



ADVISERS OVERWHELMINGLY REJECT SUGGESTIONS THAT RETAIL DISTRIBUTION REVIEW WILL LEAD TO BETTER ADVICE

- **Fidelity poll reveals that 95% of advisers believe only those who select from the whole of the market deserve to be called independent**

London, 12 July 2007 – Advisers have given an overwhelming thumbs-down to the Retail Distribution Review (RDR). More than 90% of firms say the proposals would not result in better advice for the consumer.

Fidelity International polled more than 500 firms* shortly after the publication of the RDR by the Financial Services Authority on 27 June. Their response was largely hostile, with three clear concerns surfacing:

- 95% of respondents said only advisers who looked at the entire market should be entitled call themselves independent. The FSA has proposed that any adviser who receives a fee, or its equivalent, can claim to be independent, even if his service is limited to a range of simple products. The proposals were a recipe for confusion, said advisers.
- The majority of respondents also rejected the FSA's proposal that IFAs can only be called independent if they work exclusively on fees. Many said that 90% of their clients would prefer to have a commission deducted from their investment rather than pay an upfront fee. One adviser commented: "The emphasis on commissions being in some way wrong and cheap products being the best is misguided. When was the last time you purchased a car because it was the cheapest to buy and maintain?"
- With the average age of an adviser standing at 57, many respondents registered concern about the FSA's requirement for higher qualifications. While some advisers expressed the view that improving the professionalism of the industry in general is a good idea, they were concerned that the experience gained by those who have been advisers for a number of years would now count for nothing. Many even went as far as saying that they would retire early. Another adviser commented: "Like many other experienced IFAs aged 55+, I would be



pushed into retirement earlier than I want to. Soon there will be very few experienced advisers left.”

Peter Hicks, Head of IFA channel, said: “We believe that the aims of the Financial Services Authority are laudable but our concern, which mirrors that of the advisers responding to the survey, is that this paper may have the opposite effect of that intended, leading to further dilution of the independent label and greater confusion for consumers.

“We intend to engage vigorously and constructively in the consultation and are taking steps to make sure that we take account of the views of the market place, supporting the adviser community. Many of the comments we received suggested that advisers believe the industry to be in the best shape it has been for many years, so why try to fix something that is no longer broken? Advisers are looking to the FSA to build their reputation and professionalism and to help provide their expertise to a much wider audience more easily. We aim to work with both them and the FSA to reach a productive solution.”

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Notes to editors:

*Source: Fidelity International. 589 advisers responded to a survey conducted during the week commencing 2nd July 2007

**Source: Fidelity as at 31.03.07

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