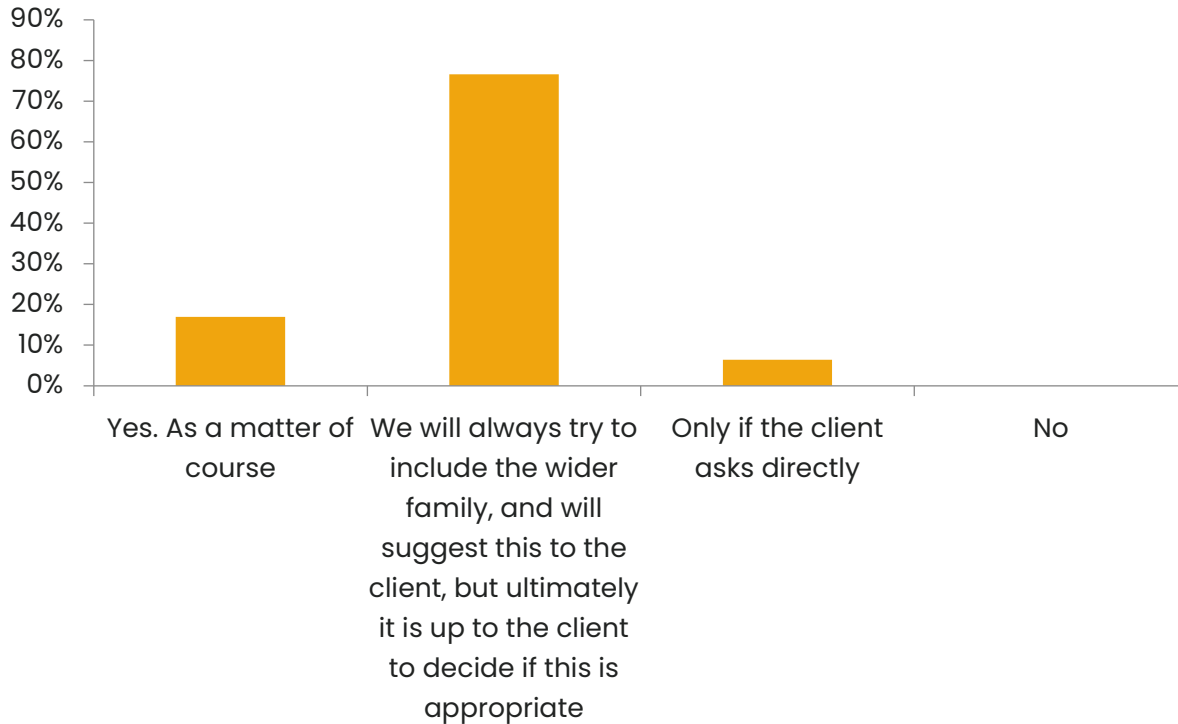
Intergenerational Planning

Early Autumn signalled our first in-depth look at intergenerational wealth planning, as part of a white paper due soon.

Two of the many aspects explored was whether firms undertook specific training and CPD relating to Intergenerational Planning and whether the wider family unit were advised as standard.

INTERGENERATIONAL WEALTH

When working with your clients, will you also serve the wider family unit?



Does your firm undertake any specific adviser training and/or CPD to help with intergenerational planning?



WHAT'S NEXT?

- The 2nd wave of our Fair Value research, due for publication in early November.
- The 2nd wave of our impact of poor servicing research, released in late November.
- State of the Advice Nation: wave 7, published in February 2025.
- If you're an advice professional and would like to join our panel to take part in any of the above, contact us.