



Voice of the Adviser

A lens on financial advisor sentiment
Q4 2024

Key headlines

1

Sentiments towards Labour plummet

Three quarters of IFAs feel negative about the Labour government, rising from almost 6 in ten pre-Autumn budget. Labour declines across all economic competency indicators by -3 to -9 pts. Workers pay / conditions and economic growth see the largest increase in pessimism.

2

Investment and business confidence dampens

There has been a notable decline in optimism for investment opportunities (30% vs. 45% in Q3), while more advisers think investing amount will be down (25%) than up (13%) in 2025. Though a majority (61%) still think the state of their own business is good, this has also dropped since Q3 (67%).

3

Advisers' increasing use of AI

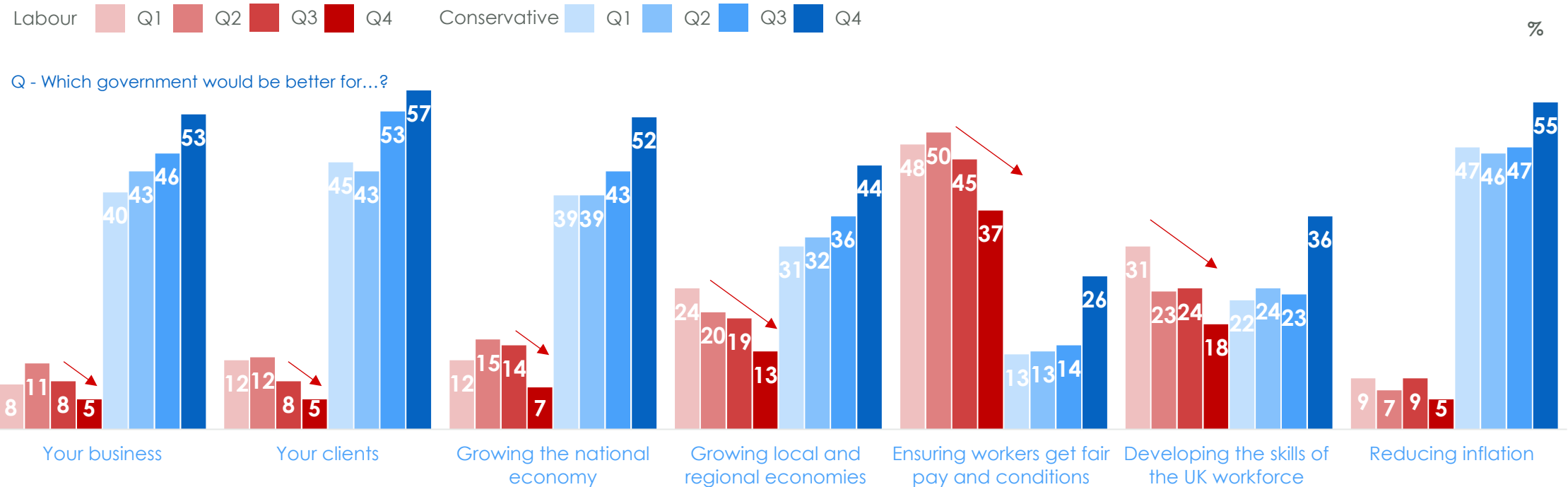
Not far off two in five IFAs either use or are planning to use AI in the next 12 months, with a majority seeing AI as potentially helpful for managing low value clients as well as efficiencies in working practices.

Government and the economy

IFAs confidence in Labour plummets

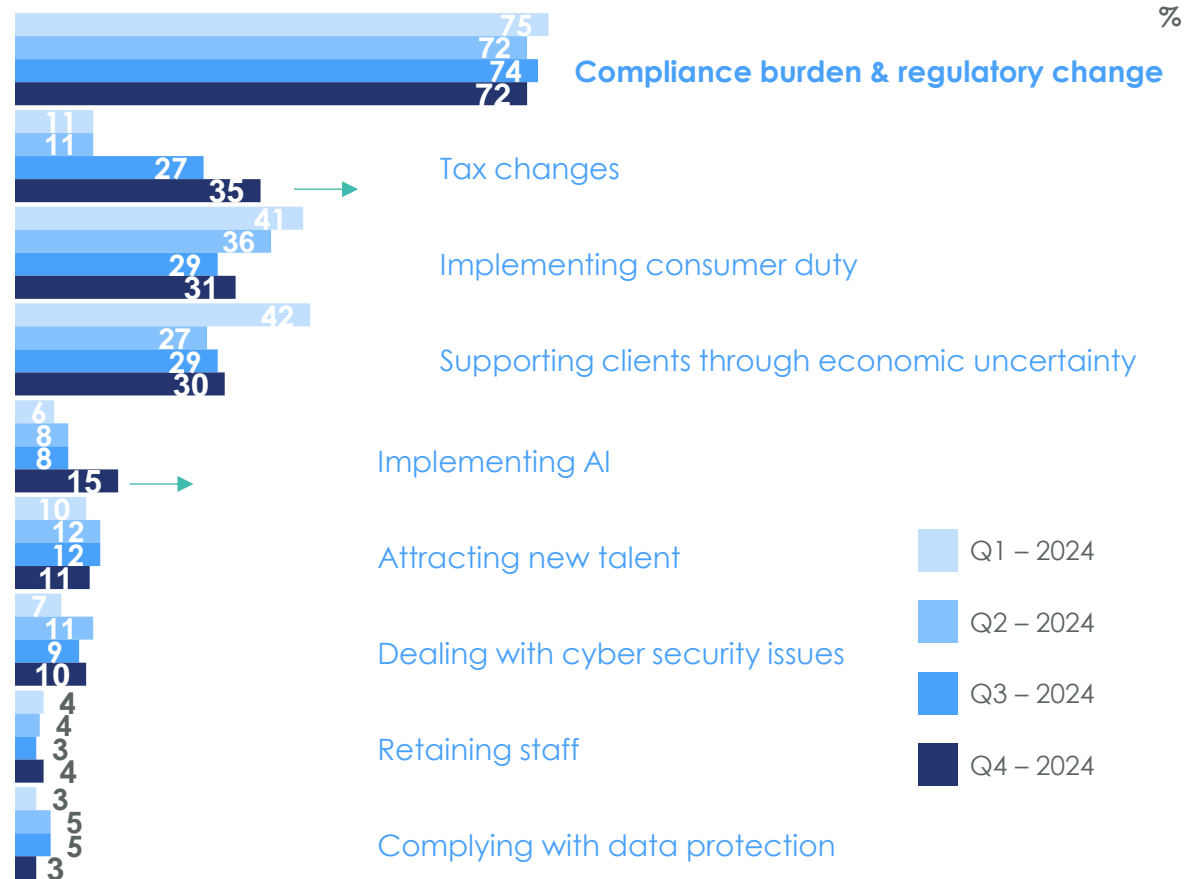
Three quarters (75%) feel negative about a Labour government, growing significantly post budget (59%)

Labour declined across all economic competency indicators ranging from -3 to -9 points. Workers pay / conditions and economic growth seen the largest drop post-budget.



Regulation and compliance remains the biggest challenge, while tax changes shoots up to second most salient change post-budget

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



"Increased regulatory burden makes it hard to scale quickly and efficiently"

"The budget has caused a considerable amount of concern and people are becoming even more uncertain"

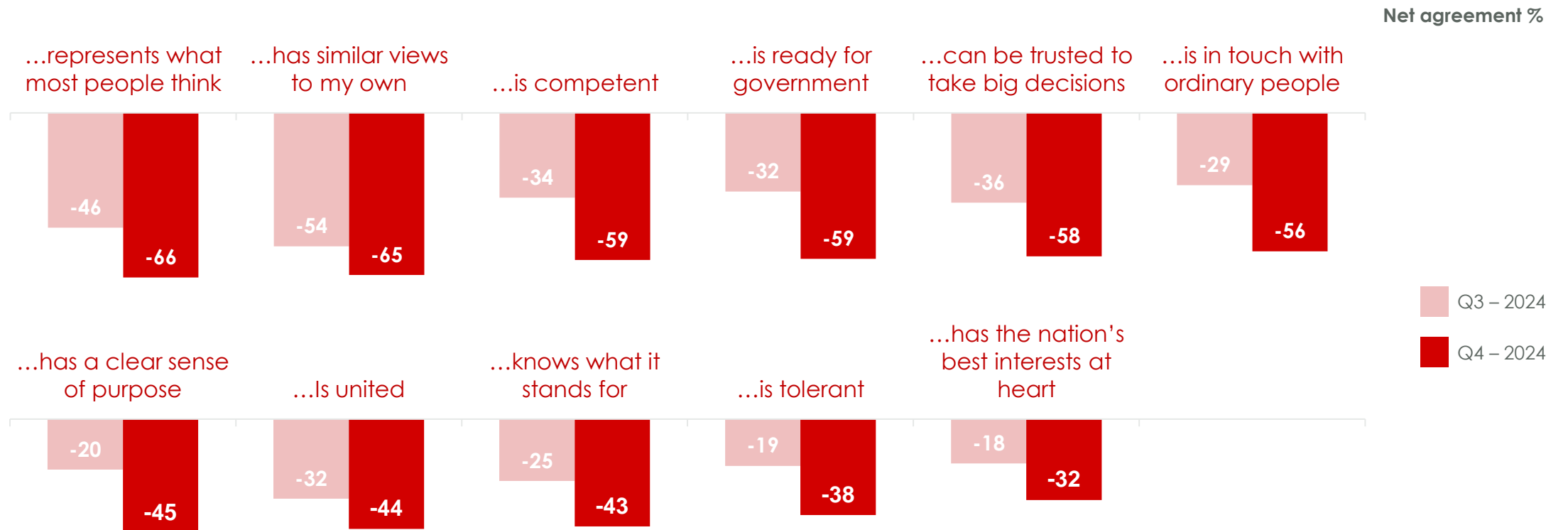
"The way this Labour government is running the country, it is ruining the economy and business outlook"

"We won't be expanding or taking on new staff with current NI rates"

"Interest rates too high... NI will impact employers' ability to keep or employ more staff"

Adviser opinions of Labour have decreased further across the board since Q3, most notably around competency and readiness for government

Q - To what extent do you agree or disagree that the Labour Party...

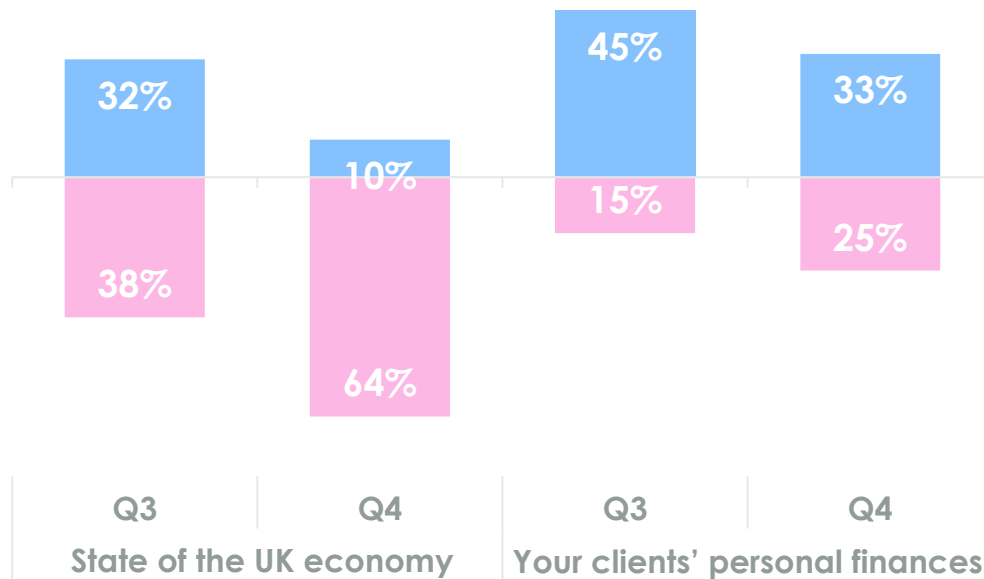


Confidence in the UK economy is declining. IFAs anticipate it will only get worse over the next 12 months

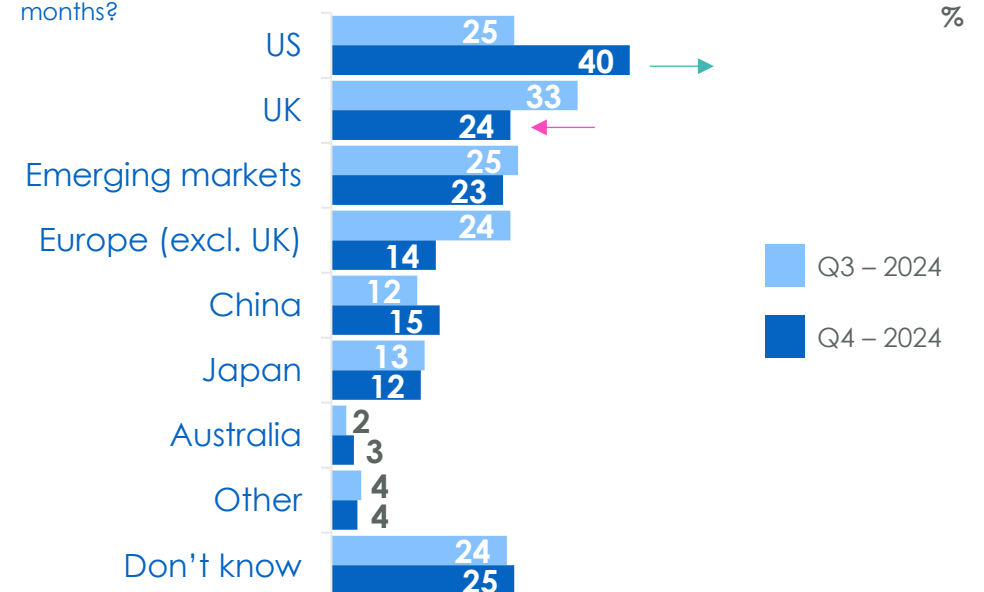
Only 10% of IFAs expect improvement to the UK economy over the next 12 months while 64% expect it to worsen. There is a significant deterioration in the economic outlook between quarters (net negative 6% Q3 vs. net negative 54%).

The UK market attractiveness as an investment buying opportunity has weakened - from 33% to 24%. Interestingly, there is growing confidence in the US Markets as Trump enters office.

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



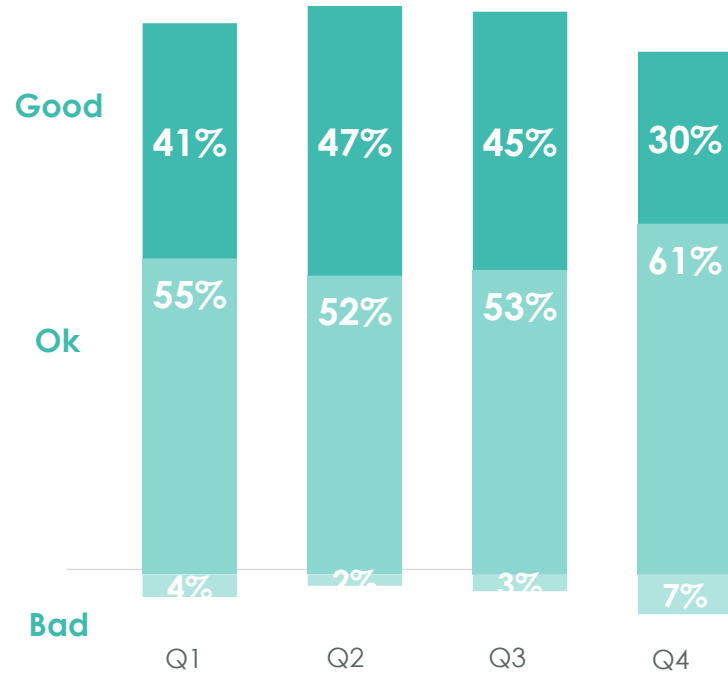
Q - Which markets do you think present the best buying opportunities for the next 12 months?



IFA business confidence

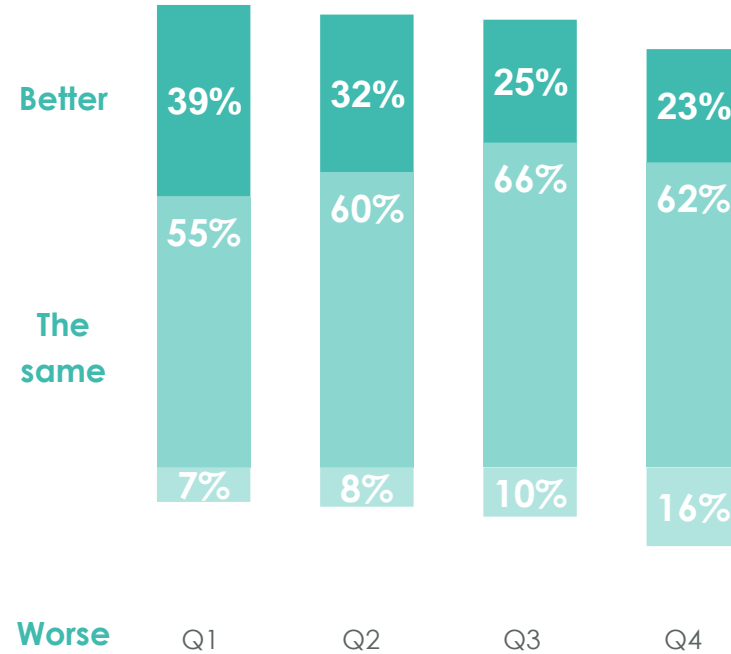
There has been a decline in those feeling good about current investment opportunities, while confidence in future opportunities is also more mixed

State of investments - current opportunities



Q - How would you rate current investment opportunities?

State of investments - opportunities in 12 months

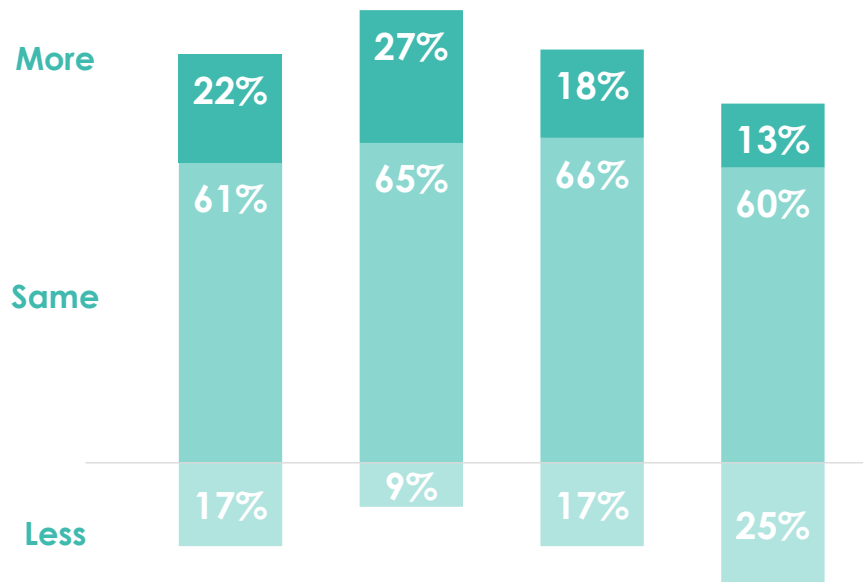


Q - How would you rate investment opportunities to be in next 12 months?

More IFAs expect clients to invest less than more for the first time in 2024

A quarter of IFAs expect investing amounts to be less in the next 12 months, nearly double the amount that think it will be more (13%). Foreign equities remain the top asset class to buy, with Domestic and Foreign bonds both heavily declining.

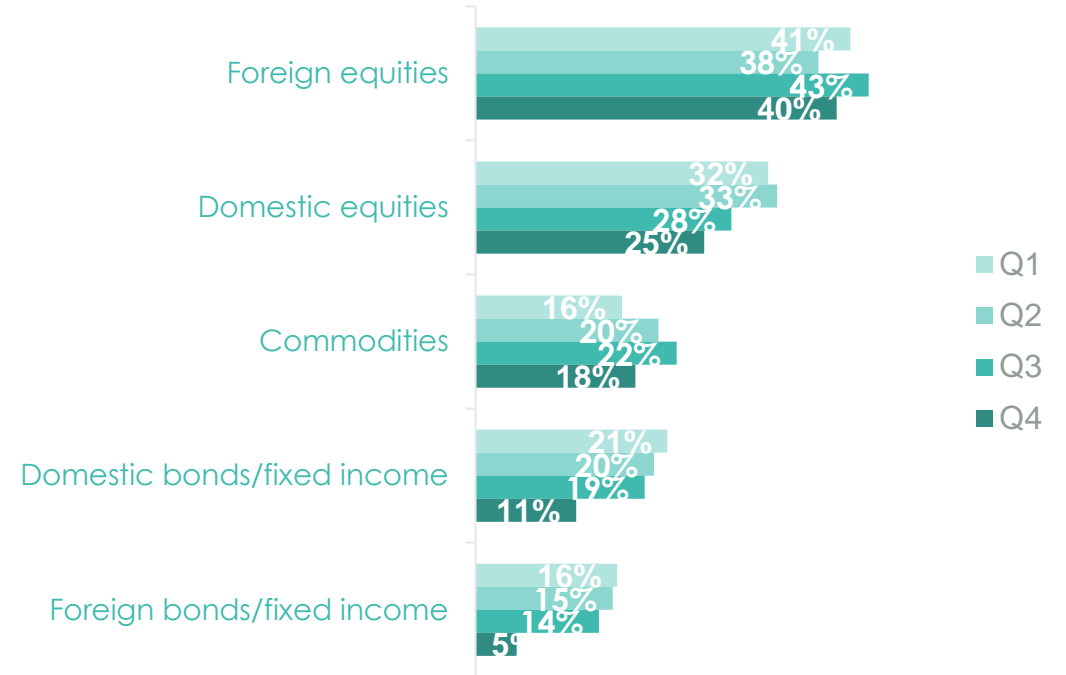
Investing amount in next 12 months



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

Best Asset Classes in the next 12 months

Actions over the next 12 months

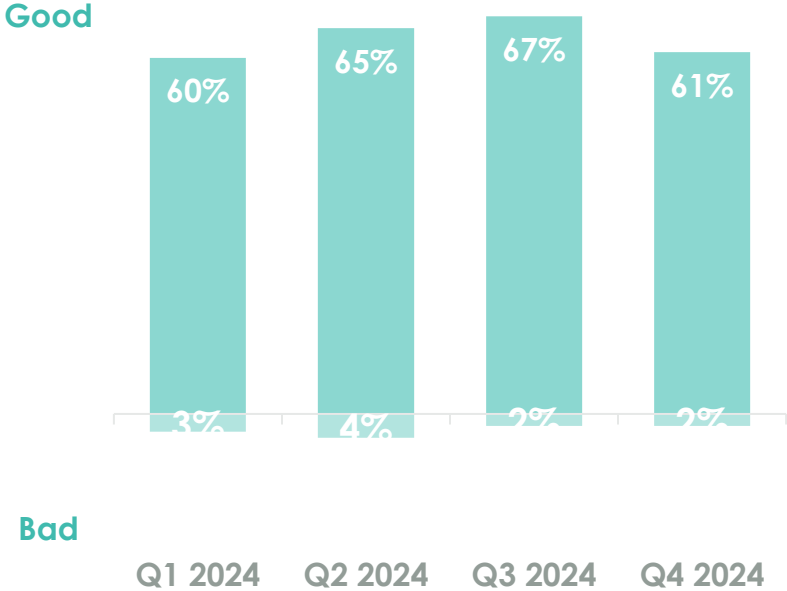


Q - Which asset classes do you think present the best buying opportunities for the next 12 months?

IFA business confidence has declined since Q3, while pessimism for the future continues to rise

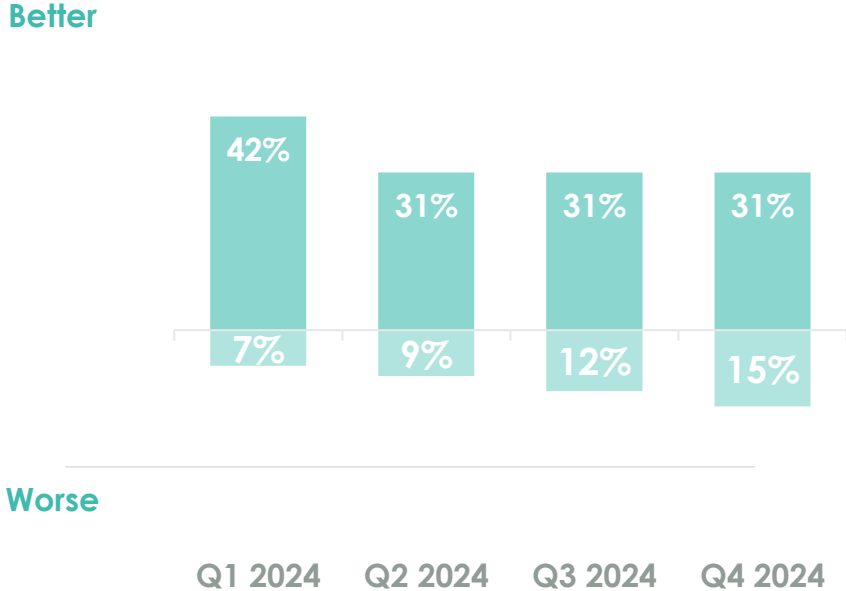
Just over three in five IFAs continue to feel their current business is good, which though high, is lower than Q3. While optimism has remained at 31% since Q2, pessimism has risen to nearly one in six.

State of current business



Q - How would you rate the current state of your business?

State of business in 12 months

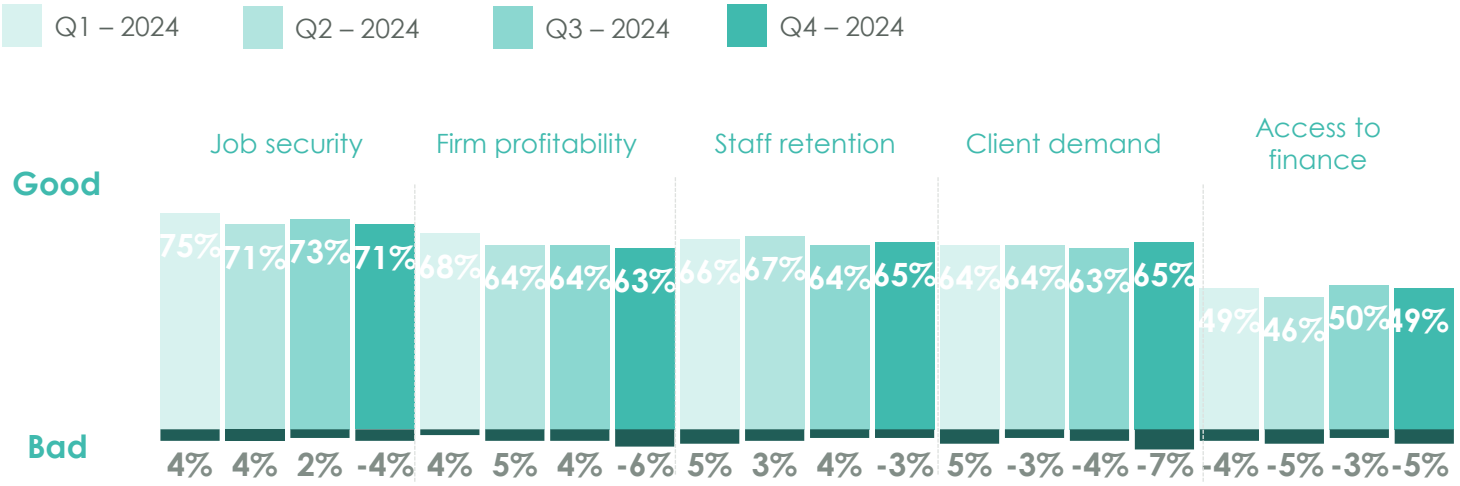


Q - How do you expect business to be in the next 12 months?

Despite increased pessimism, job security and firm profitability remains high

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

Two thirds of IFAs say they are open to new clients, but not actively seeking them, client demand is also positive with 63% still describing it as good, a marginal increase from Q3, but largely unchanged all year.



Q - How would you rate each of the following?

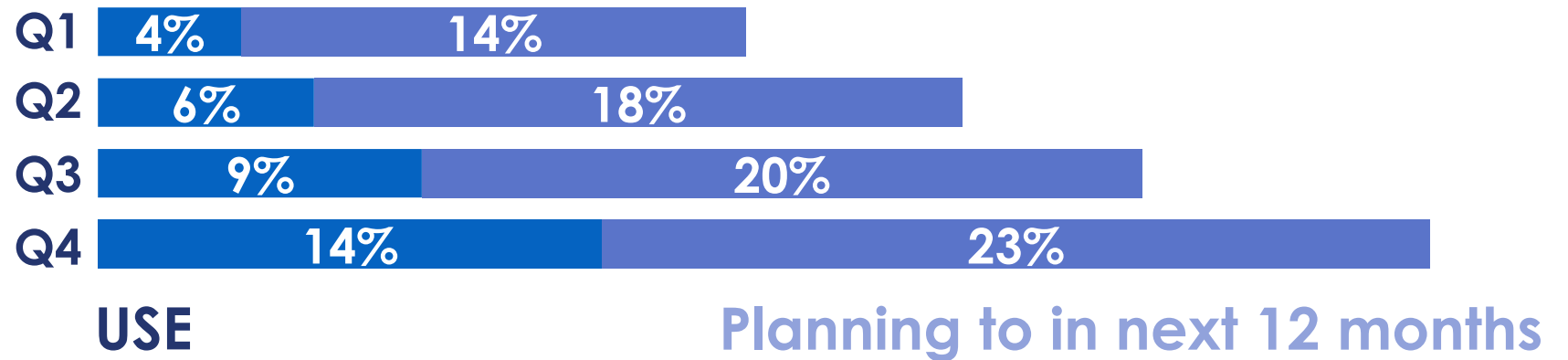
Advisers' use of AI

AI usage has consistently increased throughout 2024

Nearly two in five IFAs are beginning to introduce AI into their work, with 14% currently using it and 23% planning to, continually increase each quarter.

Despite this, only a quarter of advisers say their firms have, or plan to, train staff on how to use AI, including only 7% who already have. A majority (61%) have no plans for training while 15% don't yet know.

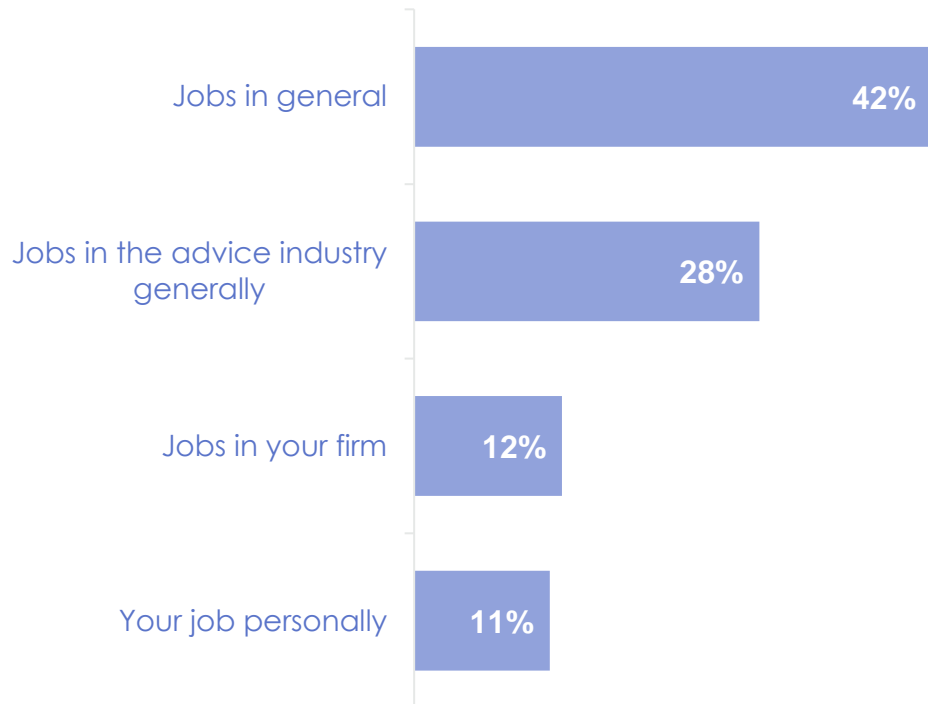
Q – Do you plan on using/ implementing (AI) in the next 12 months?



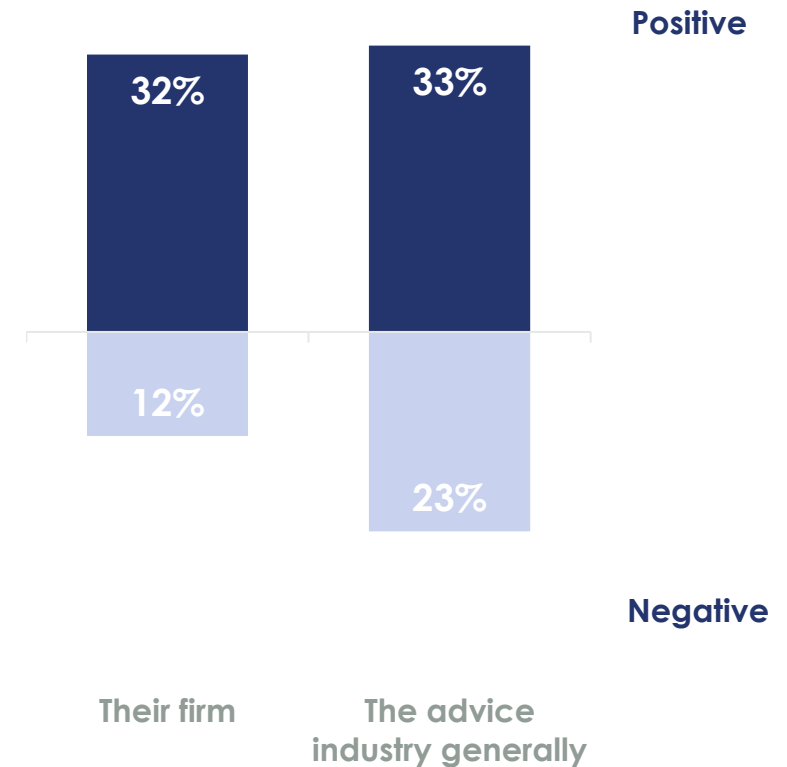
Few IFAs are concerned about their own job security, but more are worried about the impact on jobs in the industry more generally

IFAs are increasingly positive about the use of AI, with net +21% believing it will have positive impact on their firm. This is the highest net score we have seen so far.

NET concern over AI replacing the following:



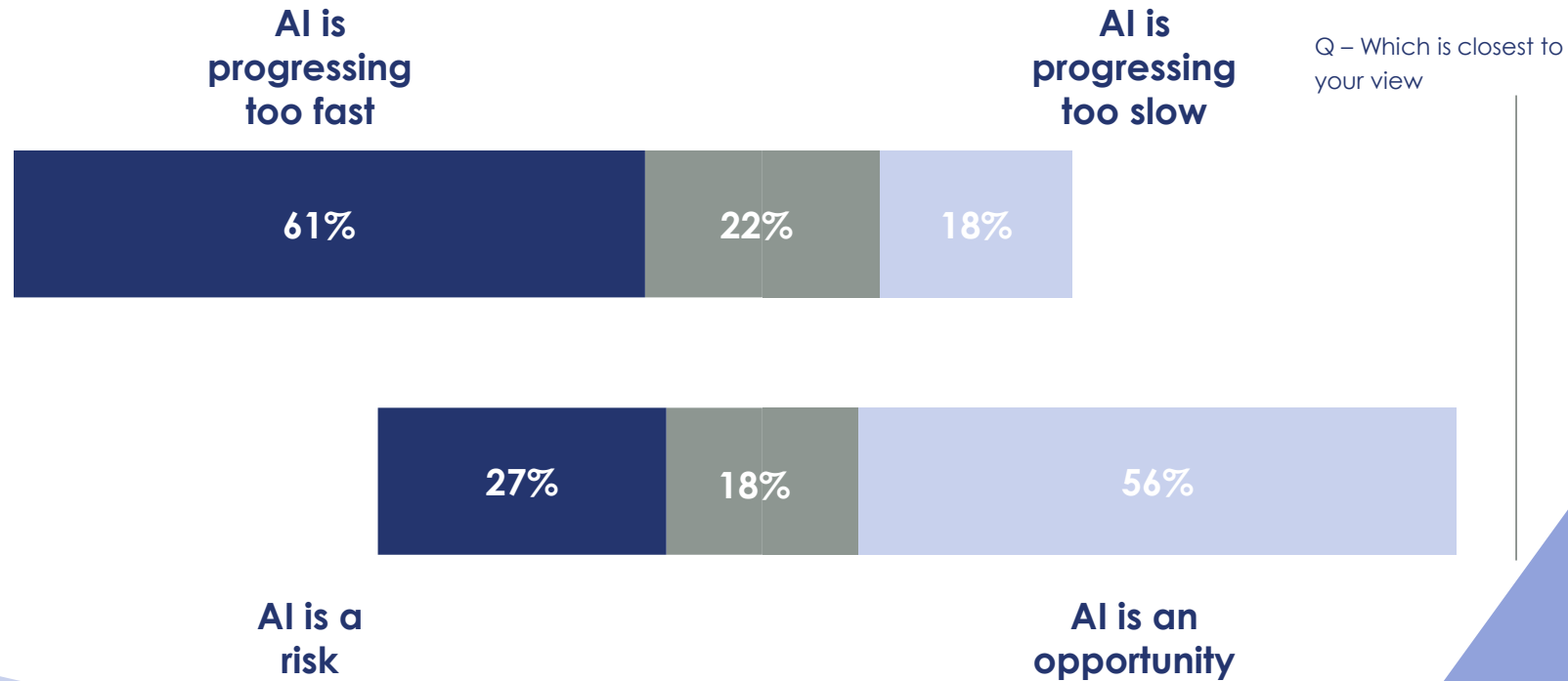
Positive vs negative impact of AI on the following:



Advisers see opportunities with AI despite concerns over the speed of its progression

Despite three in five (61%) saying AI is progressing too fast, most IFAs (56%) see AI as an opportunity for their business.

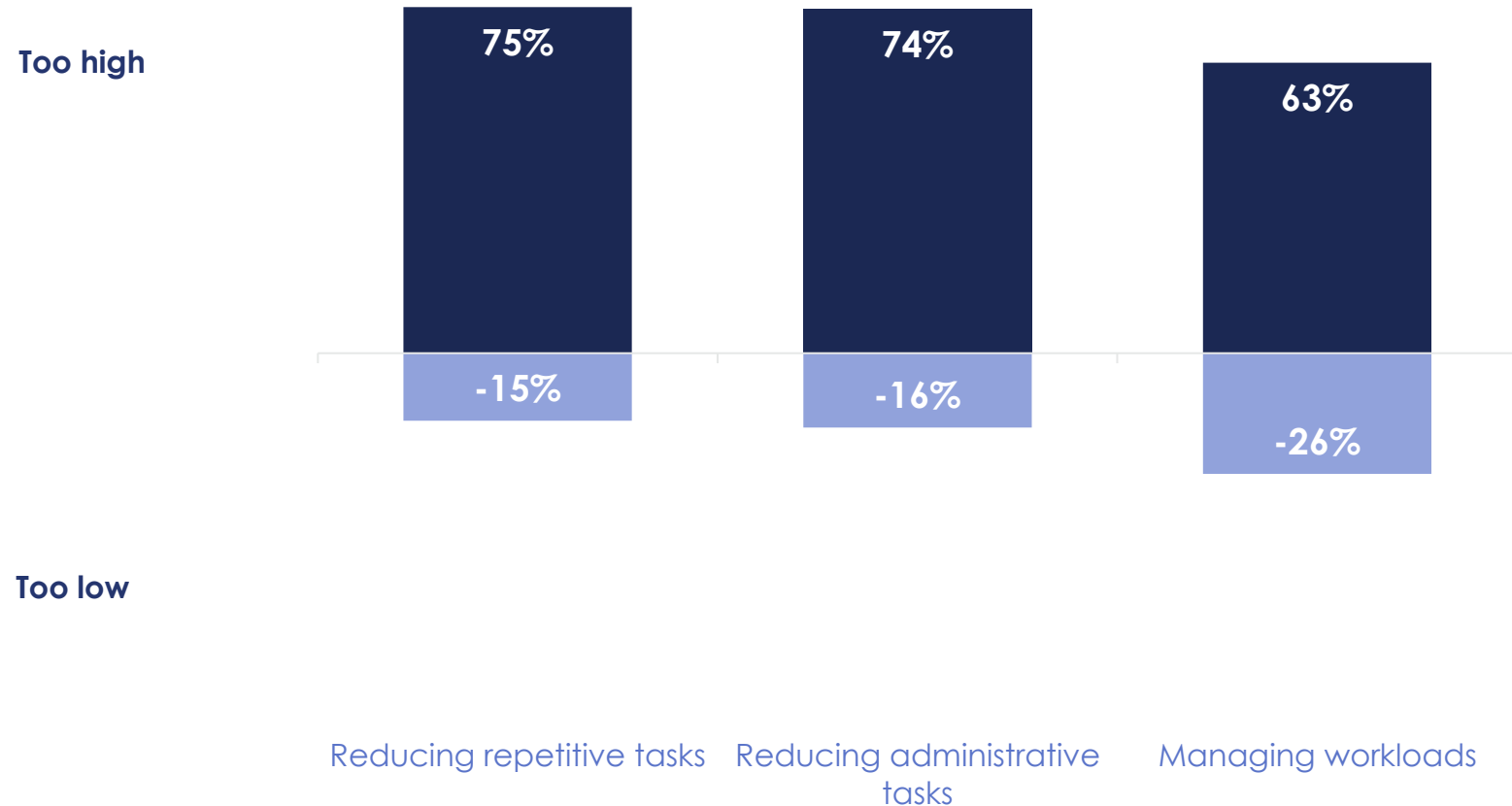
Those seeing AI as an opportunity has increased every wave so far, from 43% in Q1 to 56% in Q4.



Advisers see AI as most useful to save time on repetitive and administrative tasks

Three quarters of advisers see AI as useful to reduce the work they need on repetitive tasks, with a similar number thinking the same about admin. A comfortable majority also see AI as a way to help with managing a busy workload.

Q - Thinking about the next five years, how useful, if at all, do you think Artificial Intelligence (AI) will be in improving the way you do the following...



Most IFA see use for AI in managing low value clients, but not valuable ones

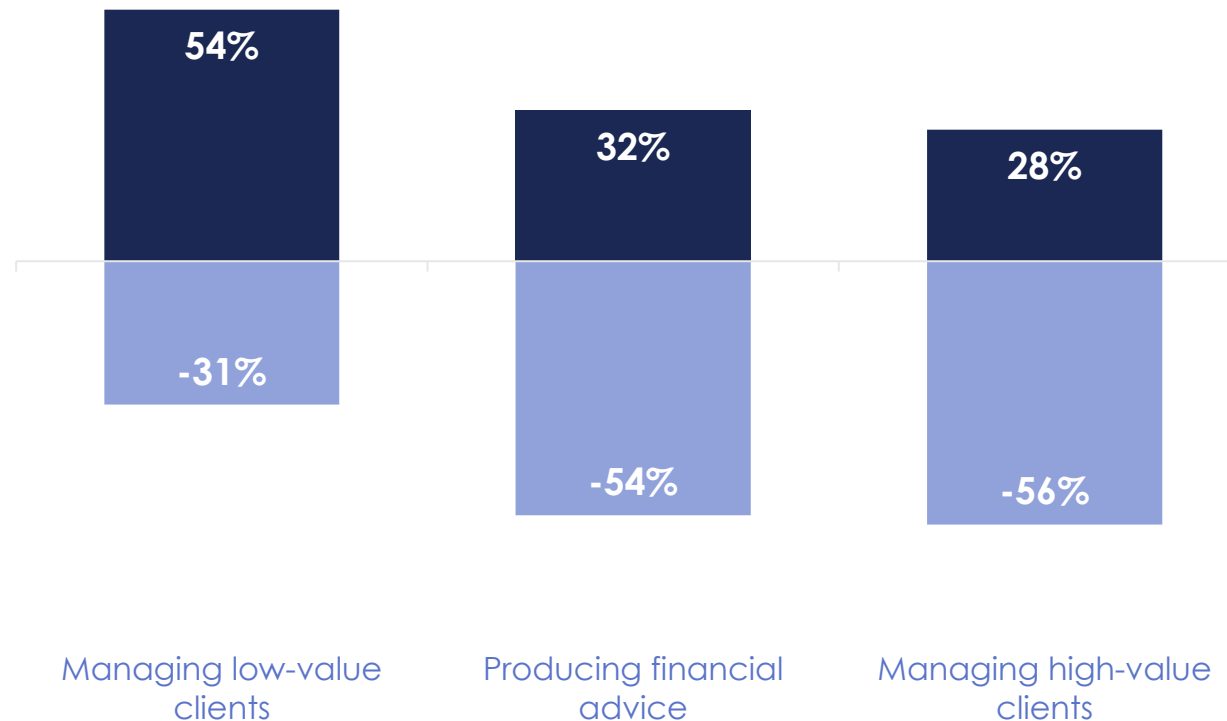
Though more than half say they think AI could be useful for managing lower-value clients, less than a quarter of investors (23%) say they would trust financial advice which came from AI.

By contrast, less than three tenths (28%) would find AI useful, or higher value clients, and less than a third would find it useful for producing financial advice.

Q - Thinking about the next five years, how useful, if at all, do you think Artificial Intelligence (AI) will be in improving the way you do the following...

Too high

Too low



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