



# State of the Nation Report

Understanding consumer and IFA sentiment in  
Q2 2024

## Key headlines

1

### Personal finances heading in the right direction?

Despite some recovery over the last six months, financial confidence remains stubbornly low as the new Labour government takes office

2

### Current investment appetite increases

Despite optimism about the next 12 months dampening among IFAs since Q1, current investment opportunities are positive and there is appetite to invest from both IFAs and Investors.

3

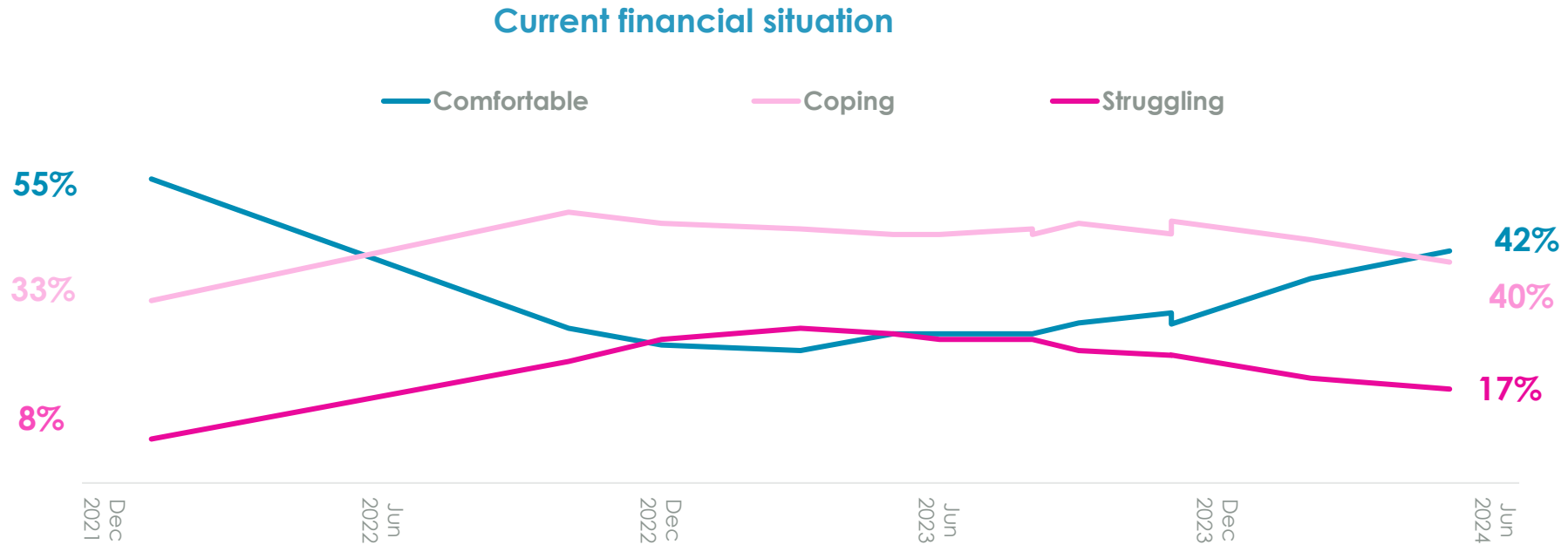
### IFAs increase in confidence in the short term

Almost two thirds of IFAs feel their current business is good, higher than in Q1. However, optimism has dropped from over two fifths in Q1 to less than a third this time round, potentially a result of low confidence in a Labour government.

**Personal finances  
heading in the right  
direction?**

# Despite some recovery over the last six months, financial confidence remains stubbornly low as the new Labour government takes office

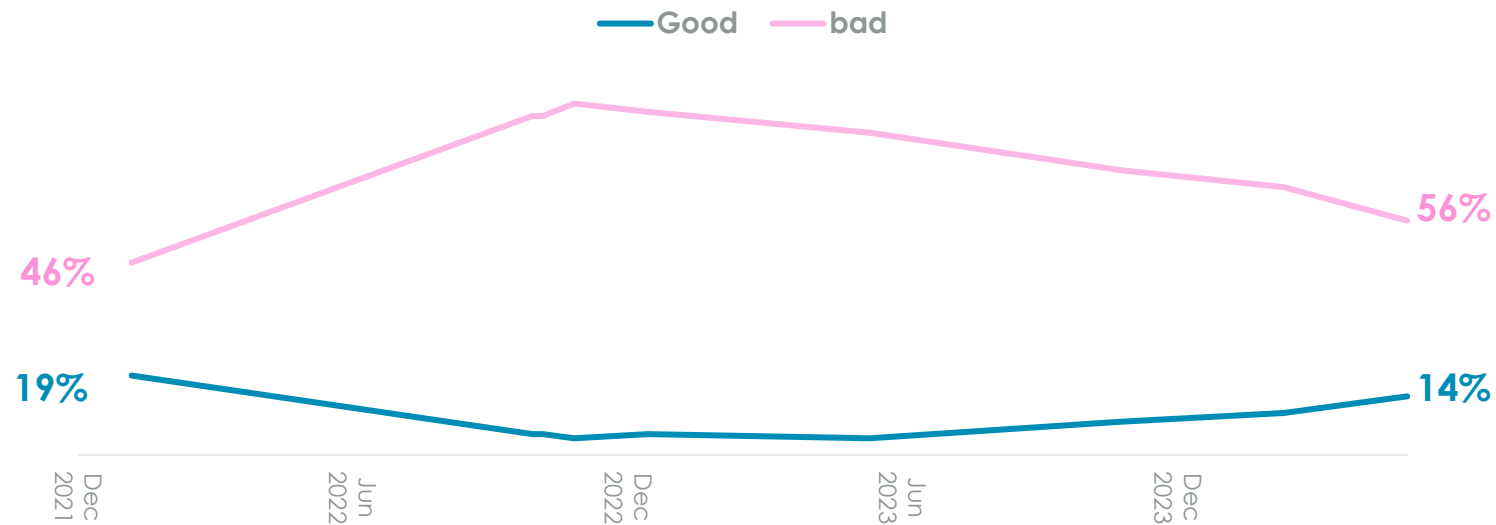
Less than 50% of the UK population would describe their financial situation as comfortable.



Q - What is the best way to describe your current financial situation?

## The gap between those describing the economy as good and bad remains persistently high, albeit this gap is starting to narrow

State of the UK economy

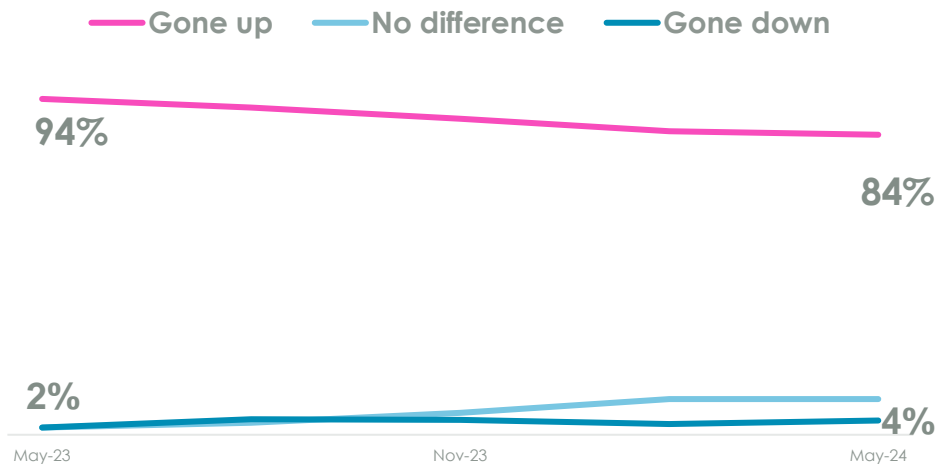


Q - Over the next 12 months, do you expect the state of the economy to get better or worse?

## Despite inflation falling, the cost-of-living crisis continues to take hold as interest rates remain high

Though fewer respondents are saying the cost of living has gone up, the vast majority still think this is the case, and only 4% think costs are decreasing,

### Overall Cost of living



Q – How has the increase in inflation and interest rates negatively affected your personal finances over the past 12 months?

*“The price of items (particularly in supermarkets) is still going up”*

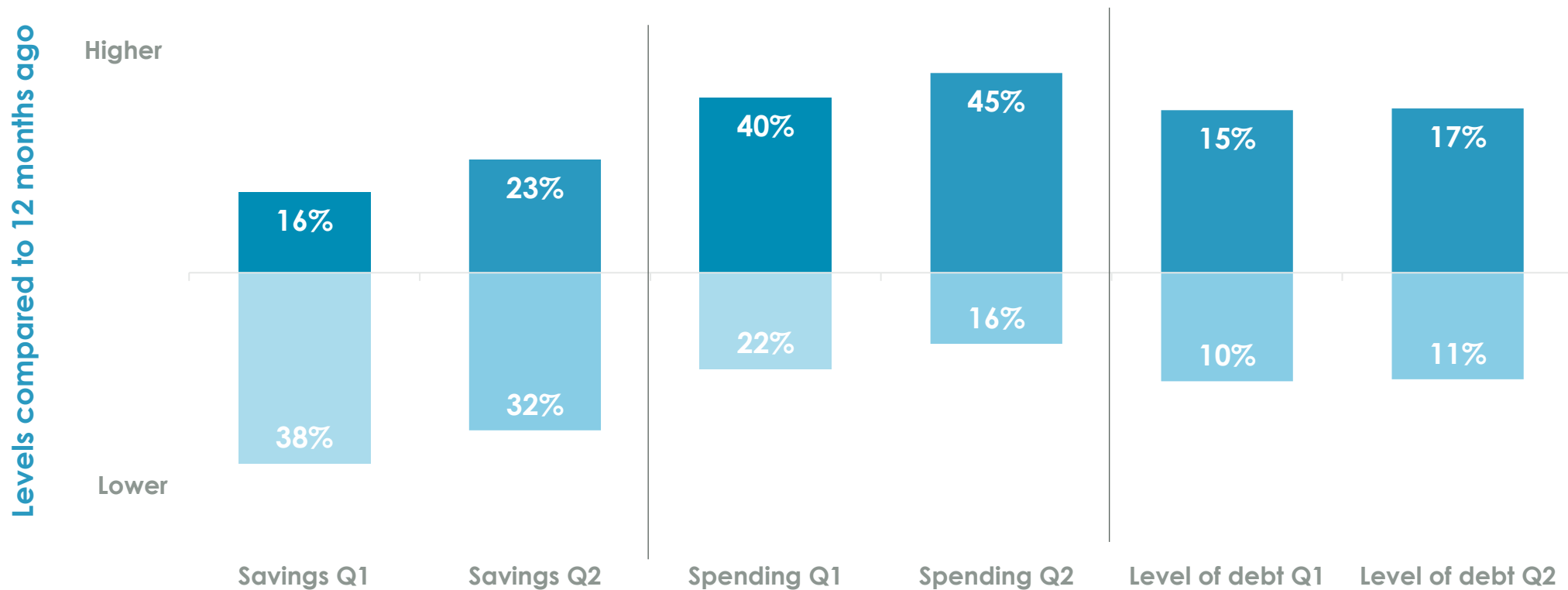
*“Last year was constrained, this year fractionally better, but under the shadow of next year’s approaching crunch.”*

*“My rent went up by a significant amount. I don’t have the same disposable income.”*



## Savings continue to take a hit as spending and costs increase

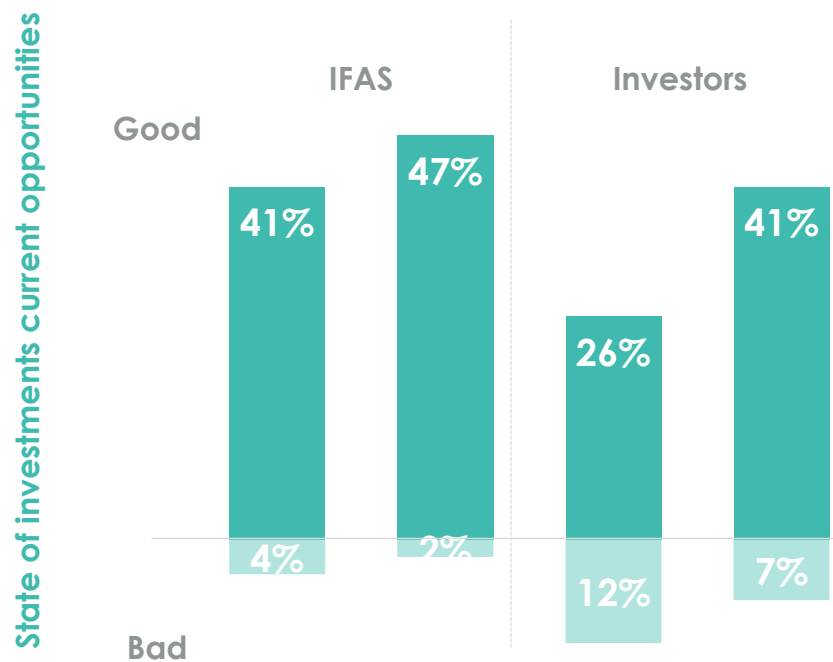
Although the level of savings have increased since Q1, we have also seen the level of spending increase.



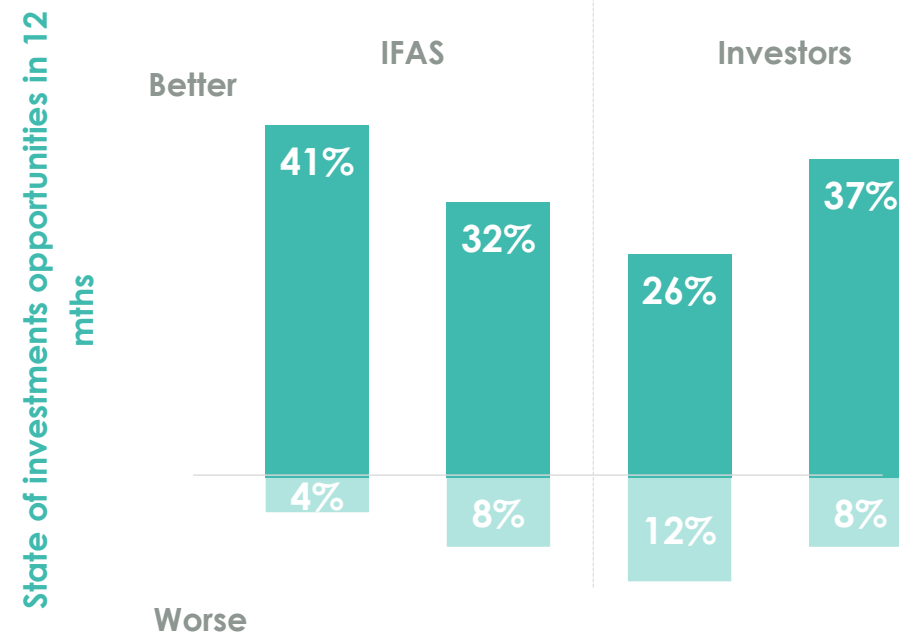
**Current investment  
appetite increases**



## Current investment opportunities are positive, but optimism about the next 12 months has dampened among IFAs



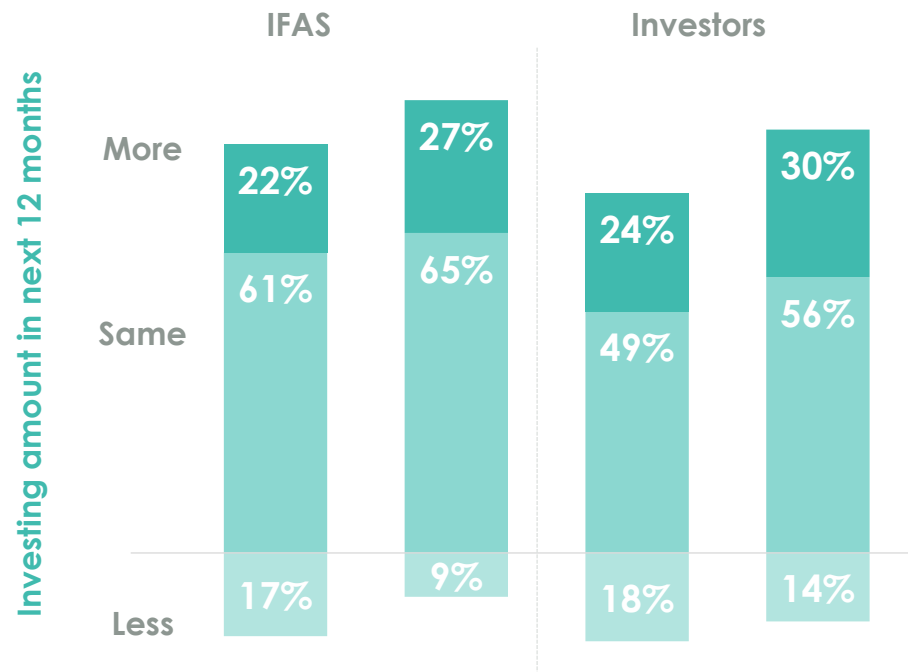
Q - How would you rate current investment opportunities?



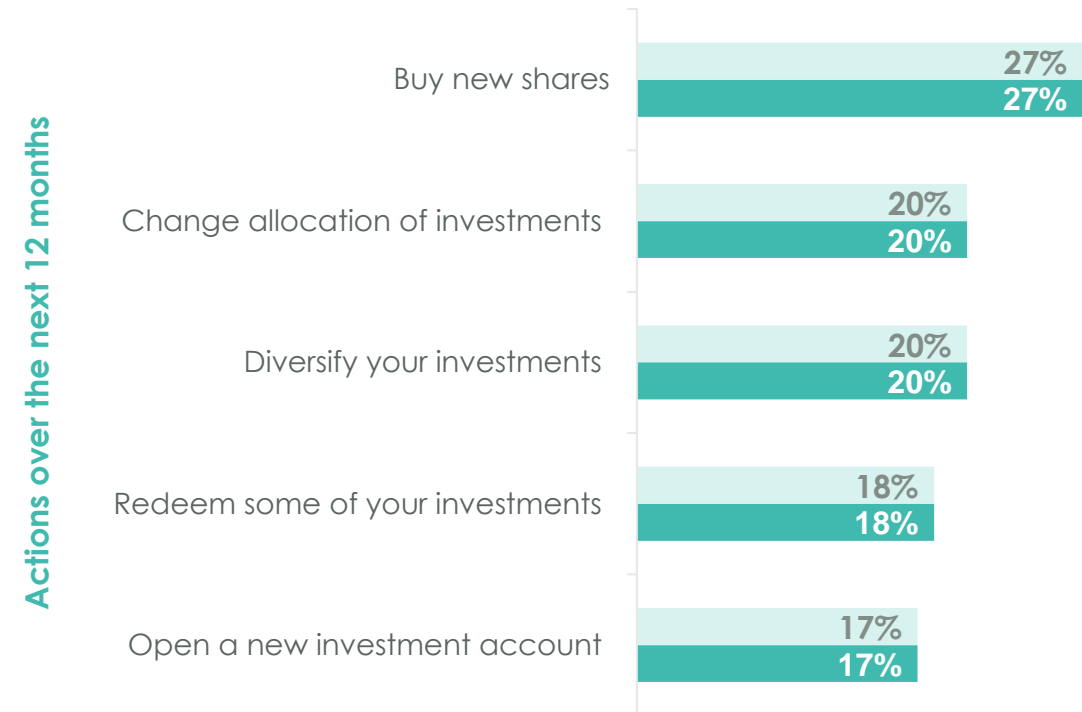
Q - How would you rate investment opportunities to be in next 12 months?

## Despite muted confidence, there is still appetite to invest from both IFAs and Investors

Just over a quarter of investors plan to buy new shares over the next 12 months.



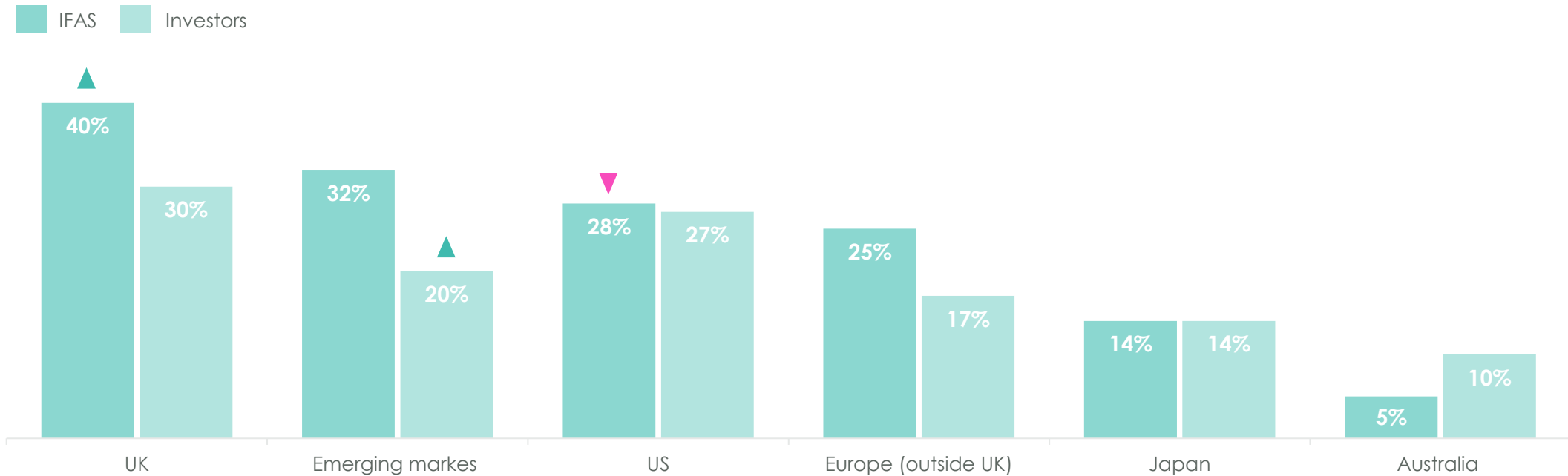
Q - Do you/ your clients expect to invest more or less over the next 12 months?



Q - Do you expect to do any of the following over the next 12 months?

## Best market buying opportunities

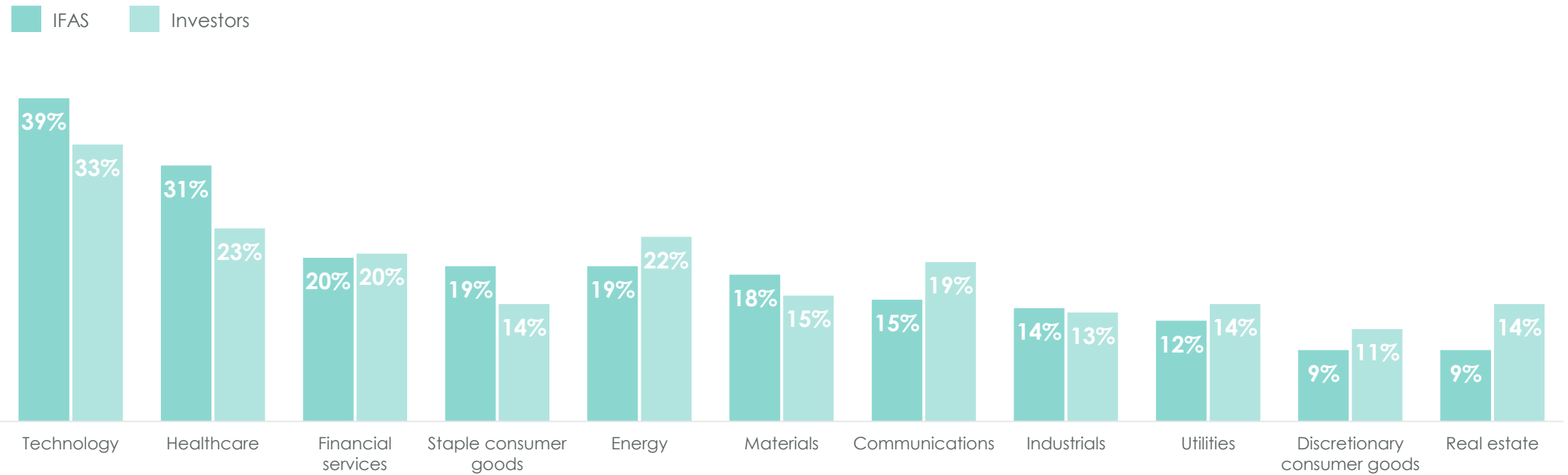
Advisers see the UK as a better investment opportunity than earlier this year, though this same increase has not occurred among investors themselves.



Q - Which markets do you think present the best buying opportunities for the next 12 months?

## Best sector buying opportunities

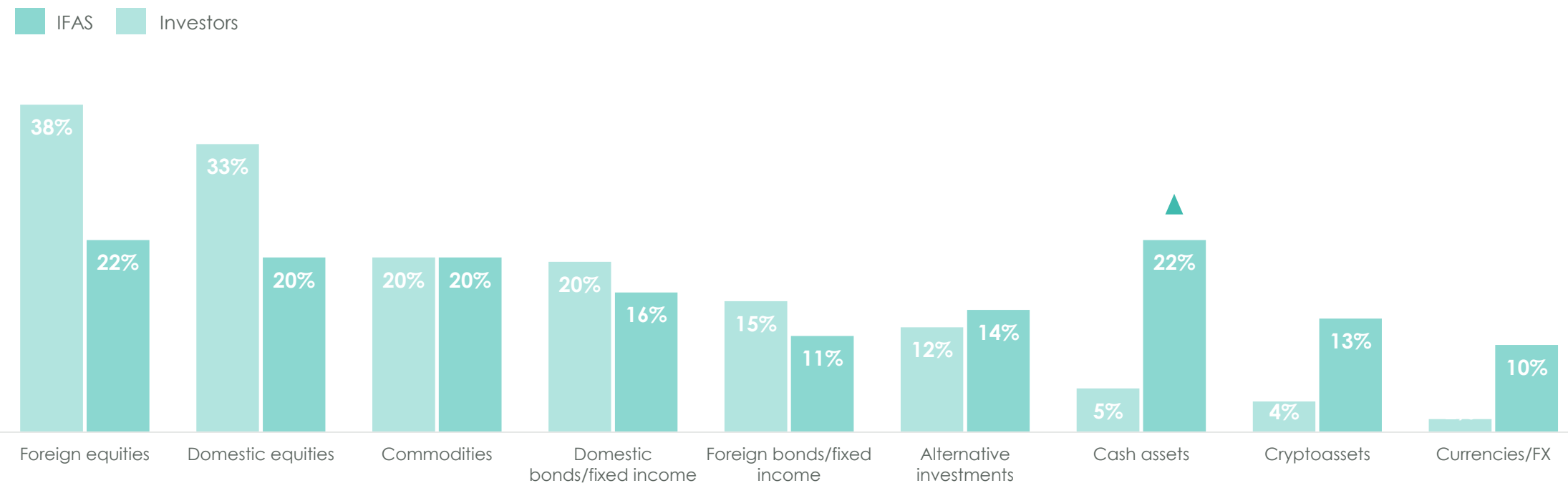
Investors and IFAs continue to rate Technology and Healthcare as the best buying opportunities over the next 12 months.



Q - Which sectors do you think present the best buying opportunities for the next 12 months?

## Best asset class buying opportunities

Investors place even more importance on cash assets in Q2 of this year, while IFAs continue to see Foreign/Domestic equities at the top options.

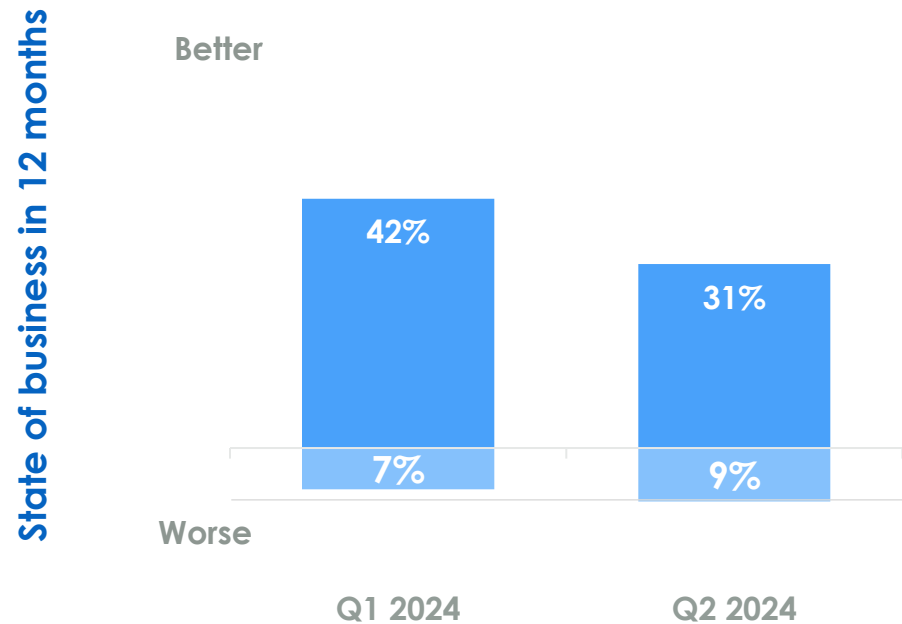
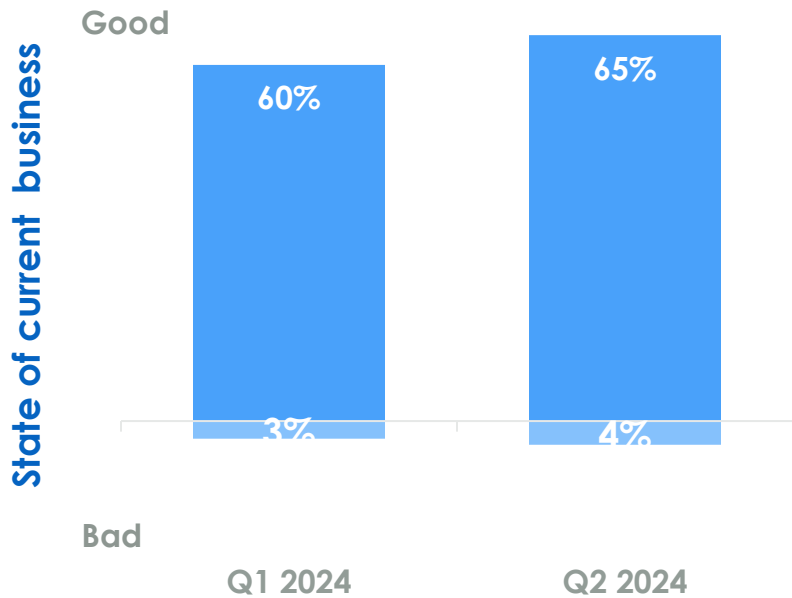


Q - Which asset classes do you think present the best buying opportunities for the next 12 months?

**IFAs increase in  
confidence in the  
short term**

## IFA business confidence is on the up, but they are less optimistic about the future

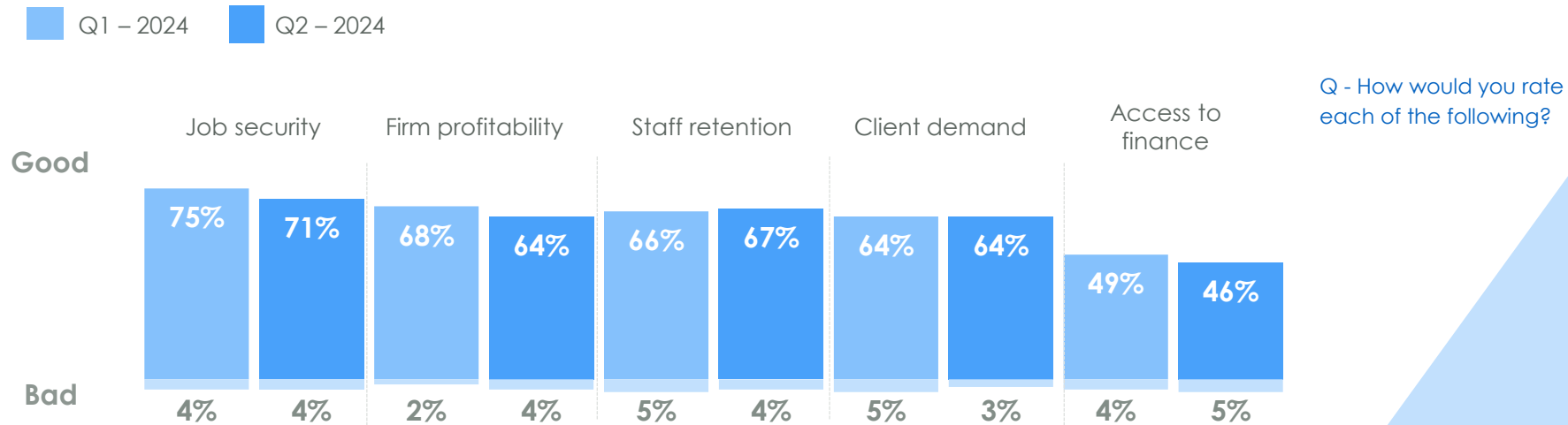
Almost two thirds of IFAs feel their current business is good, higher than in Q1 this year. However, optimism has dropped from over two fifths in Q1 to less than a third this time round.



# Job security and firm profitability are positive but slightly down on Q1

The majority of IFAs remain confident about their own job security and firm profitability.

Over two thirds of IFAs say they are open to new clients, but not actively seeking them, client demand is also positive with 64% still describing it as good.





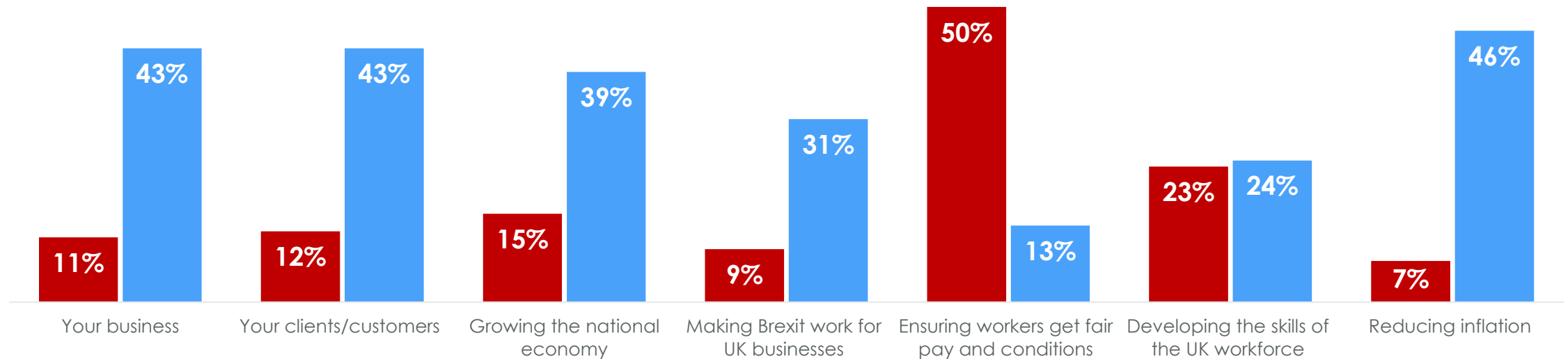
## Amidst a Labour win, optimism about the new government remains low among IFAs

Over half (51%) feel negative about a Labour government.

Only 11% believe Labour would be better for their business, 15% for growing the national economy, and 7% for reducing inflation.

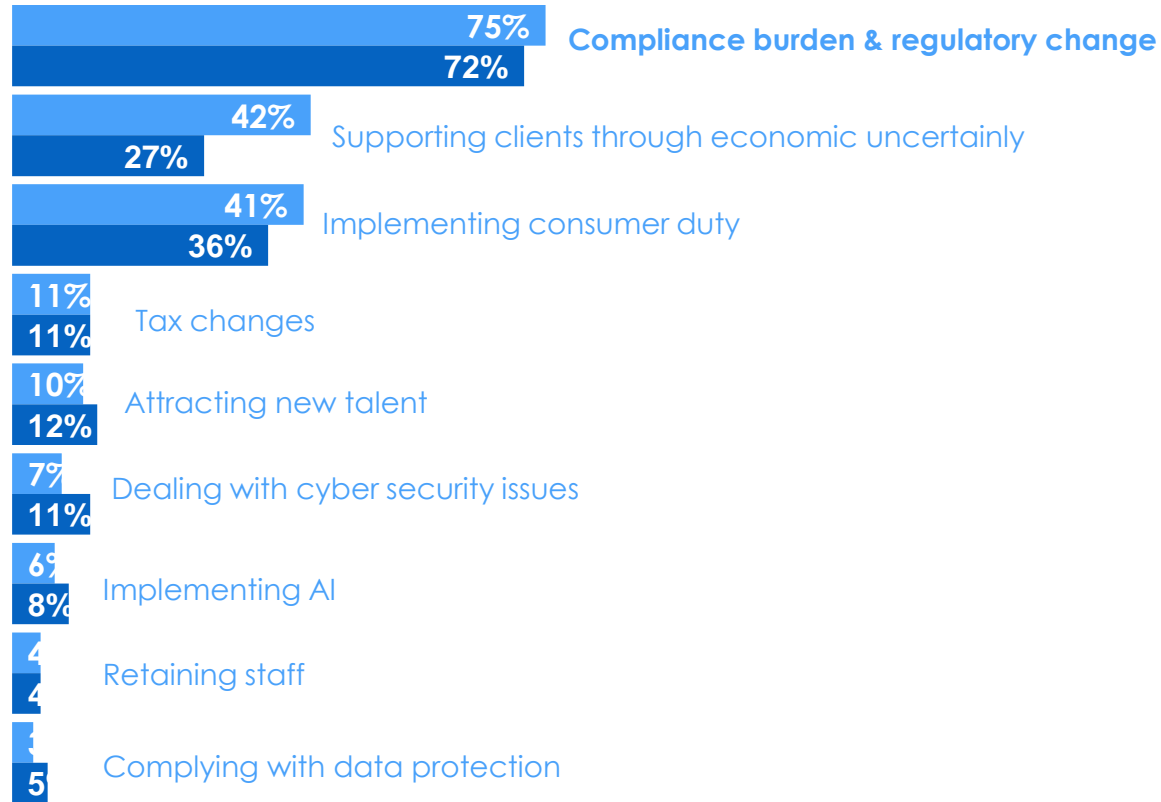
■ Labour ■ Conservative

Q - Which government would be better for...?



# Regulation and compliance burden continues to be the biggest challenge

Q - What are the biggest challenges your firm is facing at the moment?



Given the current economic backdrop, it is perhaps not surprising that supporting clients through economic uncertainty is a key challenge felt by one in five IFAs.

A bigger issue however is compliance burden coupled with implementing consumer duty, which is by far the most prominent challenge facing IFAs right now.

*“The stupidity of legislation changes that successive GOV's impose when they truly have not a clue what they are doing.”*



# AI usage remains at low levels, but both implementation and attitudes towards it are both higher than earlier this year

IFAs are generally positive about the increasing use of AI, with net +16% believing it will have positive impact on their firm, up from +12% in Q1.

While many are yet to embrace AI within their business, the numbers are improving, 6% currently use it and 18% are planning to, both higher than in Q1.

Q – Do you plan on using/ implementing (AI) in the next 12 months??



## Contact the authors:



**Alexa Nightingale**  
**RESEARCH DIRECTOR**

+44 (0)20 3119 3195

[AlexaNightingale@opinium.com](mailto:AlexaNightingale@opinium.com)

58 GREAT SUTTON STREET |  
LONDON | EC1V 0DG



**Matt Howlett**  
**SENIOR RESEARCH EXECUTIVE**

+44 (0)20 3119 3687

[MatthewHowlett@opinium.com](mailto:MatthewHowlett@opinium.com)

58 GREAT SUTTON STREET |  
LONDON | EC1V 0DG

