PIMFA Savanta:

LEADING Lights FORUM

LEADING LIGHTS FORUM REPORT

2025/2026

LEADING Lights FORUM

Creating a UK Culture of Thriving Financial Health

FOREWORD

The PIMFA Leading Lights Forum is an exciting initiative that brings together talented individuals from across the PIMFA membership.

These future leaders have worked together in a dedicated community to learn and collaborate with their peers to produce this focused research on key topics impacting us all across the industry.

The Leading Lights Forum has been operating in one form or another for over 8 years, creating a plethora of useful insights and research for the industry. The annual programme also provides a valuable opportunity for growth and challenge for the forum members, alongside the chance to build a network of alumni they can rely on in their future careers.

This year the forum have been split into four groups who have investigated the following fascinating areas:

- Unlocking Financial Futures: The Advice Benefit
- Do You Trust Us?
- AI: Evolution, Revolution or Devastation?
- Company Culture - Who Even Cares?

Over the programme the participants have worked tirelessly to deep-dive into each of these areas. They have utilised the primary research they themselves have created, conducted and analysed - with the highly valued support of our partner Savanta - alongside their extensive secondary research, and insights from industry specialists across a range of backgrounds who have shared their invaluable insights and expertise.

All of this effort has culminated in this year's report, which aims to provide meaningful research and genuinely interesting thought leadership - we hope this will be of use to PIMFA members, as well as to the wider industry, such as our contacts within the Regulators and Government.

I'd like to take this opportunity to say a huge thank you to all of the participants on our Leading Lights Forum for their sincere dedication and hard work - I have found their reports fascinating, insightful and highly topical in these current times of rapid change.

I'd also like to thank the PIMFA mentors for giving their time and support to the groups, our survey partners Savanta for their fantastic contributions and research expertise, and also to the industry experts who have been so generous sharing their valuable time and knowledge to aid the forum's work. Lastly, I'd also like to thank our event supporter DAC Beachcroft without whom the launch event for this industry report would not have been possible.

My colleagues and I within PIMFA look forward to developing the ideas and findings from this report in our future work and strategy as we all collectively work together to build a thriving and innovative industry.

LIZ FIELD
Chief Executive, PIMFA

EXECUTIVE SUMMARY

Unlocking Financial Futures: The Advice Benefit

This research report explores the structural and behavioural factors that perpetuate the advice gap and examines how regulatory reforms, technological innovation, and employer-led initiatives could transform access to advice. Drawing on survey responses and extensive secondary research, the report argues that financial advice is not a privilege for the affluent, but a necessity for all.

Key findings from this report are:

- The perception that financial advice is only for the wealthy no longer resonates. Two-thirds of respondents stated they believe advisers would work with clients under £100,000; and nearly half thought £50,000 was enough. The industry's average onboarding threshold is much higher - leaving many consumers looking for advice and unsure where to turn.
- Barriers to engagement are rooted in both accessibility and affordability. Of those who reported not having enough money as a reason for not seeking advice, 47% turned to self-directed propositions, whilst a further 50% were not investing at all. Both findings raise concerns around consumer outcomes.
- Financial literacy remains low. More needs to be done to improve consumer understanding and empower individuals so that they get better outcomes, connect more with the industry and do so earlier. Advice delivers measurable benefits, with 91% of advised consumers finding it helpful, yet only 9% of UK adults received regulated advice last year. Early engagement, especially among younger individuals, fosters better financial habits and resilience.
- Regulatory reform is critical and potentially on the horizon. Targeted Support and Simplified Advice will lay the groundwork for firms to be able to engage with consumers at the lower end of the market, but more will need to be done to encourage further engagement.
- Consumer demand is shifting towards one-off, event-driven advice. Between 2023 and 2025, our data showed a 10% increase in those accessing 'ad hoc' advisory services. Demand exists across all wealth brackets, but cost transparency and accessibility remain a barrier.
- Employer-led and hybrid models offer scalable solutions. 58% of respondents who have never taken financial advice would use free, confidential advice provided by an independent third party if offered by their employer. Hybrid models that blend digital tools with human expertise could make advice more accessible and cost-effective.

These findings posit that the most persistent barrier to financial advice is not necessarily a lack of willingness among consumers, but a lack of accessible and scalable advice options. Improvements in these areas will drive better outcomes for consumers and give a competitive advantage to commercial adopters. This will lead to individuals making more informed financial decisions, ultimately delivering a positive economic impact benefiting firms, regulators, and society as a whole.

Do You Trust Us?

Trust remains one of the most decisive factors in the financial advice industry, and this report underscores the scale of the challenge and why trust emerges as the key differentiator between engagement and non-engagement in our industry.

A lack of trust is hindering industry growth creating a self-reinforcing cycle - low trust limits new client engagement, and limited engagement constrains growth, which further depresses trust. Yet the value is clear, 97.7% of advised individuals report that the advice improved their financial position, reinforcing the tangible impact of professional guidance.

Despite this positive evidence, trust is being eroded by persistent perceptions of self-interest, complex regulation, and a public narrative dominated by negativity from both regulators and the media. This report examines trust through the perspectives of clients, the regulator and the media, highlighting the forces that can either build or undermine confidence in our industry.

Key findings from this report are:

- Firstly, firms must treat trust as measurable and manageable. Using the trust equation (credibility, reliability, intimacy and self-interest) firms can create structured trust frameworks, set KPIs, align remuneration to trust-building behaviours and gather client feedback to target areas of weakness.
- Secondly, the industry must focus on earlier engagement. Primary and secondary research shows that trust declines after age 45, just as individuals begin to approach the life stages where advice becomes most valuable. To reverse this trend, firms need to introduce younger clients to advice through low-cost digital models, subscription-based content, and an "incubator" approach designed to build familiarity before wealth accumulates. Greater family involvement during the advice process can further strengthen trust through intergenerational continuity.
- Thirdly, building and maintaining trust requires a shift in tone from regulators and the media. The FCA's stated objective is to improve trust, yet its language frequently amplifies perceptions of industry self-interest. A rebalanced narrative, one that acknowledges the industry's credibility, reliability and real-world impact would better support this goal. Firms, too, must stop hiding behind compliance barriers and instead cultivate stronger identities, clearer communication and deeper intimacy with clients.

Trust is a structural requirement for industry growth. The advice gap persists largely because of a profound trust deficit among the unadvised public, even though evidence overwhelmingly shows that financial advice has benefited those who have received it. To close this gap, the industry must adopt a multi-pronged strategy: engaging younger generations, engage with regulators and media to reshape the narrative, and cultivate trust deliberately and consistently. Only by doing so can the sector unlock its full potential and deliver the long-term benefits that clients rightly expect and deserve.

AI: Evolution, Revolution or Devastation?

In the financial advice industry, artificial intelligence (AI) is no longer a distant concept - it's becoming a practical tool in our daily work and many of us feel a potent mix of excitement and anxiety about what this means for our careers.

More widely, the financial advice industry is at an inflection point. AI is rapidly improving the speed, accuracy and scalability of core processes, from onboarding and suitability assessments to portfolio monitoring and reporting, yet clients continue to prioritise human contact, trust and personalised judgement at the moments that matter most.

The prevailing narrative is that AI will be a force for good, delivering benefits for both businesses and clients. But what will that actually look like in practice? Will the impact be the same for every firm, or does the way AI is implemented make a difference? These are not just theoretical questions - they're pressing concerns for advisers, managers, and clients alike.

It was this uncertainty, and the need for a more nuanced conversation, that led to this report being written to challenge the widespread assumption that "regardless of how it's implemented, the widespread adoption of AI will provide better business and client outcomes."

Key findings from this report are:

- Strategy & Implementation of AI in financial advice – Paramount to the success of AI adoption, the identification of the right problem and the right solution begins at this stage.
- Human Intervention – Demand for human interaction remains, especially at 'moments that matter'. People value accuracy, quality of advice and trust above all which AI cannot deliver on its own. AI is a tool to augment rather than replace the adviser.
- Ethics – Without a strong governance framework to underpin your AI adoption and implementation, both business and client outcomes will suffer as a result.
- Opportunity – Understanding the desired outcome, identifying the right solution and deploying it for the right target market, will enable success with a specific focus on identified opportunities within the fragile decade and the wealth accumulators.
- AI isn't a one size fits all solution. To achieve positive outcomes for both businesses and clients, firms must identify the AI solution that best fits their strategic vision. Businesses should look to use AI to revolutionise operations, evolve existing skillsets and avoid actions that could lead the industry into devastation.

Company Culture - Who Even Cares?

A company's culture was perhaps once seen as the preserve of its employees and not necessarily something to be shared with the outside world. But, as the UK financial services sector undergoes a profound transformation driven by generational shifts and an age of transparency, company culture is quickly becoming a client-facing asset, influencing customer acquisition and retention.

This report explores how these shifts could impact the resilience of financial firms and sounds the alarm for organisations to ensure they don't underestimate its importance or become complacent in their adherence to their stated culture.

It further illustrates that the consequences of a poor culture, which is distinct from no culture, or not adhering to stated culture, can be revenue killers, reputation destroyers, hiring impediments, and growth blockers.

Key findings from this report are:

- That culture has a place as a 'carrot as well as a stick', and that it is useless if it lives only on a whiteboard from an executive strategy day. Applying insights around culture for businesses gives them an exciting new framework not just for existing clients, but for potential new clients, new relevance, new relationships and new revenue – ultimately using culture as a beacon for the right behaviour to ensure firms' resilience for the future.
- Simply resigning to the narrative that 'culture is amorphous and means different things to different people' is not action – it is inaction, and people notice.
- When it comes to culture, what you do matters just as much as what you don't do. A firm's culture matters even more when things are not going well, or when people are not performing, rather than when everything appears to be working perfectly - it will impact individual's actions, attitudes and choices.
- There is an interesting example of an ultra-high-performance organisation that embeds culture in the way they treat each other - The Mercedes F1 team who state that they "blame the process and not the person". This speaks directly to the interface between culture and performance and serves as a healthy principle to set against firm's cultural design, implementation and continued application.

Based on the findings, the following recommendations are proposed for financial services firms seeking to build resilient, relevant, and trusted organisations in the years ahead:

1. Adopt Dual Strategies for Generational Engagement
2. Embed Culture in Daily Operations and Governance
3. Prioritise Inclusion and Representation
4. Accelerate Digital Transformation and Personalisation
5. Cultivate a Culture of Continuous Adaptation
6. Align External Messaging with Internal Reality
7. Measure and Report on Cultural Impact

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LEADING Lights FORUM

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UNLOCKING FINANCIAL FUTURES: THE ADVICE BENEFIT

INTRODUCTION

Unlocking financial futures: The advice benefit

The advice gap and barriers consumers face when seeking professional support has been researched extensively in recent years. These studies uncovered key themes impacting the industry including cost, trust, demographic influences, perceived relevance, education etc.

Our central question: How can the industry reduce barriers and improve engagement with wealth management and advice services to improve client outcomes?

Empirical evidence suggests that financial advice and wealth management services are associated with enhanced financial resilience, confidence and long-term wellbeing. So why do so many people who would benefit from financial advice still fail to engage with it?

- Regulatory pressure has raised consumer expectations, refocusing the industry to be more transparent and provide good client outcomes. This pressure will persist.
- Consumers expect more flexibility, and for advice to meet them where they are. A lack of offerings prevents engagement.
- Economic / societal shifts are increasing the need for advice due to the complexity of the changes. How can we provide advice to those who need it.

Within this report we will examine these areas through different lenses:

- The Untapped Segment – Low investable assets are not deterring demand for financial and investment advice
- The Rise of One-Off Advice – More people are looking for one-off advice supported by recent regulatory changes
- Can We All Win? – The value of financial advice and our duty as an industry to broaden access
- Building the Blueprint – Overall recommendations in the areas of:
    - Education
    - One-Off Advice
    - Employer-Sponsored Financial Advice by Default

Although we wanted to disprove our hypothesis and state that barriers were lowering, we've found a clear issue around the accessibility of financial services, which is more prevalent for those with lower levels of investable wealth.

EXECUTIVE SUMMARY

BREAKING BARRIERS: UNLOCKING FINANCIAL ADVICE

Financial advice is a cornerstone of financial wellbeing, yet its reach remains limited by misconceptions, cost barriers, and outdated delivery models. This report questions whether enough is being done across the industry and the regulator to encourage individuals to seek advice, and whether appropriate and relevant advice is truly accessible.

This research report explores the structural and behavioural factors that perpetuate the advice gap and examines how regulatory reforms, technological innovation, and employer-led initiatives could transform access to advice. Drawing on survey responses and extensive secondary research, the report argues that financial advice is not a privilege for the affluent, but a necessity for all.

Key Findings

- The perception that financial advice is only for the wealthy no longer resonates. Two-thirds of respondents stated they believe advisers would work with clients under £100,000; and nearly half thought £50,000 was enough. The industry's average onboarding threshold is much higher - leaving many consumers looking for advice and unsure where to turn.
- Barriers to engagement are rooted in both accessibility and affordability. Of those who reported not having enough money as a reason for not seeking advice, 47% turned to self-directed propositions, whilst a further 50% were not investing at all. Both findings raise concerns around consumer outcomes.
- Financial literacy remains low. More needs to be done to improve consumer understanding and empower individuals so that they get better outcomes, connect more with the industry and do so earlier. Advice delivers measurable benefits, with 91% of advised consumers finding it helpful, yet only 9% of UK adults received regulated advice last year. Early engagement, especially among younger individuals, fosters better financial habits and resilience.
- Regulatory reform is critical and potentially on the horizon. Targeted Support and Simplified Advice will lay the groundwork for firms to be able to engage with consumers at the lower end of the market, but more will need to be done to encourage further engagement.
- Consumer demand is shifting towards one-off, event-driven advice. Between 2023 and 2025, our data showed a 10% increase in those accessing 'ad hoc' advisory services. Demand exists across all wealth brackets, but cost transparency and accessibility remain a barrier.
- Employer-led and hybrid models offer scalable solutions. 58% of respondents who have never taken financial advice would use free, confidential advice provided by an independent third party if offered by their employer. Hybrid models that blend digital tools with human expertise could make advice more accessible and cost-effective.

Our report findings reveal that the most persistent barrier to financial advice is not necessarily a lack of willingness among consumers, but a lack of accessible and scalable advice options.

Improvements in these areas will drive better outcomes for consumers and give a competitive advantage to commercial adopters. This will lead to individuals making more informed financial decisions, ultimately delivering a positive economic impact benefiting firms, regulators, and society as a whole.

RESEARCH APPROACH

The purpose of our research was to test and challenge our hypothesis. To achieve this, we partnered with Savanta to run a survey distributed across both our professional networks and Savanta's respondent panel.

A total of 662 people completed the survey. The demographics between our network and Savanta's panel differed significantly, for example, our network had notably higher household incomes. This variation gave us a broader view of the population and enabled analysis of how responses varied by investable assets.

We complemented the survey findings with secondary research, drawing on FCA consultation papers, LangCat reports, and other industry insights. We also reviewed articles from both specialist and mainstream media to reflect the consumer perspective when searching online. All sources used have been referenced in this report.

Survey responses not only supported our hypothesis but also revealed additional trends. These trends have been incorporated into our report and validated using secondary research.

To ensure feasibility, we engaged HR representatives and senior leaders on our proposed employer-led solution and tested recommendations with potential consumers. For consistency, HR representatives were asked five standard questions within the context of a broader discussion.

THE UNTAPPED SEGMENT

Perception vs Reality: The Wealth Barrier to Advice

One of the most persistent perceptions in financial services is that advice is reserved for the wealthy. Our data challenges this narrative:

- 67% of our survey respondents believed advisers would work with them if they had less than £100,000.

Diving deeper into the data, half of the respondents believed £50,000 is sufficient for an Adviser to be willing to work with them. This stands in stark contrast of the industry's average onboarding threshold which is around £276,000 (The Lang Cat, 2025)[1]. This suggests there is a significant perception among consumers that advice should be accessible at lower asset levels than current industry practice, potentially highlighting a gap between consumer needs and market offerings.

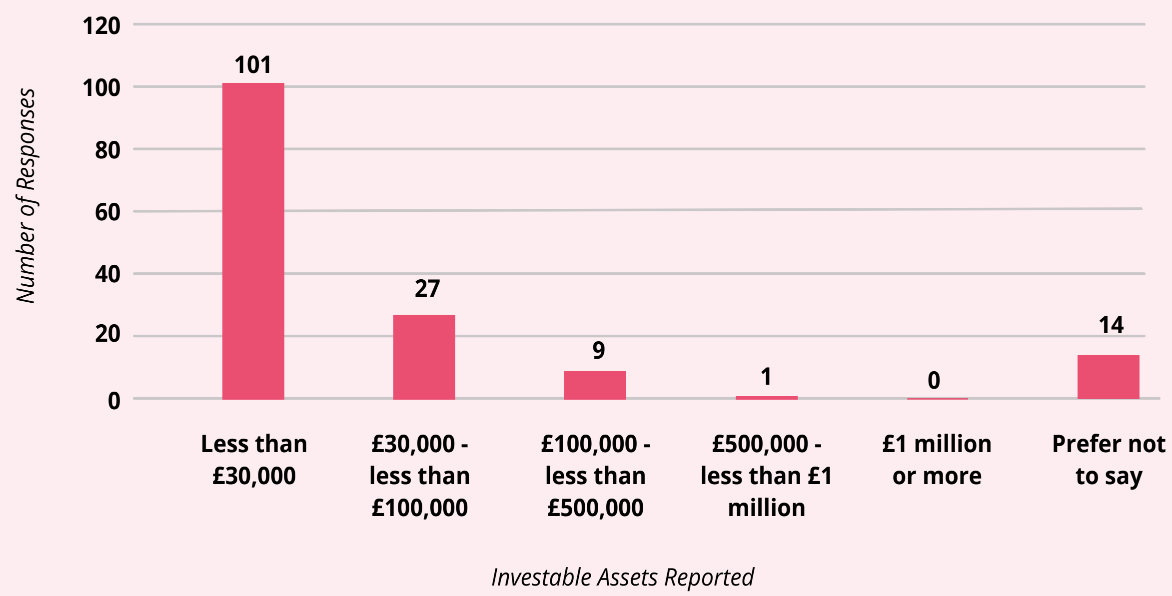
To explore this further, we asked 317 individuals who reported never using professional financial advice, to rank reasons why. The results were as follows:

1. **I can manage my own finances**
2. **I don't feel I have enough money**
3. **It's too expensive**

48% ranked not having enough money in their top three reasons. Breaking this down by how much they declared in investable assets (defined as liquid assets that can be turned into cash in the short or medium term but excluding the value of their primary residence); 84% had less than £100,000. This led us to investigate what they were doing with those assets.

Our survey found that 47% were investing via self-directed accounts. In other words, many who feel they lack sufficient funds are still making investment decisions without professional guidance.

Investable Assets Reported by Individuals Citing 'I don't feel I have enough money' as Main Reason for Not Seeking Professional Advice



Source: Q5 (multi-response), Base: All who never used financial advice, n=317

While these individuals may believe that professional advice (under current service offerings) is only worthwhile for those with greater wealth, their behaviour shows a willingness to act. Without support, they risk missed opportunities, inappropriate risk exposure, and losing out on broader financial planning that could help them make more confident and informed decisions about their future.

The disconnect between perceived eligibility and actual engagement highlights a critical gap in the financial advice landscape. Many individuals with modest assets are not only capable of investing but are already doing so, yet they remain underserved and underinformed.

Bridging the Gap: Education, Regulation, and Innovation

One of the most powerful tools for change is education. Financial literacy remains alarmingly low.

In 2024 Barclays undertook research on 13 million UK adults, not only were individuals collectively holding £430bn in 'excess' cash (defined in the study as holding more than 6 months' worth of expenses), they also found that 21% of individuals did not currently invest because they thought they had insufficient knowledge (Barclays, 2024)[2].

This is supported by research from The Investing and Savings Alliance who highlight how when left unsupported, individuals may be overly risk averse, leading to subpar long-term outcomes (TISA, 2024)[3]. The study asked individuals to choose how they would invest for 7 years or longer with £10,000. The baseline group were given standard explanations of the features of cash, equities, and funds, and treatment groups shown further additional information. They found that the provision of additional information resulted in a statistically significant impact on individuals' asset allocation selections, with the control group having an over allocation to cash and thus suboptimal long run expected returns.

A combination of relatively low financial literacy and a risk-averse culture have contributed to significant levels of idle cash holdings in the UK. Improving financial education across all age groups, through clearer, more accessible information and everyday guidance rather than formal education alone, could empower individuals to understand both the cost of inaction and the potential benefits of seeking appropriate financial guidance. This makes financial education a crucial first step towards improving engagement and long-term outcomes, demonstrating that financial literacy can be enhanced through simple, well designed and more accessible communication and guidance at key decision-making points.

However, education can only go so far in reducing barriers to engagement. Without a supportive regulatory environment individuals may not find accessible service offerings that meet their needs.

Luckily the industry has been working on the delivery of affordable and accessible financial advice. In 2018 off the back of the Financial Advice Market Review, the Financial Conduct Authority (FCA) published guidance on 'streamlined advice', an umbrella term used to cover firm led 'simplified advice' and client led 'focused advice'. The report provided the industry with a much-needed framework (within the existing rules) showing regulated firms how they could offer services to individuals with less complex needs, that wouldn't require individuals to take full advice.

Reviewing more recent developments the FCA's Advice-Guidance Boundary Review (CP25/17) and subsequent Policy Statement (PS25/22) looks to introduce regulatory reform to allow firms to provide lighter-touch, lower-cost advice models (FCA, 2025)[4].

Targeted Support will provide structured guidance to groups of consumers with similar characteristics, helping them make informed decisions without personalised recommendations.

Simplified Advice will focus on specific, straightforward needs like investing a lump sum or starting an ISA, offering regulated advice with the intent for streamlined requirements and lower costs.

These approaches aim to reduce compliance burdens and enable firms to deliver affordable, focused advice at scale.

Whilst Targeted Support is set to improve confidence and understanding, Simplified Advice is more likely to expand access, particularly if deployed by large, data-rich institutions such as retail banks. Together, these reforms can create stepping stones for consumers to progress from basic guidance to holistic advice, bridging the gap between demand and supply.

To be able to implement these newer advice services at a lower cost firms will need to look towards technological innovation.

Hybrid advice models blend automated digital tools with human expertise, creating scalable and cost-effective solutions. Leading US firms such as Vanguard and Schwab have shown that this approach can work at scale, serving millions of clients at fees as low as 0.3–0.5%.

By developing lighter, flexible, digital-first propositions, firms can build early relationships and help clients transition to full-service advice as their wealth and needs grow. These models also enable engagement with both self-directed investors and those not yet investing, improving financial outcomes across a broader population and making the services more accessible.

Scalable, cost-effective and quality financial advice does not require blood, sweat and tears. The success of initiatives such as the Current Account Switch Service and Open Banking is a testament to what industries can deliver when required to put consumers first.

Harnessing technology, such as the evolving power of AI will be essential for firms to provide a scalable and cost-effective solution. For example, AI could be used to automatically match individuals with financial advisers or build decision-trees based on data gathered for scenario modelling, freeing up critical resources to focus on what matters most... our clients. This could deliver scalable, cost-effective solutions without compromising quality and suitability.

Making strides in all three areas: education, regulatory reform and technological innovation, will not only enable firms to provide offerings to lower wealth individuals without compromising profitability, it will also help individuals to know there are services available that can be accessed to achieve better outcomes.

THE RISE OF ONE-OFF ADVICE: A NEW PATHWAY TO ENGAGEMENT

A Growing Appetite for One-Off Advice

Although approximately 80% of revenues for advice firms are driven by ongoing contracts (FCA, 2025)[5], our data shows UK consumer preferences are starting to shift.

Rather than committing to ongoing advisory relationships, many cost-conscious consumers now prefer advice delivered around specific life events or financial decisions. This reflects a growing desire for flexibility and clarity in an increasingly complex environment.

Between 2023 and 2025, our data shows the number of respondents accessing 'one-off' advice has increased from 9% to 19%, reflecting a 10% increase in uptake.

Although this growth has predominantly been fuelled by individuals with investable assets exceeding £500,000, demand for one-off advice was evident across all wealth brackets, suggesting a broader appetite for ad hoc support than the industry has historically assumed.

Table 1: Percentage change of survey participants who responded that they 'Recently received one-off financial Advice' with investable assets of less than £500,00

	2023	2025	% CHANGE
Less than £500,000	59	95	+ 61%
£500,000 or more	5	27	+ 440%
Prefer not to Say	2	0	- 100%

Source: Financial Advice Demographic Base: All (2023 n=719, 2025 n=662)

This trend is further supported by research from Boring Money (Boring Money, 2022)[6], who found that 28% of people preferred paying a fixed fee for transactional advice rather than ongoing holistic services.

While the uptake of one-off advice appears to be increasing, this trend does not necessarily erode the revenues received from ongoing services (or at least in the short to mid-term). We believe these are two distinct offerings with revenue growth potential.

Tapping into both offerings will help firms gain access to new revenue opportunities, whilst also futureproofing their businesses in case this leads to a longer-term behavioural shift.

How much does One-Off Advice Cost?

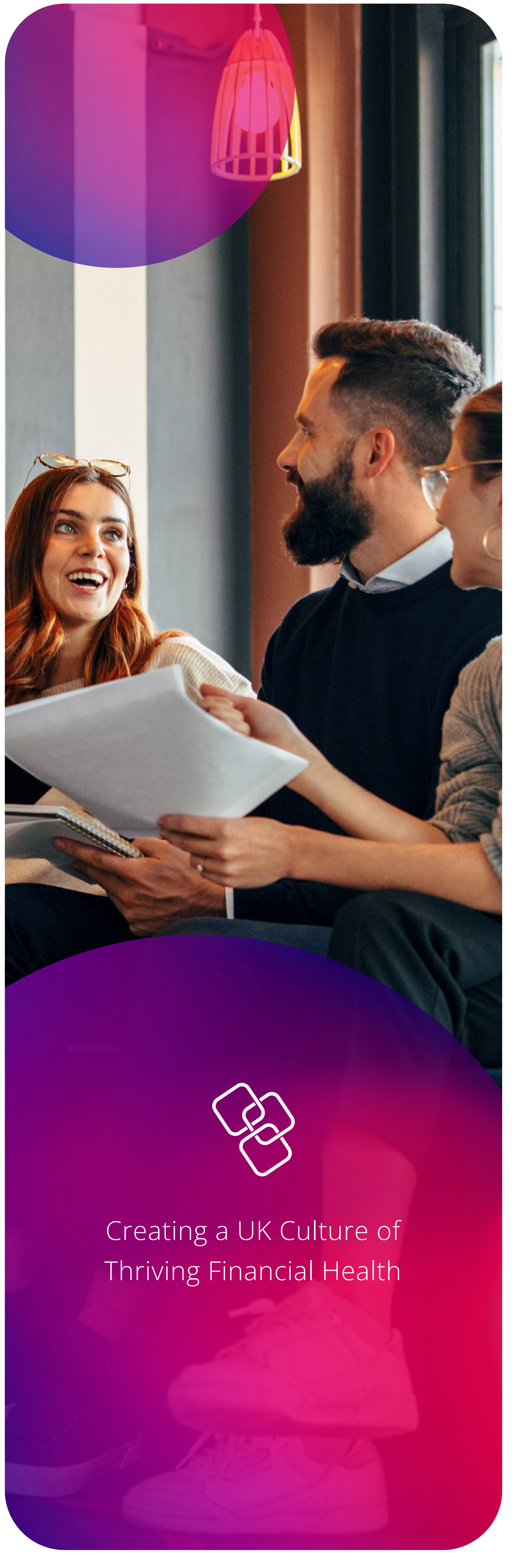
Using the 'Cost of Advice' tool on the Unbiased website (Unbiased, n.d)[7], one-off financial advice can range from £300 to £2,900, however, these are only averages. The true cost is dependent on the individual's life goals, the investable assets they have available and of course the adviser they ultimately choose.

Knowing this cost upfront isn't easy. We randomly selected 20 of the top 100 Financial Advisers (FT Adviser, 2025)[8] and reviewed their websites. Only 1 provided upfront costs associated with one-off advice. Most invited the consumer to contact the company for a free consultation, where additional details would help determine the cost of the service.

This lack of information can lead potential investors seeking advice to abandon their search, as they're unsure whether they'll incur a flat fee, an hourly rate or a cost associated with the percentage of assets under advice.

Cost transparency tends to be limited because advisers spend variable time tailoring recommendations to individual's circumstances. The more complex the circumstances, and the more comprehensive the analysis, the higher the likelihood the advice will exceed £2,900.

This may be affordable for those with higher value investable assets, but what about consumers with less to invest, where these initial fees may be prohibitive?



Is One-Off advice Easily Accessible?

Accessing one-off advice isn't difficult for everyone. Higher net worth clients can more easily attain these services as they have the resources available to afford the higher fees and attract an adviser willing to assist.

But what about lower-net-worth clients?

Unfortunately, despite rising demand, many firms still view lower-net-worth clients as commercially unviable, making it harder (but not impossible) for these consumers. According to the LangCat report only 30% of advisers offer services to clients with £20,000 to invest, and just 14% plan to develop propositions for this segment (The Lang Cat, 2025)[9]

Even with regulatory reforms on the horizon, the number of authorised advisers in the UK is a continuing concern. A freedom of information request to the FCA (responded to in February 2025)[10] highlighted there were 35,715 individuals performing this function. Not enough to meet current and future demand, especially when the UK population (ONS, mid 2024)[11] is made up of 29.2 million people over the age of 16.

Assuming a large proportion of the population would benefit from accessing some form of advice offering, the number of clients per adviser would need to increase to an unsustainable level, and the quality of advice could decline.

Easing regulation for simpler cases might help address this by reducing administrative burdens allowing firms to deliver episodic advice at fairer cost, and in less time. Freeing up advisers from these tasks will allow them to see more clients, whilst waiting for technological advancements and more industry joiners.

Could some clients currently taking ongoing advice services also benefit?

In a 'Dear CEO' letter in October 2024 (FCA, 2024)[12] , the FCA highlighted concerns around whether the ongoing advice model adds value to all consumers. Findings published in 2025 found that in 83% of cases ongoing reviews were taking place, justifying the fees. However, in 15% of cases, no reviews took place at all, as the client either declined the review or did not respond.[6] This calls into question whether these clients would be better serviced under a one-off model.

Why this Matters

The advice gap is not just about affordability; it's about accessibility and perceived relevance. Many consumers assume advice is reserved for the wealthy, which is reinforced by firms focusing mainly on high-net-worth clients.

This behaviour creates a cycle where those who could benefit most from early support / one-off engagements remain excluded as either the fees are too high, or they can't find an adviser to assist them. Breaking this cycle requires innovative pricing models, regulatory flexibility, and proactive engagement strategies.

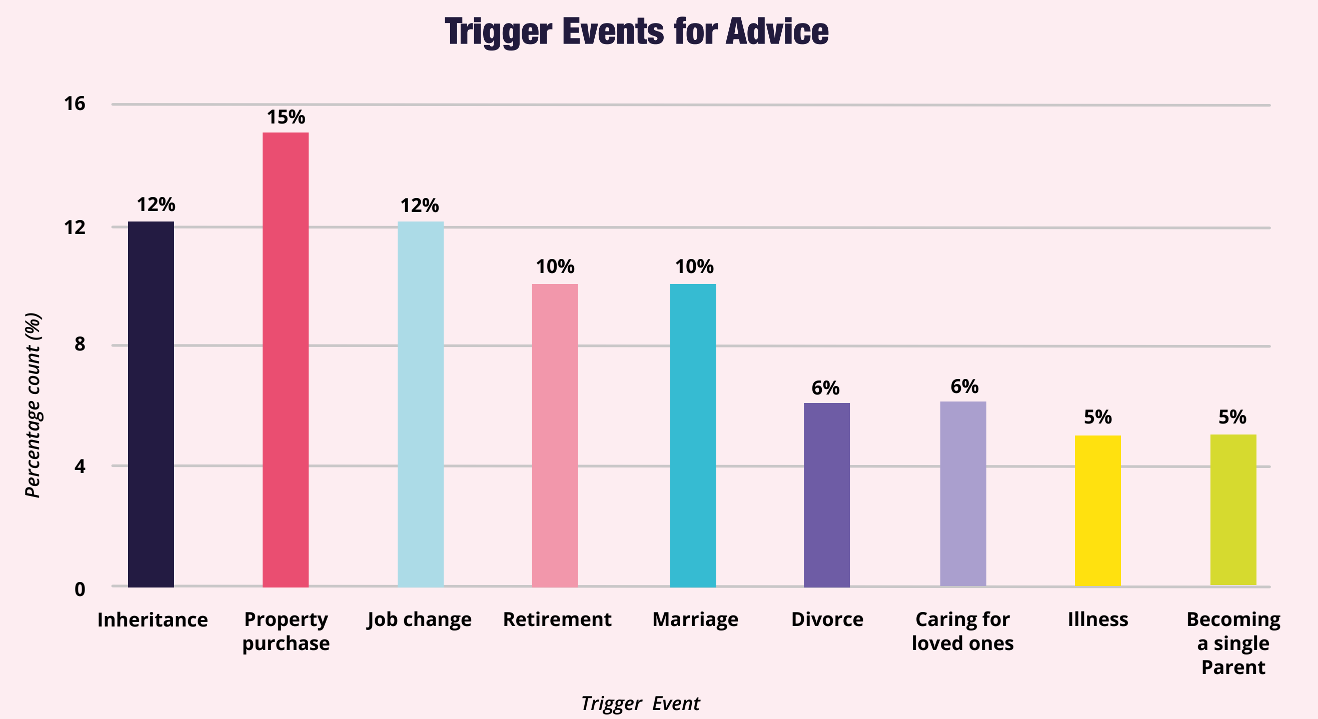
CAN WE ALL WIN? WHY INCLUSION MATTERS

In an FCA survey (FCA 2025; SimplyBiz 2025)[13] reportedly 91% of advised consumers who had paid for advice stated that they had found it helpful. Yet only 9% of UK adults received regulated advice last year. Misconceptions and affordability remain key barriers. Inclusive models are not merely a compliance requirement; they represent a strategic imperative. Firms that engage early can build trust, improve outcomes, and secure future high-value clients. Beyond commercial gains, broader access to advice supports societal goals of financial resilience and economic growth.

Milestone Based Triggers

An example of an advice model that helps tackle this issue is one that incorporates milestone-based triggers such as an inheritance, property purchase, or retirement can prompt timely advice and ensure individuals receive proactive guidance when navigating significant financial decisions. These triggers could include automated alerts, employer-driven programs, or partnerships with institutions such as mortgage providers and pension schemes. However, the real key to unlocking this opportunity lies in building relationships early. Financial institutions, advisers, and wealth managers must establish a relationship with individuals before a trigger event occurs so that, when the need arises, clients know where to turn for reliable advice.

A UK study (Financial Services Consumer Panel 2025)14 found that 86% of consumers experienced at least one life event in the past five years that signalled a need for financial advice or support. Despite this, only 30% began their financial decisions with clarity on specific products, highlighting a substantial opportunity for proactive interventions. Life milestones prompt advice-seeking in 12–17% of cases per event, with inheritance (12%) and property purchase (15%) among the most significant triggers. Other notable triggers include job change (12%), retirement (10%), and marriage (10%), while events such as divorce, caring for loved ones, and serious illness also play a role.



Source: Introducing Real Life Advice, St James's Place (2024)

Why this Matters

Key life events drive advice-seeking behaviour, yet relationships with clients' children, younger accumulation clients, or those who feel they "don't have enough" are often overlooked until they come into money. By then, the relationship gap leads to attrition of funds that could otherwise remain under advice. Advisers need to look beyond current wealth and focus on clients with potential, creating accessible pathways for those with lower incomes and asset values. In turn, this provides a 'funnel' for new business and clients which has a strategic impact on firms and new client acquisition. These pathways should provide education, advice, and safe, regulated experiences whether through fee models for one-off advice, digital platforms, or workplace programs.

Financial Advice Is Beneficial Regardless of Asset Level

Individuals with lower investable assets can still derive significant value from financial advice. Our survey revealed that 77% of respondents with less than £30,000 in investable assets who received advice felt it benefited them. This finding aligns with the FCA's Financial Lives 2024 survey – Financial advice & support: Selected findings, which reports that 91% of those who received advice found it helpful (Financial Conduct Authority, 2025)[15]. These insights challenge the assumption that advice is only worthwhile for wealthier individuals and support the development of inclusive models such as simplified or scaled offerings. Firms that adapt to serve this segment not only fulfil Consumer Duty obligations but also cultivate long-term relationships as these individuals accumulate wealth.

Early Engagement Drives Positive Outcomes

Younger individuals are more likely to engage with financial advice and report positive experiences. Our data indicates strong uptake among 25–35-year-olds (24% having received advice), with significantly lower engagement from older cohorts (14%). This trend is supported by research from the Institute for Fiscal Studies, which highlights that improving financial literacy can help younger adults build savings and strengthen long-term financial resilience (Institute for Fiscal Studies, 2023)[16]. Early engagement fosters better financial habits and resilience. Targeted outreach via education, workplace schemes, and digital platforms can capitalise on this openness, embedding financial literacy and advice early to avoid costly mistakes and support sustainable wealth trajectories.

Delivery Format Influences Engagement

People value in-person advice and trusted sources, but digital formats are gaining traction. Our findings reveal preferences for in-person interaction when seeking advice, with 47% of those who have already received advice saying they would talk to a trusted person as the start of their search, and 22% of those who haven't received advice starting there. This aligns with The Lang Cat's Advice Gap 2024 report which found that 60% of consumers prefer advice to be delivered face-to-face if they were to seek it.

The second most popular method was performing online research, suggesting that digital options have a large part to play in engagement.

Unsurprisingly, the methods that scored the lowest in our survey included: advertising, podcasts and social media. Each have a part to play in the overall investors experience, however, their use early in the engagement process is limited likely due to a lack of trust.

The FCA's *Advice-Guidance Boundary Review* will help provide access to these trusted individuals through the easing of regulation. Stating that "targeted support will allow firms to offer suggestions to groups of customers with common characteristics," enabling firms to provide timely and accessible guidance tailored to distinct customer needs without as many of the administrative burdens.

These insights underscore the need for multi-channel delivery strategies. While face-to-face interactions remain critical for trust and complex decision-making, digital platforms offer scalability and convenience - particularly for younger, tech-savvy audiences. Hybrid models that combine human expertise with digital tools can deliver personalised experiences at lower cost. Firms should invest in user-friendly apps, webinars, and social content while maintaining traditional channels for those who prefer direct engagement. This blended approach ensures broad accessibility and meets diverse consumer preferences.

Workplace Channels Offer a Scalable Solution

Workplace channels present a trusted, convenient entry point for financial advice. Employers have a vested interest in supporting staff wellbeing, as financial stress can impact productivity and retention. By integrating advice into benefits packages through workshops, digital tools, or subsidised consultations, firms can reach individuals who might otherwise remain disengaged. This approach aligns with broader trends in employee wellbeing and offers a scalable solution to narrow the advice gap.

The evidence points to a clear mandate for change. Financial advice delivers measurable benefits across all asset levels, yet misconceptions, cost barriers, and outdated delivery models continue to restrict access. Early engagement, particularly among younger demographics, can drive long-term financial resilience, while workplace schemes offer a powerful lever for scale. Regulatory reforms such as Targeted Support and Simplified Advice[17] provide the framework for innovation, but success depends on proactive industry action.

BUILDING THE BLUEPRINT

Based on our research it's clear there are many solutions that can be explored in the areas of education, one-off advice and employer-based offerings.

Setting the Foundation with Education

Education is a powerful tool for change. If individuals do not understand financial concepts, they are far less likely to engage. As was mentioned previously, an FCA survey (FCA 2025)[18] showed that 91% of advised consumers who had paid for advice found it helpful. This shows that understanding is the gateway to engagement, and engagement is the pathway to better financial health.

Opportunities for the Youngest and Oldest demographic

Unfortunately, financial literacy levels are alarmingly low across all age groups. UK teens score poorly on basic financial knowledge, with Wealthify reporting that 16–18-year-olds answered only two out of ten financial literacy questions correctly (Wealthify, 2024)[19] . This lack of understanding leaves young adults vulnerable to poor decisions around early financial commitments, particularly credit cards and student debt. The absence of good habits, fostered through greater understanding, creates gaps that may give rise to unfavourable outcomes in later life.

The London Foundation for Banking and Finance (LFBF) note that there are more than 400 organisations in the UK involved in financial literacy (London Foundation for Banking and Finance, 2025).[20] , with half of these containing programmes specifically designed for children and young people, yet their own Young Persons' Money Index report notes that knowledge among 15-18-year-olds remaining "patchy at best."

Similarly, later life raises risks too. Research highlights the concept of a 'U-shape' in financial missteps, with middle-aged individuals outperforming both younger and older adults (Agarwal et al., 2009)21 . The complexity of products and cognitive decline are both identified as rationale for the 'mistakes' made by older individuals. This raises questions around the critical stages for increased education, awareness, and support with both early adulthood and later life needing focus

> 77% of respondents with less than £30,000 in investable assets who received advice felt it benefited them

The government's recent curriculum revision is welcome news, with financial literacy now taking place within the mandatory Citizenship class for primary and secondary students (GOV.UK, 2025)[22]. This however doesn't come into effect until September 2028, and whilst exam board OCR welcomed the changes, they noted with no slack in the system, schools will need support to properly implement changes (Financial Times, 2025)[23]. Our recommendation would be for financial institutions to support younger individuals in key moments, providing education that will help with opening their first bank account or ISA and accessing higher education. The opportunity for institutions to deliver bite sized financial education at the right moment can be powerful in long term decision making and ultimately helps create more empowered adults.

For older individuals, high quality information and education is already available through the Money and Pensions Service's (MaPS) MoneyHelper platform. Pension Wise as part of MoneyHelper provides over 50s with specialist guidance too, but all of this is only available when *sought out directly*. To improve financial wellbeing and retirement readiness the MaPS should shift from a reactive model to a proactive one, mirroring the NHS health check approach. Just as local GPs invite individuals for health screenings every five years from age 40, MaPS could invite people who are 20, 15, 10, and 5 years away from retirement to access its guidance and tools. While participation would remain voluntary, the act of offering these touchpoints is key. Using nudge theory, this proactive engagement would drive higher awareness, better education, and informed decision-making, ultimately reducing the risk of inaction and leading to better outcomes for individuals and society.

Maximising Work-Life-Wealth

We note that *'financial advice is beneficial regardless of asset level'* and that *'workplace advice channels offer a scalable solution.'* These benefit individuals and the industry, but a key point to consider with both of these is that *employers* benefit too.

Having financially literate employees can significantly boost productivity. Research published in the Journal of Financial Literacy and Wellbeing (Lusardi, 2023)[24] found that the average adult spends around 7 hours per week managing personal financial issues, with over 3 of those hours during work time. Looking at each end of the spectrum, the most financially literate individuals spend far less time: roughly 3 hours per week in total, with only 1 hour at work. In contrast, the least financially literate respondents reported spending a staggering 11 total hours per week and over 4 hours per week at work thinking about and dealing with issues related to their finances.

Employers not only supporting, but being a driving force behind advice interaction, can raise literacy rates among staff, and has a marked upside potential.

Empower-Sid: Build Confidence Through Education

The sheer scale of cash sitting idle across the UK reinforces the need for widespread financial education and awareness. Over £400 billion is currently held in Cash ISAs, earning minimal returns while inflation erodes its real value year after year. Despite inflation running above the Bank of England's 2% target, millions of savers remain in accounts paying 1–2% (This is Money, 2025)[25], meaning they are losing purchasing power in real terms. Two-thirds of all ISA subscriptions are to Cash ISAs, and 14.4 million people hold only a Cash ISA (GOV.UK, 2025)[26], with no exposure to investments that historically deliver far superior returns. The average annual return on a stocks and shares ISA over the past decade has been 9.64%, compared to just 1.2% for cash ISAs.

The Government should rule out a lack of education, awareness, and widespread misinformation to put this to better use. Social media and digital platforms can amplify myths about risk, while formal financial education remains limited to classrooms or niche programs for specific groups. The result: millions of people underappreciate the risk of doing nothing.

Expanding the Retail Investment Review must therefore go beyond technical reforms. It should embed a national financial literacy strategy, supported by government and industry to:

- Educate savers on the real cost of holding excessive cash and the erosion caused by inflation.
- Provide clear, accessible guidance on investment options for everyday households.
- Counter misinformation with trusted, professional resources across digital channels.

A bold, government-backed campaign, akin to the 'Tell Sid' Movement of the 1980s, can empower millions to make informed decisions. This would lead to a financially confident population, reduced reliance on the state, and billions redirected into growth-driving investments. The FCA's UK Retail Investment Campaign promises to be a strong start, launching in April 2026 with the aim of increasing participation in retail investing.

Expanding the One-Off Advice Offering

Implications for the Industry & Recommendations:

The steadily increasing demand for one-off advice was highlighted in *Section 2: The Rise of One-Off Advice.* The challenge now lies with firms in the industry to adapt and increase the supply. Regulatory reform will be essential to enabling firms to serve a broader client base, ultimately leading to greater financial inclusion, improved consumer outcomes and a more resilient advice sector.

However, regulatory reform alone isn't enough to meet these goals. Consumers will need clarity on the scope of service they should expect, and an ability to compare offerings from different advisers to help them be confident in their choices. According to our survey 12% of individuals who have never received professional financial advice haven't found the right provider yet, and a further 38% have thought about advice and not proceeded. Providing comparable offerings helps consumers overcome the analysis paralysis that can occur, unlocking advice to those who can't quite find their route in.

By helping consumers to overcome this analysis paralysis the number of consumers proceeding with advice should increase, clearly a positive for firms. Furthermore, greater transparency and a better ability for consumers to compare products will lead to healthy competition in the marketplace without eroding profits.

Hybrid Advice & Developing Technology

A key part of increasing competition without eroding profits is hybrid advice and technology development. Hybrid Advice combines components of traditional face-to-face financial advice with self-service digital advice. Numerous industry sources show a clear client preference for face-to-face interaction which remains vitally important, however, for administrative tasks the ability to use a digital platform will increase efficiencies and therefore reduce costs whilst improving customer experience. Our recommendation is clear: implement an effective hybrid advice model, for both higher and lower net worth clients.

Recommendations for All Consumer Types

Many consumers have sufficient assets for financial advice but simply do not feel they need it on an ongoing basis given the costs involved. During key life events like inheritance tax planning, retirement planning and divorce planning these consumers are likely to see a huge benefit from receiving financial advice. Equally, consumers with lower levels of investable assets who are completely new to financial advice and investing would be put off by a lack of visibility around the fees they may be charged before they engaged. Our recommendation is for more firms to have a clear transactional fee model with costs provided up front. Example cases with AuM and suggested actions, fees and potential savings can be used to give consumers an idea of how much the advice may cost.

Recommendations for Consumers with Low Levels of Investable Assets

The primary challenge here is incentivising firms in the industry to offer one-off advice to consumers with lower levels of investable assets. As was demonstrated earlier in our findings, only 30% of advisers offer services for clients with £20,000 or less to invest and only 14% currently plan to develop services for this segment in the future (The Lang Cat, 2025)[27]. Clearly, the way to stimulate firms to enter this segment is to make it more profitable for them to do so and a piece of this puzzle is reducing the regulatory burden, allowing them to offer services that are currently not possible.

Whilst regulatory reform is vital for consumers with lower investable assets, it would also be hugely beneficial for higher net worth consumers and feeds into our primary recommendation of financial advice being delivered as a workplace benefit.

Employer-Sponsored Financial Advice by Default

A regulatory environment that enables modular advice, combined with employer-led delivery and default enrolment models, could help normalise timely financial interventions in a similar way to other workplace benefits.

Our survey indicates strong interest in employer-supported financial advice. Among respondents who have never taken advice, 58% said they would use free, confidential advice provided by an independent third party if offered by their employer, with a further 25% undecided. This suggests the workplace could be an effective channel for improving access to advice and promoting better financial habits, particularly if supported by an appropriate regulatory framework.

With around 35 million people of working age in England and Wales and an employment rate above 75%[22,23], employers have the potential to reach a significant proportion of the population. Improving financial awareness among employees can create positive ripple effects across families, communities, and future generations.

Leveraging existing benefit structures could make implementation more practical. Financial advice could be offered as a non-taxable benefit, similar to death-in-service cover, encouraging uptake without adding complexity. Employers could manage costs by providing a baseline level of free advice, with options for employees to pay for additional services as needed.

Employers already play a key role in vetting service providers for workplace benefits. Extending this role to financial advice could help maintain high standards and protect employees from unregulated sources such as social media or scams. Existing financial institutions within the benefits ecosystem like pension providers, insurers, and payroll-linked banks could also act as alert mechanisms for life events and connect employees with regulated advisers for ongoing, event-driven, or one-off financial checks.

While introducing financial advice as a benefit would involve additional costs for employers, it also offers tangible advantages. It provides another way to differentiate benefits packages and attract talent, while improving financial outcomes for employees and their families and can support retention and productivity. From a broader social perspective, employers have an opportunity to help expand access to advice for underserved groups, contributing to improved financial wellbeing across society.

We consulted HR and reward teams across our firms to gather feedback on our proposed initiative for mandatory, employer-facilitated financial advice. The initiative is widely regarded as a valuable enhancement to employee benefits, with strong potential to improve wellbeing, reduce absenteeism, and boost retention across sectors. Many firms view financial wellbeing as the next evolution in benefits, complementing pensions and health programmes.

Employees on lower salaries are expected to engage most actively, given their budget-conscious mindset and appreciation for accessible support. Meanwhile, higher earners may begin to recognise the value they previously overlooked when advice is offered by default. This is particularly insightful as our firms operate in the wealth management space, where awareness and access to financial advice are already higher than in industries such as education, health, retail, and construction.

The anticipated challenges are familiar: cost implications for employers (both large and small), vendor management complexities, the need for tailored communication strategies across diverse workforces and privacy / data security.

Path to a Solution

A multi-pronged approach is essential to embed financial advice as a workplace standard. This roadmap combines regulatory engagement, industry collaboration and technological innovation to create a scalable, cost-effective, and socially impactful solution.

- Government Lobbying: Advocate for default, 'opt out' financial advice for employees whilst giving individual choice, mirroring the auto-enrolment model for pensions
- Regulation is Our Friend: Work with regulators to build on Simplified Advice and the Advice Guidance Boundary Review to enable flexible, modular, event-based advice cost-effective packages tailored to key milestones
- Technology as the enabler: Develop standardised tools, centralised data repositories, and secure matching systems for individuals and regulated advisers. Leverage AI for data gathering and scenario modelling, supported by human expertise
- Employer Integration: Utilise existing employer-sponsored pension & benefits frameworks to channel financial advice seamlessly through employers

An employer-led route can build on existing pension and benefits frameworks, supported by regulatory developments that enable cost-effective one-off advice. This can be enhanced through AI-driven efficiencies with human oversight, which offers a model that is both commercially viable and socially impactful. Such an approach can extend the reach of financial advice to individuals who may otherwise lack awareness, access or affordability.

By empowering employees to make informed financial decisions, the potential benefits are significant: better-prepared consumers, enhanced workforce wellbeing, and a more investment-led, financially confident population.

The Power of Defaults

The success of the government's pensions auto-enrolment programme offers a useful blueprint. Introduced in response to concerns about an ageing population and inadequate retirement savings, auto-enrolment was designed by the government backed Behavioural Insights Team to harness behavioural traits whilst respecting individual freedoms.

Behavioural science shows that default solutions stick due to human inertia even when there is full freedom to change, opt-out or cancel. This is the same behavioural dynamic that underpins subscription-based business models used by companies from Amazon to Netflix.

A similar approach could help address the uptake of financial advice. A default or auto-enrolled offer of employer-sponsored investment guidance, delivered by an independent third party and with full opt-out rights, could significantly increase take-up. For many employees, the biggest barrier is not unwillingness but the lack of a clear and trusted route into the advice system. By embedding advice as a default benefit, employers could ensure that more individuals receive support when they need it.

CONCLUSION & RECOMMENDATIONS

Our research set out to examine a fundamental challenge: 'Why do so many people who would benefit from financial advice still fail to engage with it and what can we as an industry do about it?' Drawing on a survey of 662 respondents, supported by extensive secondary research and insights from employers and industry practitioners, a consistent message emerged: the biggest barriers to advice are not about insufficient wealth, but about insufficient accessibility. Those with less assets are neither disengaged nor uninterested; many simply cannot find a route into the system that feels relevant, affordable or proportionate to their needs. The path forward requires coordinated action across firms, regulators, employers and industry bodies.

Education emerged as a recurring theme across our findings. Many individuals simply do not know where to begin and misunderstand the risk of inaction. Improving financial understanding is therefore a critical early step, not only for individual wellbeing but also for broader economic resilience. However, improving financial understanding is only part of the solution. Once individuals recognise that they need help, they require advice models they can realistically access. Our findings showed a growing appetite for one-off, event-driven advice, reflecting a clear desire for timely, focused support rather than ongoing commitments. Yet the industry does not consistently provide this type of help in a way that is affordable or accessible, leaving many without a viable route in.

Encouragingly, regulatory change may soon open up new pathways. The FCA's Advice-Guidance Boundary Review introduces concepts such as Targeted Support and Simplified Advice, which together create the foundations for more proportionate and scalable models. Alongside regulation and education, the workplace presents a particularly powerful lever for scale. The employer channel has reach, existing infrastructure, and credibility. Much like pensions auto-enrolment transformed retirement savings, an employer-sponsored route to advice could normalise financial planning, reduce inertia, and support workers through key life events with timely and appropriate help.

To meet this challenge, we recommend four key priorities:

- Industry work collaboratively with employers to embed financial advice and guidance into workplace benefits, creating a trusted and accessible entry point for millions of people.
- That the FCA should embrace and provide clear operational guidance for Simplified Advice and Targeted Support, enabling firms to serve lower-asset clients confidently and proportionately.
- Firms should invest in transparent, scalable one-off and hybrid advice propositions, with clear pricing and well-defined scopes, allowing all consumers to access help when they need it.
- The industry should continue to elevate financial education through schools, workplaces, digital channels and adviser-led initiatives, to help individuals understand when advice is useful and how to access it.

If the sector, backed by government, embraces these recommendations, the benefits will reach far beyond individual consumers. More people will make informed decisions, fewer will sit in cash unnecessarily, and more households will build long-term resilience. Firms will benefit from more engagement with their services, regulators will see add backed by improved consumer outcomes, and society as a whole will benefit from a more financially informed and economically productive population. With thoughtful regulation, innovative service models and stronger collaboration across the industry, financial advice can become not a luxury for the few, but a practical, accessible support for the many.

GROUP 1

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GROUP 2

Q.

DO YOU TRUST US?

INTRODUCTION

Firms across the wealth management, financial advice and financial planning industry often have clear plans for cost, value and efficiency, but strategic thinking around building trust is often less prevalent.

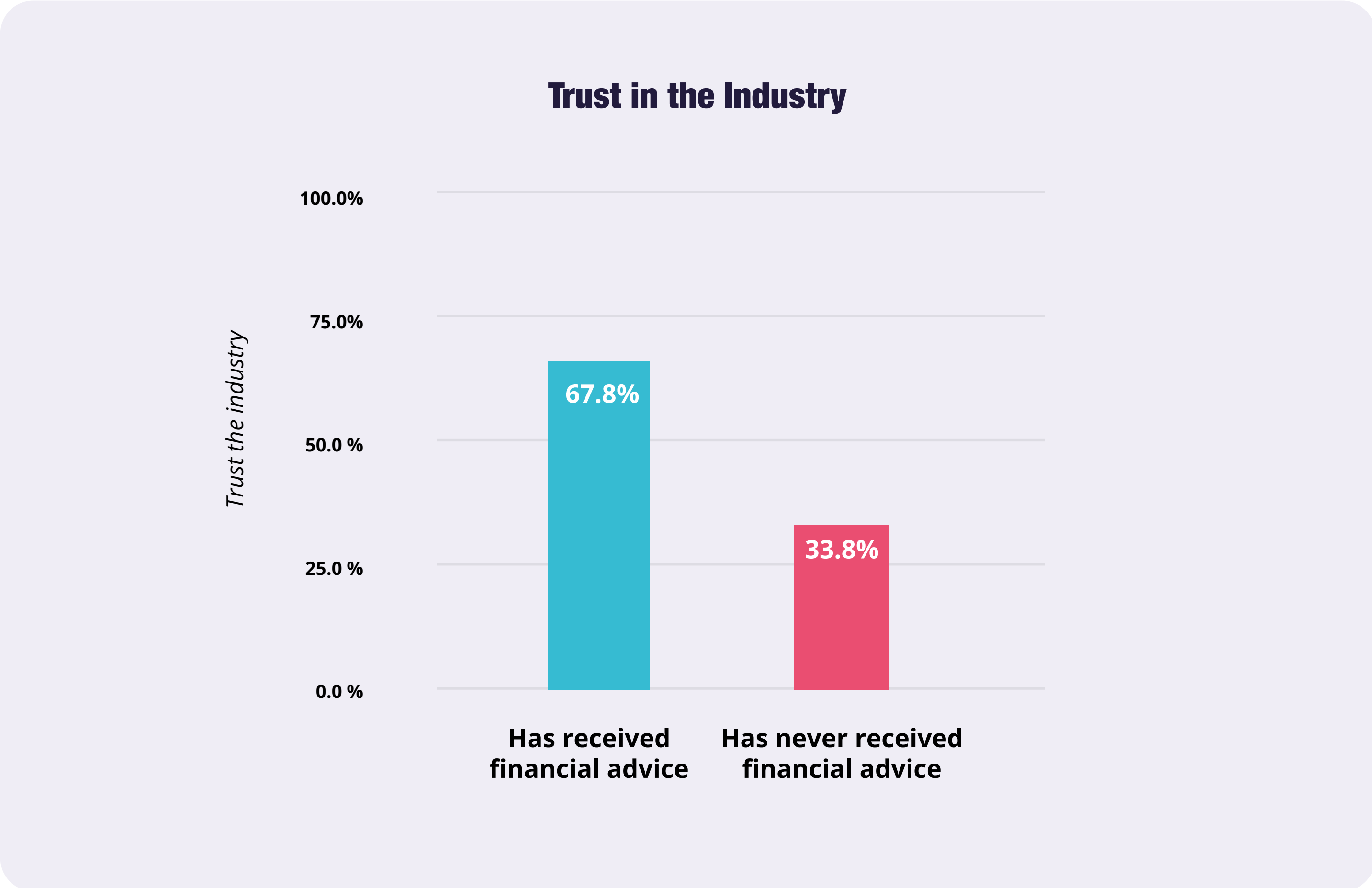
Unlike fees or performance, trust can't be standardised or easily measured, yet it shapes every decision a client makes. This paper examines why trust is so hard to generate, why it matters, what impacts it, and how firms can treat trust as a deliberate part of their strategy.

We will address the role of trust through the prisms of:

YOU, THE CLIENT	YOU, THE REGULATOR, AND	YOU, THE MEDIA

But why are we even discussing this?

Trust really matters. Of those that don't currently receive financial advice, only 34% believe the industry will "consistently act in their best interest", a reasonable measure of trust and our proxy for it. This is *50%* lower than those individuals who do engage in financial advice.



Trust in the industry is the key differentiator between those that engage with financial advice and those who don't. Enhancing trust among the unadvised presents a significant opportunity for firms to not only improve customer outcomes but accelerate growth.

Why does trust matter?

Each day, we make countless transactions, buying a coffee, replying to an email, catching a train, often without paying 'active' attention to it. Behind each is an intuitive cost-benefit calculation shaped by habit, emotion, and social norms.

Occasionally however, we do become aware of this process and deliberately weigh cost against value. Where we struggle to balance this equation, trust becomes integral.

1. Asymmetry of information

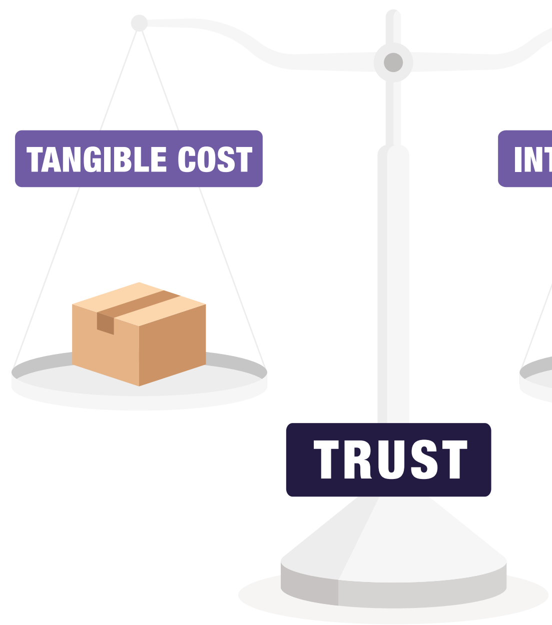
When knowledge and expertise is one-sided, trust is essential in bridging the gap between uncertainty and action. It is very difficult to corroborate a doctor's prognosis; at some level we ultimately need to trust their experience and expertise.

2. High Stakes

Paying for a coffee probably doesn't enter our conscious calculations as the stakes are de minimis. However, purchasing a property certainly would, and for the majority of people, represents the biggest financial transaction they would undertake. As the process progresses a huge amount of trust is then placed on the conveyancing and escrow process as a critical part of the transaction.

3. Intangible value

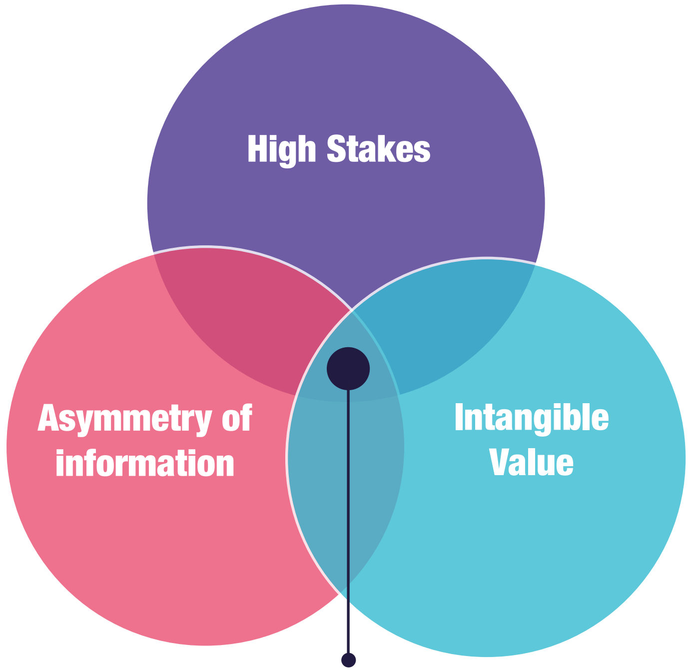
Finally, as consumers we are often adept at assessing the tangible and the explicit, but can struggle in evaluating the intangible and the implicit. Where there are obvious and measurable costs, but less obvious intangible value, trust is the essential balancing factor.



What does this mean for financial advice?

The financial advice industry has very tangible and explicit costs but delivers what can be perceived as intangible and implicit value that is delivered over a long-term time horizon.

We need our clients' trust to help overcome this perception challenge of 'intangible value' and deliver long term value to their financial lives. The financial advice industry has significant asymmetry of information, and when dealing with client's life savings the stakes are often very high.



The combination of these three attributes together creates such a difficult cost-benefit analysis, that without trust people are significantly less willing to engage.

Our primary research showed that only 2% of people who engaged in financial advice felt that it did not improve their financial position, an incredible endorsement for our industry. As financial advice clearly makes a positive difference to people's lives; we also have a responsibility to improve trust and drive engagement.

EXECUTIVE SUMMARY

Trust remains one of the most decisive factors in the financial advice industry.

Our report underscores the scale of the challenge and why trust emerges as the key differentiator between engagement and non-engagement in our industry. **Our hypothesis rightly claims that a lack of trust is hindering industry growth creating a self-reinforcing cycle - low trust limits new client engagement, and limited engagement constrains growth**, which further depresses trust. Yet the value is clear, 97.7% of advised individuals report that the advice improved their financial position, reinforcing the tangible impact of professional guidance.

Despite this positive evidence, trust is being eroded by persistent perceptions of self-interest, complex regulation, and a public narrative dominated by negativity from both regulators and the media. This report examines trust through the perspectives of clients, the regulator and the media, highlighting the forces that can either build or undermine confidence in our industry.

Our findings point to critical opportunities for firms to proactively build trust. First, firms must treat trust as measurable and manageable. Using the trust equation (credibility, reliability, intimacy and self-interest) firms can create structured trust frameworks, set KPIs, align remuneration to trust-building behaviours, and gather client feedback to target areas of weakness.

Second, the industry must focus on earlier engagement. Our primary and secondary research shows that trust declines after age 45, just as individuals begin to approach the life stages where advice becomes most valuable. To reverse this trend, firms need to introduce younger clients to advice through low-cost digital models, subscription-based content, and an "incubator" approach designed to build familiarity before wealth accumulates. Greater family involvement during the advice process can further strengthen trust through intergenerational continuity.

Third, building and maintaining trust requires a shift in tone from regulators and the media. The FCA's stated objective is to improve trust, yet its language frequently amplifies perceptions of industry self-interest. A rebalanced narrative, one that acknowledges the industry's credibility, reliability and real-world impact would better support this goal. Firms, too, must stop hiding behind compliance barriers and instead cultivate stronger identities, clearer communication and deeper intimacy with clients.

Trust is a structural requirement for industry growth. The advice gap persists largely because of a profound trust deficit among the unadvised public, even though evidence overwhelmingly shows that financial advice has benefited those who have received it. To close this gap, the industry must adopt a multi-pronged strategy: engaging younger generations, engage with regulators and media to reshape the narrative, and cultivate trust deliberately and consistently. Only by doing so can the sector unlock its full potential and deliver the long-term benefits that clients rightly expect and deserve.

> Trust is a structural requirement for industry growth. The advice gap persists largely because of a profound trust deficit among the unadvised public, even though evidence overwhelmingly shows that financial advice has benefited those who have received it.

RESEARCH APPROACH

Our research hypothesis was that a lack of trust is hindering growth in our industry.

As trust as a concept is hard to quantify, we wanted to first focus our primary research on breaking down what we mean by trust and if the experience or perception is significantly different between those who are receiving financial advice vs those who are not. Within the demographic question, we asked: *"Do you take or have you ever taken financial advice?"*. This question splits the cohort in a few ways for us to explore, not only if they have ever received financial advice, but importantly why they have chosen not to. This matters because we wanted to learn from the cohort that are not currently receiving advice and how much trust is a barrier in their decision.

Given the abstract nature of trust, it was important to investigate the different interpretations of it. Using secondary research, we determined that there were three categories that make up trust: cognitive (knowledge), affective (care) and behavioural (transparency). We measured this by asking participants to rank how important these factors were either in the advice they are currently receiving or in the hypothetical scenario that they required advice.

For those participants who have never received advice, we also wanted to determine if a lack of trust was an explicit reason why they have chosen not to engage with a financial adviser or whether it is a more unconscious decision.

We resisted the temptation to explicitly ask participants how we could improve trust because we didn't want to lead them into the view that trust is a significant issue in the industry. Instead, the comparison of those in and out of the industry and demographics would help determine potential gaps and areas of focus in our report.

Given the abstract nature of trust, it was important to investigate the different interpretations of it. Using secondary research, we determined that there were three categories that make up trust: cognitive (knowledge), affective (care) and behavioural (transparency).

In defining what trust is, our secondary research indicated that self-interest is a major factor in reducing trust, whereas acting in someone's best interest strengthens it. To measure this, we asked: *"How strongly do you agree that the financial advice industry will consistently act in my best interests?"*. This proved to be our most important question and served as our proxy for trust.

WHAT IS TRUST?

First, it is important that we define what we mean by trust and amongst the many definitions, there are key characteristics that most can agree on that formed the basis of our definition.

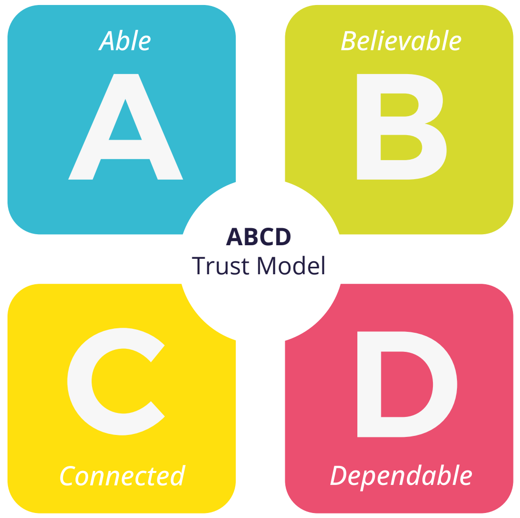
Blanchard's Four Components of Trust (Blanchard, Olmstead, and Lawrence 2013) otherwise known as the ABCDs explores 4 key components to building trust:

Demonstrate Competence

- Get quality results
- Resolve problems
- Develop skills
- Be good at what you do
- Get experience
- Use skills to assist others
- Be the best at what you do

Act With Integrity

- Keep confidences
- Admit when you're wrong
- Be honest
- Don't talk behind backs
- Be sincere
- Be nonjudgmental
- Show respect



Care About Others

- Listen well
- Praise others
- Show interest in others
- Share about yourself
- Work well with others
- Show empathy for others
- Ask for input

Maintain Reliability

- Do what you say you'll do
- Be timely
- Be responsive
- Be organised
- Be accountable
- Follow up
- Be consistent

In Stephen Paul Marsh's report "Formalising Trust as a Computational Concept", (Marsh, 1994) he deconstructs the idea of trust and proposes an algorithmic formula, a trust value, from -1 to +1 where +1 indicates complete trust and -1 complete distrust. His conclusions are that:

- Trust is dynamic, it evolves over time based on positive and negative interactions and negative interactions have a more powerful effect
- Trust relies on a disposition; each agent has a predisposition to trust which impacts how initial trust is formed and therefore evolves
- Lastly, he highlights the importance of the utility of trust; trust is not binary but one must consider the context and how much is at stake

Finally, we were drawn to the Trust Equation by Maister, Green and Galford (Maister, Green and Galford, 2000):

$$\textit{Trustworthiness} = \frac{\textit{Credibility X Rebilability X Intimacy}}{\textit{Self Interest}}$$

Credibility – are we knowledgeable about our subject?

Reliability - can we be depended on?

Intimacy - can we be entrusted with personal and often sensitive information?

Maister, Green and Galford note that self-interest is the single biggest trust-destroyer, it undermines the high levels of credibility, reliability and intimacy an individual or firm may have. We explore the idea of self-interest further in our report.

Our definition of trust is therefore an amalgamation of cognitive, emotive and credible characteristics, all of which matter depending on the context, the consumer, and the expected outcomes.

Understanding the barriers to trust

Establishing why people don't receive advice:

There are 13 million people in the UK that have money to invest and should seek advice but are not (Boring Money, 2024). We know that a lack of trust in the industry is a contributing factor as to why these individuals are not taking a leap to get financial advice, with 24% of consumers surveyed as part of the Langcat's Advice Gap 2025 report citing lack of trust in financial advisers.

The barriers to trust in wealth management are complex and multifaceted (FCA Financial Lives Survey, 2024):

Perception of exclusivity

Perception that the industry is only for older individuals with significant investable assets

Opacity and complexity

Opacity and complexity in pricing and communication undermine perceived fairness

Lack of tangible value and benefits

Inconsistent delivery of service and failure to evidence tangible value and benefits weaken belief in adviser reliability

Negative media coverage

Frequent reporting on industry scandals, mis-selling, regulatory breaches and high-profile failures reinforces public cynicism

Digital scepticsim

Digital scepticism particularly regarding AI-assisted advice suggests that technical innovation without transparency and explainability, may exacerbate rather than resolve trust issues

Our primary research notes that those who haven't received financial advice don't trust that the industry will consistently act in their best interest. This lack of trust points to what we see as deep-rooted barriers that result in an absence of credibility, perceived industry self-interest and value transparency rather than simply lack of need.

THE ADVICE LANDSCAPE

Who do we attract?

It is interesting to learn that from the sample of 662 individuals who took part in our 2025 PIMFA Survey, 52% of respondents have received financial advice whilst 48% have never received financial advice: strikingly then, individuals are just as likely to have never engaged with a financial adviser as those who have and more starkly these survey respondents seem to be more engaged in financial advice than the wider UK public. The survey under-reports the UK's financial advice gap problem as found in our secondary research. The Financial Services Compensation Scheme (FSCS, 2023) found that 64% of UK adults with savings, investments or a mortgage have not sought regulated financial advice in the past five years. This reinforces our primary finding that half of the survey respondents have never received advice and highlights the sector's ongoing challenge to engage mainstream consumers.

The Lang Cat *"Advice Gap 2025"* study (2025, p.4) goes further and shows that only 9% of UK adults have paid for advice in the last 2 years vs 91% who haven't.

With so many UK consumers unengaged with financial advice, this presents the industry with a challenge but also an opportunity to seek to build trust and demonstrate value to expand the reach of professional financial advice.

The realisation that a large number of survey respondents haven't received advice suggests a significant cohort of consumers may be either unconvinced of the benefits of financial advice, wary of the industry, or unsure where to start.

Findings from the Financial Conduct Authority's *"Financial Lives 2024"* (FCA, 2024, p.90) survey chimes with our insights: only 39% of adults express confidence in the UK financial-services industry, and just 36% agree that firms are honest and transparent. These figures point towards a deep-seated trust deficit that limits engagement.

As noted earlier in our research, trust appears to be twice as high for those who have received financial advice versus those who haven't. So, if we as an industry actively consider targeting consumers outside of the current addressable market, we see strong latent potential to boost trust and deliver growth.

By demographics, as you might expect, our survey data shows that higher income households are more willing to seek out advice than lower income households and similarly we find that based upon investable assets, wealthier households are more likely to have sought out financial advice. However, you might be surprised to learn that 40% of households earning over £100,000 per year have never received advice, and 19% of households with investable assets exceeding £500,000 have also never sought such advice. These statistics point towards a large unengaged set of consumer groups that we would expect to be highly targeted by the industry. For firms, the business case for offering financial advice to such consumer groups should be easier to justify. Meanwhile, for prospective clients, the value to cost ratio for seeking out advice should be easier to comprehend. This, therefore, points towards trust barriers preventing the financial advice industry from achieving greater growth potential even amongst those client segments traditionally considered as lower hanging fruit.

Yet, for us the most unexpected result was how age demographics seem to impact those who have received financial advice versus those who haven't. By age, we find that 59% of adults aged 18-44 have received financial advice versus only 46% of adults aged 45+. This seems most counterintuitive to what you might expect. Younger people are likely to have lower incomes and lower investable asset bases, and yet they appear to show a greater willingness to engage with the financial advice industry.

Not only that, but when we dug deeper into the survey data, we found that adults aged 18-44 were twice (27%) as willing to pay for advice when needed vs. those aged 45+ (13%).This shows that younger individuals not only have a stronger intent to engage with the financial advice industry but that they also have a greater willingness to pay for the advice. They seem to show a greater openness to consider the intangible value of financial advice. We think this presents an exciting growth angle for the industry to grapple with – trust the data - try targeting financial advice to younger individuals!

How do we attract?

Human trust, at its most basic level, can be distilled down into the willingness of one individual to put themselves in a position of vulnerability with another individual based upon the expectation of a positive benefit. By being open, we are seeking to learn from or benefit from the other individual's knowledge and experience, actions or behaviours.

When we were conducting secondary research around the types of ways in which we trust, we came across two main categories: cognitive trust and affective trust. Cognitive trust is considered the rational assessment of competence i.e. does an adviser have the right skills and knowledge. Conversely, affective trust is an emotional assessment i.e. does an adviser connect well with me; do they understand my needs, circumstances, likes and dislikes.

For the financial industry, we wanted to evaluate if people trust with their head (cognitive) or their heart (affective) when it comes to seeking out financial advice. We asked survey respondents to determine the importance of various financial adviser qualities linked to cognitive or affective trust. Moreover, in order to see if there were perception differences between those who had received advice and those who hadn't we looked at the responses separately to see if trust may need to be built differently for the two sub-groups.

For those who have received advice, the single most important factor identified was for an adviser to have

> By age, we find that 59% of adults aged 18-44 have received financial advice versus only 46% of adults aged 45+.

the appropriate skills and knowledge. This suggests those who have had advice previously, firstly, seek out a high level of cognitive trust. Financial advisers and planners would do well, therefore, to demonstrate an understanding of a person's situation and contextualise this with their knowledge base to make it relevant. The next important factor identified was for advisers to explain things clearly. No doubt then, for an industry awash with technical jargon and countless acronyms, it is clearly important and valuable to enhance trust by keeping advice simple, understandable (jargon-free), and actionable.

Thirdly, individuals wanted to have confidence in an adviser's decision making. This again points towards cognitive trust as there is an implied element of evaluation through reinforcement learning. You gain or lose confidence over time with an adviser by observing the outcome following their advice. This underscores how individuals view trust as a dynamic relationship not a static one.

In our secondary research, we came across Brené Brown's Marble Jar analogy, a metaphorical representation of building trust. Positive actions add marbles to the jar while negative actions remove them. A full jar means you can trust someone whilst leaving yourself in a position of vulnerability. We could augment this metaphor for the financial adviser setting by assuming each marble added to the jar helps an individual move closer to their long-term financial goals. Trust the marbles: with each marble added, an individual is more willing to increase their financial vulnerability to the adviser.

Our survey data showed that for those who have received financial advice, it was cognitive trust metrics such as 'my adviser having the appropriate skills and knowledge' (very important classification of 64%) that overshadowed signs of affective trust such as: 'an adviser understanding my values and beliefs' (very important classification of 46%) or 'caring about me as a person' (very important classification of 43%).

For those individuals who haven't received financial advice, it was once again cognitive trust that outshone affective trust. The single most important factor remained for an adviser to have the appropriate skills and knowledge (very important classification of 64% and important classification of 85%).

What changed slightly was that the next most cited important factor was for an adviser to *'help me deliver on my financial goals'* (important classification of 85%) This subtle difference in ranking for those outside of the financial advice space suggests a greater focus is needed on the outcome. This is where we think trust really matters because it helps support and unlock the intangible value of financial advice.

After that, confidence in an adviser's decision making (important classification of 84%) and clear advice (important classification of 84%) both once again resonated strongly.

The evidence from industry supports the cognitive-versus-affective trust distinction observed in our primary data. The SJP "Real Life Advice Report" (2024, p. 3-4) identifies "trust" (39%), "understanding my financial situation" (34%), and "helping me meet long-term goals" (29%) as the top reasons clients choose for retaining their adviser.

This supports the finding that attraction is anchored first in cognitive trust - clients' rational assessment of competence and clarity before affective trust (emotional connection) becomes relevant. Consumers also want clear, jargon-free explanations, proof of expertise, and evidence that the adviser can deliver tangible financial outcomes.

How do we retain?

As an industry, we retain clients by bringing them through the door, demonstrating the high level of knowledge and skill in the industry, and ultimately helping them add marbles to their financial goals jar.

For those survey respondents who had received advice, we wanted to understand how their experiences of financial advice had been versus their expectations. What we found was a high level of customer satisfaction:

- Clarity scored strongly; 93% of clients found advice was easy to understand and jargon free.
- Relevancy similarly scored well with 92% of clients feeling as though advice was suitably tailored to their personal financial situation
- And, 90% of clients felt as though advice had been aligned to their personal views and values.

The survey indicated to us, that the industry is actually doing a good job in providing advice to those who are engaged.

What is more stark is that financial advice appears to be crucial for driving investment behaviour. Our data showed a stark difference between:

- Investors: 69% have received financial advice.
- Non-Investors: Only 23% have received financial advice.

The wide gap highlights that individuals who receive advice are more than three times as likely to be actively investing. Since the compounding benefits of investing take time to materialise, early access to financial advice should help clients secure their long-term financial future. This is an important part of the intangible value concept inherent in financial trust.

Secondary research broadly supports the primary research finding that satisfaction levels among advised clients are high, but that gaps remain in delivery consistency and intergenerational continuity.

The International Adviser "Advice Retention" study (2024) revealed that almost two-thirds of clients have never switched their adviser, with loyalty driven by advisers' support through major life events such as home purchase, divorce or bereavement. This reinforces the idea that trust deepens when advice demonstrably adds value to personal milestones.

Finally, Investopedia's (2025) global review of adviser attrition drivers identifies the top reasons clients leave as: poor communication, high fees, and lack of personalisation. These findings align with the primary survey results that valued "relevant advice", "alignment with personal goals", and "good value for cost."

Together, these studies demonstrate that retention is not only about the quality of the service but also about maintaining cognitive and affective trust over time through consistent communication, demonstrable outcomes, and adapting advice as clients' life circumstances change.

Creating a UK Culture of Thriving Financial Health

TRUST - EARNT OR ERODED?

Impact of age on trust

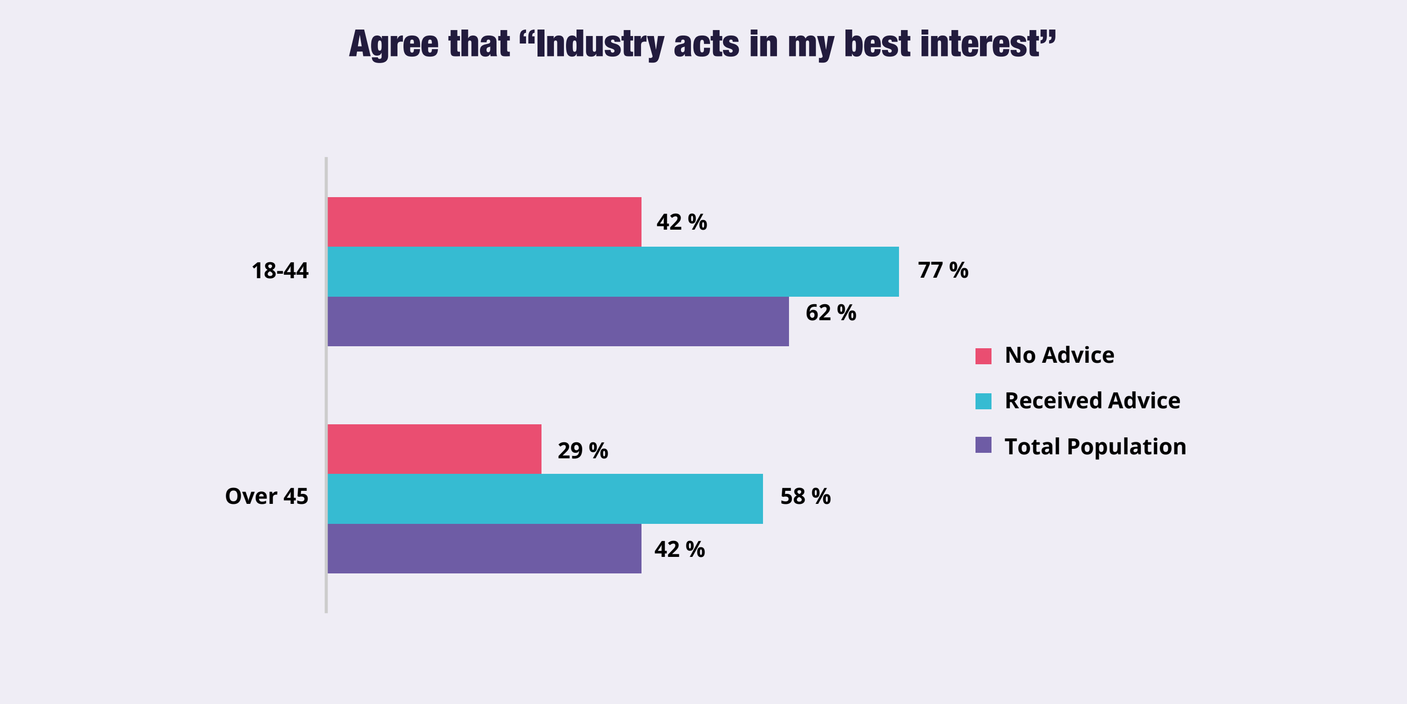
Is age a factor in trust of the industry? It certainly seems so. During our primary research, participants were asked how much they agree with the following statement *"I believe that the financial advice industry will consistently act in my best interests"*. This question, we believe, represents whether an individual trusts that the industry is looking out for them, similar to how we believe our most trusted family members or close friends would do.

What we identified was a noticeable trend in the age area of the demographics. 62% of those under 45 agreed with the statement, however this significantly dropped to 42% for individuals over 45.

We considered whether this was potentially being skewed by the fact that those older tend to have advice, so we investigated the same question but split respondents into two groups; those who had experience with financial advice and those who hadn't.

The trend remained the same; 77% of those who had experienced financial advice and are under 45 agreed with the statement, however this dropped to 58% for those over 45. Whilst 42% of individuals who had never experienced financial advice under 45 agreed with the statement, this again dropped to 29% for the over 45 category.

This draws us to two key conclusions. Those who have experienced the industry are more trusting of it. But crucially, that the older an individual gets - regardless of whether they have experienced it or not - they become less trusting of the industry. Therefore meaning that 'trust' becomes a bigger barrier to attracting new clients the older an individual becomes. This is a particular challenge given that we know that the age individuals are becoming wealthier is increasing.



Why is this age group important?

Trust Barriers in Financial Advice Among Over 45s

Recent research from the Lang Cat's Advice Gap 2025 report, based on a YouGov survey of 2,045 UK adults, reveals that 27% of people aged over 45 cite lack of trust in financial advisers as a key reason for not seeking advice. This figure is notably higher than the 24% average across all age groups. Additionally, 29% of 45–54-year-olds say they're unsure where to find a good adviser, a concern closely tied to trust and transparency. This scepticism among older clients is rooted in past financial crises — such as the 2008 global financial crash, the dotcom bust, and credit crunch — which eroded confidence in financial institutions. Many also recall mis-selling scandals involving endowments and pensions in the 1980s and 1990s, reinforcing their caution.

Paradoxically, older individuals often accumulate significant wealth later in life, particularly in their 50s and 60s. Between 2008 and 2022, the share of UK wealth held by over-60s rose from 39% to 49%, driven by property and pension growth. Yet, this later-life increase in wealth creates higher barriers to engagement, older clients have less time to build trust and are less willing to risk poor advice.

The rise of DIY investing further complicates the landscape. While 36% of under-45s manage their finances independently, this jumps to 57% among over-45s. Many feel confident in their ability to choose financial products, with 69% of UK adults expressing trust in their own decision-making. For some, this confidence stems from distrust in advisers — preferring self-research over professional guidance.

However, when major life events occur — such as inheritance, divorce, or pension decisions — even confident DIY investors often seek professional help. Notably, 91% of those who did receive advice found it helpful, suggesting that once trust is established, perceptions can shift positively.

Building trust early is key. Clients who begin working with advisers in their 20s or 30s often develop long-term relationships that foster loyalty and resilience through market fluctuations and critical life events. Conversely, trying to win over clients aged 45+ means overcoming entrenched scepticism and habits.

If crises or scandals undermine trust, how might AI handle mistakes versus humans?

Clearly market bubbles and busts have left lasting trust wounds. So, faced with "AI Bubble" headlines and all the potential promise (and hype) around artificial intelligence (AI), we felt it necessary to briefly investigate potential trust risks between humans and AI in instances where mistakes are made.

Initially, we stumbled across research from Stower et al. (2024) that reported young children aged 3 to 6 years old appeared more willing to trust a robot than a human. However, what the study really uncovered was that children view robot and human mistakes differently.

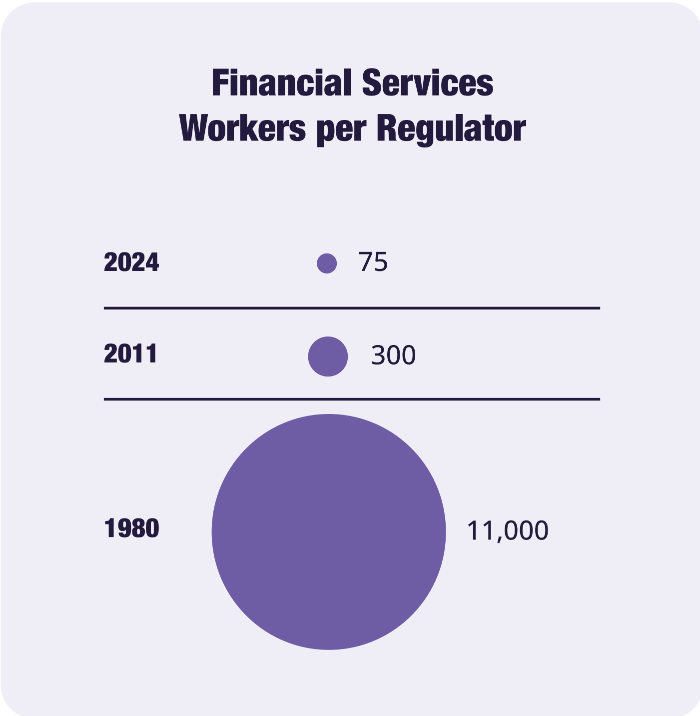
Their work corroborates with research by César A. Hidalgo (2024) who argues "People judge humans by their intention and machines by their outcomes". Hidalgo's work shows with machines or AI we look to evaluate technology only on its outcome. Whereas, for humans we look to evaluate both the outcome and the perceived intention.

Humans can demonstrate empathy, emotional awareness and understanding and we are able to frame and contextualise decision making. When other people make mistakes we tend to be more forgiving because we understand how easy it can be to make mistakes ourselves. Overall, we appear more aware of the limitations of people versus machines and we are willing to listen and forgive if the intentions were sincere.

This seems to be hardwired into us. A study by Montag et al. (2023) used MRI scans to assess brain activity of 90 healthy participants to see how their brains responded to trust assessments between humans and AI products. What they found was that trust in humans and AI isn't linked. Human based trust results in more activity in the pre-frontal cortex. Meanwhile, AI based trust didn't show any clear link to brain structure. The study implies that human based trust looks to be influenced by how the brain has evolved whereas AI based trust is more of a learned experience from exposure.

Evidence also shows that humans hold machines to a higher level of account. A study at Bispebjerg-Frederiksberg University Hospital in Denmark (Lenskjold, 2023) found that experienced clinicians felt the acceptable error rate for an AI algorithm should be c. 7% whilst the equivalent error rate for a human should be c. 11%. Again, it was suggested the lack of social capital and likeability versus a human counterpart resulted in higher expectations and a lower level of forgiveness.

Therefore, within the financial advice setting, we think this shows AI should supplement the adviser but humans should remain front and centre of the relationship; to first establish and then build meaningful trust over time.



INDUSTRY PERCEPTION

Regulator

Modern societies function and exist on the broad understanding of a common set of rules. Regulation, the framework for such rules, is a part of life and is something you come to expect in a developed economy.

It is something that has evolved over time, and perhaps unsurprisingly given our earlier findings on how damaging poor experiences can be, the level of financial regulation in the UK has increased dramatically over the last few decades. In 1980 there was one financial regulator for every 11,000 financial services workers. Fast forward to 2024, there is one regulator for every 75 workers (Clougherty & Colville, 2024). This is an increase of 146 times.

Given the dramatic and material increase in regulation – it begs the question of how this impacts our industry.

Role of the regulator

Regulation exists to address the imbalance that can arise between private and public interests. It is used to promote fair competition, or to overcome asymmetric information. It serves an important and valid role in maintaining effective markets.

Specifically, the FCA outline their mission statement as:

1. protecting consumers
2. enhancing the integrity of the UK financial system
3. promoting competition

This is a perfectly respectable and unsurprising set of objectives. It is broadly consistent with other countries, the US Securities and Exchange Commission's (SEC) mission statement is "protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation", for example.

This year, the FCA has set a new 5-year strategy – 2025 to 2030. Their objectives are to deepen trust, rebalance risk, support growth, and improve lives. Again, all perfectly respectable objectives.

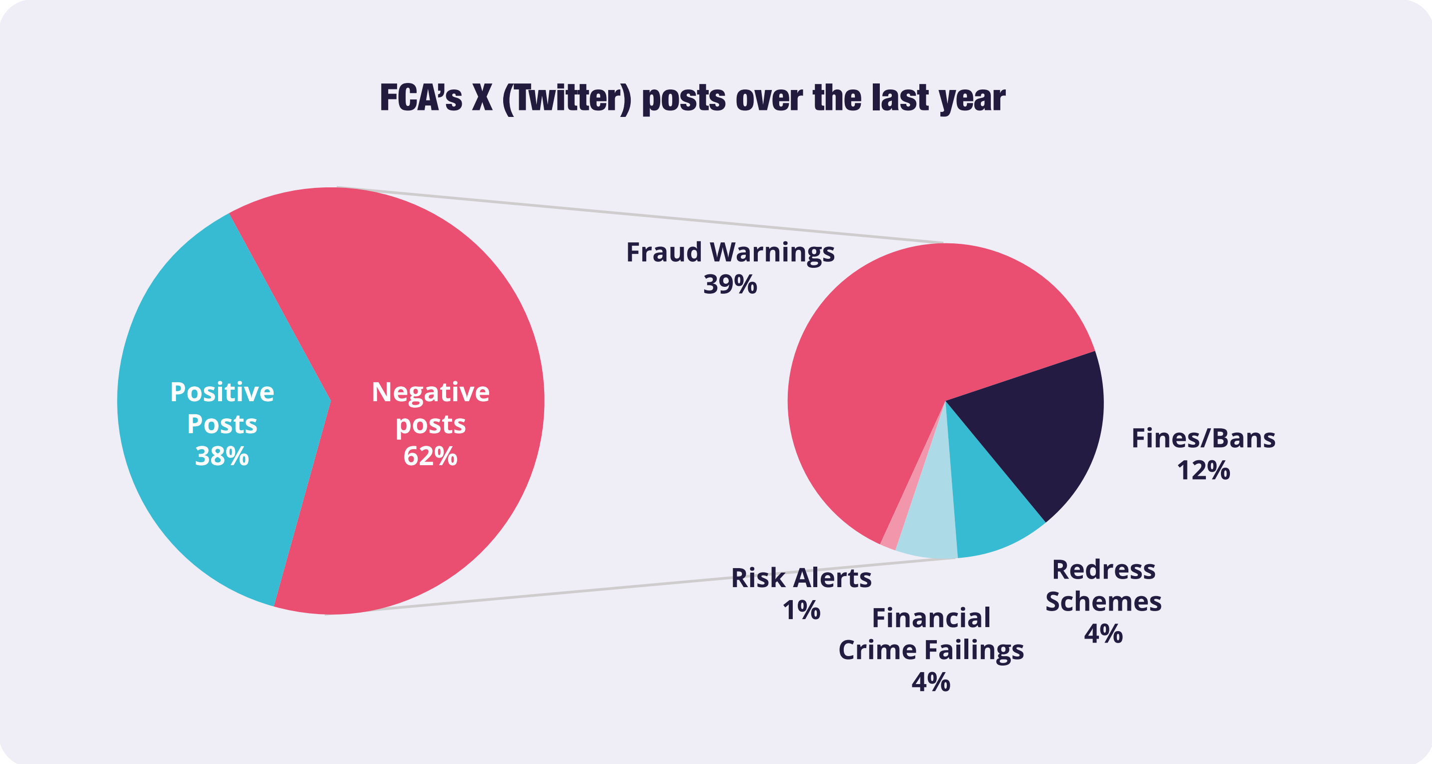
However, there isn't much by way of detail about exactly how they might deepen trust. Let's revisit the trust equation we shared earlier.

$$\textit{Trustworthiness} = \frac{\textit{Credibility X Rebilability X Intimacy}}{\textit{Self Interest}}$$

Trust is positively influenced through credibility, reliability and intimacy. Yet it is negatively influenced by self-interest. In the 'Bad is Stronger than Good' work by Baumeister, Bratslavsky, Finkenauer, & Vohs, they argue that bad experiences, events and emotions have a deeper psychological impact than good ones. As such, perceived self interest particularly impacts trustworthiness.

The first priority of the FCA is to protect consumers. This is clearly an incredibly important objective, and consumers absolutely should feel protected given the importance of the industry. However, there is a subtext to this objective. It suggests that without the FCA, consumers would be exposed to a raft of bad actors with their own self interests. How the FCA delivers this message of protection is of significant importance - the language used and content shared can have meaningful ramifications on trust in the industry.

We analysed X (formerly Twitter) posts made from the FCA's official account over the last year. On average they post 1-2 times per day, meaning over the course of the year there are roughly 500 posts. We found that of these posts, 62% were negative, drawing attention to warnings, risks, fines and failings. Only 38% were regarded as positive posts, promoting growth, education or achievements.



If the FCA really cares about deepening trust in financial institutions, they need to think very carefully about their messaging. Constant negative messaging about the industry creates a self-interested rhetoric, which hugely undermines trust. Instead, the FCA should focus their narrative on the importance of the industry, and how because of them we are an industry that is credible and reliable.

What about intimacy or emotional connection, how does regulation influence this?...

Regulation vs reputation

In years gone by corporations relied heavily on their reputations – "my word is my bond", for example. Reputations take years to establish but moments to unravel. It isn't something you can fake or manufacture and as such consumers put huge significance on it.

But industries can't rely on reputation alone. Alan Greenspan, who served as Chairman of the Federal Reserve between 1987 and 2006, was an active proponent of de-regulation and easy-monetary policy.

"Reputation, in an unregulated economy, is a major competitive tool. ... Left to their own devices, it is alleged, businessmen would attempt to sell unsafe food and drugs, fraudulent securities, and shoddy buildings ... but it is in the self-interest of every businessman to have a reputation for honest dealings and a quality product." (Alan Greenspan, 1963, The Objectivist Newsletter)

Whilst this might work in theory, in practice it doesn't. Lack of perfect competition or information, and self-interests can result in gross malpractices. This is evidenced by episodes such as the Great Financial Crisis of 2008/09, a devastating period for which Greenspan is often partially blamed. Regulation is essential in moderating and addressing free-market shortcomings.

However, there is a tradeoff between regulation and competition. Taking this to one extreme, if firms were regulated to the most minute detail, there would be nothing to separate them and as such no ground on which to compete. This presents a challenge to the FCA in achieving their final objective, which is to promote competition.

This is clearly evidenced by the FCA's own Practitioner Panel Survey 2024/25, with only 59% of firms having confidence that the FCA will be able to promote effective competition, significantly lower than the confidence in their other objectives.

In the FCA's own words: *"[financial services firms] success depends on trust... And to deepen trust in financial services we must ensure the rules which govern the behaviors of those we regulate are fair and allow for open competition"* Ashley Alder, Chair, FCA.

Whilst the FCA has effective competition as a core objective, the responsibility of achieving this doesn't just sit with them, it is the responsibility of the entire financial advice sector, and it is the firms themselves that can make the biggest impact.

Over the past decade, regulation has rightly raised the bar for professionalism and client protection in financial advice — but it has also created an unintended consequence.

Many firms have become so preoccupied with avoiding missteps that they have retreated behind the language and procedures of compliance. In the pursuit of safety, firms have become indistinguishable, losing their individuality.

What began as a framework to safeguard reputation has become a mask that completely obscures it. Firms should work with the FCA to find ways to establish their own individual identities and reputations and emerging regulations in 2026 will help this.

Reputation and identity are key in improving intimacy, which in turn will improve trust.

Risk warnings and disclaimers

The findings of recent behavioural research by the University of Nottingham and Leeds (Gathergood and Quispe-Torreblanca, 2024) indicate that current regulatory risk warnings do little to support informed consumer decision-making and, in many cases, actively undermine trust in financial advice. Standardised warnings such as “the value of investments can fall as well as rise” provide no meaningful context and fail to differentiate long-term investing from short-term speculation. As a result, these statements amplify loss aversion, reinforce misconceptions about the likelihood of losses, and do not help consumers, particularly those with low financial confidence, to understand the true risk-reward balance. This dynamic contributes to persistent under-investment, with many individuals defaulting to cash not because of rational financial planning, but because they distrust the information presented to them.

Critically, the same research shows that when risk messaging is reframed to include clear, contextual information, such as the historical likelihood of long-term returns or the principles of diversification and drip-feeding, consumer behaviour shifts significantly. Investment levels increase, especially among groups traditionally more risk-averse, illustrating that consumers are not inherently unwilling to invest; rather, they lack confidence in the existing communication framework. These findings suggest that current risk warnings, as mandated by the regulator and deployed across the industry, are counterproductive. By focusing solely on potential loss without transparent context, they contribute to the broader trust deficit that continues to hinder growth across the financial advice industry. Regulation on this is currently being developed.

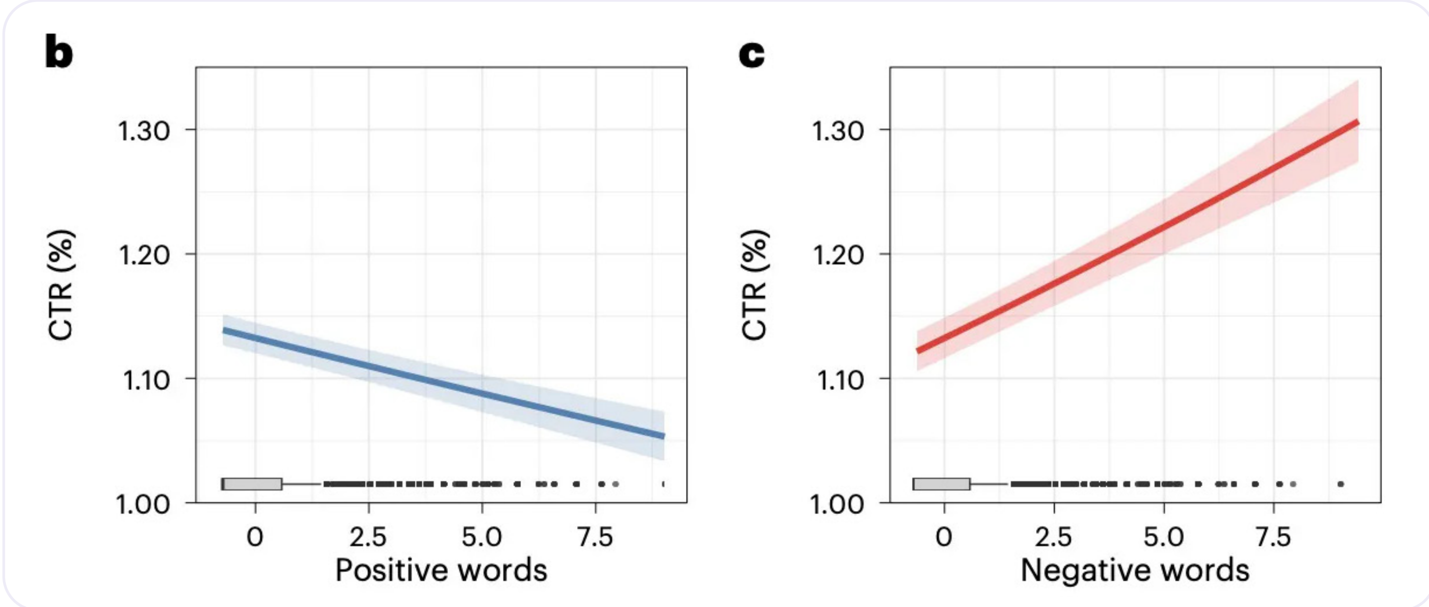
Role of the media

The media also plays a significant role in shaping the consumer’s perception of trust in the industry.

As previously mentioned, bad experiences, events and emotions have a deeper psychological impact than good ones. From a cognitive perspective, the availability heuristic bias notes that the consumer’s repeated exposure to negative news incorrectly categorises this as frequent and imminent (Tversky & Kahneman, 1973). Confirmation bias further states that individuals seek bad stories that validate their pre-existing views that the world is dominated by crisis (Nickerson, 1998). More recently, the attention economy we now live in (monetising consumer engagement) requires sensationalism in what is an extremely competitive media landscape.

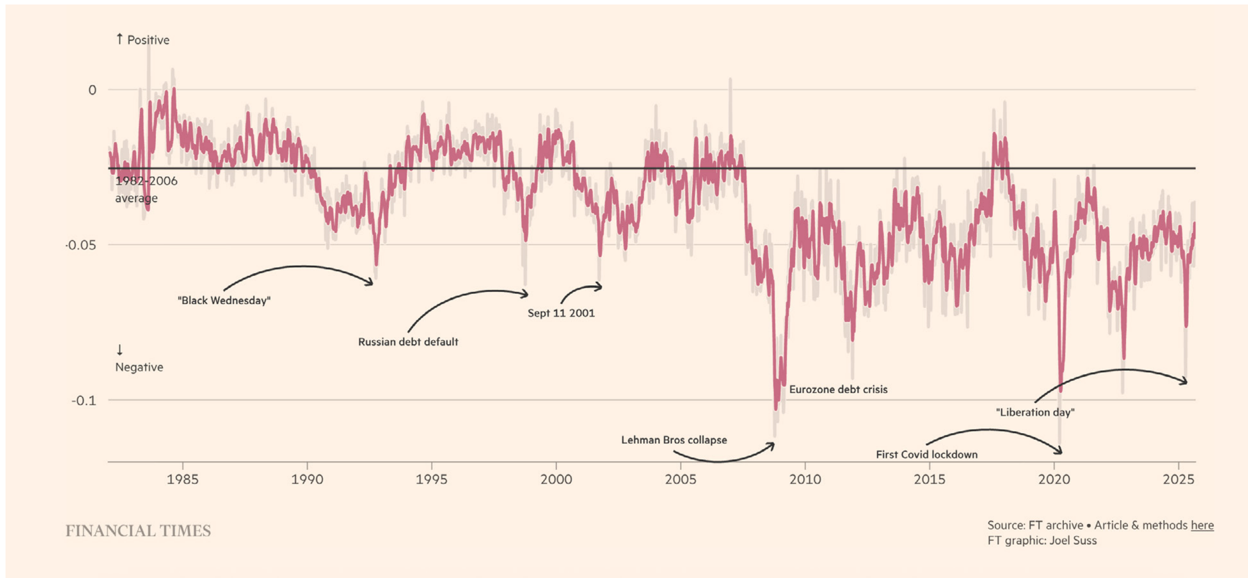
This feeds the idea that bad news sells, there is an underlying demand for bad actor stories and scandals. Headlines continuously demonstrate the ongoing fight between good and bad and there is a desire within the media to uncover the newest, latest scandal to feed this narrative.

Negativity drives online news consumption. Research by Robertson, Pröllochs and Schwarzenegger et al (Robertson, Pröllochs and Schwarzenegger et al, 2023) explored the effect of positive and negative words in news headlines on the click-rate retention (CTR). The chart below shows that the use of negative words in a headline increases the tendency of users to click on a news story. Conversely, the more positive words used in a headline, the less likely readers will access the story.



We see this within the financial services industry.

The Financial Times reviewed their own articles over the last 40 years creating the macro mood chart below (Suss, 2025). It not only shows that the tone of their articles are overwhelmingly negative (below 0 on the mood score), but that the 2008-2009 financial crisis marked a significant shift in financial journalism as the sentiment in articles since then has struggled to breach the 1982-2006 average displayed by the black line.



The financial crisis has had a deeper, longer lasting effect than we perhaps appreciate and the impact of this has shifted the consumer's perception of trust in our industry in a few ways:

- Self-interest

  Looking back at the Trust Equation, the media's sentiment perpetuates the idea of self interest and a lack of trustworthiness in our industry. The focus on the bad cements the idea that no matter how 'good' the industry can be, all it takes is one bad actor, event or scandal to negate the trust we may have built with the consumer over the years. Long term exposure to negative stories creates a predisposition that financial institutions cannot be trusted, fostering cynicism and disengagement which hinders growth in the industry.

- Age

  As we have seen earlier in the report, the primary research shows that age matters. Those around the age of 45, having witnessed the financial crisis and the negative headlines thereafter, are less trusting of the industry. Context is crucial, and we should be aware of the scars that this age group has compared to others.

- Finfluencers

  Whilst traditional journalism has impacted a certain cohort of the consumer, it is interesting to see how the rise of social media has impacted younger generations, changing our thinking of how trust is built. Financial influencers are using social platforms to share financial advice and breakdown planning, investing and wealth generation into engaging bite-sized content. According to the FCA, nearly two-thirds of 18 to 29-year olds follow social media influencers, 74% of those said they trusted their advice and 9 in 10 young followers have been encouraged to change their financial behaviour (Financial Conduct Authority, 2024).

  The worry is that not all of the content online is accurate and suitable which can harm the end consumer.

  Our industry also loses the credibility we have built as younger generations are choosing to first seek and ultimately trust advice from these social media platforms.

So what can we do about this?

We know negativity is psychologically powerful, but so is trust.

Before younger age groups are influenced too heavily by the media, we should engage them earlier in their financial journey as they are more trusting of the industry (as our primary research shows) and can work with a financial adviser through market events, ultimately minimising the impact of bad news/scandals.

We focus on promoting the good, that our industry is credible, reliable and intimate. We should do this over and over again to maintain the trust that we have earned.

RECOMMENDATIONS

We believe the financial advice industry is at a pivotal point to build, and in some cases rebuild, trust. Smarter regulation, digital innovation and a more empowering consumer-focused narrative can all contribute to narrowing the advice gap.

To enable this shift, our research highlights several priority areas that can help restore trust and drive sustainable growth across the industry.

1. Develop trust frameworks

- As noted earlier, trust is complex to define and measure. However, using the Trust Equation (Credibility, Reliability, Intimacy and Self-Interest) helps break it into actionable components. Firms should set clear strategies and KPIs to strengthen the first three elements while actively fostering a culture that minimises self-interest. Individual KPIs and remuneration should also be tied to these pillars.

- With a defined framework for assessing and improving trust, firms should then gather client feedback. This will reveal where they are strongest or weakest within the Trust Equation and enable targeted investment to address these gaps.

2. Attract and retain from a younger age (Under 45s)

As we have seen from the report, trust in financial advice declines significantly after age 45, from 62% to 42%, making early engagement critical. At the same time, people are inheriting wealth later in life, increasing the importance of building relationships with younger, more trusting individuals before they become wealthy.

Profitability concerns have previously been a barrier, but our research shows clear long-term value in introducing clients to the advice process earlier.

Firms should therefore:

- **Involve family members in the advice process.** YouGov (2024) found a third of advised clients say their adviser doesn't involve spouses or family and only 11% wouldn't want their family to continue with the same adviser. Engaging younger family members builds familiarity and trust.
- **Provide low-cost regular engagement for under 45s**, who often believe they lack enough money to seek advice or can manage finances themselves. Demonstrating the value of advice early helps demystify the process and builds trust before significant wealth is accumulated.
- **Create an "incubator" model tailored to under 45s:** a low-cost monthly subscription that offers tools, calculators, goal-tracking and discounted adviser consultations. This keeps younger clients 'warm' until they need more detailed advice.
- **Offer low-barrier, digital-first entry points**, such as guidance tools that assess personal circumstances, with the option to pay for a one-off adviser conversation when needed.

3. Rebalance the narrative - regulator & media

- The FCA has made improving trust in the industry a stated priority. However, our research shows that its persistent focus on highlighting self-interest in the industry reinforces negative perceptions and undermines trust. If the FCA genuinely aims to strengthen trust, it should rebalance its narrative—acknowledging risks, but also promoting the industry's credibility, reliability and the positive role it plays in people's financial lives.
- Firms also share responsibility. Many hide behind layers of compliance, with excessive disclaimers and caveats that erode intimacy and ultimately weaken trust. Firms should take a more proactive stance: working collaboratively with the FCA and within new emerging regulations to build stronger individual identities and reputations, which in turn enhances trust.
- The media has a role too. While "bad news sells," coverage that focuses solely on negative stories about financial advice creates a distorted picture. Our research found that only 2% of people who sought financial advice felt it did not improve their financial position. The media should ensure this proven value is part of the narrative, not just the rare instances where advice goes wrong.

CONCLUSION

We believe that building and maintaining trust is of paramount importance to the financial advice industry for elevating growth, revitalising public perception and improving financial outcomes.

Our research confirms that a significant financial advice gap exists and this is, by and large, unfairly driven by a profound trust deficit among the unadvised public. We have evidenced that financial advice offers value and improves financial lives. Yet, widespread cynicism, particularly among older demographics impacted by past crises and repeated media negativity creates substantial barriers to engagement that become increasingly difficult to overcome.

Our core findings suggest that trust in financial advice comes down to a complex mix of primarily cognitive factors as well as affective and behavioural factors. But, trust is ultimately destroyed by perceptions of self-interest. Clients, especially those already engaged, prioritise an adviser's skills, knowledge, and ability to explain complex information clearly. Whilst, for the unadvised, a greater focus on tangible outcomes and whether an adviser will act in their best interest could help to lower potential self-interest perceptions.

To bridge the financial advice gap and cultivate lasting client relationships, the industry must adopt a multi-pronged strategy:

- **Target younger generations:** Engage individuals at a younger, more trusting age before cynicism and DIY habits become ingrained. This could be achieved through low-cost, digital-enhanced "incubator" models that demonstrate value early on.
- **Rethink regulation:** Both regulators and firms need to shift their public messaging away from negative warnings, disclaimers and caveats. Instead, turn towards a more positive focus on credibility, reliability, and the benefits of financial advice. Firms must be braver in establishing unique identities and move beyond a compliance-fear mindset that erodes intimacy and trust. Regulators need to provide sufficient space for firms to feel empowered to take risks and innovate.
- **Demonstrate tangible value:** For all demographics, the value of advice must be clearly articulated and evidenced through demonstrable positive financial outcomes and support during key life events - be a trusted partner before, during and after key life milestones to provide enduring support.
- **Consider the narrative:** We all have a shared responsibility to influence the narrative. Firms should promote their credibility and reliability to maximise the numerator section of the trust equation. Meanwhile, the media and regulators should consider how their tone of voice could inadvertently amplify the self-interested denominator of the trust equation and undermine trust.

GROUP 2

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Recommendations

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LEADING Lights FORUM

GROUP 3

Q.

AI EVOLUTION, REVOLUTION OR DEVASTATION

EXECUTIVE SUMMARY

In the financial advice industry, artificial intelligence (AI) is no longer a distant concept—it's becoming a practical tool in our daily work. If we're honest, many of us feel a mix of excitement and anxiety about what this means for our careers. There's a persistent question in the background: Will AI eventually replace us, or will it simply change the way we work? We're all curious—and sometimes apprehensive—about what the future holds.

The financial advice industry is at an inflection point. AI is rapidly improving the speed, accuracy and scalability of core processes, from onboarding and suitability assessments to portfolio monitoring and reporting, yet clients continue to prioritise human contact, trust and personalised judgement at the moments that matter most.

The prevailing narrative is that AI will be a force for good, delivering benefits for both businesses and clients. But what will that actually look like in practice? Will the impact be the same for every firm, or does the way AI is implemented make a difference? These are not just theoretical questions—they're pressing concerns for advisers, managers, and clients alike.

It was this uncertainty, and the need for a more nuanced conversation, that led us to write this report. We set out to challenge the widespread assumption that "regardless of how it's implemented, the widespread adoption of AI will provide better business and client outcomes." Our hypothesis was deliberately provocative: we aimed not to confirm it, but to test and if possible, disprove it.

By examining the realities of AI adoption across the sector, we wanted to move beyond hype and explore the real implications for people, firms, and the future of advice. Our goal is to provide a balanced, evidence-based perspective; one that acknowledges both the opportunities and the risks, and helps our industry make informed, human-centred decisions about the role of AI.

Key Findings:

Strategy & Implementation of AI in financial advice– Paramount to the success of AI adoption, the identification of the right problem and the right solution begins at this stage.

Human Intervention – Demand for human interaction remains, especially at 'moments that matter'. People value accuracy, quality of advice and trust above all which AI cannot deliver on its own. AI is a tool to augment rather than replace the adviser.

Ethics – Without a strong governance framework to underpin your AI adoption and implementation, both business and client outcomes will suffer as a result.

Opportunity – Understanding the desired outcome, identifying the right solution and deploying it for the right target market, will enable success with a specific focus on identified opportunities within the fragile decade and the wealth accumulators.

AI isn't a one size fits all solution. To achieve positive outcomes for both businesses and clients, firms must identify the AI solution that best fits their strategic vision. Businesses should look to use AI to revolutionise operations, evolve existing skillsets and avoid actions that could lead the industry into devastation.

INTRODUCTION

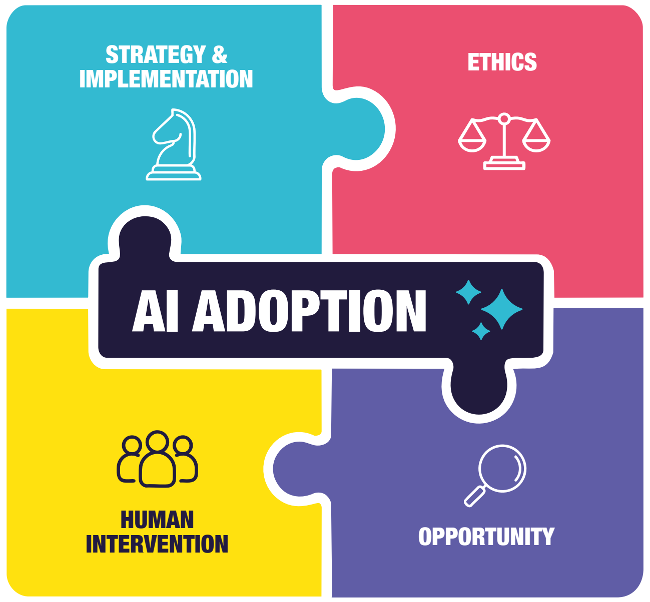
AI is the new buzzword. Everyone is talking about it and there is no getting away from it, it is here to stay. This can be puzzling for wealth management and financial advice firms as they have been built on credible human to human relationships from generation to generation. Now, AI is challenging how these relationships are created, developed and managed. In a world where businesses are racing to raise the flag of AI Adoption, we believe that a thorough understanding of your business strategy must be established before any implementation can even be considered – for both positive client and business outcomes.

Our research confirmed our suspicions, in reference to the correlation between the various age demographics and their appetite towards AI. However, we have uncovered a potential opportunity which you can capitalise on, should you be clear on your strategy first.

This report will cover both outcome angles, concentrating on four key components and their considerations: Strategy & implementation, Ethics, Human Intervention and the Opportunity. You must collect all these pieces of the jigsaw puzzle to solve the right problem with the right solution, before raising that AI adoption flag.

Research Approach:

The report aims to challenge the assumption that AI adoption will be a force for good for both businesses and clients irrespective of implementation. The purpose of our research questions was to evaluate what people



value when it comes to advice and how ready they are to embrace AI as part of their advice relationships, particularly the generational stereotypes around technology. We sought external validation from an existing financial advice AI provider (SaturnAI) to see first-hand how a market leader implements their AI technology within firms successfully. Four common themes came out from our research, formulating the basis of the following report. The report disproves the hypothesis and demonstrates that the adoption and implementation of AI in financial advice does not lead to binary outcomes.

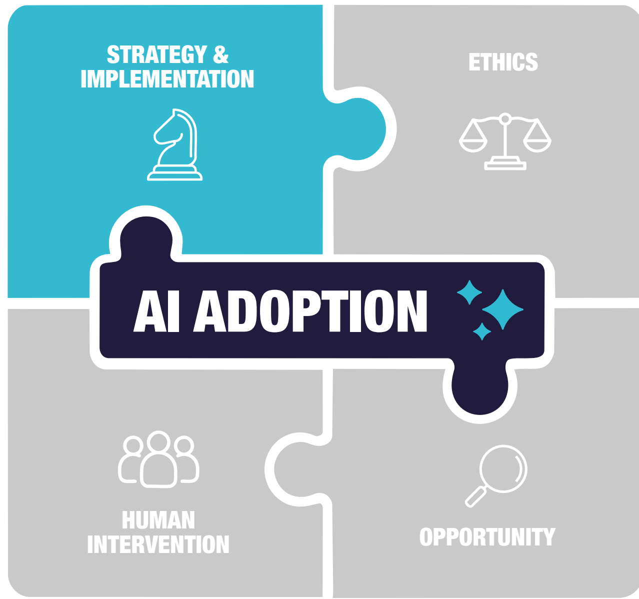
STRATEGY & IMPLEMENTATION

As AI infiltrates financial advice, more and more businesses are embracing its capabilities to create efficiencies, grow their business, reduce cost and do some of the heavy lifting of those laborious tasks. Whilst those benefits are very attractive, they can only be achieved with careful strategy planning and a well thought out implementation plan to ensure the **right problem** is being solved with the **right solution.**

"Adopting AI isn't just about deploying technology but reshaping your organisation's business model and aligning its culture, goals and resources. No matter what you hope to optimise, recognise that implementing AI is a long-term strategy – not a quick fix." (Gibson, 2024)

Strategy and Implementation are key pillars for successful adoption of AI into financial advice. Research suggests (MIT NANDA, 2025), that **95% of generative AI pilots at companies fail**; 'For industries like wealth management, where precision and trust are paramount, that failure rate underscores a hard truth: **AI for the sake of AI will not deliver results.**' (Vrgl Wealth, 2025)

Successful AI integration requires careful attention to regulatory and ethical considerations. UK regulators, including the Financial Conduct Authority (FCA) and the Bank of England, emphasise a principles-based, technology-agnostic approach. Firms must ensure transparency, fairness, and accountability in AI adoption, with robust governance frameworks and human oversight.



To effectively adopt AI, financial advice firms should:

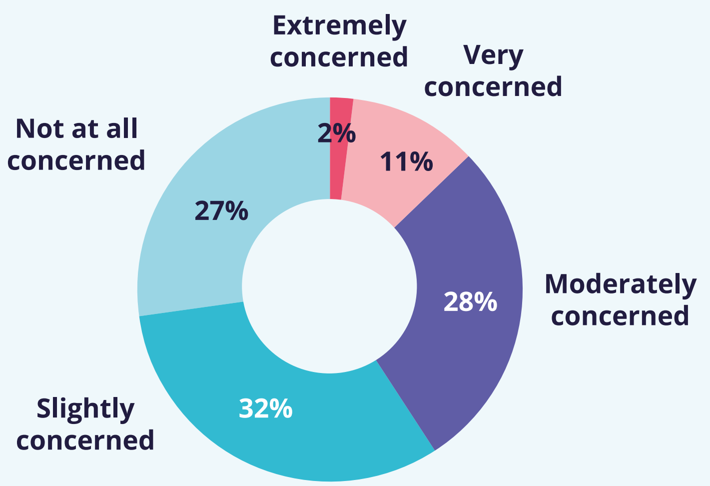
1. **Develop a Strategic AI Roadmap:** Align AI initiatives with business objectives and client needs.
2. **Invest in Workforce Development:** Equip staff with the skills and knowledge to leverage AI technology effectively
3. **Engage with Regulatory Bodies:** Maintain compliance and foster trust through proactive dialogue and adherence to guidelines.
4. **Pilot AI Solutions:** Test AI applications in targeted areas to evaluate impact and scalability.

We all recognise that AI is here to stay, with the 2024 FCA survey finding that 75% of firms were already using AI and 10% looking to do so within the next three years (FCA, 2024). Before adopting AI, first a business must define its strategy, covering goals and objectives over the short, medium and long term. Goals can vary from doubling assets in 5 years, to improving the customer journey and NPS scores, to many more. Organisations must be clear on the end goal and the problem that is trying to be solved with AI implementation. Begin with what you want the outcome to be and work backwards – it is as simple as that. Thinking about short term gains versus long term outcomes is also key, considering how the AI adoption aids longevity and whether AI is the right answer. If not, firms risk identifying the **wrong** problem, and implementing the **wrong** solution, which can and will be detrimental to its success.

'Too often, companies prioritise novelty over usability. They launch pilots that look impressive but collapse under real-world complexity. Without structured preprocessing, compliance checks, and human validation, results become unreliable. And unreliable tools do not get adopted.

In wealth management, where advisors depend on accurate data to earn trust and close new clients, unreliable AI does more than fail. It damages relationships and makes client acquisition and retention harder.' (VRGL Wealth, 2025)

How concerned are you about AI replacing aspects of your role as a financial advisor within the next five years?



Source: Financial Planning's July Finiancial Advisor Confidence Outlook (FACO)

Once clear goals have been established, firms may undertake exercises such as a 'SWOT analysis (Strengths, Weaknesses, Opportunities and Threats)' to gain valuable insight and understanding of their business, whereby problems are often uncovered which are detrimental to progress. These may include but not limited to; inefficiencies in process, highlight time-consuming customer and back-office tasks, and difficult, complex MI production issues.

Engagement and buy in across all key stakeholder groups will be imperative to ensure successful implementation and adoption, especially where research suggests that 'around 4 in 10 advisers are concerned about AI replacing aspects of their role' (Burgess, R. 2025). Transparency, engagement and open communication will be key in ensuring that colleagues, advisers and clients are bought into any AI implementations.

Firms must also consider how their AI strategy aligns with business model and business risk appetite. AI adoption will expand the risk landscape for firms and is an additional factor for consideration against key risk exposures such as Financial Crime, Cyber Security, Data Protection, security and integrity. An appropriate and proportionate control framework **must** be part of your implementation plan. It may be that your existing control frameworks are sufficient to mitigate any enhanced exposure, but firms must consider how AI adoption changes the risk landscape and adapt accordingly. Jumping in headfirst with an AI provider without considering key factors set out in this report could ultimately lead to devastation for firms and clients alike.

Firms must also consider client buy in and how clients concerns are considered. A recent survey suggests that *'87% of wealth managers affirm that artificial intelligence is pivotal to the future of their industry, a notable distrust lingers regarding the technology's reliability and efficacy'.* (Ashton, 2024). The same research suggests that a quarter of those surveyed 'doubt their client's willingness to trust AI for investment decisions'.

Perhaps the most important consideration is determining exactly what you want the AI to do for you; this is essential if firms are to successfully find the **right problem *and*** the **right solution**. For example, is the intention to save advisers time, do you want it to be making investment decisions for you, are you trying to achieve personalisation for clients at scale. Are you trying to solve an immediate problem but failing to consider return on investment or long-term integration plans? Are you delivering a tactical solution that alleviates an immediate problem but potentially adds additional complexity to your technology landscape? In the race to be seen using AI, do you want to be the Tortoise or the Hare?

Client & Business Outcomes

Organisations must also consider the desired **outcomes** of the implementation and ensure this is a key part of the defined strategy. AI does offer commercial benefits to firms if implemented successfully, with claims suggesting that AI technology could save up to 3 hours per client for a financial planner (Else, I. 2025), meaning additional clients could be taken on in that time saved. However, in a world of Consumer Duty, and with client vulnerability on the rise, now at 51% (Huntswood, 2025), does adding additional clients to your bank lead only to commercial benefits, with no enhanced outcome for clients?

Our primary research suggests that the top three reasons clients would not consider using AI when seeking financial advice are:

1. **Lack of trust** – accuracy/danger of mistakes
2. **Lack of human touch**
3. **Lack of trust –** privacy, security around data.

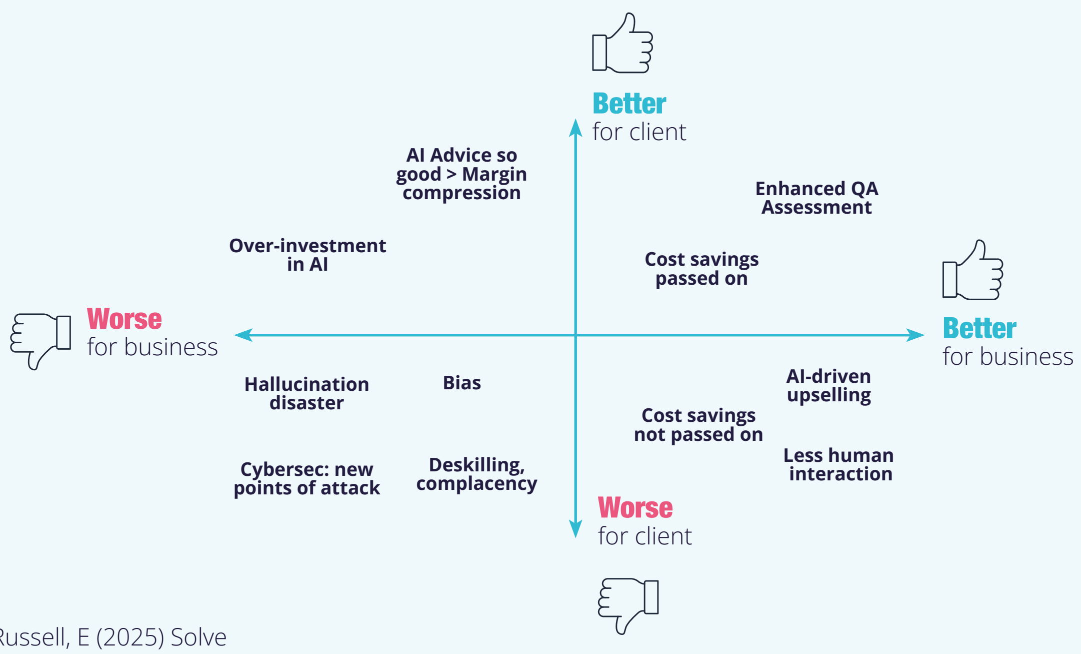
A considered and defined strategy and implementation plan, with clear and timely communication to advisers and clients, could alleviate some of the concerns with using AI as part of the advice process.

As for administrative tasks, AI technology will allow for efficiencies to be realised in back-office processes BUT firms must consider how they utilise this time saved. For example, with a client outcomes focussed strategy, advisers could use the additional time saved to;

- spend with clients who may need additional support or
- use this time to build additional relationships across family units and attempt to close the advice gap, building longevity in the relationship across generations.

With research suggesting that only 1 in 5 advised clients feel confident that their children will remain with their adviser when they inherit (Boring Money, 2025). How can firms encourage advisers to invest their saved time working to resolve some of the top issues that face our industry? The below graph summarises some of the key outcomes of AI adoption for client outcomes and business outcomes. A tough balancing act is at large, and businesses must take into account all the key considerations within this paper before implementation. Is there perhaps a happy medium where **both** positive **business outcomes** and **client outcomes** can be achieved, or will there always be tension?

Tension between business and client outcomes



Source: Russell, E (2025) Solve

Finally, the ongoing monitoring and human oversight of the AI solution will be paramount to its success. A test and learn approach with a pilot with a handful of clients/internal teams is a good place to start to minimise disruption and learn from, before full implementation and adoption. This will allow the business to carry out pre-mortems, save time, save cost and mitigate risk.

Conclusion

AI in Financial Advice is gaining momentum, and this is clearly a revolution, not evolution. AI is fundamentally changing ways of working, operations and expectations. With the right approach, firms can leverage the benefits AI can bring, and build a sustainable business, driving efficiencies and better outcomes.

We recommend that firms take a considered and phased approach to AI adoption. That starting with the end in mind and working backwards to find the right solution should lead to longevity and success. Firms should determine the appropriate mix of business and client outcomes and work to ensure that the adoption of AI is predicated on identifying the **right problem** and the **right solution.**

While AI has the potential to enhance the Financial Advice industry, its benefits are not **guaranteed** and depend heavily on responsible, strategic, and context-aware implementation. Implementation must be based on a defined strategy, with risk consideration and appropriate frameworks put in place to minimise exposure and careful consideration must be made between the trade-off of client outcomes and business outcomes, for them both to see improvements.

HUMAN INTERVENTION

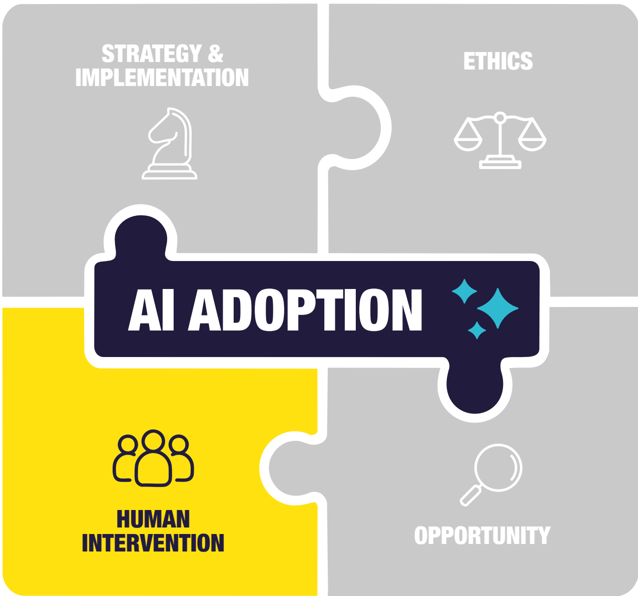
Human Intervention in Financial Advice: A Hybrid Model to Unlock Value in the Age of AI

Drawing on our research, this report argues for a deliberately hybrid model: AI as an operational and analytical co pilot that augments advisers, with humans retaining accountability for advice, empathy and complex decision making. The prize is twofold: better client outcomes and more efficient, resilient businesses. This chapter summarises the evidence, quantifies the opportunity and sets out practical recommendations for firms and policymakers.

What clients value, and why it still depends on people

Across scenarios that are high stakes or emotionally charged, clients still prefer human interaction. In our survey, 41% of respondents prefer to set up an investment face to face. Preference for in person contact is consistent across age cohorts, challenging the assumption that younger investors are uniformly digital first. Notably, only 10% of 18–24s and 17% of 55–64s indicated a preference for a hybrid model today, which suggests with the right education more clients would be willing to adopt this model. This suggests that there is more room for people to adopt this model.

When asked what they value in financial advice relationships, respondents prioritised the quality and accuracy of advice, continuity of adviser, and the ability to discuss complex matters. These are proxies for trust, which is consistently cited as the dominant determinant of channel choice. Secondary sources echo this: clients want reassurance, ethical judgement and contextual understanding, capabilities that remain distinctly human even as AI advances (O'Connor, 2025; Accenture, 2025).



Barriers to AI adoption, and how to overcome them

The top barriers to the use of AI in advice from the survey are concerns about accuracy (reported by 84% of respondents), the absence of a human touch (74%), privacy and data security (72%) and lack of understanding (59%). These concerns are remarkably consistent across age groups, underscoring that resistance is less about demographics and more about trust architecture and explainability.

However, the data also reveals nuance: a significant number of older clients are comfortable with their adviser using AI 'behind the scenes' for research, surveillance of risks (e.g., fraud), and proactive monitoring, as long as human accountability is explicit. This points to a communications challenge as much as a technology one; firms must disclose when and how AI is used, the limits of the models, and the escalation paths to a human decision maker.

What AI does well in advice firms today

Face to face time: Studies suggest advisers currently spend only around one fifth of their time in direct client interaction, with the remainder consumed by administration and coordination; targeted automation can rebalance this mix (Docupace, 2023).
Drives efficiency: AI's comparative advantages are speed, scale and pattern recognition. Natural language assistants and decisioning engines can ingest KYC/AML artefacts, summarise unstructured documentation, and pre populate suitability assessments, cutting onboarding cycle time. In portfolio management, machine learning models can triage surveillance alerts, flag drift against mandates and generate personalised but compliant reporting at scale.

In client engagement, AI can augment humans by providing real time prompts (e.g., reminders to explore protection needs or intergenerational planning), surfacing relevant life event signals from communications, and generating draft meeting notes and next step trackers. Importantly, these capabilities increase consistency and reduce omission risk without constraining professional judgement.

What humans do uniquely, and why it matters

But no matter how advanced the code—advice remains a human act:

- ***Algorithms generate answers***
- ***Advisers generate confidence***
- ***Platforms optimise portfolios***
- ***Advisers optimise lives***

- Ross Liston, CEO M&G Advice

Advisers create value in three human centred domains: (i) empathy and the management of emotion during volatile markets or life transitions; (ii) ethical and contextual judgement where client values, family dynamics or tax/legal nuances shape the 'right' answer; and (iii) trust building through continuity, candour and accountability. As several industry commentators have observed, 'soft skills are the new hard skills': differentiation will come less from knowledge asymmetry and more from relational excellence (O'Connor, 2025).
The implication is not to resist technology, but to deploy it to amplify human strengths. For example, by automating meeting preparation and follow up, advisers can increase the proportion of time spent with clients; by using AI to standardise suitability evidence, they can devote more cognitive bandwidth to scenario exploration and coaching.

The hybrid advice model: design principles

Evidence from both survey data and practitioner interviews supports a hybrid operating model in which AI handles data heavy, repeatable tasks while people lead on advice and relationship management. Five design principles emerge:

1. **"Human in the loop" by default for advice decisions:** ensure human review and sign off for recommendations and high impact client communications (FCA, 2024).
2. **Explainability and disclosures:** articulate where AI is used (e.g., risk surveillance, research synthesis), the basis of outputs, and escalation to a named contact.
3. **Bias and fairness controls:** monitor model performance across client segments; test for disparate impact and calibrate thresholds accordingly (KPMG, 2024).
4. **Data minimisation and security:** adopt purpose limitation, encryption in use/at rest, and rigorous supplier governance to address the 72% who cite privacy concerns.
5. **Augment don't replace:** target AI to free capacity for higher value human work, e.g., proactive family unit engagement to capture intergenerational wealth opportunities.

Quantifying the opportunity

Applying the above, firms can unlock measurable uplifts. If advisers reclaim even 10% of their time from administration to direct client work (from ~20% to ~30%), and if each hour of client time correlates with higher retention and deeper client relationships, the commercial impact is material. Moreover, the survey indicates clear runway for hybrid adoption with only 20% currently preferring hybrid, targeted education could plausibly double adoption over a two year horizon, particularly if firms demonstrate that AI improves accuracy and responsiveness while preserving human accountability.

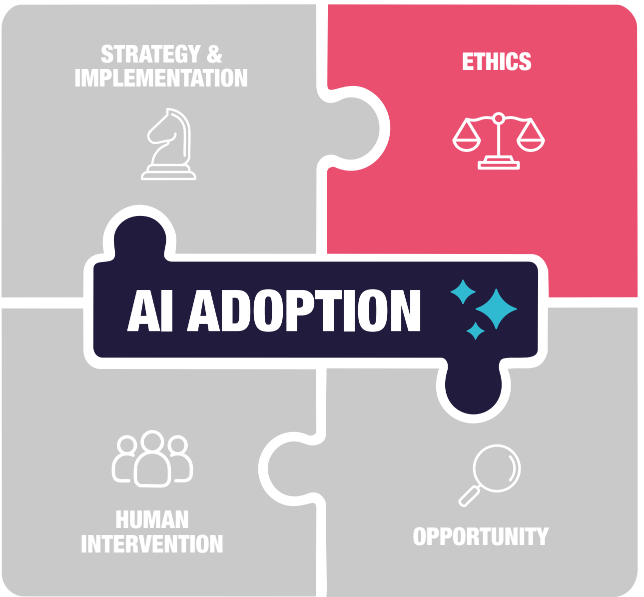
Operationally, firms deploying AI to first line Q&A, file note summarisation and risk alert triage report reductions in cycle times and exception backlogs. While exact figures vary by context, case studies commonly cite double digit percentage reductions in administrative time and error rates, alongside faster onboarding. These efficiency gains can be redeployed into relationship building activities such as multi generational reviews and vulnerability assessments.

Policy, supervision and industry standards

Regulators signal support for responsible adoption. The FCA's publications emphasize consumer protection, robust governance, and outcomes testing in AI deployments. A hybrid model aligns naturally with this stance: it preserves human accountability while leveraging automation for consistency and auditability. Industry bodies can accelerate safe adoption by promoting common taxonomies for AI use cases, standard evidence packs for suitability and vulnerability, and interoperable data standards between platforms and firms (FCA, 2024; PwC, 2024).

Conclusion

AI is reshaping the economics of advice, but the human relationship remains the decisive factor in client trust and satisfaction. The winning firms will not be those that automate the adviser, but those that automate for the adviser, using AI to raise consistency, compress lead times and surface insights, while humans deliver empathy, judgement and accountability. A transparent, wellgoverned hybrid model can expand access, improve outcomes and strengthen resilience across the industry.



ETHICS

Introduction & Executive Summary

Ethics and principles are one of the core pillars of the wealth management, planning and advice industry and must lie at the foundation of AI adoption. Ethical considerations are vital to ensure that advancement aligns with societal values, protects individual rights, and continues to build on public trust. Our research confirms that 74% of people surveyed put lack of trust in the top three reasons as to why they would not consider AI when taking financial advice.

Our research has shown us that trust is a big decider for people around the use of AI though the difference in male/female is much smaller than initially expected. 53% of men and 50% of women surveyed would consider using tools powered by AI as part of their advice process but the top three reasons for not considering AI are.

- **74% Lack of trust** – accuracy/danger of mistakes
- **64% Lack of human touch**
- **55% Lack of trust** – privacy, security around data

Building trust around the use of AI is essential for the industry to continue to thrive; people are much more likely to forgive a human for an error than AI and trust can be lost in an instance.

AI technology is only as good as the data it's trained on and without ethical oversight these systems can continue or increase existing biases leading to unfair outcomes. The need to build an ethical framework is essential for diverse and representative data.

Your framework needs to ensure transparency and accountability; it also needs to cover data privacy and integrity. Security around your AI solution is also essential. Appropriate control frameworks must be put in place to mitigate the risk exposure in line with your defined business risk appetite. Final considerations are ensuring your business continuity and disaster recovery (BCDR) plans cover your AI solutions, systems including AI can fail and firms need to be prepared.

We would note though that there is a lack of diversity of responses in the data where 82% of respondents were of a white ethnicity. We would recommend companies conduct additional research on their specific target audience or customer base.

Internal considerations should also focus on culture and ensuring transparency of AI's strategic implementation. AI discussions often centre around automation and efficiency of roles which can imply potential job loss in administrative roles. Research shows us that globally 4.7% of women's jobs are at risk of being AI automated compared to 2.4% of men. (ILO, 2025) If equality and inclusion do not form part of your AI strategy, then you could risk widening existing inequalities (Enterprise Risk, 2025).

Additional research including ACCA and CISI (2025) report on ai monitor: shining a light of ethical threats found similar findings on key ethical threats that professionals may face. They identified eight categories of ethical threats that are related to the daily work of professionals. These are:

- The Lack of fairness, non-discrimination and bias mitigation
- Inaccuracy and poor reliability
- Lack of trustworthiness and transparency
- Lack of reproducibility and consistency
- Unclear consent or data exploitation
- Lack of privacy and security productions
- Lack of quality assurance and predictability
- Inappropriate use/purpose

AI can support Consumer Duty principals by enhancing transparency, improving consumer understanding and helping firms to deliver fairer outcomes through personalised advice and compliance monitoring. AI tools can help automate customer documentation, review client data for suitability and flag any risks reducing human error and freeing advisors to focus on the relationship. Empathy and engagement being key in client relationships. If not implemented correctly AI can also detract from these principals if they lack explainability, introduce bias or manipulate consumer behaviour by using non transparent pricing strategies or dark patterns. Being over reliant on AI may erode trust, compromise on fairness and have limitations on strengthening client relations undermining the FCA's emphasis on accountability and good customer outcomes. The key lies in robust governance, ethical design and ensuring consistent human oversight to the technology serves the customer rather than exploits them.

Findings

Before implementing AI within your business, it is key to review your strategy and ensure you are using the right products for the right purpose. It needs to be incorporated into your Business Continuity and Disaster Recovery strategy and like any product should not be solely relied on. GDPR and data security need to play a large part in your review cycle to ensure that the product you are using remains secure. AI can be hacked like any other piece of software. Vulnerable clients also need to be carefully considered; how does AI allow for people who need adjustments such as hearing or sight impaired.

Implications

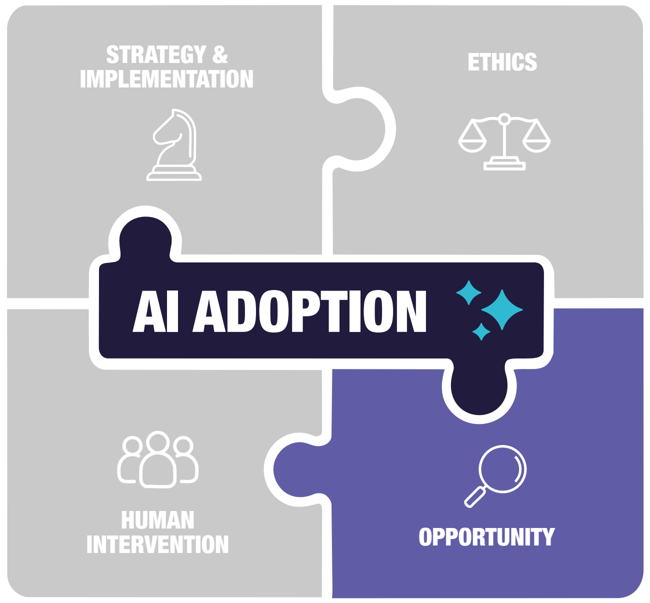
The implications of ethics in AI are wide ranging and becoming more crucial as the use of AI becomes more common place within our daily work lives. Bias in training data can lead to discrimination in offering financial advice while lack of transparency in the process can undermine accountability and trust with the public. Human oversight needs to continue to play a major part in the use of AI. Where firms use AI systems that process personal data, they will also need to consider obligations under data protection legislation, including the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. As part of ensuring the processing of personal data is fair and transparent under the UK GDPR, data controllers must provide data subjects with certain information about their processing activities, including the existence of automated decision making and profiling (Articles 13 and 14, UK GDPR).

Ethical AI must look at and address not only technical risks but larger societal impacts, including job displacement, data privacy, and the reinforcement of existing inequalities. Ethical AI demands an initiative-taking, principle-driven approach that balances innovation with responsibility, ensuring that technology serves the public good without compromising human dignity or rights.

Conclusion

Ensuring a robust ethical framework is essential before deploying AI solutions in your business. It safeguards trust, ensures compliance, and supports innovation. As AI becomes more embedded in business operations having clear ethical oversight helps prevent bias, protects personal data and maintains transparency. It is essential that you take your time and pick the right AI solution for the outcome you are looking to achieve. AI ethics goes beyond regulatory compliance; you need to ensure the client is at the centre of your AI strategy (Van Der Putten, P 2025)

AI alone won't deliver superior client or business outcomes—success depends on thoughtful planning and clear strategic alignment."



OPPORTUNITY

Introduction

The opportunity provided by utilising AI tools in financial advice is vast, with possibilities across multiple age and wealth demographics. There are benefits for both clients and businesses, including improved Consumer Duty outcomes for clients and increased productivity for businesses. Our research shows that use of both AI tools and human interaction is key for the optimum client experience and by delivering the right solution to the right problem you can capture opportunity across multiple generations. Creating the right strategy and implementing it appropriately is key to unlocking these benefits.

Typical assumptions when it comes to embracing technology and more specifically AI, are that older generations don't want to use it, but young people do. Our research shows that this assumption is wrong, and we will discuss how to use this to best navigate this digital future.

Background

The UK faces a persistent shortage of regulated advisers and high advice costs, meaning access to advice is difficult. Many in midlife (44-64) have complex needs but given the advice gap, these individuals may not be receiving the right advice or any advice for that matter. The further cements the opportunity for AI tools to bridge this gap.

The Lang Cat (2025) The Advice Gap Report shows that only 9% of the population have paid for advice in the last two years, and this has decreased from previous years. There is overwhelming research into the positive impact financial advice and planning can have on individuals' lives.

The Lang Cat also highlighted areas which could address the gap; Consumer perception, Regulation (AGBR), Recruitment and Technology:

If you could offer advice services through digital channels, would that change your customer base?

Source: The Lang Cat (2025) The Advice Gap Report

There is a general increase of AI adoption by financial advisers, though research shows there is still 31% of advisers who have yet to embrace AI technology. In addition to the opportunity of greater adoption, regardless of whether you can reach a wider market, AI is likely to improve efficiency. An adviser's time is typically consumed by admin (60%) and AdvisoryAi have reported that 71% of firms spend up to seven hours on a single suitability report and argue that artificial intelligence could be used to cut down the time spent on suitability reports. Leaving more time for advisers to focus on either more time with clients or more clients.

Generational opportunities

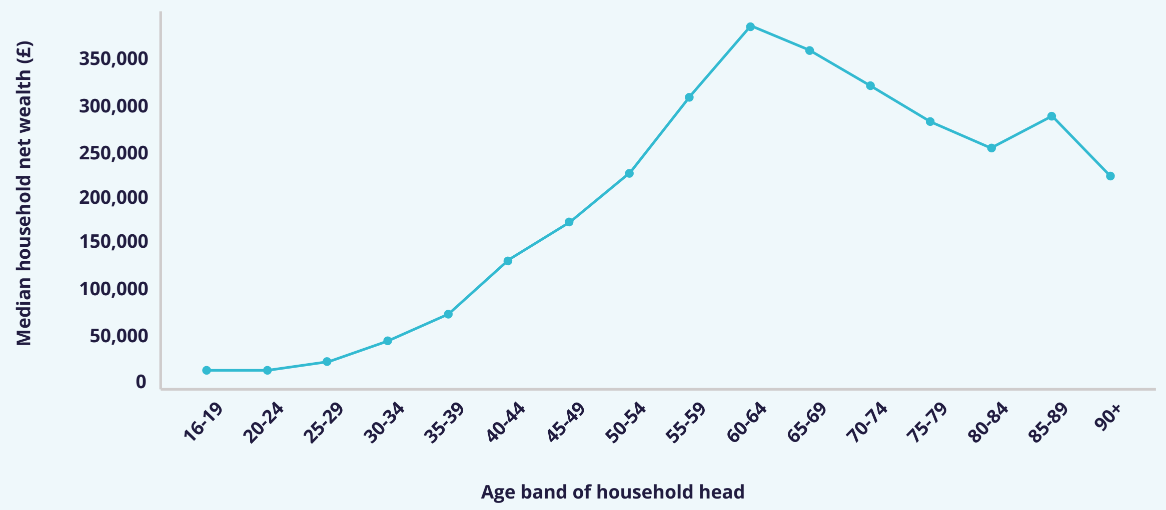
Fragile decade

The Fragile Decade refers to the 5 years before and 5 years after retirement and summarises people moving from the wealth accumulation phase into decumulation (spending).

The Fragile Decade refers to the 5 years before and 5 years after retirement and summarises people moving from the wealth accumulation phase into decumulation (spending). The key concern for this demographic is poor market returns in the first 5 years, which can substantially shorten the longevity of wealth or even lead to people outliving their money (Jeffery Ptak, 2025) As such people within the Fragile Decade demographic would most benefit from advice.

Additionally, ONS data (Wealth & Assets Survey 2020–22) shows median household wealth peaks between ages 55–64 (~£380k). Those aged 55 to 64 years were the most likely to receive an inheritance and also received the largest inheritances on average.

Median Household Net Wealth by Age (UK) - ONS Wealth & Assets Survey period Apr 2020 to Mar 2022



Source: ONS Wealth & Assets Survey period Apr 2020 to Mar 2022

Whilst the assumption might be that this generation are not keen on using AI, our research shows this isn't true. As investable assets grow, comfort in the use of AI sees an upward trend with 74% of respondents with over £100k of assets would consider using AI as part of their advice journey. Importantly, those in the age group 45-64 are net more comfortable with AI being used than the amount of people in the same age group who aren't. Market research also shows that firms need to ensure their AI adoption strategy gives them the ability to spend more time face-to-face with clients. Research from Global Atlantic (2025) highlights that AI can't support with the psychological & emotional risk that comes with entering retirement given "this isn't just a financial transition—it's a life transition".

The FCA's Consumer Duty and open finance initiatives are driving demand for more personalised, accessible advice. The adoption of AI tools should help to bridge this gap both improving accessibility of advice and improve client outcomes, especially considering value for money and customer support.

Considering the above, there is a better opportunity for human advisers to deliver on complex needs with the support of AI tools to improve efficiency, accuracy, breadth of advice and productivity.

Wealth accumulation

When considering the 18-44 age demographic, we classify this as the accumulation phase. We found that this demographic are naturally keener to use digital services to self-serve, with 70% of respondents happy to use AI tools as part of their advice journey. From age 45 up the number of people looking to use AI to self serve begins to fall.

Typically, these clients have lower amounts to invest and their financial situation is often more straight forward. Due to the lower return on investment, the volume of advice provided to this demographic is lower in comparison to other demographics

In this scenario, the potential opportunities are wide depending on firms' individual business model. Possibilities range from digital guidance powered by AI data capture through to full on robo advice or to human advice powered by back-office AI. In all scenarios the cost to serve these clients reduces, meaning clients can more affordably access advice and businesses can give it, going further to close the advice gap.

By having the right digital tools to serve clients in the wealth accumulation phase, who will also likely inherit further wealth in years to come, you have begun to build trust which could lead to further services in the future.

Possibilities

There are several ways in which AI tools can be adopted within financial advice.

Behavioural Insights and Client Engagement

- Natural language processing (NLP) can identify behavioural biases and tailor communication. In Financial Planning, this can provide real time saving value through call transcriptions with clients. AI tools can highlight how the client is communicating, highlighting potential vulnerabilities or areas of misunderstanding.
- AI-powered nudging and education tools can also promote better saving and investment behaviour with clients. This can be utilised where an adviser is making a recommendation, and this gives the ability for clients to further their understanding on particular topics.

This would be of particular value across the wealth accumulating client demographic as a way of keeping them engaged.

Operational Efficiency

- AI can automate compliance checks, summarise documents, and aid with suitability reports. The right AI tools could be trained and developed with compliance standards as well as inhouse advice policies to ensure tailored compliance to individual businesses.
- Intelligent chat interfaces provide first-line support, reducing adviser workload. Again, this could be utilised for clients through the wealth accumulation phase such as coaching or used in directing queries.

Specific opportunities

- Predictive and prescriptive AI could enable advisers to identify risk/opportunity triggers (e.g., underfunded pensions, debt spikes).
- Generative AI and natural language AI would aid with ongoing engagement which reduces lapse rates and increases client satisfaction.
- Hybrid advice platforms can reduce costs and expand access to underserved fragile decade clients.

AI Transforming Financial Advice

Predictive & Prescriptive AI

Predictive and prescriptive AI could enable advisers to identify risk/opportunity triggers (e.g., underfunded pensions, debt spikes).

Generative & Natural Language AI

Generative AI and natural language AI would aid with ongoing engagement which reduces lapse rates and increases client satisfaction.

Hybrid Advice Platforms

Hybrid advice platforms can reduce costs and expand access to underserved fragile decade clients.

Whilst this isn't an exhaustive list it covers some of the immediate areas that firms could look at. It provides a starting point for consideration depending on what direction an individual firm intends to take. It has been shown that the best success comes when a tool is designed for a specific job. BlackRock have found their proprietary market modelling tool to be more successful than ChatGPT, citing it is focusing purely on investment criteria and is not open language (BlackRock, 2025). The AI revolution in retirement | BlackRock.).

The risk inherent across all the possibilities is a lack of (human) oversight. When training or developing any model, care must be taken to ensure any output is compliant with regulation, firm policy, general accuracy and be clear and transparent for clients to understand.

Risks

As with any opportunity there are of course risks. Though most can be easily mitigated with robust oversight. Having proper protocols, security measures and oversight will be critical for managing the technological risks that come with AI. Training will also play a key part to ensure AI tools are used appropriately. As part of that training collaboration with RegTech and FinTech partners will be essential. This will help ensure trust is nurtured and not broken.

Human empathy and judgment remain critical, particularly during the Fragile Decade when financial anxiety and risk is high. Our research shows that 63% of over 45's and 52% of 18–44-year-olds would prefer more complex advice such as estate planning, in person. This is predominantly linked to trust.

Conclusion

There are plenty of opportunities to use AI to support the advice journey. Our research shows people across the generational gap are keen to engage with AI and firms doing it well will benefit from increased productivity and ease of doing business. Businesses must consider what their outcome is, improving efficiency to enable advisers to see more clients? Or is it better, slicker service to allow advisers to spend more time with their existing clients? Either way, adopting tools that will serve a specific purpose, rather than AI for the sake of it, will ensure the right solution is aligned to the right problem.

- Adopt hybrid AI models that complement, not replace, advisers.
- Pilot AI tools under FCA sandbox frameworks to ensure compliance and innovation.
- Invest in client education to build trust and understanding of AI-assisted advice.
- Develop industry standards for explainable and ethical AI in financial advice.
- Find the right partner invest time finding the right AI provider to align with your vision and values.

CONCLUSION:

AI is clearly here to stay, and we believe this has the potential to revolutionise our industry, but we offer strong warning that devastation could be ahead if firms race to just adopt. Trust takes a long time to build but you can lose this in an instant. Poorly selected, implemented and monitored AI technology could lead to serious disaster. In summary, this report argues against the hypothesis, using clear and strong evidence that how AI is embedded in your business is key to a successful implementation. The implementation itself must be well thought through, if firms aren't careful, there may be a conflict between improving both client and business outcomes. Whatever you do, do something, if you do nothing you risk being left behind, but rushing to be part of the crowd could leave you in a worse position. Do you want to be part of the revolution or a victim of devastation?

Strategy & Implementation

- Take the time to identify the right problem, right solution
- Your plan for AI adoption should be a long-term consideration and not just a short-term fix
- Consider the key outcomes that are desired, are they improved for clients, your business or both?
- Engagement, buy in and communication throughout are key success factors
- Training and implementation roadmap – differentiate training for adoption
- Ongoing development, due diligence and maintenance
- Evolve your approach as you go

Human Interaction

- Map the client journey to identify "moments that matter" where human contact is non negotiable; automate around them to raise quality and consistency.
- Publish a clear AI usage statement: what tools are used, for what purpose, with what controls; include plain English explanations for clients.
- Invest in adviser capability: formal training in empathy, questioning, vulnerability identification and behavioural coaching alongside data literacy.
- Measure the mix: track adviser time allocation and set a target to increase direct client time by at least 10 percentage points within 12 months.
- Design for families: use freed capacity to engage spouses and next generation heirs systematically to secure continuity across generations.
- Embed monitoring: test model outputs for bias and drift; create feedback loops where advisers can flag anomalies and improve prompts/policies.

Ethics

- Building on trust is essential for AI use – takes a long time to gain trust but you lose trust in an instance people forgive humans more than AI
- Take your time and pick the right AI for what you are trying to do
- Transparency and bias consideration are key principles
- Building a compliant and ethical framework as part of your AI adoption is essential
- Workforce considerations (women) upskilling of staff in administrative roles so potential job loss is minimised

Opportunity

- Family wealth – intergenerational, bring those involved along the journey
- Immediate opportunity on IHT/fragile decade
- Educate fragile decade age bracket, 27% of those aged between 55-64 said they don't know if they would use AI, opportunity to capture here
- Don't disregard people in the older age brackets as the results show they are net more comfortable using AI, based on 45% of 45-64 year olds being comfortable using AI over 24% that wouldn't.
- Don't discount the older adviser, just because they are older doesn't mean they won't use AI. New advisers too hung up on compliance points and documenting everything correctly, an experienced adviser may find more benefits as they are more experienced.

GROUP 3

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GROUP 4

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COMPANY CULTURE – WHO EVEN CARES?

INTRODUCTION

The Leading Lights Forum, and this group in particular, has been an interesting cohort to be part of, as is becoming a traditional aspect of PIMFA - and one that should continue to be championed as it brings together people with different experiences, perspectives and mindsets to pursue a shared purpose, delivering value and insight.

By setting a central set of values, desires and promises, and understanding consequences of both inaction and inauthenticity, we developed a group that worked together with curiosity, respect, and compassion - a culture, you might say.

At the outset the group set out to find a fitting definition of culture and then sought to devise a set of questions that were ostensibly neutral but carefully crafted to avoid bias and elicit information from the emotional centres of the brain that are responsible for individual's decision making.

Once we had this primary data, we set about testing its validity as it seemingly contradicted some of the current narrative around the topic. We then worked to deliver a cohesive concept of culture underpinned by primary research that sounds the alarm for firms to ensure they don't underestimate its importance or become complacent in their adherence to their stated culture.

Later in this report, we explore the implications of our findings, including the consequences of a poor culture (which is distinct from no culture or not adhering to stated culture) as revenue killers, reputation destroyers, hiring impediments, and growth blockers.

Our research illustrates that culture has a place as a 'carrot as well as a stick', and that it is useless if it lives only on a whiteboard from an Executive strategy day. Applying insights around culture for businesses gives them an exciting new framework not just for existing clients, but for potential new clients, new relevance, new relationships and new revenue – ultimately using culture as a beacon for the right behaviour to ensure firms' resilience for the future.

We hope that our readers find this research as much of a call to action as we did.

EXECUTIVE SUMMARY

- Simply resigning to the narrative that 'culture is amorphous, and means different things to different people' is not action – it is inaction, and people notice
- When it comes to culture, what you do matters just as much as what you don't do
- Your culture matters more when things are not going well, or when people are not performing, rather than when everything appears to be working perfectly - it will determine your consumers actions, attitudes and choices
- Whilst there are some cultural differences noted in the primary and secondary research, our conclusion is that these carry the most weight if your firm is purposely aligned with a particular culture, rather than being universally instructive
- There is an interesting example of an ultra-high-performance organisation that embed culture in the way they treat each other - The Mercedes F1 team. They have a famous saying, "blame the process and not the person". This speaks directly to the interface between culture and performance and serves as a healthy principle to set against culture's design, implementation and continued application in your business

A company's culture was perhaps once seen as the preserve of its employees and not necessarily something to be shared with the outside world. But, as the UK financial services sector undergoes a profound transformation driven by generational shifts and an age of transparency, company culture is quickly becoming a client-facing asset, influencing customer acquisition and retention. As Millennials and Gen Z become dominant client groups and workforce participants, their expectations around company culture, ethics, and purpose must reshape how firms operate. This report also looks to identify demographic and regional findings that should also be considered when redefining culture.

Steven Barlett spoke passionately about this in his 'Behind the Diary' podcast on 6th July 2025; "One of the biggest insights I've had in the last 3-4 months about creating a great company culture and team culture, has been that company culture is not the thing that you come up with on your team offsite day. It's not the thing that you've written on the walls, it's not what the CEO says it is; it's not any of those things – culture….is…. behaviour." It is how your team behave. Culture is seen in the moment when one of your clients sends a text message on Sunday night, and they need log-in details to their account, and the person that has them is on their honeymoon."

What you do in that moment, how you behave, is your company culture. But because organisations think it it's the ...strategy offsite values that they wrote on the whiteboard..., what ends up happening is you have just a culture of contradiction".

This report explores how these shifts could impact the resilience of financial firms, drawing on data from the PIMFA Leading Lights Survey and secondary research on generational attitudes and corporate culture.

RESEARCH APPROACH

Overview and Hypothesis

Our research set out to examine how clients and potential clients view company culture, how this affects using or leaving a provider, and how company culture contributes to long term resilience. This is framed by the overarching question *"Company Culture: Who Cares?"*, we began with the hypothesis that how "Culture" was perceived, and how it affected the use of financial services would show a pronounced difference amongst different generational groups, as well as other demographics. This shifting generational makeup of the UK could and should affect how firms choose to shape and grow culture.

We defined company culture as the shared set of values, beliefs, and behaviours that define a workplace's "personality

We analysed responses from the 2025 PIMFA Leading Lights Survey, which captured attitudes toward culture, ethics, and reputation across a broad demographic spectrum.

In our research, we asked survey respondents five targeted questions designed to generate actionable insights for the industry on how company culture affects our customers:

Framing Culture:

- What are the main factors that you think contribute to a firm's culture?

How does Culture effect client/potential client interaction with a financial firm:

- Thinking about the culture of a financial firm, what is the importance of a pre-defined list of aspects when deciding whether to use their services?
- Have you ever switched financial service providers, or would you consider switching due to this type of concern?
- In your opinion, what are the main reasons why customers switch from one company to another?

How does internal culture effect a client/potential client's view on the long-term viability of a firm:

- To what extent do you agree or disagree with the following statement 'There is a link between how well a financial firm treats its employees and how resilient and trustworthy it is.'

SECONDARY RESEARCH

To complement the survey data, we conducted structured interviews with senior leaders across a range of UK wealth management firms. These interviews were designed to provide depth and context to the survey findings, exploring how culture is defined, lived, and adapted within firms.

Our interview framework was built around four thematic pillars:

- Defining & Living Culture
- Future of Culture in Financial Services
- Changing Demographics
- Reflection and Strategy

To contextualise our findings further, we reviewed a range of external sources:

Evelyn Partners (2025a) Our Purpose and Values.
Evelyn Partners (2025b) Investment Management Services.
Rathbones Group (2025a) Our Purpose.
Rathbones Group (2025b) Invest Well Commitments.
Schroders Personal Wealth (2025a) About Us.
Schroders Personal Wealth (2025b) Our Vision.

This secondary research helped validate our primary findings and ensured our conclusions were grounded in wider contextual developments across the sector

FINDINGS

What Contributes Culture (According to respondents)

We asked: "What are the main factors that you think contribute to a firm's culture?".

They are consistent with how they treat customers	66%
How transparent the company is	63%
The way decisions are made is clear and consistent	59%
How employees are treated	58%
Solid reputation	58%
The company communicates clearly	57%
How quick the company reacts to change	32%
The company has clear diversity quotas	21%
Lack of bad press	14%
Other	1%

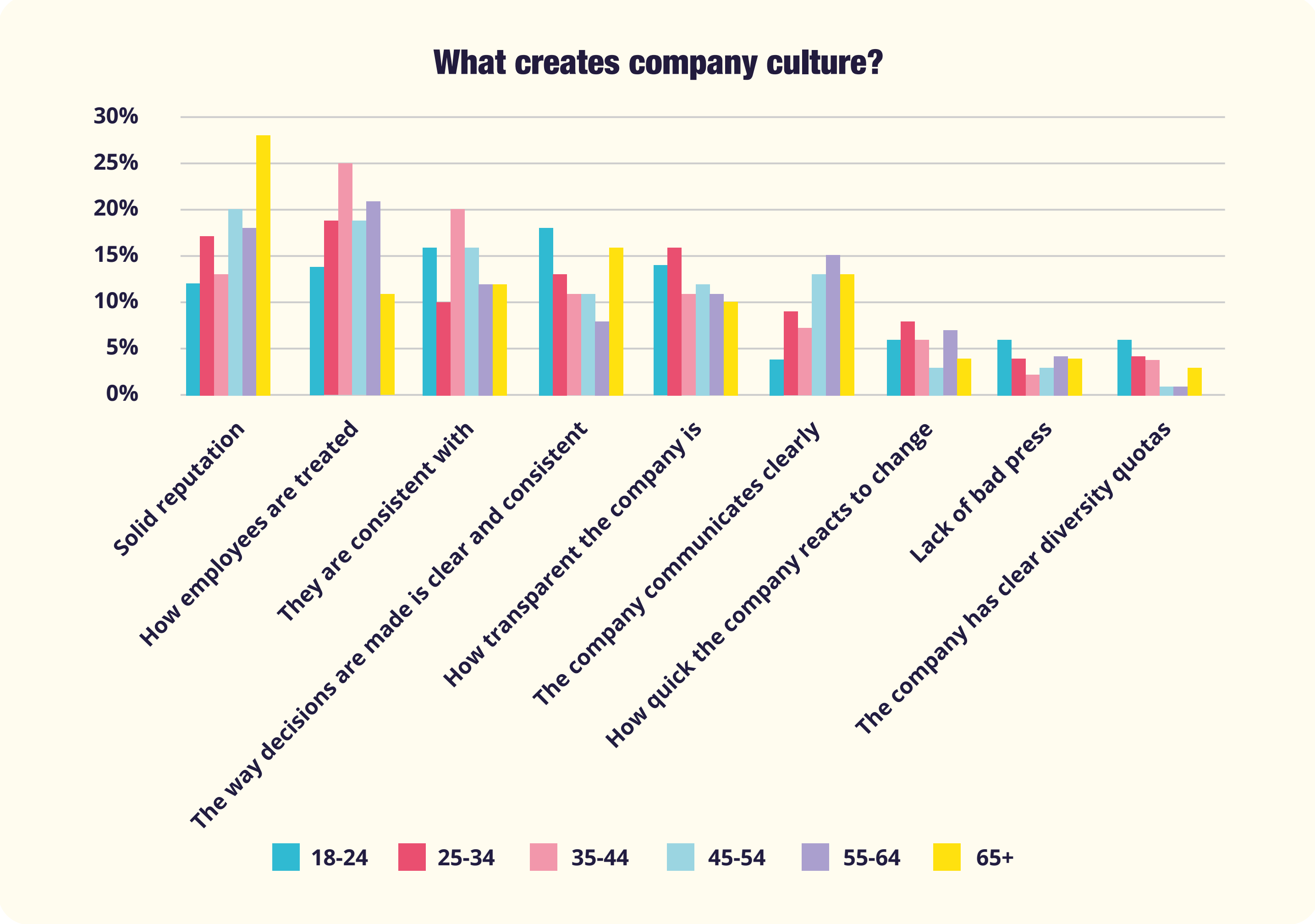
When asked to rank the top five options we saw a strong view from respondents that importance is placed on both external facing factors: transparency, consistency of customer outcomes, communication with clients, reputation; as well as more internally facing attributes: how employees are treated, and to a lesser extent how a company reacts to change and whether it had diversity quotas.

Respondents, perhaps, felt that bad press was an indicator of, rather than a contributor to, culture.

When segmenting this down however, we begin to see the deviations amongst age groups and their views on cultural attributions. Amongst the respondents aged over 65+ "Solid Reputation" plays a significantly more important role for the older age group.
Indeed, when looking at the responses for those aged 55+ the top four factors were all externally facing.

In comparison, as we begin to move down the age brackets, internal facing factors begin to become increasingly prevalent, with "how employees are treated" being the most important factor for the 35-44 bracket (67%), .and the ability for a company to "react to change" is significantly higher among the younger age group (38% for 18-44 vs 27% for 45+).

This suggests to us that Culture, and how it is created and fostered is not consistent across age brackets when considering what is important in terms of consumer values.



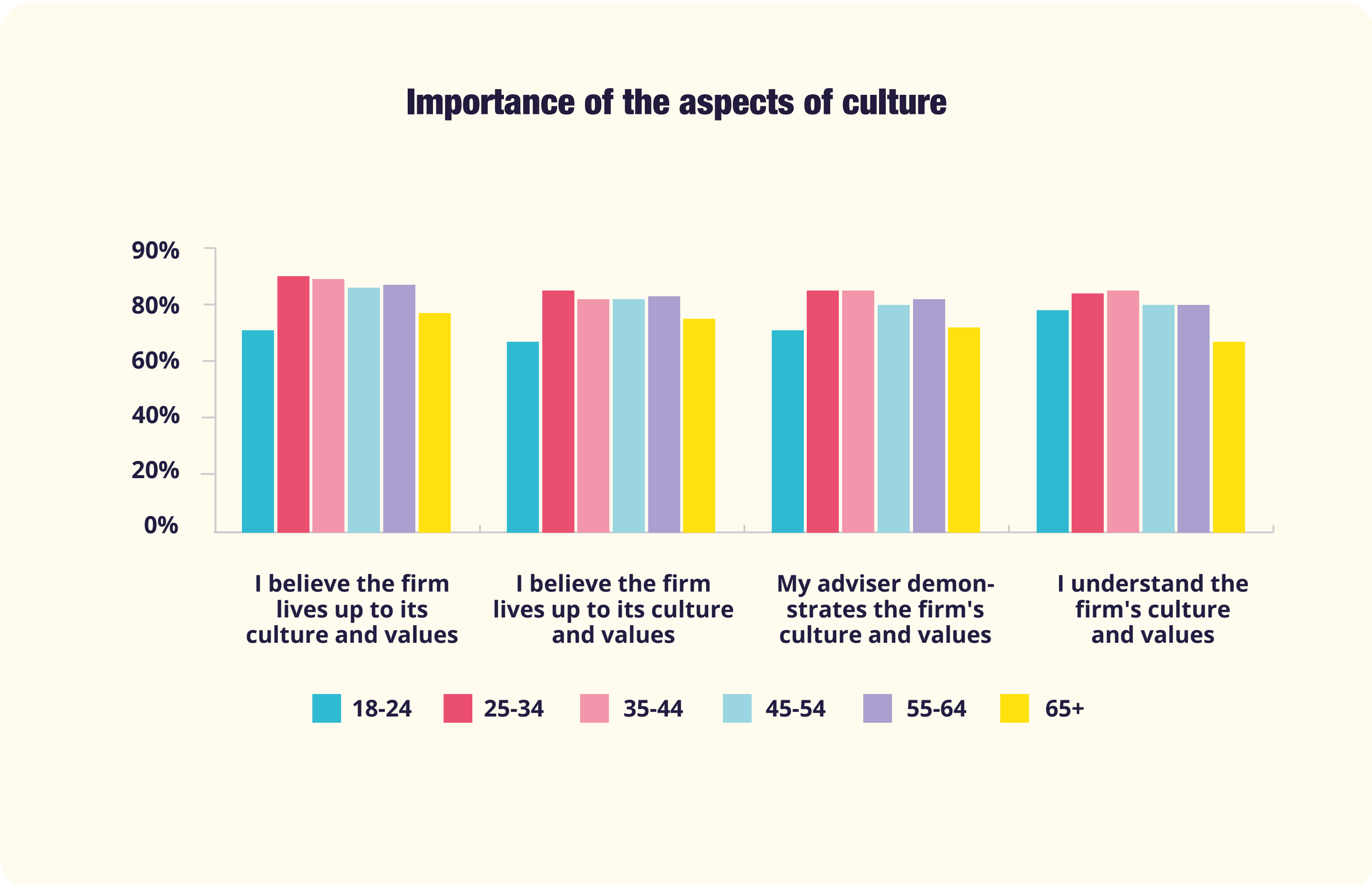
How does Culture influence the choice of which provider to use?

We asked respondents:

- What aspects of culture are important to your use of a service provider
- Why, or why would you, switch financial service provider
- What are the main reasons why customers switch from one company to another?

Our research found that, in the main, culture remains important across all age demographics.

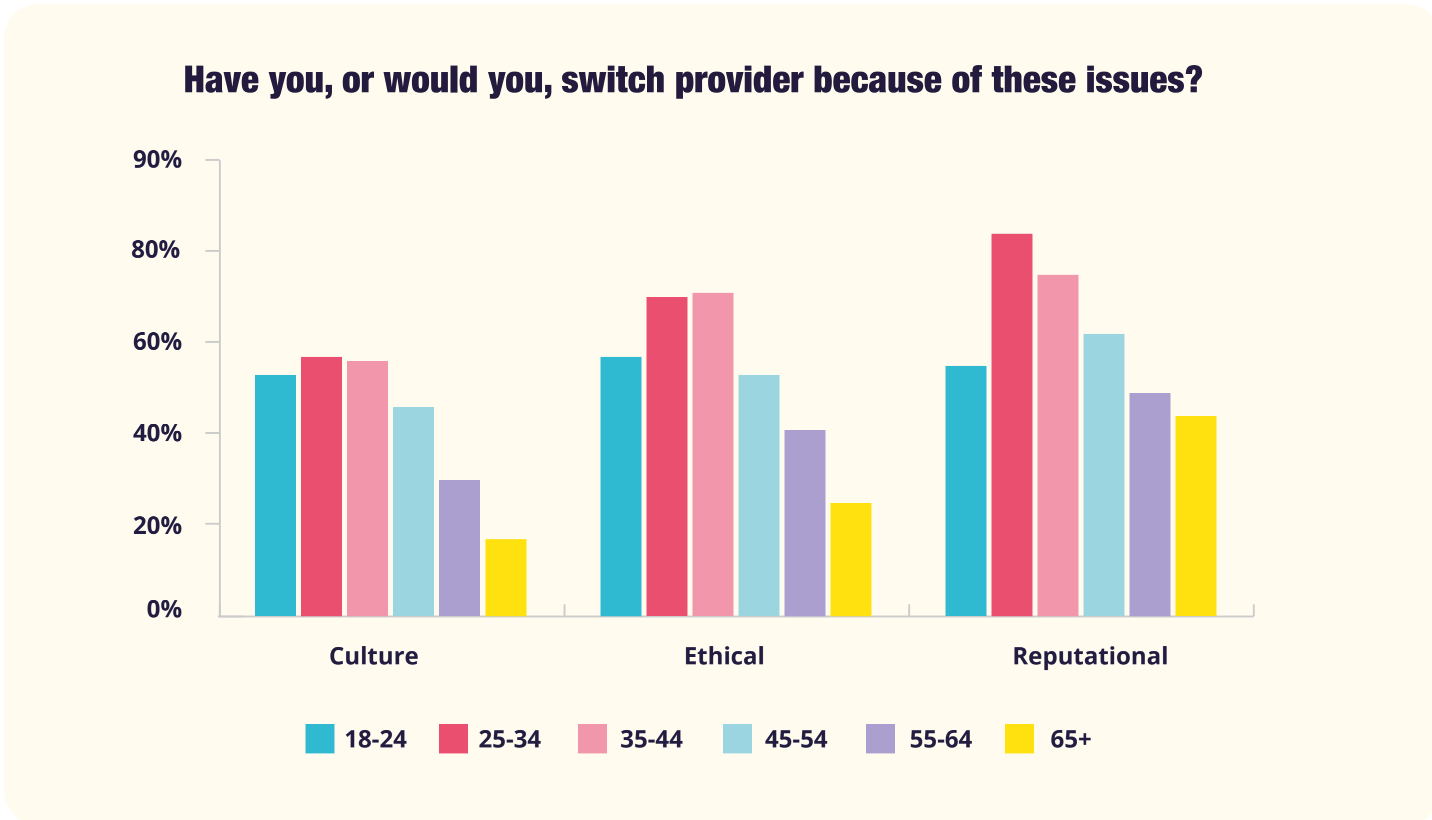
From our research we did not find any significant statistical differences between genders or ethnicities.



	Total	Male	Female	NET: White	NET: Non - White
I believe the firm lives up to its culture and values	85%	86%	84%	84%	90%
I believe in the firm's culture and values	80%	80%	80%	80%	84%
My adviser demonstrates the firm's culture and values	80%	79%	81%	78%	90%
I understand the firm's culture and values	79%	80%	78%	78%	85%

When moving on to questioning the likelihood of customers changing providers, we began to see a starker breakdown amongst demographics, specifically by age group. Although again our 18-24 demographic were outliers. Over 65s were particularly unlikely to switch providers unless they had reputational concerns, whilst all three "issues" ranked highly amongst the 25-54 brackets.

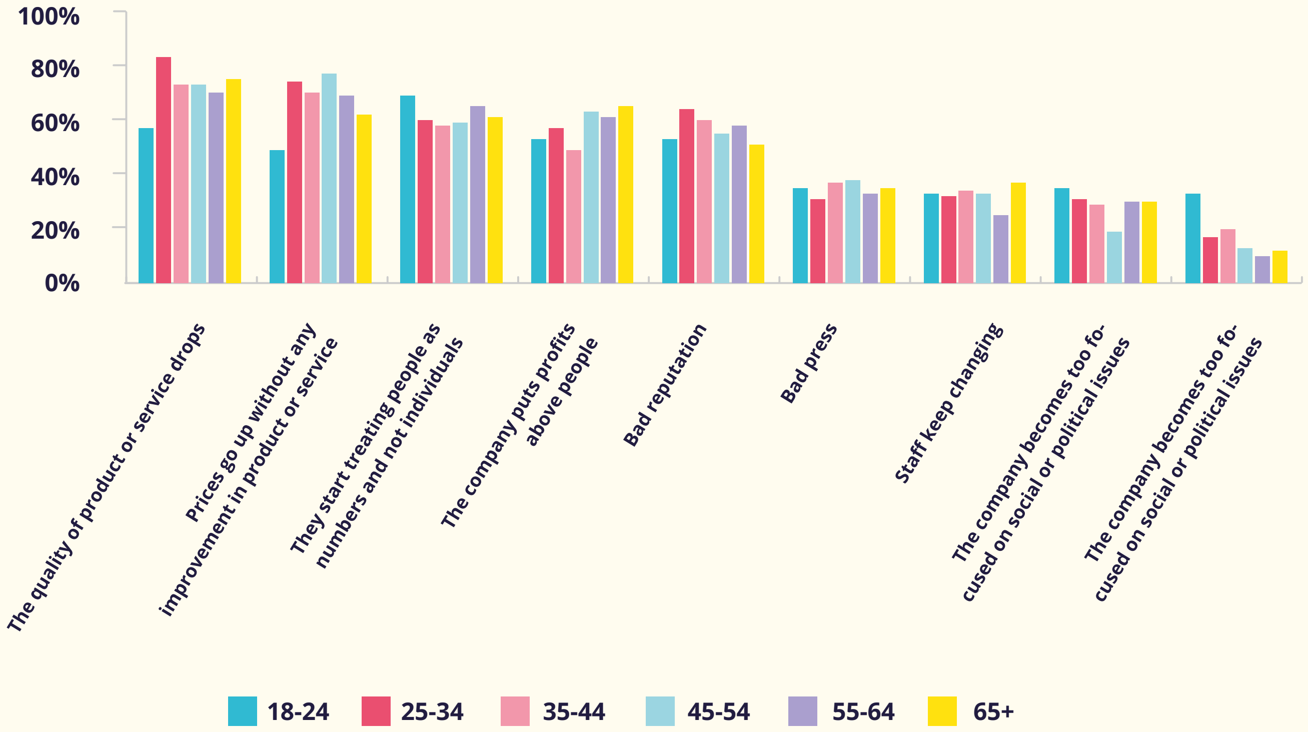
Looking at gender and ethnicity, we saw some small difference between men and women, with women being more concerned by Ethical issues and men reputational. There was, however, an increased emphasis on concerns in all three categories for non-white respondents.



	Total	Male	Female	NET: White	NET: Non - White
Culture	43%	43%	42%	41%	53%
Ethical	53%	51%	55%	49%	69%
Reputational	63%	65%	60%	60%	75%

Looking finally at why people might change providers outside of cultural issues we found a reasonably consistent response across generations, genders and ethnicity. Although those aged 18-24 again proved to be an outlier with a significant response to changing providers due to "boredom" (33%). This isn't something we will explore in this report but would be something we feel would be of interest in future research.

Why do people change provider?



How does Culture influence resilience?

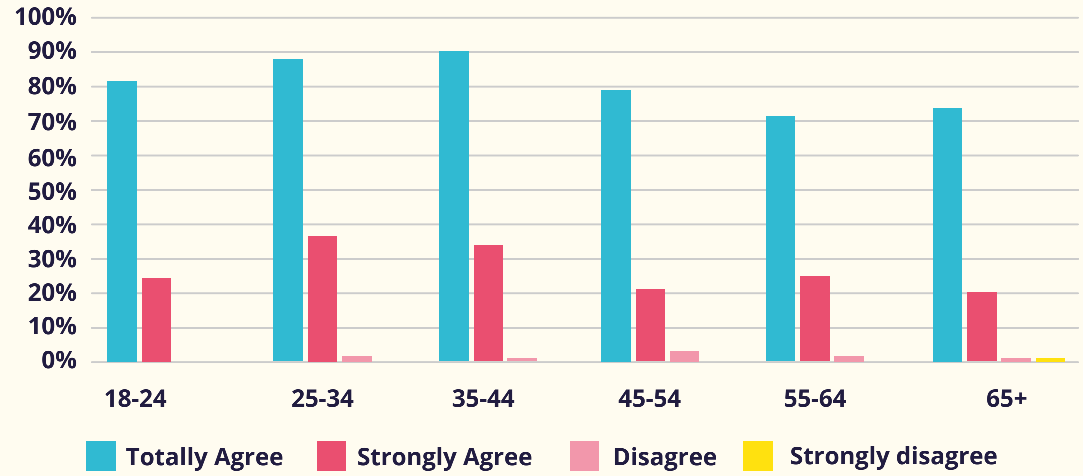
Finally, we considered how respondents viewed internal culture and how employers treated employees in terms of the ongoing resilience and trustworthiness of a firm.

Unsurprisingly there was a strong correlation among all groups, 87% of those aged between 18 to 44 y/o agree that there's a link between how well a financial firm treats its employees and how resilient and trustworthy it is. This score is significantly higher among this younger cohort.

We saw an increase in terms of total agreeability as well as strength as respondent age decreased, with a small drop off for our youngest demographic.

We saw little difference between genders, but an increased emphasis on culture from non-white respondents.

There is a link between how well a financial firm treats its employees and how resilient and trustworthy it is



		Gender		Ethnicity	
	Total	Male	Female	NET: White	NET: Non - White
Strongly agree	27%	28%	26%	25%	39%
Agree	80%	79%	81%	79%	86%

CONCLUSION AND HIGHLIGHTS OF PRIMARY FINDINGS

Evolving Financial Services for a Changing Demographic Landscape

We found a noticeable shift in perceptions amongst generations, with younger respondents caring more about culture, and specifically "internal" versus "external" factors.

Demographic shifts are not just influencing consumer behaviour, they are redefining the very foundations of trust, engagement, and loyalty. Our survey demonstrates how important culture is, both internally and externally to clients, both future and present. Looking at the demographic breakdown of the data, age proved to be one of the most decisive factors at play. When grouped into generational cohorts, Millennials and Gen Z respondents were significantly more likely to switch providers based on reputational, ethical, or cultural concerns. Ethical concerns were the most important factor across these younger cohorts. In contrast, those aged 65+ or the so called 'baby boomers' showed much less interest in changing providers for the same reasons, especially for ethical reasons where only 25% said they would consider changing.

This rather stark generational divide underscores the urgency for financial firms to modernise their offerings and communication strategies to resonate with younger cohorts, who appear to be more driven by non-financial "values". With the inevitable generational wealth shift, firms should review their firm's culture and values against internal indicators, perhaps drawing on staff surveys and forms of client interaction in order to measure long term resilience and consider how internal decisions are raised, processed and implemented. Having a culture that allows for adaptability whilst not losing its central core values and identity.

When asked how important it was that people believed in a firm's culture and values, approximately 37% of Gen Z and Millennials said it was extremely important, compared to only 25% of baby boomers.
Similarly, 42% of Gen Z and Millennials said it was extremely important that their advisor lived up to the firm's culture and values, in contrast to only 25% of baby boomers.

Ethnicity:

Our survey found that Non-white respondents across our questions were more attuned to reputational issues and culture was more important to their use, or disengagement from, financial services.

Region: Location Matters

The data also showed that those who reside in London have changed their financial service provider more than other regions, due to ethical and reputational concerns. 70% of respondents in London said they have changed providers on the basis of ethical concerns. This may, of course, also be a factor of the ethnic makeup of London as against the rest of the UK. We must also consider the accessibility of financial services firms available in London compared to other regions in the UK - making culture more important perhaps for London-based firms to drive growth through embodying their core values.

Londoners were also far more concerned that the firm lives up to its culture and values, with 51% rating it an extremely important consideration, and 40% rating it somewhat important.

The Ethical Consumer Opinion Survey showed that London was the most ethically conscious region as 74.8% of the people were most likely to buy eco-friendly products followed by West Midlands (73.4%), Wales (67.5%), East Midlands (66%) and Northern Ireland (65.2%). **(Ethical Consumer Research & Consultancy, 2019)**

The British Social Attitudes report from the National Centre of Social Research shows 34% of Londoners are classified as socially liberal, compared to 17% in the North and 20% in the South. (National Centre for Social Research, 2022)

Finally, it is important to note that our data focused on broad regions across the UK and London as its own standalone category. Millennials are the largest generational group in inner London with the baby boomers being disproportionally underrepresented across other parts of the country. This could suggest that this is less of a regional issue rather than a generational one. **(Trust for London, 2025)**

Gender: A Surprising Equilibrium

One interesting area, which proved contrary to expectations, was that there was little difference in outlook or views between the genders, and men and women were largely aligned in their responses. However, other external research suggests that women place greater emphasis on transparency and ethical practices, and prefer advisers who share similar characteristics, as documented in the Leading lights Paper of 2025. This points to a deeper layer of engagement perhaps not fully captured in this particular survey. Our secondary research, however, did highlight some of the nuances affecting female consumers, which we have expanded upon below.

SECONDARY RESEARCH FINDINGS

The interviews conducted with senior leaders across financial services firms reveal a highly aligned set of perspectives on the nature, function, and future trajectory of organisational culture within financial services. Despite differing firm sizes and structures, the respondents shared a consistent understanding that culture is foundational to client trust, organisational performance, and long-term resilience.

A central finding is the recognition from leaders that culture is not the abstract collection of values articulated in corporate documents, but the way people act, particularly under pressure. As one firm put it, clients respond most to the "ability to interact with someone who empathises with them and understands their goals," underscoring that cultural credibility is built through consistent interpersonal behaviours.

One firm emphasised the importance of "thoughtfulness, integrity, and industry" being lived daily across the organisation, reinforced through structured practices such as onboarding programmes, behavioural monitoring, leadership accountability frameworks, and continual communication. These mechanisms demonstrate a belief that culture must be intentionally cultivated rather than assumed.

A second major finding is the shared view that culture must continually evolve. All three firms rejected the notion that culture can be future-proofed, arguing instead that adaptability is an essential cultural characteristic. Hurst Point stated that "with culture, there is always more to do," warning against complacency and advocating for "a sense of permanent improvement."

Rothschild & Co reinforced this perspective, cautioning that “resistance to change will be a liability” as client expectations, technology, and regulatory environments continue to shift. All three organisations see cultural flexibility, not cultural rigidity, as critical to competitiveness and resilience, highlighting the need for ongoing reflection and refinement.

The interviews also highlighted the significant influence of changing demographics on how culture must adapt. Leaders described a “clear generational divergence” in expectations, with younger clients prioritising authenticity, transparency, digital fluency, and values-driven investing. These clients seek firms that demonstrate purpose, ethical responsibility, and inclusion not merely financial expertise. Firms acknowledged that as the demographic makeup of the client base changes, so too must the expectations embedded within organisational culture.

ARE THEY AUTHENTIC?

Senior leaders across firms demonstrate a nuanced understanding of how culture must evolve to remain relevant. They see cultural transformation as essential in an era shaped by new client demographics, digital disruption, and shifting social expectations. Yet when compared to the mission and purpose statements published across the sector, a disconnect emerges. Leaders articulate a need for agility, authenticity, and behavioural consistency, but their formal messaging often remains formulaic, generic, and rooted in legacy narratives. This raises the question: are firms truly living their stated culture, or are they signalling values they have not yet fully embedded?

Across the interviews undertaken, there is clear evidence that leaders grasp the depth of cultural change underway. However, the industry’s mission and purpose statements tell a different story. The report highlights a growing “mission homogeneity,” with firms repeatedly invoking the same “client-centricity,” “trust,” “long-term value,” “doing the right thing,” “empowering clients,” and “working together for a better future.” These statements, while sincere, reflect a convergence driven as much by regulatory expectation and industry norms as by distinctive internal identity. They communicate what firms *aspire* to be but offer little insight into what differentiates them or how cultural principles are actually lived.

The mission statements largely reflect legacy framing, focusing on trust, stability, and partnership. These are important principles, but they feel static compared with the dynamism that leaders say is required. The industry’s outward messaging appears to lag behind internal recognition of cultural change. They remain dominated by traditional motifs and cautious language—an artefact of an industry historically driven by risk aversion and formalism.

The challenge for the industry is not that firms are being disingenuous, but that they have not yet aligned their internal cultural trajectory with their external cultural messaging. Authenticity will require moving beyond generic value statements toward purpose narratives that reflect the real work being done on adaptability, inclusion, digital transformation, and behavioural integrity.

IMPLICATIONS/ CURRENT CULTURE

In an era of rapid technological change, heightened social awareness, and evolving customer values, company culture has become a defining factor in long-term success for financial institutions. The industry is undergoing a fundamental cultural shift both internally, as employees seek more purpose-driven work environments, and externally, as younger generations redefine their expectations of financial service providers.

Historically, reputation, reliability, and personal relationships formed the bedrock of success in financial services. Older generations have long valued these qualities, expecting their financial providers to be stable, credible institutions that communicate clearly and uphold longstanding reputations. Trust was built through consistency, formality, and the strength of personal networks.

However, a profound cultural and generational shift is reshaping these expectations. Younger generations and particularly Millennials and Generation Z bring a more complex set of values and priorities to their financial relationships.

While they still seek security and expertise, they place greater emphasis on

Authenticity and Transparency

Social Responsibility and ESG Integration

Inclusivity and Ethical Governance

For them, financial institutions are not merely custodians of wealth but participants in the broader social fabric. Issues such as environmental sustainability, equality, inclusion, and ethical governance influence their decisions as much as interest rates or investment performance.

This evolution represents both a challenge and an opportunity for financial institutions. A strong company culture that is adaptable, purpose-driven, and reflective of modern values is now essential for bridging the expectations of both established and emerging generations. Institutions that continue to rely solely on legacy reputation risk appearing disconnected or complacent, while those that authentically engage with the social consciousness of younger clients stand to build deeper, more enduring relationships.

As clients become more financially literate, regulation tightens, and competition intensifies, firms increasingly emphasise not just product or performance, but how they relate to clients, how they communicate, and how they build enduring relationships. This shift is reflected in mission and purpose statements which prioritise the client partnership, servicing individuals, and working collaboratively.

Across the sector, companies proclaim values such as trust, partnership, and responsibility, framing themselves as advisers rather than sellers, communicators rather than traders. Firms all stress relationships, collaboration, and communication as the pillars of their identity. With subtle differences in tone, their mission statements have begun to merge into a common industry vocabulary, a lexicon of "client-centricity," "long-term value," and "doing the right thing".

Examples include:

Rathbones articulates its purpose as *"to invest for everyone's tomorrow"* and to *"do the right thing for our clients and for others too."*

Evelyn Partners frames its purpose as *"placing the power of good advice into more hands."* Its accompanying values, "*We treat you as an individual,*" *"We go further together,"* and *"We strive for more"*

Schroders Personal Wealth describes its mission as *"helping you create a financial plan that helps you live the life you want."* It adds that it aims to *"empower, not overwhelm,"* making financial advice *"accessible"* and *"understandable."*

Canaccord Genuity Wealth Management UK - *"We exist to serve our clients, to protect and grow their wealth, and earn their loyalty."*

Aviva plc (Insurance & wealth) - *"With you today, for a better tomorrow. We exist to be with people when it really matters, throughout their lives."*

Barclays plc - *"Working together for a better financial future."*

NatWest Group - *"Championing the potential of people, families and businesses."*

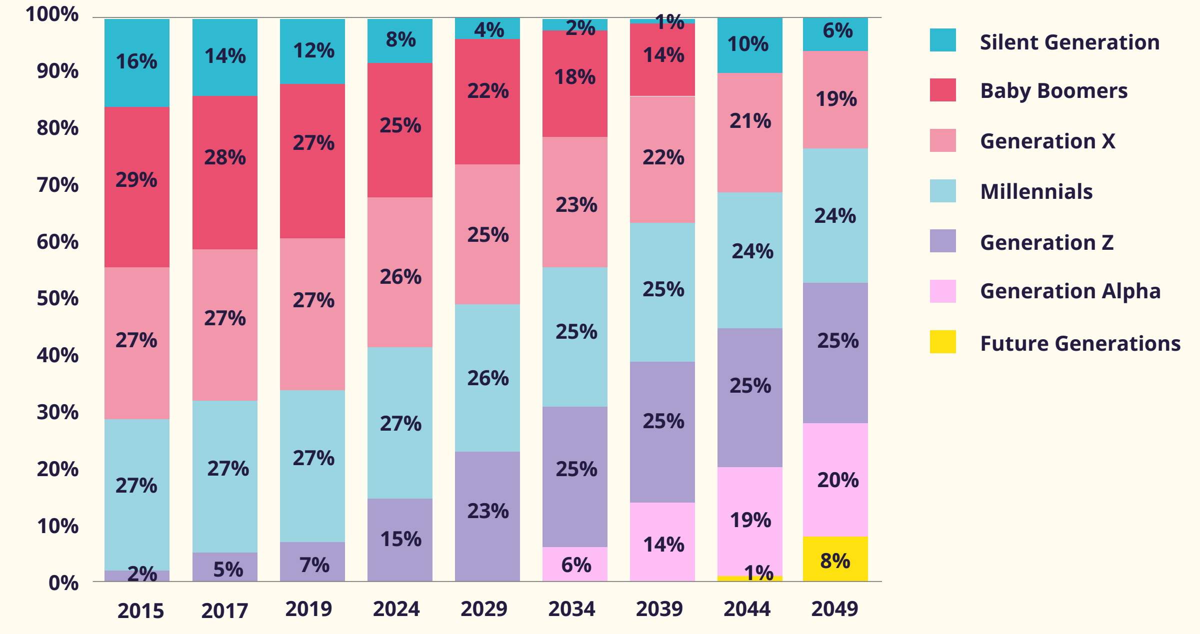
The repetition of similar phrases across firms is no accident. Regulatory reforms, societal expectations, and ESG standards have all nudged investment managers toward shared values: integrity, transparency, and client-first culture. This convergence has ethical merit, but it also creates what might be called "mission homogeneity."

While this convergence shows a shared commitment to ethics and service, it also highlights how hard it has become for firms to express cultural originality. Their missions are sincere but increasingly generic and the real differentiator may lie not in the words themselves, but in how effectively firms live them. To break this pattern, firms must move from generic purpose to authentic narrative.

Generational Change – Does it even matter?

The table below illustrates the changing constituents of the political electorate by decade, and how Millennials and Gen Z currently account for more than 50% of the total. If we consider the average age of inheritance is 47, it is important we understand the needs and wants of Millennials/Gen Z. However, before doing this, we need to better understand to what extent these wants and needs remain static or change over time.

Projected breakdown of electorate by generation in election years



(NatCen, 2024)

There are a number of important external studies into generational drift, and some of these studies have 40 years or more of consistent data. The NatCen for Social research study shows –

- The shift toward liberal values is primarily a cohort effect, people born more recently are less conservative.
- Ageing itself does not significantly change values; rather, people retain many of the values they formed in youth.
- External events (e.g. economic crises) can cause temporary shifts, but these often revert. **(Addario and Wilson, 2024)**

What shifts vs. what sticks?

- "Impressionable years" are real. Attitudes are most malleable in late adolescence and early adulthood, then crystallise and become harder to change. This is the classic impressionable-years hypothesis. (Krosnick and Alwin, 1989)
- People do not, for instance, universally "move right" with age. Once you properly separate age, period (events of the time), and cohort (the generation that you are born into), the common saying that everyone gets more conservative with age does not hold up as a general law. Age/Period/Cohort (APC) analysis find little systematic rightward drift across the life-course; changes are domain-specific and often small. (Krosnick and Alwin, 1989)

- Big social value change often happens via cohort replacement. Many liberalising trends mainly shift because new, more liberal cohorts enter adulthood while older cohorts exit, not because individuals radically change their minds. (Alwin et al., 1991)

- But period shocks can move everyone a bit. Recessions, wars, scandals, or extraordinary elections can nudge multiple cohorts at once (a period effect), typically with smaller, sometimes temporary attitude shifts compared with cohort differences. (This is the logic of APC findings across democracies and in UK technical briefings.) (Alwin et al., 1991)

Millennials/Gen Z: will today's traits persist?

- UK evidence (NatCen, 2024): Hierarchical APC modelling indicates Britain's move toward more socially liberal attitudes is substantively a cohort story (younger cohorts are more liberal), with modest aging effects and some period bumps.

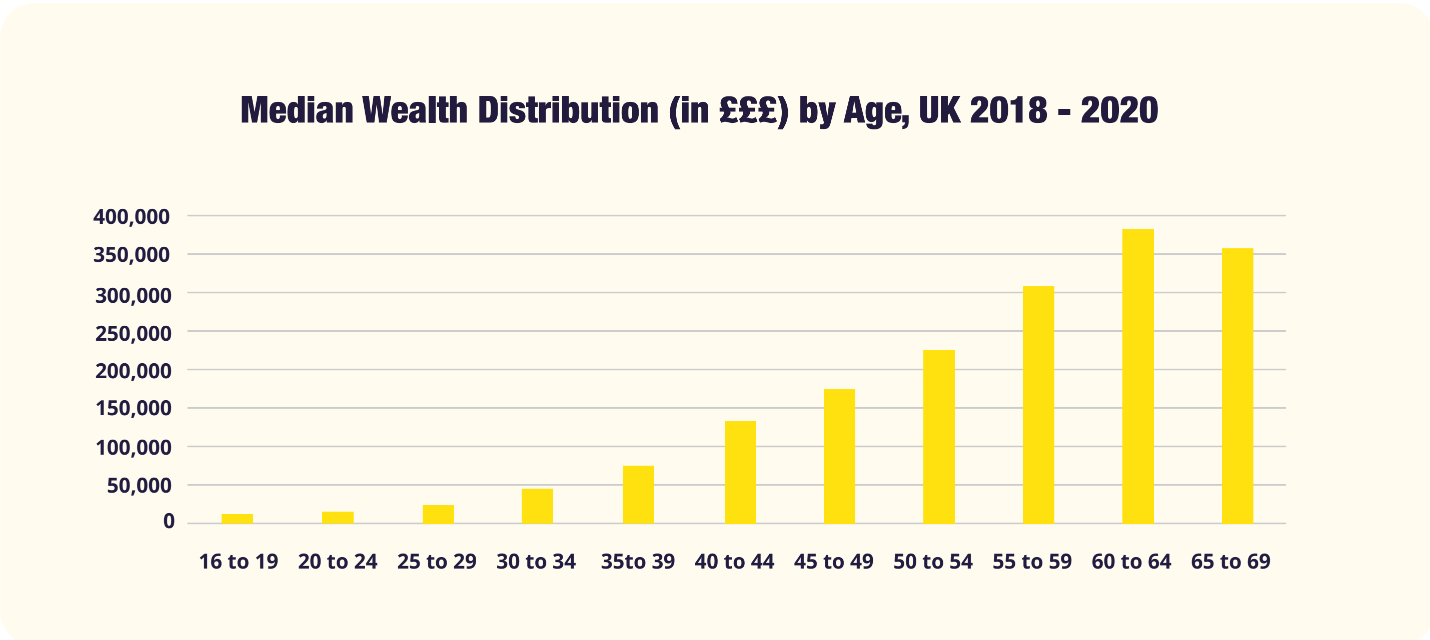
- Political socialisation research finds orientations set in the late teens/20s persist to a notable degree into mid-life and beyond.

Future Clients

Over the next 30 years an estimated £5.5- 7 trillion is projected to pass between generations in the UK. Women are set to inherit 70% of global wealth over the next two generations. AI is poised to substantially increase accessibility to financial services potentially shifting client demographics. The need to have a culture that attracts and retains these clients will be imperative to a firm's success.

Analysis by intelliflo shows currently that 88% of clients receiving financial advice are over 40 and 73% of clients are over 50. Wealth is at the highest level in the 60-64 category so whilst financial advice firms are starting to see younger generations engage, they are still catering very much to the "baby boomer" clients (ages 59-74).

Looking ahead 20 years, this will shift, with the oldest millennial now 44 years old, and the oldest Gen Z 28 years old, firms must make sure they are adapting to meet the needs of the newer generations who want different things to those of the current client.



Challenges for the Industry in Engaging the Generations

Financial literacy is uneven across generations, with the younger "digital native" generations having higher technological engagement but substantial gaps in practical skills, formal education and experiential knowledge. With a desire to learn, 60% of Gen Z use the internet to find financial information whether that's TikTok or YouTube. However, after researching we can confirm none of the top 10 traditional advice firms were significantly active on Tiktok in 2024-25. This poses the question - whilst firms may want to adapt to reach future generations, is their culture adapting quickly enough to engage these clients and if not, what is stopping them?

According to the Global Retail Investor Survey, 81% of Gen z and 80% of millennials globally find it important for investments to align with their personal values supporting our primary research. 84% of Gen Z and 88% of Millennials globally think low fees are important. Culturally, are firms doing enough to promote and offer Investment Choice and embracing technology to bring down the cost to serve clients?

Challenges for the Industry in Engaging Women

Women in the UK face several financial challenges, including the gender pay gap currently standing at 6.9% in April 2025 (ONS), higher likelihood of career interruptions or part-time work, and greater student loan debt compared to men, with women leaving university in 2023 likely to pay back £10,000 more over their lifetime as a result of student loan changes according to the Financial Times. Despite these challenges, projections indicate that a significant portion of the UK's wealth will be held by women in the coming years. Contributing factors include women's longer average life expectancy (by about four years), which increases the likelihood of receiving inheritances, as well as research from HSBC showing that higher-earning women save approximately 8% more than their male counterparts. Additionally, there has been an increase in entrepreneurship among women with women now representing one in 3 UK entrepreneurs, reflecting a 36% increase in business ownership since 2015 according to a report by Prowess,

Within financial advice firms, trust is consistently identified as the most important factor for female clients. Women often seek advisers who provide independent and unbiased advice, and value a culture of honesty, clear communication, and personal understanding. However, there is a gender disparity among financial advisers: while 69% of women express a preference for working with a female adviser, only 18% of financial advisers are women.

Challenges for the Industry in Engaging Ethically Diverse Clients

People from ethnic minority backgrounds in the UK often feel excluded from mainstream financial advice. Research shows that 1 in 5 individuals from minority ethnic groups experience discrimination when dealing with financial providers, facing barriers such as lack of trust, "one size fits all" solutions, and insufficient cultural representation. Historical exclusion from financial products and services has led to lower levels of trust and engagement. Many ethnic minority clients report that financial advice does not reflect their lived experiences or cultural values, and that the industry lacks visible role models and advisers who understand their backgrounds.

Ethnic minority populations in the UK are growing rapidly. According to the 2021 Census, 18% of the population of England and Wales belong to a Black, Asian, mixed, or other ethnic group, up from 13.8% in 2011. Asian ethnic groups now make up 9.3% of the population, Black groups 4%, and mixed groups 2.9%. The largest increases have been seen in Asian and "Other" ethnic groups. Urban areas, especially London, Birmingham, and Leicester, are becoming increasingly diverse, with some districts now "minority-majority".

Wider research suggests that firms must work harder to engage Ethnic minority clients by demonstrating genuine cultural understanding and representation in their workforce, ensuring that products and advice that reflect diverse financial needs and values, build trust through transparency, community engagement, and inclusive marketing and provide visible role models and advisers from similar backgrounds.

The current workforce in the UK financial sector is significantly less diverse than the general population, with ethnic minorities—especially Black professionals—

making up only about 2% of employees and less than 1% of senior executives, despite representing a much larger share of the UK's working-age and urban populations, meaning the sector does not adequately reflect the country's diversity.

IMPLICATIONS FOR OUR INDUSTRY

Our research demonstrates that the UK financial services sector is set to undergo a transformation: with demographic shifts, evolving client expectations, and cultural transformation all converging to reshape what it means to build trust, resilience, and long-term relevance.

1. Generational Divergence Demands Dual Strategies

Survey data, external research and interviews with industry experts confirm a pronounced generational divide in what clients value.

The most significant implication for the industry lies in the divergent expectations between older and younger generations. Survey data confirms that older clients particularly those over 65 continue to prioritise external markers of stability such as "solid reputation," consistency, and reliability. Their trust is rooted in continuity, long-standing relationships, and a human-centred advisory model.

Younger generations, however, approach culture through an entirely different lens. The survey shows that Millennials and Gen Z assign the highest importance to internal cultural factors: how employees are treated, how organisations respond to change, the authenticity of purpose, and adherence to ethical principles. This generation expects values alignment from the institutions they engage with and is far more willing to switch providers over cultural, ethical, or reputational concerns. Among non-white respondents, this effect is even more pronounced, with higher sensitivity to cultural integrity and ethical practice.

Interview evidence reinforces this generational divide. Rothschild & Co notes "a clear generational divergence," describing younger clients who prioritise "authenticity, transparency, and digital convenience," and who expect firms to operate with a meaningful sense of purpose. For these clients, culture is not an internal artefact, it is a visible measure of whether a firm lives its stated values. They want evidence of socially responsible investment, representation, and ethical governance. They view culture as demonstrated behaviour rather than stated intention.

Implication:

Firms must develop dual strategies, whilst maintaining traditional approaches for older clients while rapidly evolving to meet the values-driven, digital-first expectations of younger generations. Failure to do so risks losing relevance and market share as generational wealth transfers accelerate. As one of our industry leaders put it, 'the fundamentals of trust and delivering good outcomes that beat expectations are universal, but the delivery mechanisms must adapt.'

2. Culture Must Be Lived, Not Just Stated

Our interviews reveal that younger clients and underrepresented groups are highly attuned to whether a firm's stated values are genuinely reflected in its behaviour. As Rothschild & Co noted, there is a "clear generational divergence," with younger clients prioritising "authenticity, transparency, and digital convenience." They want evidence of socially responsible investment, representation, ethical governance, culture as demonstrated behaviour, not just a stated intention.

In general, our interviews confirmed that younger generations seem to prioritise ethical investing and ESG considerations. All those firms interviewed had active sustainability initiatives in place.

The survey data demonstrated that the majority of respondents felt their firms/advisors lived up to their cultures. This is very reassuring and demonstrates the work that firms have undertaken to embed their cultures both internally and out into the wider world. Hurst Point/Hawksmoor found that their clients reacted most positively to their advisor's ability to interact with someone who empathises with them and understands their goals.

Our interview with David Blackburn, Head of Insights at Rathbones, outlined measures intended to clarify and strengthen company culture. These include internal and external surveys via the Medallia programme, which gathers client feedback and shares it directly with investment teams to help improve service and identify problems quickly. He also highlighted the importance of reducing friction internally between departments and regions by aligning colleagues around shared goals, such as consistently delivering good client outcomes, to foster better collaboration.

Hurst Point/Hawksmoor echoed these sentiments, stating the need to ensure that smaller or regional offices felt included in the wider firm's culture.

Rothschild & Co spoke of the importance of their onboarding and continuous learning programmes for new joiners and for the ongoing training of existing staff, which include empathy based leadership, client service excellence, management development programmes and Client Service Executive and Analyst training and development curriculums to ensure that cultural values from entry through career progression are reinforced.

There was also an emphasis placed on communication & storytelling through quarterly letters, internal campaigns and Townhalls highlighting cultural themes, linking them to client outcomes and organisational purpose.

Finally, there is robust behavioural monitoring in place through processes like Breach Management and Regulatory Client Excellence reporting track adherence to standards, using aggregated data to identify systemic issues and drive corrective action.

Implication:

Firms must not rely solely on generic value statements and ensure that culture is consistently demonstrated in every client and employee interaction. This requires embedding cultural values into governance, leadership, and daily operations, with clear accountability for living up to these standards. As one respondent noted, "resistance to change will be a liability", authenticity and adaptability are now essential for trust.

3. Inclusion and Representation Are Strategic Imperatives

Women and ethnically diverse clients are set to inherit and control a growing share of wealth, yet remain underrepresented as both clients and advisers. Survey and secondary research indicate that women value trustworthiness, clear communication, and relational understanding. However, only 18% of financial advisers are female, despite 69% of women preferring to work with a female adviser. Firms like Rothschild & Co have responded with Women's Networks and Leadership Initiatives, while others highlight the need for more inclusive recruitment and mentorship.

In addition, Partnerships with organisations like *Buy Women Built* support female founders and entrepreneurs, offering guidance on both corporate and personal finance. Events and reports (e.g., Journey to Success) highlight Rothschild & Co's commitment to empowering women in business. Initiatives utilised include inclusive interview training, and mentorship programs to attract and retain diverse talent. These efforts aim to create a balanced, supportive environment that resonates with both employees and clients.

Rothschild & Co's efforts, through women's networks, leadership development, and external advocacy, illustrate one model for addressing this shift. The broader implication is that firms must treat inclusion not as a compliance requirement but as a cultural imperative that directly affects market growth. Other initiatives utilised include inclusive interview training, and mentorship programs to attract and retain diverse talent. These efforts aim to create a balanced, supportive environment that resonates with both employees and clients.

Rathbones also discussed the "catch-up" phase that some investors experience - often linked to periods of caregiving for children or older relatives- which can affect both earning capacity and the shape of their investment journey. Research at Rathbones indicates that many of these clients prefer more time for decision making and place greater weight on life goals and understanding of their investments, rather than focusing solely on short-term performance metrics. The firm's approach is to meet clients where they are, providing clear education and support that align advice with personal objectives.

Rathbones have been active in the Future Assets mentoring programme, an initiative which pairs female secondary school pupils with investment professionals in a competitive forum to nurture future female talent for the industry. The firm also utilises financial awareness courses for children and young adults as well as female only courses which help clients and prospective clients better understand the unique obstacles and challenges that women face in dealing with their financial affairs.

A common theme across all our interviews was the need to rely more heavily on a human-centred financial planning approach. Rathbones viewed this as an essential tool to engage clients early, with an approach that starts with understanding a client's backgrounds, values and life goals rather than just focusing on risk profiles. This could be especially true for female investors who may be catching up following a career break or indeed those from underrepresented groups who may have more nuanced needs. One financial advisor we spoke to, who was from an ethnically diverse background spoke of the unique issues and barriers in their community and how without knowledge of the nuances, it would be impossible to build trust and long-term relationships. This speaks to the need for diversity in our advisors to engage with an increasingly diverse client bank.

Implication:

Inclusion is no longer a compliance exercise; it is a growth imperative. Firms must invest in recruiting, developing, and promoting diverse talent, and ensure their client engagement strategies are inclusive and representative of the communities they serve. As one interviewee put it, "firms must treat inclusion not as a compliance requirement but as a cultural imperative that directly affects market growth."

4. Digital Enablement and Personalisation are now Baseline Expectations

Younger generations have grown up in an era of smartphones and instant access and expect seamless digital experiences and personalised advice. According to external research, 53% of Gen Z and 51% of Millennials identify digital banking as a top need, and the ability to open an account online is imperative for over 40% of both groups. They are accustomed to highly tailored services in other sectors and expect the same from financial services (Apiture, 2024).

Discussions within firms such as Rothschild & Co saw the importance of utilising new emerging tools to better cater for all types of clients, and to hyper-personalise the engagement experience, especially for younger clients who may value immediacy.

Rathbones emphasised the need to be where the client wants to be, to adapt to changing client expectations, which increasingly may mean digital channels rather than solely traditional face to face meetings. The firm understands the importance of digital solutions for connecting with younger generations who may already get their advice from AI, TikTok and other online platforms, and that more work must be done to build credibility and brand awareness in these spaces.

One interviewee suggested offering flexible, accessible services like one-off advice or trial-based models, going on to warn that without substantive changes, firms risk maintaining an aging client base and missing opportunities with younger demographics. In a world of instant gratification, it could become increasingly difficult to sell financial services to younger clients because the benefits of investing are realised far in the future, while people are more focused on immediate rewards. This challenge is compounded by competing demands on finances and the tendency for people to delay long-term planning, which affects engagement with wealth management.

Implication:

Firms must accelerate digital transformation, offering hybrid models that combine human expertise with digital convenience. Personalisation, powered by data and technology, should be at the heart of client engagement. As one industry expert observed, "digital fluency is no longer optional," and firms that normalise continuous learning and experimentation will be better positioned to deliver hybrid experiences.

5. Continuous Adaptation Is Essential for Resilience

The pace of change: technological, social, and regulatory, means that static cultures will quickly become obsolete. Our interviews found unanimous agreement that "with culture, there is always more to do," and that "there is no such thing as future proofing a culture; one has to continuously adapt and refresh." Rathbones, for example, rely on continuous feedback from clients through digital surveys and place high importance on the constant need to enhance and improve their service offering.

From the secondary research interviews, and across organisations interviewed, there is clear recognition that the cultural expectations placed on financial services firms are shifting. While each firm describes a strong cultural foundation, both explicitly acknowledge the need for continuous evolution, greater adaptability, and proactive cultural change to remain relevant to clients and employees.

- Hurst Point states explicitly that "with culture, there is always more to do" and that firms must "instil a sense of permanent improvement"
- Rothschild & Co echoes this sentiment, arguing that "resistance to change will be a liability" in future industry culture, and that successful firms must "embed adaptability as a cultural norm rather than an exception.
- Rathbones state that "the world is changing very quickly, and that firms need to be aligned to the changing needs of consumers"

This shared recognition represents a notable shift from culture as tradition to culture as a capability that must evolve. Firms openly state that cultural change is continuous and necessary. Hawksmoor stressed the importance of "instilling a sense of permanent improvement," observing that "life would be dull if we didn't applaud the need for change and ultimately clients could suffer."

Rothschild & Co goes further in articulating the risks of stagnation, stating that "resistance to change will be a liability" and that successful organisations must "embed adaptability as a cultural norm rather than an exception."

One interviewee described a successful organisation as one that strikes a balance between stability and adaptability. At the core, values and purpose, the "why", must remain constant, serving as an anchor for identity and trust. However, behaviours and practices, the "how", should evolve to meet changing circumstances. For instance, integrity is a timeless value, but the way it is demonstrated in a digital-first world will look different from traditional approaches.

Our firms agreed that rather than imposing rigid rules, companies should establish cultural guardrails, principles that guide decision-making while allowing flexibility. This approach preserves identity without stifling innovation. Adaptability should also be embedded as a cultural norm. Firms that treat change as a one-off event often struggle, while those that normalise continuous evolution thrive in dynamic environments.

Leadership plays a critical role as cultural translators. Leaders must model consistency in values while signalling openness to new ways of working. Their actions bridge the gap between stability and transformation, ensuring that change feels aligned rather than disruptive.

Implication:

Continuous learning, feedback, and improvement must become the norm. Firms should regularly review and update their cultural practices, using data and stakeholder input to drive ongoing evolution. Those that treat adaptability as a core cultural value will be best positioned to thrive.

The industry must recognise that culture is now a key competitive differentiator. Firms that invest intentionally in authentic culture, inclusive leadership, and digital innovation will build trust, attract new generations of clients, and ensure long-term resilience. Those that fail to adapt risk irrelevance in a rapidly changing market.

CONCLUSION AND RECOMMENDATIONS

Conclusion

Our research presented in this report offers a comprehensive exploration of the evolving landscape of company culture within the UK financial services sector. It underscores that culture is no longer a peripheral concern or a matter of internal branding: it is now a central determinant of trust, resilience and long-term relevance for financial institutions. The sector is at a pivotal moment, shaped by profound demographic shifts, generational change and heightened expectations around authenticity, inclusion and digital engagement. Culture is now a client facing asset and a source of competitive advantage. Firms with a clearly defined and authentically lived culture are better positioned to build confidence among clients and employees. Conversely, neglecting this area could lead to reputational damage, erosion of loyalty and increased client attrition. Culture should be viewed strategically as a driver of trust, client retention, and organisational resilience. Whilst these principles may seem obvious, our findings show that expectations surrounding them are evolving rapidly, particularly when examined through a generational lens and across diverse client demographics.

Generational Divergence and the New Culture Paradigm

A pronounced generational divide is evident in how culture is perceived and valued. Older clients, particularly those over 65, continue to prioritise external markers of stability—solid reputation, reliability, and continuity. Their trust is rooted in long-standing relationships and a human-centered advisory model. In contrast, Millennials and Gen Z clients approach culture through a different lens, assigning the highest importance to internal cultural factors: how employees are treated, how organizations respond to change, and the authenticity of purpose. To adapt to these shifting demographics, firms must balance upholding traditional cultural principles while embracing changing client expectations. Core values remain constant, but futureproofing requires adaptation through a process of evolution, not revolution. Our research indicates that incremental, thoughtful changes - such as personalisation, enhanced digital solutions and tailored engagement strategies - will help firms meet diverse needs without losing their cultural identity. Our findings highlight the importance of catering for generational and gender divergence by understanding client demographics and mapping their preferred communication channels, service expectations, and values. This is of paramount importance as younger cohorts are far more willing to switch providers over cultural, ethical, or reputational concerns, and this effect is even more pronounced among non-white respondents.

Digital Enablement and Personalisation as Baseline Expectations

To both understand and meet the expectations of different generations, firms must ensure the client process determines the most appropriate 'journey' design and experience. Digital fluency is becoming a baseline expectation for Gen Z and Millennials and firms should design digital-first onboarding journeys for this demographic - incorporating mobile-friendly account opening, video consultations, and interactive financial education modules. Technology should enhance, not replace relationships and digital tools should free up time for greater human connection. In addition, firms should pilot values-based advice sessions for younger clients, focusing on ESG investing (what it is and what it's not), ethical funds, and social impact to align with their priorities. At the same time, firms must maintain equal service quality for older generations, preserving traditional engagement options such as in-person consultations, telephone support, and clear, accessible communication to ensure trust and continuity for clients who value stability and personal interaction. Closing demographic gaps requires targeted strategies that speak directly to what matters most to each cohort. Firms that lag in digital transformation risk maintaining an aging client base and missing opportunities with younger demographics.

Continuous Adaptation for Resilience

Across all research streams, one message is consistent: static cultures will not survive the next decade. Culture today must be lived, demonstrated, and adaptive, rather than static or formulaic. The most resilient firms are those that treat culture as a living capability, anchored by stable values but continually refreshed through behaviours, systems, governance, and feedback loops. Leaders must set clear expectations, model desired behaviours, and empower their organisations to challenge outdated norms. Cultural adaptability is emerging as a defining factor of future success. Firms should move beyond statements of intent and embed culture into the fabric of governance and leadership, creating ownership in everyday practices.

To sustain this, organisations must establish and embed frameworks that provide structure, ensuring values are translated into practical actions. This could include appointing a Culture Expert at board level to oversee cultural alignment, report on this regularly, and provide key insight into future change and adaptation. Integrating culture KPIs (e.g., employee engagement, client trust scores) into executive performance reviews reinforces accountability. Annual culture audits - using external consultants - with findings shared transparently with staff and clients ensures continuous improvement. By combining strong foundations with dynamic adaptability, firms can transform culture from a static concept into a strategic capability that drives resilience and long-term success.

Culture as Lived Experience, Not Stated Intention

Ultimately, culture is not what firms say but what they do. It is the collective pattern of behaviours that clients experience, employees feel, and the market comes to trust. Younger clients and underrepresented groups are highly attuned to whether a firm's stated values are genuinely reflected in its behaviour, firms that move beyond generic value statements and demonstrate authentic, inclusive, and adaptive culture will not only retain today's clients, but will become the first choice for the generations who will define the industry's future. While the need for cultural adaptability is clear, our survey reassuringly shows that respondents believe companies are largely living up to their stated values and cultural commitments. This confidence offers a solid platform for firms to evolve from - transforming culture into a dynamic, strategic asset that drives trust, resilience, and long-term success.

Inclusion and Representation: From Compliance to Imperative

Women and ethnically diverse clients are set to inherit and control a growing share of wealth yet remain underrepresented as both clients and advisers. The industry's future growth depends on its ability to recruit, develop, and promote diverse talent so these employees can help businesses understand the wants and needs of their demographic, to help attract and retain these clients and to ensure that client engagement strategies are inclusive and representative of the communities they serve. Inclusion is no longer a compliance exercise; it is a strategic imperative that directly affects market growth.

RECOMMENDATIONS FOR THE INDUSTRY

Based on the findings, the following recommendations are proposed for financial services firms seeking to build resilient, relevant, and trusted organisations in the years ahead:

1. Adopt Dual Strategies for Generational Engagement

- Maintain Traditional Approaches for Older Clients: Continue to prioritise stability, reliability, and human-centered advisory models for older clients who value these attributes.
- Evolve Rapidly for Younger Generations: Develop new engagement models that emphasise authenticity, transparency, digital convenience, and values alignment. Understand that Millennials and Gen Z expect culture to be demonstrated through behaviour, not just stated in mission statements.

2. Embed Culture in Daily Operations and Governance

- Move Beyond Generic Value Statements: Ensure that cultural values are consistently demonstrated in every client and employee interaction. This requires embedding culture into governance structures, leadership accountability, and daily operations.
- Establish Clear Accountability: Hold leaders and teams accountable for living up to cultural standards, using behavioural monitoring, feedback mechanisms, and transparent reporting.

3. Prioritise Inclusion and Representation

- Recruit and Promote Diverse Talent: Invest in recruiting, developing, and promoting women and ethnically diverse professionals at all levels, especially in client-facing and leadership roles.
- Foster Inclusive Client Engagement: Design products, services, and communication strategies that reflect the diverse needs and values of all client segments. Provide visible role models and advisers from similar backgrounds to build trust and engagement.
- Support Community Initiatives: Partner with organisations that empower underrepresented groups, such as women's networks and mentorship programs, to nurture future talent and demonstrate commitment to inclusion.

4. Accelerate Digital Transformation and Personalisation

- Invest in Digital Infrastructure: Ensure that digital channels are robust, user-friendly, and accessible to all client segments. Offer hybrid models that combine human expertise with digital convenience.
- Leverage Data for Personalisation: Use data and technology to deliver personalised advice and experiences, meeting clients where they are.
- Experiment and Learn: Normalise continuous learning and experimentation with new digital tools and engagement models to stay ahead of client expectations.

5. Cultivate a Culture of Continuous Adaptation

- Embrace Permanent Improvement: Treat adaptability as a core cultural value. Regularly review and update cultural practices using data, stakeholder input, and feedback from clients and employees.
- Empower Leadership as Cultural Translators: Leaders must model consistency in values while signaling openness to new ways of working. Their actions should bridge the gap between stability and transformation.
- Establish Cultural Guardrails: Set principles that guide decision-making while allowing flexibility, preserving identity without stifling innovation.

6. Align External Messaging with Internal Reality

- Authenticity Over Homogeneity: Move beyond formulaic mission statements and ensure that external messaging reflects the real work being done on adaptability, inclusion, and digital transformation.
- Communicate Purpose Narratives: Share stories and examples that illustrate how cultural values are lived within the organisation, building credibility and trust with clients and stakeholders.

7. Measure and Report on Cultural Impact

- Use Data to Drive Improvement: Implement regular surveys, feedback mechanisms, and behavioural monitoring to assess cultural alignment and identify areas for improvement.
- Report Transparently: Share progress and challenges openly with clients, employees, and regulators, demonstrating a commitment to continuous improvement and accountability.

GROUP 4

End Notes

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