



## Thoresen Review of Generic Financial Advice

7 December 2007

### **GENERIC FINANCIAL ADVICE “ A UNIQUE OPPORTUNITY” FOR THE INDUSTRY SAYS OTTO THORESEN**

- Generic advice system could bring up to 15 million new customers into the Sector
- Increased financial capability will have “hard commercial benefits” for the industry
- Call for industry to suggest how commercial partners can deliver generic advice within an impartial service

Speaking at the ABI’s Saver Summit yesterday, Otto Thoresen highlighted the potential benefits of a national system of generic financial advice for the financial services industry and called on industry players to see the service as an opportunity to bring up to 15 million new customers into the sector.

He said:

“We have identified 19 million or so people with severe or significant GFA needs. That represents nearly half the UK adult population. Even once we take away the 3-to-4 million people who probably do initially need crisis support rather than GFA, this leaves over 15 million people with GFA needs. Many have family incomes of between £25-40k a year. Many are under the age of 45. If GFA can equip those people to understand their financial circumstances and take action to improve them, the commercial, as well as the social, benefits will be significant”

He also emphasised that the principles of impartiality and delivery outside a sales environment did not preclude the involvement of the commercial sector.

He said:

“Environment” is not the same as “place”. It is the customer’s perception, and the way the service is delivered, that counts, not the identity of the person or organisation serving them. The interim report proposes a partnership model for a GFA service. My question is how best to accommodate partners from the commercial sector and still deliver a truly impartial service? I’d be really interested in views on this.”

A copy of the speech is at [http://www.hm-treasury.gov.uk/independent\\_reviews/thoresen\\_review/thoresenreview\\_index.cfm](http://www.hm-treasury.gov.uk/independent_reviews/thoresen_review/thoresenreview_index.cfm)

## **NOTES TO EDITORS**

1. The Thoresen Review was announced in January 2007 by the then Economic Secretary to the Treasury, Ed Balls MP, as part of the Government's long-term approach to financial capability. Its remit is to research and design a national approach to Generic Financial Advice (GFA).
2. The Review's terms of reference are:

To determine a range of models for achieving greater access to generic financial advice on a national scale, taking account of future developments in financial services markets and, in particular, personal accounts. To include recommendations on:

- the most effective way of serving different groups of consumers, ensuring effective targeting of those most vulnerable to the consequences of poor financial decision-making, including a telephone-based point of contact and the potential for additional face-to-face services;
- protocols for advice, acceptable to industry, the regulator and the third sector;
- accreditation, quality control and the boundary with regulated advice;
- branding, marketing and supporting demand through the development of an appropriate advertising campaign;

- overall costs and assessing long-term benefits;
  - options for funding that reflect the benefits to all stakeholders of increasing financial capability over the long-term; and
  - institutional arrangements and governance.
3. The Review published its Interim Report on 22 October. It and its annexes are available from the **Thoresen Review website**.
  4. The review will submit its final report in early 2008.
  5. **“Financial Capability: the Government’s long-term approach”** can be found on this website.
  6. Although it is not a formal consultation, the Interim Report poses a number of questions and stakeholder views can be sent to:

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7. Media enquiries should be addressed to Zoe Anderson, Treasury Press Office, 020 7270 5592.
8. Non-media enquiries should be addressed to the Treasury Correspondence and Enquiry Unit on 020 7270 4558, or by email to [\*\*public.enquiries@hmtreasury.gov.uk\*\*](mailto:public.enquiries@hmtreasury.gov.uk)
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