2nd May 2007

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

Dear Sirs

Thoresen Review of Generic Financial Advice

Thank you for your invitation to make a submission to the Thoresen Review of Generic Financial Advice.

BACKGROUND TO ORIGO

Origo Services Limited was formed in 1989 by a collective of 12 life assurance companies. Origo's purpose is to drive efficiencies and cost savings in the distribution and servicing of Life, Pensions and Investment business through the use of e'commerce.

Whilst legislation, regulatory frameworks, technology and consumer demands have changed significantly in the intervening period, there has been a constant drive for the industry to become more efficient and cost effective. Providers share a common desire to be able to transact business efficiently via third party distributors, whether independent, single tied or multi-tied Financial Advisers (Origo's focus is on the Financial Adviser channel).

In support of this goal, since 1997, Origo has focused its efforts on working collaboratively with a large group of stakeholders to deliver e'commerce Standards (process, data, technical, legal, etc.), to deliver an industry-wide authentication mechanism (Unipass) and to address barriers to the take-up of e'commerce-based services within the industry.

Origo has delivered process Standards, XML Data Standards, Legal Frameworks for terms of business, etc., for all of the main processes/transactions between Advisers and Providers that are required in the transaction of Life, Pensions and Investment business. These processes include Quotations (comparative and single company, as required by FSA regulations), New Business Submission (including adherence to Money Laundering regulations), New Business Tracking, Commission Payment and Reconciliation, Policy or Contract Enquiries (including valuations of various types and transaction histories).

Origo is currently funded by 14 Life Company Shareholders (see attached) to achieve its objectives in the Life, Pensions and Investment sector, and is, therefore, able to operate without commercial emphasis . Origo's Provider customer base is currently 24 Providers, which includes all of the major Life & Pensions companies in the UK. All of the main e'commerce Portals and Adviser Software Suppliers in the UK regulated advice marketplace (c30 firms) have implemented Origo's Standards.

Since 2006, Origo has been extending its capabilities into the Mortgage Sector and is currently working with 22 major Lenders and a number of the UK's major mortgage distributor firms to develop relevant process and XML Standards.

Origo's Standards are a strategic, enabling asset which underpin much of the industry's e'commerce efforts.

CALL FOR EVIDENCE : STRATEGIC ISSUES

Origo's comments are restricted to issues relating to the strategic question of interoperability between services and supporting systems.

Since the introduction of the Financial Services Act, the regulated advice marketplace has had to meet a requirement for data gathering to have taken place to establish a customer's baseline financial position, aspirations, attitude to risk, etc. This data set (the Fact Find) is likely to be captured and stored within a customer management system of which there are a number in use in the UK. Details of existing financial assets, e.g. insurance policies, pension policies, savings vehicles, are also stored in these systems. The industry has invested heavily over the past ten years to provide information services to the marketplace. Consequently, the current values of these assets can be accessed online and recorded in the Adviser's customer management system.

The use of e'commerce and internet technologies has significantly increased as Providers and Advisers continue to strive to meet rising customer expectations of fast and efficient service, whilst operating at lower cost. Provider extranets enable the display of information to both Advisers and Customers, whilst dedicated messaging links between Providers and Portals, or Providers and Advisers' customer management systems enable the integration and re-use of data between systems.

The use of Origo's Standards and Unipass, therefore, enables many Providers' systems and Financial Advisers' customer management systems to interrogate each other and securely transfer data efficiently, to support the process of establishing accurate and up to date records of a customer's financial assets.

Use of E'commerce within a Generic Advice service

Over the past 10 years, Origo has witnessed considerable investment in e'commerce services by all parts of the financial services distribution chain. The rationale is quite simple: efficiency, cost savings, service improvement.

However, these benefits are impacted by the number of parties involved in a service delivery chain, which can very quickly increase the complexity of relationships and systems integrations that must be managed and maintained.

Adoption of E'Commerce for service delivery requires a sustainable basis for the cost of managing interfaces between systems. Flexibility needs to be built in to enable service design to evolve without the need to re-engineer links between organisations. Customer data should be securely available for re-use where appropriate, thus reducing barriers to action and achieving desired outcomes.

Pathways from Generic Advice to the Regulated Advice or Other Environments

This Review will lead to recommendations on a national approach to generic financial advice. The specifics of a service are, therefore, some way off, however, the provision of generic advice will require the capture of customer data. It can be postulated that whatever generic advice is provided to a consumer, the desired outcome will be action taken by the customer.

Origo encourages 'The Thoresen Generic Financial Advice Review' team to consider from the outset, what steps need to be taken to ensure that a customer seeking to take action is not deterred through an inability to have their data easily and securely transferred to an appropriate organisation.

The design of the service should, therefore, consider the extent to which 'pathways' can be created that allow a flow of data between organisations, without prescribing the technology to be used in those organisations.

These pathways should enable a customer of the generic advice process to progress into the regulated advice environment, and to be able to take their data with them. Such e'commerce 'pathways' will require a level of flexibility in the design of the generic advice service, enabling connections to be made with firms chosen by the customer.

To enable this to happen, Origo considers that the issues of Standards (process, data, technical, legal, etc.) and authentication between parties must be considered at a strategic, industry level at the outset of the process of developing an approach to a generic financial advice service.

A generic advice service should not operate in isolation from other environments, particularly the regulated advice sector. The adoption of appropriate Standards and authentication mechanisms will enable this requirement to be met, whilst minimising the associated costs for all parties involved.

Yours faithfully

Paul D Pettitt
Managing Director
Origo Services Limited

Contact Details:

Origo Services Limited
Moyen House
Heriot-Watt Research Park North
Edinburgh EH14 4AP

t. 0131 451 5181

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