



# THE MEDICAL PARTNERSHIP

Specialist Financial Advisors to the Medical Profession

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Thoresen Review of Generic Financial Advice  
Savings and Investment team (SAVI)  
HM Treasury,  
1 Horse Guards Road,  
London,  
SW1A 2HQ

7<sup>th</sup> December 2007.

Dear Sir

## **Individual Response to Thoresen Review of Generic Financial Advice.**

I have recently read the GFA Review and there are a number of points that I would like to raise regarding certain areas of the proposed service. Although I am confident that the service outlined will serve the needs of the target market identified, I believe some of my ideas may help to enhance the service offered and add another perspective to how it might be promoted to the general public.

### **Engaging the Consumer.**

There are a number of ways in which the service could be promoted to help engage the consumer.

Generic Advice DVD – a DVD should be produced that provides a glossary of financial terms, information about access to different advice channels and incorporating simple explanations of certain concepts. This would provide the consumer with an initial source of information that they could access from the comfort of their own home. This may help to overcome the barrier where low financial capability prevents consumers interacting with the financial services sector. Although there is a great deal of information already available via the internet, and in particular the FSA web-site, this is not a facility that is used by the target group as widely as it may be to other socio-economic groups. Whereas most homes now have access to a DVD player, so the consumer could overcome their fear of interacting with the Financial Services Sector by becoming familiar with some of the relevant concepts and terminology before seeking advice.

The DVD could be distributed free through National Newspapers and could also be available from other advice agencies and financial services providers. This approach has been successfully used by other agencies to communicate basic information to target groups.



Viral Marketing – One potential communication channel where the principles of Viral Marketing could be applied to promote the GFA service is by using Community Pubs to inform the target group about the benefits of this service. Community Pubs are a key social network within certain communities and often those in need of advice or assistance can find people they know and trust to provide guidance.

One of the most popular sources of advice is family & friends but as Jones & Barnes highlight (*Would you credit it? Telling stories about credit.* January 2005.), this can result in myths and mis-information filtering down through a community and can prevent consumers from interacting with mainstream providers. Jones & Barnes describe a project being run where ‘Buddies’ are trained to provide guidance to fellow members of a pub’s clientele. Although I would probably stop short of this option as a way of providing GFA, it does highlight the pub as a social network that includes large numbers of people who are likely to fall within the target group. It could therefore be used as a communication channel to help promote the service. By providing information and brochures to publicans via their trade associations and unions, information could be filtered down to the target group.

From my experience, a few years ago, of running a number of community pubs, I know that ‘the publican’ is considered by many of their customers as source of knowledge that they can trust. It is therefore likely that by promoting the service via this route a proportion of the target market could be reached.

Similarly, Community Associations and Working Men’s Clubs could also be used in the same way as suggested above. Also, another network that has the trust of its members is the Trade Union Movement. The member unions already have established channels for distributing information to members and would seem an obvious channel to exploit.

### **The Service.**

I believe a great opportunity exists to make the Generic Financial Advice Service (GFA) a key delivery channel for basic financial advice particular if the natural synergy it shares with the Primary Advice tier, recently proposed as part of the RDR, is exploited. When the FSA introduced the Basic Advice product range, it did not achieve the success that was hoped for, because the financial services sector were still required to provide advice to sell these products and this product range was therefore not a profitable option in many cases.

The proposed scope of the GFA will be to identify the consumer’s need and to recommend a course of action to satisfy this need. It stops short of recommending a specific product to the consumer but in many cases this should provide the consumer with sufficient information to be able to buy a product ‘off the shelf’ to meet their need. I believe this could be applicable to many Primary Protection and Investment Products that are likely to be available under the proposed RDR regime.

The basis of my proposal is that product providers (be that insurance companies, banks or brokers) should be exempted from the need to provide advice on Primary Products if the consumer has taken GFA and provides the product provider with proof of this. All the

provider then needs to do is retain a copy of the GFA factfind/needs analysis. Alternatively the provider could be allowed to 'log' the sale on to a National GFA database that only accepted the information if the consumer had already taken GFA.

The benefit of incorporating this proposal would be that the provider would not be required to provide advice if GFA had already been taken. Costs would therefore be reduced making the likelihood of Primary Products achieving profitability, more likely. If the service offers the financial services product providers an immediate benefit by reducing costs, then they are more likely to actively promote the use of the service which will help contribute to its success. Furthermore, if the consumer has purchased a Primary Product on the advice of the GFA, then the provider could be protected against the threat of future mis-selling claims, assuming the product conforms to the set criteria.

Face-to-Face Advice - Although I believe that the majority of consumers would prefer to be able to receive financial advice on a F2F basis, it may be that this is not an economic proposition. As an alternative to F2F advice, '*Virtual F2F Advice*' could be considered as a way of reducing the burden upon the F2F element of the service. This would be a web-cam service where the consumer could speak F2F with the adviser. It may be particularly relevant for helping consumers to answer specific questions and would allow them to show the adviser documents they had received but perhaps not understood.

Currently, web-cam or video-phone facilities are not widely used in UK and it is likely that even less so by the target market. I therefore propose that access to advisers should be available via this facility from various central points, for example;

- Booths could be located in Super-markets or other public places. These booths would be linked to a central Virtual F2F call-centre.
- Links from other agencies such as CAB, CCCS etc could be available to the Virtual F2F call-centre.

If you would like me to expand on any of these ideas or to discuss them further, please contact me on 0117 958 9097 or [johnm@themedicalpartnership.com](mailto:johnm@themedicalpartnership.com)

Yours faithfully,



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