



Study on access to comprehensive financial guidance for consumers

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- The Personal Finance Research Centre
- The Institute for Financial Services e.V.
- The National Institute for Family Finance Information
- RMIT University
- Aarhus University

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NIBUD

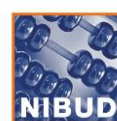
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Abstract

This study was commissioned to identify best practice regarding both the provision and the incentivisation of the use of financial guidance services. It is based on desk research, a literature review, an on-line survey and interviews in seven countries: Australia, Belgium, Denmark, France, Germany, the Netherlands and the United Kingdom between January and July 2016.

It investigates the following aspects of financial guidance services: the extent and nature of the needs; national planning; the nature of current provision; business models and funding; how services are promoted and use is incentivised; effectiveness and quality of services; regulation, quality assurance and access to redress.

It concludes that it will be difficult to develop a blue print for financial guidance services that would be appropriate to all member states. National provision needs to build on existing organisations to cover all sections of the population and will need a diversity of channels to achieve this. Comprehensive provision also needs a national body to encourage the development of services, promote their use, share best practice within and across countries, encourage a regime of skills training and accreditation and provide oversight.

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Overview

1. Introduction

This study was commissioned by the European Commission Directorate-General for Financial Stability, Financial Services and Capital Markets Union to investigate good practice in the area of comprehensive financial guidance and ways of incentivising consumers to use services of this kind.

Within this there were two main objectives:

- To identify and analyse examples of good practice in terms of service delivery, including: the scope of the service, the nature of the provider, business models and sustainability of the service, whether and how liability is covered and the existence and role for self-regulation and oversight.
- To identify and analyse best practice in terms of incentivising and promoting use by consumers, including: awareness raising, fiscal or other incentives and demonstrating the value of financial guidance.

The working definition of comprehensive financial guidance³ was:

... a process of determining an individual's financial goals, purposes in life and life's priorities, and after considering his resources, risk profile and current lifestyle, to detail a balanced and realistic plan to meet those goals. Financial guidance provides a detailed strategy tailored to a client's specific situation, for meeting a client's specific goals covering various aspects of personal finance which includes cash flow management, education planning, retirement planning, investment planning risk management and insurance planning, tax planning, estate planning and succession planning but excludes the recommendation to purchase a particular financial product.

The target to be considered is the average consumer, thus excluding those who have sufficient assets to use private banking services or other forms of private wealth management with high entry requirements, and those facing major financial difficulties who should resort to debt advisers in the first place.

Comprehensive financial guidance should involve an assessment of the overall financial and asset situation of a consumer and should lead to the provision of generic but tailored advice, including a financial plan for the consumer to achieve his or her goals.

The study involved three linked stages: desk research and a literature review; an on-line survey of

203 potential providers of financial guidance and 42 interviews with key providers, potential providers and national experts involved with the development of financial guidance services. It was carried out between January and July 2016.

It was undertaken against the backdrop of changes to the regulation of financial advice in member states as MiFID II is transposed. The research, therefore, covered seven countries which included three where investment advice financed by commission linked to sale of financial products is no longer permitted (Australia, the Netherlands and the United Kingdom) and four where, at the time of the study, it is (Belgium, Denmark, France and Germany).

³ As set out in the technical specifications drafted by the Financial Service User Group.

2. The extent and nature of need for financial guidance

A common argument on the need for financial guidance - both in the literature and in the interviews held with financial guidance providers - is the growing complexity of the financial services market place, especially for investments and pensions. This is exacerbated in countries where social welfare reforms have placed more responsibility on individuals. The re-regulation of financial advice, and investment advice in particular, brings the need for financial guidance into even sharper focus.

While there is fairly limited direct evidence on both the level and the nature of needs for financial guidance, this is supported by more indirect evidence relating to: levels of financial knowledge and capability; reported difficulties finding relevant and impartial information on financial matters and unmet needs for financial advice through an inability or unwillingness to pay for such services.

2.1 The extent of need for financial guidance

There is considerable indirect evidence that a need for financial guidance exists from research that identifies low levels of financial knowledge as well as low levels of financially capable behaviours, especially with regard to choosing financial products (ANZ Bank 2015; Atkinson et al 200, Comdirect 2009 and 2010; Comité Consultatif du Secteur Financier 2015, ESCP Europe Conseil 2015, Money Advice Service 2015, SAVE 200, YouGov Denmark 2015a).

Research also shows that consumers do not know where to go for independent information. In the Netherlands two separate surveys have found that around a quarter of consumers do not know whom to contact for financial information that is accurate, impartial and trustworthy (Van der Schors, Van der Werf & Schonewille 2015; Van der Schors & Warnaar 2015). In Germany and Denmark there is evidence that consumers consider most financial advice as neither independent nor impartial - just as there was in the United Kingdom before investment advice was re-regulated (Kempson 2015, Tiffe and Clerc-Renaud 2014, YouGov Denmark 2015a).

A clear gap is exposed where investment advice provision can no longer be subsidised by commission received for product sales (Hurman and Costain 2012). In Australia, 21 per cent of consumers reported that they were unable to afford the fees charged by financial advisers (Financial Services Inquiry 2013-14), and in a second study 39 per cent said that the sums of money involved in their financial decisions were too small to make it economic to consult a financial adviser, and a further 21 per cent of consumers thought it would cost too much (ASIC 2010). We return to the issue of fees again in section 5.2.

There is also direct evidence of the level of need and possible demand for financial guidance. Surveys in France and the United Kingdom identified that about a quarter of the population said that they would be likely to use a financial guidance service (ESCP Europe Conseil 2015, HM Treasury 2007 and 2008). Citizens Advice (the largest network of free general consumer advice centres in the UK) made a similar assessment. They found that 20 per cent of the people they surveyed had needed financial information or guidance in the previous two years, although only nine per cent had actually obtained it (Citizens Advice 2015).

There was evidence across all countries in this study that the need for financial guidance may not necessarily translate into demand for or use of financial guidance

services (EBS Business School 2014, ESCP Europe Conseil 2015, HM Treasury 2008, Kempson and Collard 2010 and interviews conducted for this study).

Based on the survey evidence collected by an official UK review of financial guidance⁴, it was estimated that around a third of the people who said they would use such a service would actually do so each year - suggesting levels of use of between eight and ten per cent of the population (HM Treasury 2008). A slightly lower estimate was provided by the evaluation of the UK Pathfinder Money Guidance Service that was set up following the official review. This found that between four and five per cent of the people surveyed in the Pathfinder area had actually needed financial information or guidance in the previous 12 months and also said that they would be very likely to use the Money Guidance Service if the need arose again (Kempson and Collard 2010).

Drawing this direct evidence together suggests that, over a 12 month period, between five and ten per cent of the population might be expected to use such a service if one were provided.

2.2 The nature of the need for financial guidance

Across countries, the main area of need for financial guidance seems to be in the area of savings and investments. Beyond that the priorities seem to differ slightly.

The evaluation of the UK Pathfinder Money Guidance Survey included a general population survey which showed that the main topics on which financial information and guidance had been sought in the past 12 months were (in order of frequency):

- savings and investments (29 per cent)
- insurance and protection (18 per cent)
- mortgages (15 per cent)
- social security and tax credits (12 per cent)
- tax (11 per cent)
- pensions and retirement planning (9 per cent)
- budgeting (6 per cent) and credit and borrowing (6 per cent) (Kempson and Collard 2010).

In France, the three most frequently mentioned topics were:

- knowledge of savings products (21 per cent),
- understanding the calculation of pension entitlement (17 per cent) and
- calculating tax liabilities (15 per cent) (ESCP Europe Conseil 2015).

In Germany savings and investments have been identified as the main areas of need (Neuberger 2015) but it has been argued that credit use and day-to-day money management are also important particularly (but not exclusively) among less well-off consumers (Reifner and Schelhowe 2010).

It has also been shown in both Australia and the UK that most consumers seek financial guidance or advice when they experience key life events or at times of transition in their lives, for example, when they are starting a family, thinking about retirement or experiencing a change in their employment situation (ASIC 2010, South 2006). We return to this last point in section 6 below where we look at the promotion of services.

⁴ An independent review, commissioned by the UK finance ministry (HM Treasury) of the need for 'generic financial advice' (the term then used for financial guidance) and the best ways of meeting that need. The review was led by Otto Thoresen and is commonly referred to as the 'Thoresen review'.

3. National planning of financial guidance services

On the whole, although regulators and/or national governments are direct providers of financial guidance websites or organisations in most countries, they appear not to have taken on the role of planning the provision of services. The two main exceptions are Australia and the United Kingdom.

In Australia, the financial services regulator has sought to clarify the different levels of information, guidance and advice that can be given to consumers. It is also a provider in its own right and sees itself as the lead supplier of web-based services (Money Smart). Likewise, the government is a direct provider and has developed a national Financial Information Service. These two services provide the core of provision in Australia (see section 5.1 below).

In the United Kingdom, both the regulator and the national government are not only providers of financial guidance but have played a very active role in the development of financial guidance services over an extended period of time. The need for guidance on pensions and retirement planning was identified in the early 1980s and in 1983 the Government set up The Pensions Advisory Service (TPAS) (previously known as OPAS). The need for general financial guidance (or generic financial advice as it was then called) was identified by the Financial Services Authority in the mid 2000s as part of the development of its financial capability strategy (Financial Services Authority 2005) and in response to its baseline survey of financial capability that demonstrated incredibly low levels of capability with regard to selecting consumer products (Atkinson et al 2006). Following this the finance ministry commissioned a review, chaired by Otto Thoresen to investigate the need for financial guidance and the best ways of meeting that need (HM Treasury 2007 and 2008). A national pathfinder Money Guidance Service was set up by the Financial Services Authority to provide a national website as well as national face-to-face and telephone services, which were run in partnership with other bodies. (Kempson and Collard 2010). In the break-up of the Financial Services Authority following the financial crash the Money Advice Service was set up in 2010 to take forward the financial capability work previously done by the regulator, including the Money Guidance Service. In 2015, the Government initiated two public consultations. One of these was on the provision of financial advice following the re-regulation of this sector that ended the provision of advice funded by commission received from the sale of financial products (HM Treasury 2016b). The other reviewed the provision of financial guidance by the three large publicly funded bodies - the Money Advice Service, The Pensions Advisory Service and Pension Wise (HM Treasury 2016a). This has resulted in a further round of consultation that includes proposals for a major revision to the way that national publicly-funded financial guidance is provided in the UK - with a single Pensions

Guidance provider (taking on the work of all three existing providers) and a slimmed down body to replace the Money Advice Service (HM Treasury 2016a). This smaller organisation will have the role of identifying gaps in the financial guidance market and commissioning and providing funding to third parties to deliver targeted, money guidance and financial capability services to fill these gaps. It will cease to have a direct delivery channel and will have no consumer facing brand.

The importance of defining the boundary between financial guidance and investment advice

Our interviews and literature review showed that there is not a common definition of financial guidance across countries - indeed there is not even a common terminology. Moreover, a need emerged for regulators to make clear where the boundary between unregulated financial guidance and investment advice lies. This will be especially important as the provisions relating to investment advice in MiFID are transposed into national legislation.

In both the German and French languages, there is no equivalent term for financial guidance. Consequently, the German consumer associations describe their financial guidance work as consumer advice. In France, ESCP Europe Conseil (2015) was commissioned to undertake a study for La Finance Pour Tous to assess the case for launching a financial guidance service. In their survey of potential users, ECSP used the term 'coach en éducation financière' (financial literacy coach) although the definition they used was close to the one used in our study. They found that using the word 'coach' would hamper the development of financial guidance because it implies a low quality service without any real added value. As many people would assume that 'coach en éducation financière' implies training in choosing investment opportunities only, those who do not have a sufficient savings capacity would be reluctant to become users of such services. There is, therefore, an ongoing debate about the most appropriate term for financial guidance in the French language. For example, other terms such as 'planificateur financier' or 'coach financier' could be deemed more appropriate (see: <http://www.finance-investissement.com/nouvelles/gens-de-l-industrie/qui-sont-les-coaches-financiers/a/59459>).

Similarly, in the UK various terms have been used to describe services that deliver financial guidance that is in line with our definition. At first the term 'generic financial advice' was commonly used (Financial Services Authority 2005, HM Treasury 2007 and 2008). This was replaced by the 'money guidance' when the national Pathfinder service was set up (Kempson and Collard, 2010). More recently the terminology has shifted again and the body that developed out of the Pathfinder Money Guidance service is known as the Money Advice Service. And the national pensions guidance service is known as The Pensions Advisory Service. The 2015-16 review of publicly funded financial guidance notes that referring to 'money advice' and 'pensions advice' is confusing for consumers and proposes the terms 'general money guidance' and 'pensions guidance' but also uses the term 'financial guidance' to cover both of these (HM Treasury 2016a).

In Australia the preferred term for tailored financial guidance is 'factual information' and the Government's national service is known as the *Financial Information Service*.

The confusion, however, extends beyond the terms used. In general, the countries studied have formal definitions of financial advice but only in Australia and the United Kingdom are there accompanying official definitions of financial guidance. The importance of having both definitions - and more especially of defining the boundary between these two activities - is illustrated by the situation in the United Kingdom. Lack of clarity has resulted in non-industry providers of financial guidance either having some staff who are qualified and licensed as financial advisors (see for example Citizens Advice 2009) or operating their services at some distance from the boundary with regulated advice (Kempson and Collard, 2010; HM Treasury, 2016b). UK banks have tended not to become engaged in the provision of guidance (HM Treasury, 2016b) and the independent financial advisers interviewed said that the lack of clarity

on the advice-guidance boundary was a deterrent to them offering financial guidance services.

Based on the evidence submitted to the government's Financial Advice Markets Review it would also seem that, in large part, the problems encountered arise from the UK legislation, which is in line with MiFID but uses a definition of 'advising on instruments' that is broader and less specific than the definition used in MiFID, which is based on a firm giving a personal recommendation. Moreover, there was a clear consensus among contributors to the review that the definition of regulated financial advice needs to be developed in conjunction with a definition of financial guidance, such that the boundaries between the two are clear. The final report of the Financial Advice Market review recommends that HM Treasury consult on amending the existing definition of advice (HM Treasury 2016b).

These definitional concerns do not seem to have surfaced in either the Netherlands or Australia, both of which also have bans on commission-based advice. In the Netherlands, the definition of financial advice would seem to be closer to the wording used in MiFID. There is, however, no accompanying definition of financial guidance.

In Australia, the national regulatory body (the Australian Securities and Investments Commission - ASIC) has published guidance on the differences between giving factual information, general advice and personal advice (ASIC, 2012). In particular it clarifies where the boundary between information and advice lies, as the following extracts from the ASIC report demonstrate.

Factual information is objectively ascertainable information, the truth or accuracy of which cannot reasonably be questioned. Good quality factual information can often be useful for clients wishing to better understand the financial products or strategies available to them... You can provide factual information to a client even if you have personal information about the client and use that information to determine what factual information to provide.

Financial product advice generally involves a qualitative judgement about or an evaluation, assessment or comparison of some or all of the features of a financial product. If a communication is a recommendation or a statement of opinion, or a report of either of these things, that is intended to, or can reasonably be regarded as being intended to, influence a client in making a decision about a particular financial product or class of financial product (or an interest in either of these), it is financial product advice.
(ASIC 2012)

The guidance also makes it clear that providers of factual information do not need to be licensed by the regulator. No official definition of financial guidance exists in the other countries under review in the present study.

4. The current provision of financial guidance

The survey at the outset of this study casts its net wide to identify providers of financial guidance - and particularly so in countries where little was known about current provision. This showed that a large number and wide range of organisations claim to be providing financial guidance that meets the definition given in the introduction. This included financial advisers in banks and insurance companies, independent financial advisers and planners, not-for-profit and consumer bodies, and governmental and other public and official bodies (including notaries in France).

Closer examination of the replies showed that many of the advisers in the commercial sector are, in fact, providing financial advice that is linked either to recommending or to selling financial products, which would potentially put them outside our working definition. The much smaller number who do provide financial guidance that is clearly within our definition are concentrated in the not-for profit and public sectors. These services are the main focus of the remainder of this report.

Both the extent and the nature of financial guidance services varied widely across the seven countries covered. This, in part, reflects how investment advice is regulated, but it is also a reflection of the existing infrastructure of consumer advice and information.

4.1 The extent of provision and types of provider

In general, the provision of financial guidance was more widespread and/or extensive in the three countries (Australia, the Netherlands and the United Kingdom) where financial advice financed by the sale of products is no longer permitted. Of these, the United Kingdom has by far the most extensive provision. In contrast, in France, Belgium and Denmark non-industry provision is at a very low level. Germany is an exception, but only because the large network of local consumer associations plays the key role. Beyond these associations, provision is at a fairly low level.

There was also a wide variation in the size and types of organisations providing financial guidance. In Australia, for example, the key providers are the financial services regulator, the Australian Securities and Investments Commission (ASIC), and the Australian Department of Human Resources, which runs the Financial Information Service. Likewise both the regulator and the Government play an important part in the provision of financial guidance in the United Kingdom. Here there are three major national providers - the Money Advice Service, which is currently an arm's length body accountable to the regulator, the Financial Conduct Authority, and two specialist guidance services covering pensions and retirement planning, The Pensions Advisory Service (TPAS) and PensionWise, which are directly accountable to the Government. Elsewhere, the direct involvement of either the Government or the regulator is more limited. In France, guidance on pensions and retirement planning is provided by L'union Retraite, a public partnership of all basic and complementary public pension schemes. In Belgium the regulator, the Financial Services and Markets Authority (FSMA) maintains a website to assist consumers with financial decisions; in Denmark the Government has set up Penge-og Pensionspanelet (The Money and Pensions Panel) which also has a similar website, and in the Netherlands the Treasury has set up an independent body known as Wijzer in Geldzaken (Money Wise). Only in Germany does there appear to be no direct involvement of either the regulator or the Government although the regulator does make information available for consumers on their website.

Consumer organisations often play a pivotal role in providing financial guidance services. In both Germany and the UK there are national networks of local consumer advice centres that provide quite extensive financial guidance services to consumers across the country, alongside advice on non-financial matters. In the United Kingdom, these centres also provide outsourced face-to-face services on behalf of the Money Advice Service and PensionWise. In the Netherlands, Nibud⁵, a not-for-profit foundation is the second main provider alongside Wijzer in Geldzaken. In some countries, national consumer testing organisations provide extensive financial

⁵ Nibud Nationaal Instituut voor Budgetvoorlichting or Nibud (translated as National Institute for Family Finance Information)

guidance services to their members. This is the case in Belgium (Test Achats) and the United Kingdom (Which?). And in all countries there are specific community groups offering such services, often to a specific audience or on a restricted range of topics.

Across countries, some private sector financial advisers and planners say that they provide financial guidance as a service that is separate from the sale of financial products. In the United Kingdom and Germany there are also commercial websites that provide general financial guidance, including some that are price comparison websites. Most of these are funded by the firms whose products are promoted by the website. Moneysavingexpert.com, which is owned by one of the largest price comparison websites (MoneySupermarket.com) offers the widest range of financial guidance and this is not linked directly to sales.

Finally, in France notaries were mentioned as providing financial guidance to their customers.

4.2 Delivery channels, including self-analysis tools

Face-to-face services were the most common method of delivery, followed by telephone-based services. The two countries with the most extensive local provision of face-to-face services were Germany and the United Kingdom, where networks of generalist advice services were actively engaged in the provision of financial guidance.

As noted above, most countries had a national website covering financial guidance - usually operated by either the regulator or the Government. Germany was the exception and here the consumer centres interviewed expressed doubts that financial guidance could be provided in this way. A sizeable minority of providers also offered on-line personal financial guidance services, for example through social media, web chats or Skype.

4.3 Subjects covered by financial guidance services

Most of the services mentioned above covered a broad range of services including: budgeting and day-to-day money management; financial planning, including retirement planning, planning for long- term care and planning for higher education as well as guidance on product purchases of most kinds. The main exceptions were the specialist providers of guidance on pensions and retirement.

There is, however, only limited statistical information on the types of enquiry services had actually received and these show a variation across countries and delivery channels. The top five pages accessed in 2015 for example on the Dutch Nibud website were:

- pocket and clothing money
- costs of energy and water
- household expenses
- 'how much should I pay the baby-sitter?' and
- study costs.

In contrast, an evaluation of the MoneySmart website in Australia (ASIC 2015) found that the most frequently visited areas in 2015 were:

- budgeting (46 per cent)
- banking and savings accounts (39 per cent)
- credit cards (38 per cent)
- superannuation (retirement funding, 35 per cent)
- mortgages (28 per cent)
- loans (26 per cent)

- scams (23 per cent)
- unclaimed money (22 per cent) and
- retirement planning (20 per cent).

In the United Kingdom the evaluation of the Pathfinder Money Guidance in 2010 (Kempson and Collard 2010) found that the main topics on which users of the website had sought information and guidance were:

- mortgages (27 per cent)
- credit and borrowing (20 per cent)
- budgeting (19 per cent)
- pensions and retirement planning (18 per cent) and
- savings and investment (17 per cent).

Use of the Pathfinder Money Guidance face-to-face and telephone channels was somewhat different. Face-to-face users were primarily looking for information and guidance on:

- budgeting (26 per cent)
- social security matters (24 per cent) or
- credit and borrowing (13 per cent).

While the main topics among users of the telephone service were:

- credit and borrowing (20 per cent)
- mortgages (16 per cent)
- savings and investments (13 per cent)
- budgeting (12 per cent)
- pensions and retirement planning (12 per cent) and
- insurance (10 per cent).

This evaluation also looked at the nature of the enquiries on which users had sought information and guidance. The two main types of enquiry for website users were best buy and product choice information (39 per cent) and general product related information (26 per cent). The telephone service was used for the same types of enquiry but was also used for help in sorting out a non debt-related problem or complaint. However, the level of use for best buy and product choice was somewhat lower than that for the website (21 per cent). In contrast, use of the face-to-face services was somewhat different. Here many of the enquiries related to dealing with debt problems (28 per cent), followed by budgeting and money management (19 per cent) and social security (17 per cent). This reflects the existing areas of work of the organisations to which the Money Guidance service was outsourced (Kempson and Collard 2010).

The UK Money Advice Service evolved out of the Money Guidance Pathfinder, but the nature of its use has changed somewhat. In 2014/15 the most popular topics among website users were living and budgeting on a low income, car costs and moving costs. The main topics of enquiries to the telephone service were debt-related issues, general borrowing and social security/assistance. Users of the face-to-face services were mainly assisted with basic money management and budgeting (Farnish, 2015). The Money Advice Service has, however, been criticised for straying from the blueprint for a national financial guidance service, that was developed by the Thoresen Review, and tested in the Pathfinder Money Guidance Service. These criticisms came from the Treasury Committee of Parliament (Treasury Committee 2013), the National Audit Office (Comptroller and Auditor General 2013) and independent review of the Money Advice Service commissioned by HM Treasury (Farnish 2015). One of the key

criticisms was the over-emphasis on budgeting with too little emphasis on assisting consumers with wider financial planning.

The general points to be taken from the detail above are first that different channels of delivery attract different types of enquiry and that comprehensive financial guidance provision requires a diversity of channels, including the use of social media. The second point is that where services are developed by pre-existing organisations with a broader remit, the nature of the enquiries they receive tends to reflect their existing expertise.

4.4 Availability of self-analysis tools

The widest range of interactive on-line tools was available in Australia, the Netherlands and the United Kingdom and included both calculators, such as budgeting tools, mortgage calculators, borrowing risk tools and savings calculators, and interactive information tailored to users' needs, for example, in the form of general financial health checks.

4.5 Nature of the service offered

The survey found that half of the respondents not only provided guidance but also recommended a specific product or course of action. Indeed, six in ten of them said that all their financial guidance staff were licensed to give investment advice and four in ten of said that their financial guidance staff could refer users to colleagues with licenses to provide investment advice. These providers also typically provided users with on-going advice, including regular reviews with a financial planner that reassess the consumer's goals, financial position, strategy and investments.

The next most common model of service delivery was organisations that assessed the options available to a consumer and provided guidance on a broad product group or course of action that could meet their needs. These were organisations were twice as numerous as the third group that restricted themselves just to the provision of information. As might be expected, fewer of these two groups of organisations employed financial guidance staff who were licensed to give investment advice - and especially so where they restricted their service to the provision of information.

Financial guidance providers that assessed the options for consumers but did not recommend either a product or course of action were most likely to refer those needing to select a product to price comparison tables (over half did so). They were also slightly more likely to provide ongoing advice than they were to provide simple one-off information.

In contrast organisations that said they restricted their financial guidance service to the provision of information were very likely to say that they only provided simple one-off information and not on-going advice. They tended to refer users who needed to select a financial product either to an independent financial adviser or to one of their colleagues with a licence to provide investment advice.

5. Business models and the funding of financial guidance services

There is little information in the public domain about the cost of financial guidance services. The information that is available shows that the cost of providing a financial guidance service is considerably greater than the sums of money that consumers are willing to pay for. Most of the non-industry providers of financial guidance had, therefore, chosen to provide financial guidance free of charge to the consumers and their staff are either salaried or they are volunteers.

5.1 The cost of financial guidance services

All of the detailed information in the public domain about the cost of financial guidance services comes from the United Kingdom. This suggests a cost of from €100 to €650 per enquiry for personal financial guidance, depending on the complexity of the enquiry and the extent of the guidance provided, and around €2.5 per website visit.

The report of the UK National Audit Office enquiry into Money Advice Service in 2013 provides full details of both the operating model and the financial and staffing resources allocated to elements within it (Comptroller and Auditor General 2013). In 2012-13 the budget for the financial guidance work of the Money Advice Service was € 55.6 million (£46.3 million), 87 per cent of which was spent on procured and outsourced services, including €21.6 million (£18 million) on marketing (this was later scaled back to £12 million). The report concluded that it was not offering value for money (Comptroller and Auditor General 2013). The subsequent Farnish review of the Money Advice Service reported that, in 2014-15, €30 million (£25 million) was spent on the website - a cost of around €2.4 (£2) per web site visit; 'just over €1.2 million (£1 million)' was spent on the telephone service - a cost of €144 (£120) per telephone enquiry, and €8.4 million (£7 million) was spent on face-to-face services - or around €84 (£70) per enquiry (Farnish 2015).

A briefing paper for Parliamentarians on the UK Pension Wise service reported that it had a budget of €42 million (£35 million) in 2015-16. The average cost of a personal financial guidance session was €649 (£541). It was also estimated that the cost per website visit was €0.41 (£0.34), which is far lower than that for the Money Advice Service but it is a much less sophisticated website and provides static information only (Thurley 2016). The UK Pensions Advisory Service offers financial guidance through workplace visits arranged in collaboration with employers and an evaluation of this showed that the cost in 2010 was about €36 (£30) per attendee (Hyde et al 2010).

5.2 Consumer willingness to pay for financial guidance

Both existing research and the interviews held with financial guidance providers indicate that the willingness of consumers to pay for either financial guidance or financial advice is limited. Many would be unwilling to pay anything at all; others would only be willing or able to pay a very low fee that would not cover the sort of cost reported above. This is a consequence of a number of factors: an inability to afford to pay among lower-income consumers, the amount of money involved in the enquiry they have being too small to justify a fee and a belief that such services should be free of charge. However, most of consumers are not aware of the existence and extent, sometimes sizeable amounts, of commissions they pay when purchasing a financial product and the impact of commissions on the return of products. It is likely that if they were fully informed of the commissions' mechanism and importance, they may be less reluctant to pay an explicit fee to be properly advised.

Hypothetical questions about the level of fee consumers would be willing to pay identified widely varying sums of money across countries. In France 70 per cent of consumers were not willing to spend more than €10 for an hour of individual financial guidance. Even among those who were interested in using financial guidance services over half (53 per cent) were unwilling to spend more than €25 an hour and 39 per cent more than €10 an hour (ESCP Europe Conseil 2015).

Similar research has assessed consumer views about paying for financial advice from which it is possible to draw some conclusions about the willingness to pay for financial guidance. The Australian Financial Services Inquiry (2014) reported that about half of

consumers had unmet financial advice needs and would be willing to pay to have these met. Other Australian research, however, found that one in five (22 per cent) of consumers believed that the initial advice consultation should be free (ASIC 2010). When consumers were asked directly how much they would be willing to pay the amounts they cited for initial advice averaged at a one-off fee of €195 (AU\$301) and on-going advice at €193 (AU\$298) a year (Australian Financial Services Inquiry 2014).

In contrast, research in Germany has found that two thirds of consumers considered a fee of up to €50 an hour for financial advice acceptable whereas only two per cent could imagine paying more than €100 an hour (Pech 2014).

In the UK when 'financially engaged' consumers were told that financial advice fees were between €48 and €240 (£40-£200) an hour, only 42 per cent said they were willing to pay this amount. Less financially sophisticated consumers would be very unwilling to pay at all (Wallis 2005). A second study, based on interviews with commercial providers, investigated consumer willingness to pay for investment advice confirmed that consumer willingness to pay was concentrated among those who were better-off. The authors concluded that most consumers would be willing to pay for financial guidance and, even if they were, it would be at a level below the cost of supplying it (Goodman 2006). This is borne out by the sums of money cited by French consumers above.

5.3 How non-industry financial guidance services are funded

As a consequence of this low willingness to pay, the great majority of non-industry services identified in this study were provided free to consumers. Indeed, the UK review of ways of providing financial guidance that was commissioned by the finance ministry made a strong business case for services being free of charge. The report includes an overall cost-benefit-analysis as well as separate cost benefit analyses for both the financial services industry (p35-37) and Government (p37-39). All of these demonstrated that the benefits would outweigh the costs by a very large margin (HM Treasury 2007).

The main exception to this general pattern is the financial guidance service that is provided by consumer associations in Germany, where fees are typically €90-€100 an hour for personal consultation and €26-€28 per 15 minutes for telephone ones. A fee of € 19-29 is charged for guidance delivered by email or letter. However, interviews for this study and analysis of existing surveys with consumer centre clients suggest that the lower income consumers are under-represented among users of these services. Based on only limited research available into the characteristics of the clients of consumer centres, information reveals that average income (iff 2010) and wealth levels (Marktwächter Finanzen 2015) of consumers seeking guidance on financial investments are significantly greater than the average for the general German population. Marktwächter Finanzen 2015, for example, which looked at financial investments from a sample of 835 consumers receiving guidance showed that the average gross assets reported for these consumers were €129,400 (median of €85,700). This would suggest that on financial affairs involving financial investments, the lowest third of income earners in Germany may not be sufficiently covered by the existing guidance services in that area.

Across the countries studied, the most common source of funding for financial guidance services was from general taxation, either at the national or local level, including funding through the financial services regulator. Indeed, even the German consumer associations are primarily financed in this way; only a very small part of their funding comes from money that they raise themselves (which includes fees for

financial guidance services) and this varies across associations (Consumer Centre of Lower Saxony, 2015).

Other national services are funded by financial services providers. The pension guidance service in France, L'union Retraite, is a public partnership of all basic and complementary public pension schemes. In the UK, the Money Advice Service is wholly funded by the financial services industry from an increase of the levy they pay for financial services regulation, as recommended by the Thoresen review (HM Treasury 2007 and 2008). Similarly, the Pension Wise service is funded from a levy on the pensions industry.

A small number of financial guidance services are offered by consumer bodies to their members, whose annual membership fees are used, in part, to cover the cost of doing so, for example the Which? Money Helpline in the UK. Others cover the cost of their services out of general fund-raising activities for the parent organisation as a whole.

5.4 How the staff of financial guidance services are paid

The staff in most of the organisations that provided a financial guidance services that was not linked in any way to the sale of financial products were paid a salary - or they were volunteers (including some organisation such as citizens advice bureaux in the UK where regulated financial advisers provided a financial guidance service, Money Plan, on a pro bono basis (Citizens Advice 2009). In Germany, consumer associations are paying a fee to some freelancers.

5.5 Sustainability of non-industry financial guidance services

Since most services are reliant on external funding, they cannot be considered to be sustainable in terms of generating incomes that cover their costs. Indeed, the evidence presented above on the costs of providing services and the fees that consumers appear to be willing to pay casts doubt on whether a comprehensive service can be provided without some form of subsidy. The only example we found where consumers paid a fee for the financial guidance they received was the service offered by the consumer associations in Germany. And even here the fees did not cover the full cost of providing the service. In one association cases dealing with insurance and personal finance accounted for 28 per cent of the total caseload, while the fees charged for these represented 18 per cent of the total revenue (Consumer Centre of Lower Saxony 2015).

The only ones that might be considered sustainable in this sense are the services that are offered to members of consumer bodies, such as Test-Achats in Belgium and Which? in the UK, as part of a range of services members can access for the annual fee that they pay.

6. The promotion of financial guidance services and incentivising use

Research has shown that consumers delay thinking about their finances until they experience a problem or experience key life events or times of transition in their lives, such as getting married or starting a family or experiencing a change in their employment situation (ASIC 2010, Citizens Advice 2015, Goodman 2006, HM Treasury 2007, Macmillan 2012, Wallis 2005). This was confirmed by the interviews with providers.

A study in France found that 40 per cent of consumers had no savings objectives and 24 per cent said that they lived for today (Comité Consultatif du Secteur Financier 2015). Other research found a reluctance among French consumers to seek help with

financial matters (ESCP Europe Conseil 2015) and a study in Germany concluded that the passive provision of information is inadequate, and that there is a need to raise awareness (EBS Business School 2014). The Thoresen review in the UK, likewise, concluded that a sizeable budget would be needed for promotion of the service (HM Treasury 2007 and 2008). And it is borne out by the large proportion of their budget that the Money Advice Service has spent on promotion (see section 5.1 above)

Respondents to our survey indicated that they promote use of their service in a variety of ways including, in order of prevalence: through their own website (62 per cent), social media (37 per cent), leaflets or other printed materials (35 per cent) and mass media advertisements, including TV, radio, newspapers and magazines (16 per cent). In addition, four in ten (41 per cent) indicated that other organisations promote their financial guidance service for them.

The majority of respondents (55 per cent) said they had found that word of mouth recommendation by users was the most successful. Other methods were mentioned as being the most effective much less often and included through their own website (13 per cent) and referrals from other organisations (10 per cent). Only small numbers had found social media, leaflets and other printed materials or promotion by other organisations the most effective. This demonstrates the difficulty that organisations would face in promoting use of a newly-established service.

There is little evidence in the existing literature on the effectiveness of different methods of promotion. The most extensive evidence, once again, comes from the evaluation of the UK Pathfinder Money Guidance service, where use of the website and, to a slightly lesser extent, the telephone service were mainly stimulated by television advertising aimed at the public. However use of both channels had been stimulated to some degree by search engines and in the case of the telephone service, promotion of the number on other organisations' websites (Kempson and Collard 2010). In contrast, referrals from other organisations and (over time) personal recommendation by past users accounted for a large proportion of face-to-face users (Kempson and Collard 2010, Macmillan Cancer Support 2012). Experience has shown that lack of referrals can hinder the growth of a service. An example of this is the failure of pension providers to refer people to the UK Pension Wise service (Thurley 2016, Work and Pensions Committee 2015).

Incentivising use

The survey asked financial guidance providers about the extent to which they offered incentives to stimulate demand. This showed that the great majority of providers did not and the follow-up interviews confirmed that they had chosen to offer a service that was entirely free of charge to remove any financial barriers to use.

Where providers did offer an incentive this was most commonly in the form of an initial free 'taster session' and concentrated among independent financial advisers and planners. In Germany, for example, the first interview offered by the industry advisers is free of charge to consumers and covers general financial guidance. There is, however, an expectation that consumers will return for the second appointment where either a fee is charged or, more commonly, a product sale made - with commission paid by the product provider.

7. The effectiveness and quality of financial guidance services

The most common assessment made of services in both Australia and the UK involved measurement of user satisfaction, with just under two thirds of survey respondents saying that they did so. The literature review showed that, for the most part, the overall level of satisfaction was measured (often on a five point scale), and this was often accompanied by measures of how likely the consumer is to use the service again or to recommend it to others. Typically, such evaluations find very high levels of satisfaction - but this is, in part, a function of the questions used (ASIC 2016, Comptroller and Auditor General 2013, Farnish 2015, Hyde et al 2010, iff 2010, Kempson and Collard 2010, Macmillan Cancer Support 2012, Thurley 2016).

More nuanced measures of satisfaction provide a much better and more detailed picture of how users feel about a service. Evaluations have included specific questions on things such as: whether users got all the information they required; whether the person providing the guidance fully understood their needs; whether staff were knowledgeable, ease of contact and whether they were given the appropriate amount of time to explain and deal with their needs (Hyde et al 2010, Kempson and Collard 2010, Macmillan Cancer Support 2012).

Other evaluations have attempted to go further by providing an assessment of the outcomes of the information and guidance. Most commonly this included what actions the user took following the guidance (ASIC 2016, Comptroller and Auditor General 2013, Hyde et al 2010, Kempson and Collard 2010, Macmillan Cancer Support 2012). It has also included: measures of the importance of the guidance provided in subsequent decision-making (Kempson and Collard 2010); whether users felt more confident about managing their finances (Macmillan Cancer Support 2012); and, a self-rated assessment of the change in understanding of retirement issues as a result of using a specialist pension guidance service (Hyde et al 2010).

The only way that any change in behaviour can be attributed to the service itself, rather than other factors that have potentially influenced behaviour, is by comparison to a control group. The only study we identified that has done this is the UK Pathfinder Money Guidance evaluation, which compared the outcomes above for users of the Money Guidance Service with the outcomes of a broad comparison group of similar types of people living outside the Pathfinder regions who had used other sources of information and guidance for a broadly similar range of enquiries. Regression analysis of the data controlled further for differences in the characteristics of the two groups of users. The study found that:

- Money Guidance users were more likely to get all information they needed than the comparison group. However, users of the telephone service were less likely to have done so than users of either the website or the face-to-face services
- Money Guidance users were no more likely to have taken action as a result of the guidance they received than the comparison group. And there were no differences across delivery channels
- There was no difference in importance of the guidance received in subsequent decision- making between Money Guidance users and the comparison group and no difference between the three Money Guidance channels.
- Across five financial capability domains (managing money, keep track of finances, planning for the future, choosing financial products and staying informed), Money Guidance users improved more than the comparison group. But this was mainly due to face-to-face users. Other channels had no significant effect.
(Kempson and Collard 2010).

The UK Money Guidance evaluation also used peer review by experts in financial guidance to assess the quality of the guidance given by staff delivering the telephone and face-to-face guidance sessions. On the whole, the quality of the service was judged to be high across a range of 12 measures covering: the effectiveness, accuracy, appropriateness of the guidance provided and any referrals that were made to other organisations. However, it was concluded that the money guides stayed too far from the boundary with investment advice and that this was to the detriment of the user (Kempson and Collard 2010).

8. Regulation, quality assurance and redress

In Australia, the Netherlands and the United Kingdom, financial guidance is generally an unregulated activity, regardless of the type of organisation providing it. The only exception we found was the Pension Wise financial guidance service in the UK. The situations in the four countries that have yet to transpose MIFID II is less clear.

The survey showed that most of the providers who responded said that their services were regulated by the financial services regulator. As might be expected the likelihood of a financial guidance provider being formally regulated was strongly related to the level of service they offered to consumers. So it was highest for those that recommended a specific product or course of action and lowest for those that only provided information. The survey respondents were asked to make an own assessment of their services as to whether they constituted guidance or financial advice based on a definition of guidance provided to them in the questionnaire. Some respondents clearly did not provide a strict guidance service according to the criteria of no recommendations to purchase a specific product. Nevertheless, in almost all countries, there were 'information-only' providers who said that they were regulated and providers who made recommendations who said that they were not (especially in France and Germany).

8.1 Quality assurance and accountability of financial guidance services

Financial advisors in all countries are supervised and registered with the financial services regulator. Some also have tailored provisions for regulating independent financial advisors and planners. In contrast, the interviews showed that non-industry providers of financial guidance were not generally supervised by the financial services regulator. Where this was the case, services were often subject to other systems of quality control. These could be internal to a network of providers, such as the Financial Information Service in Australia, the consumer associations in Germany or citizens advice bureaux in the United Kingdom. In other instances, funders of services had procedures to assure the quality of services provided. An example here are the outsourced providers of face-to-face and telephone services for the Money Advice Service and Pension Wise in the UK. Where regulators and Government Departments are direct providers of financial guidance (as in Australia and the United Kingdom) they are accountable to Parliament for their work.

8.2 Qualifications held by staff and the accreditation of financial guidance

In general, where staff of financial guidance providers held relevant qualifications these were ones that were accredited for providers of investment advice. We did not identify any national qualifications that were specific to financial guidance.

As far as we were able to ascertain, the United Kingdom is the only country where there has been any debate about the need for the accreditation of financial guidance providers and to set down minimum standards. This was first raised by the Financial

Services Authority when they proposed that a national financial guidance should be set up (Financial Services Authority 2005). And it was later picked up by the Thoresen review for the finance ministry, which set out a set of proposals for accreditation at the organisational level, rather than individual financial guides (HM Treasury 2008). Since then the regulator has worked with the national Financial Services Skills Council (now the Financial Skills Partnership) to develop a set of core skills and competencies. These have been published as a set of national voluntary occupational standards for providers of financial guidance. The standards contain units on:

- engaging with the consumer: establishing reasons for seeking generic financial advice;
- establishing the consumer's key financial concerns and gathering relevant information;
- identifying and agreeing on priorities and options for the consumer to enable informed financial choices;
- identifying ways of meeting financial needs for the consumer to consider; and,
- referring the consumer to further financial information or advice.⁶

They also set out the skills and knowledge that a financial guide should possess.

8.3 Liability of financial guidance providers and forms of redress

The survey of financial guidance providers showed that the great majority had professional liability insurance. However, the follow-up interviews revealed a more nuanced picture with regard to liability for the provision of poor guidance to consumers.

The position with regard to the liability of non-industry providers of financial guidance within our definition was unclear. In Australia and Germany the view was that they were not liable and nor were they covered by an Alternative Dispute Resolution scheme, although most of the non-staff freelancers working for the German consumer associations who are providing financial advice or guidance outside of their work for the consumer centres are likely to have liability insurance coverage personally. Those freelancers also active as advisers outside the consumer centre will therefore tend to have professional liability insurance coverage required from these other activities, however the other staff and freelancers that do not are likely to only have general liability insurance coverage which is unlikely to cover any claims for damages resulting from inadequate guidance services provided. In the Netherlands and the United Kingdom the situation regarding liability was considered less clear cut although financial guidance did not appear to be covered by the Alternative Dispute Resolution scheme. In the United Kingdom it is, in fact, relatively common for consumer bodies to have professional liability insurance. The desirability of such insurance was noted by the Financial Services Authority when they proposed that a national financial guidance should be set up (Financial Services Authority 2005).

⁶ Weblinks for each of these can be found at:

[http://nos.ukces.org.uk/PublishedNos/FSPGFA01.pdf#search=generic per cent20financial per cent20advice](http://nos.ukces.org.uk/PublishedNos/FSPGFA01.pdf#search=generic%20financial%20advice)

[http://nos.ukces.org.uk/PublishedNos/FSPGFA02.pdf#search=generic per cent20financial per cent20advice](http://nos.ukces.org.uk/PublishedNos/FSPGFA02.pdf#search=generic%20financial%20advice)

[http://nos.ukces.org.uk/PublishedNos/FSPGFA03.pdf#search=generic per cent20financial per cent20advice](http://nos.ukces.org.uk/PublishedNos/FSPGFA03.pdf#search=generic%20financial%20advice)

[http://nos.ukces.org.uk/PublishedNos/FSPGFA04.pdf#search=generic per cent20financial per cent20advice](http://nos.ukces.org.uk/PublishedNos/FSPGFA04.pdf#search=generic%20financial%20advice)

[http://nos.ukces.org.uk/PublishedNos/FSPGFA05.pdf#search=generic per cent20financial per cent20advice](http://nos.ukces.org.uk/PublishedNos/FSPGFA05.pdf#search=generic%20financial%20advice)

The position with industry providers - where financial guidance services sat alongside financial advice and product sales - was clearer. Both the need for liability insurance and coverage by the national Alternative Dispute Resolution scheme was generally assumed. However, as has been discussed in section 3.1 above, there is considerable debate in the United Kingdom about whether financial guidance given by regulated advisers would and should be considered to come within the remit of the Financial Ombudsman Scheme.

9. Conclusions

There is undoubtedly a need for financial guidance, as both the complexity of the financial services marketplace and the level of responsibility consumers have for ensuring their own social welfare grows. Re-regulation of financial advice in line with MiFID II brings that need into even sharper focus.

Both the term 'financial guidance' and its definition in relation to investment advice can pose challenges as MiFID II is transposed by national governments and regulators. Choosing the right term is important to avoid confusion among consumers and to maximise take-up of services. Clarifying the regulatory boundary is important and the absence of clarity can inhibit the development of services both in terms of the number and range of providers that do so and in the extent of the information and guidance when they do. Australia offers a good example of how both these issues can be tackled.

The extent and diversity of financial guidance provision varied across countries, reflecting the regulation of financial advice, the range of existing organisations that are able and willing to develop such services and the extent to which regulators and governments have played a role in stimulating and developing services. In most countries regulators and/or national governments have developed websites that deliver financial information, and to a limited extent some financial guidance. But their role only extended beyond this in Australia and the United Kingdom while in the other countries, regulators we interviewed as part of this study said that financial guidance was considered to be out of scope of their responsibility. Consumer organisations play an important role, especially when they have a network of local advice centres, such as in Germany and the United Kingdom, and in relation to the provision of telephone and face-to-face services in particular. The types of enquiry that financial guidance services assist consumers with varied across countries, between providers within countries and by delivery channel. This suggests that a mix of providers and delivery channels would best meet the needs of consumers.

There is little information in the public domain about either business models or the detail of funding of financial guidance providers. The information that is available, however, suggests that the costs are much higher than consumers seem willing to pay. Most of the non-industry providers had, therefore, chosen to provide financial guidance free of charge to consumers and were funded to do this mainly by government but also, in some instances by a levy on financial services sector. In the United Kingdom detailed cost benefit analyses identified a strong business case for charge-free services and demonstrated benefits to Government and the financial services industry that outweighed likely costs of the provision of financial guidance by a large margin.

Translating the need for financial guidance into use of services is likely to require considerable publicity. Word of mouth recommendation by past users and other

professionals is by far the most successful way of achieving this. Where services are newly established advertising will be required and national providers of websites had often invested considerable sums in this in the early days. Most non-industry providers believed that keeping services free of charge to consumers was essential to translating need into use. If such fees are charged it is important that they are transparent and kept low to ensure that a wide range of consumers are served. Incentives to use services tended to be used by commercial providers offering guidance alongside investment advice or the sale of products, but not by non-industry providers. Most commonly this was in the form of free 'taster sessions', although there was some evidence that there can be pressure on consumers to return for a fee-based interview. Innovative ways of incentivising use should be explored further and tested with consumers. One idea to have the fee for guidance sessions tax deductible was discussed with German stakeholders but this option was seen as difficult to implement in practice due to the unlevelled playing field this would create vis-à-vis the professional advice sector.

There is only limited evidence on the effectiveness and quality of financial guidance services, beyond simple measures of an overall level of consumer satisfaction. There are good examples of more nuanced and robust evaluations covering both the effectiveness and quality of services, but these were relatively uncommon. There is therefore a need for more such evaluations to build a robust evidence base on what works - and more particularly what does not work.

While most of the providers surveyed said that they were regulated by their financial services regulator, this was less common among the non-industry providers of financial guidance that did not include recommendations. Where services were unregulated, they were often subject to other forms of quality control, which could be internal to a network of services or involve accountability to a funder. Where regulators or government departments were direct providers of financial guidance they were accountable to Parliament for their work. Only the United Kingdom has developed a nation system of accreditation for financial guidance and even here it is still voluntary. The situation with regard to liability for poor guidance and redress for consumers appears to be mixed. Organisations that provided guidance alongside investment advice and/or the sale of financial products were clear that they would be considered liable and liability (indemnity) insurance was commonplace. Most also assumed that consumers receiving poor guidance would have recourse to an Alternative Dispute Resolution service such as an ombudsman, although this last point is still a matter of debate between regulators and independent financial advisers in the United Kingdom. Among non-industry providers the situation was less clear and views varied across countries as to whether they were liable for poor guidance and consumers had access to redress schemes. The view of the United Kingdom regulator in 2005 was that such services should have liability insurance and in practice most do. In contrast, services in Australia and Germany do not. This is an area that requires clarification.

In conclusion, it will be difficult to develop a blue print for financial guidance services that would be appropriate to all member states. National provision will need to build on existing organisations to cover all sections of the population and will need a diversity of channels to achieve this. It is, however, clear that comprehensive provision needs a national body (usually either the regulator or the government) to encourage the development of services, to share good practices, to promote their use and to provide oversight. Ideally this would extend to encouraging a recognised regime of skills training and accreditation as well as mechanisms for quality control and for redress in cases of poor service. Finally, this study has demonstrated the value

of sharing best practices across countries and we hope that this report will begin that process.

1. Introduction

Much attention has been paid in recent years to investment advice provided by financial institutions to consumers. In this background, public debates on financial regulation have tended to focus on the following questions:

- What should be the obligations of investment firms in terms of “knowing their customer” and proposing products and services suited to customer needs?
- How should the independence of financial advisors be guaranteed and how should they be compensated?

During the course of this process, the frontier between activities falling within the scope of regulation and those not covered by regulation led to a distinction being made between investment advice and financial guidance. Investment advice consists of tailored recommendations based on a consideration of a client’s circumstances in respect of one or more transactions relating to financial instruments. Financial guidance (or financial planning) also helps a person to make the right decisions in consideration of their circumstances, including, for example their investment profile. However, it is generic and does not entail any recommendation to trade a specific financial instrument.

In this Research Report, we summarise the findings of good practice of generic financial guidance for the following countries in focus: Australia, Belgium, Denmark, France, Germany, the Netherlands and the United Kingdom. We also present an analysis of consumer incentives promoting financial guidance.

The summary of the literature covers the following:

- the scope of financial guidance;
- providers of financial guidance;
- the sustainability of services;
- liabilities of providers;
- the success of financial guidance; and
- supervision, self-regulation and oversight.

The existing literature on liabilities of providers and the success of financial guidance is scarce for all countries under review. Moreover, information on financial guidance services differs vastly from one country to another. While it is well-developed in the UK, where a broad literature is available, this is usually not the case for the other countries.

We identified a number of gaps in the research literature. In order to obtain a more complete picture of the current state of financial guidance we administered an online questionnaire asking relevant stakeholders in each country to participate. The results of the survey should be taken as illustrative of financial guidance provision not representative of it. In countries, such as Denmark and France, where there was little knowledge of provision, the net was cast much wider than in countries, such as the United Kingdom, where there was a much more extensive knowledge base to draw on. The responses to the questionnaire are supplemented by in-depth interview data collected from key stakeholders in the financial guidance area from each country.

For the purposes of the survey we defined financial guidance as follows:

... a process of determining an individual's financial goals, purposes in life and life's priorities, and after considering his resources, risk profile and current lifestyle, to detail a balanced and realistic plan to meet those goals. Financial guidance provides a detailed strategy tailored to a client's specific situation, for meeting a client's specific goals covering various aspects of personal finance which includes cash flow management, education planning, retirement planning, investment planning, risk management and insurance planning, tax planning, estate planning and succession planning but excludes the recommendation to purchase a particular financial product.

The target to be considered is the average consumer, thus excluding those who have sufficient assets to use private banking services or other forms of private wealth management with high entry requirements, and those facing major financial difficulties who should resort to debt advisers in the first place.

Comprehensive financial guidance should involve an assessment of the overall financial and asset situation of a consumer and should lead to the provision of generic but tailored advice, including a financial plan for the consumer to achieve his or her goals.

Each partner invited the relevant stakeholders in their country to complete the questionnaire. The questionnaire was distributed online using Qualtrics survey software. In total, 230 stakeholders responded. Ninety of these respondents currently run a financial guidance service promoted to consumers.

Table 1 outlines responses from each country to the question: Do you currently provide a financial service that is promoted to customers? The majority of respondents were from Germany (n=87, 38 per cent), followed by France (n=63, 27 per cent). Only 1 per cent of respondents (n=3) came from Belgium.

Table 1. Do you currently provide a financial guidance service that is promoted to consumers?				
Country	Yes	No, but we are considering offering such a service	No (This will end the survey after a few questions)	Total
Germany	72	6	9	87
France	58	0	5	63
United Kingdom	18	0	1	19
Netherlands	24	0	0	24
Denmark	17	0	0	17
Australia	14	1	2	17
Belgium	3	0	0	3
Total	206	7	17	230
	90%	3%	7%	100%

When asked what describes the financial service that they offer, more than half of the respondents (54 per cent) described themselves as a free-standing financial guidance service (Table 2). It is important to note that a large proportion of the incidental service providers having responded to the survey from Germany (accounting for a significant number of 27) may not be 'guidance only' providers and thus, while self-identified as such, they may not actually fall within the scope of the project definition of financial guidance. The majority are professionals active as financial planners that

may recommend products at the end of their guidance service. In France, these professionals were encouraged to take part in the survey when the trade association passed on the survey to its members. It is difficult to assess the nature of these professionals from the individual survey responses received from them so care in interpreting these figures is needed.

Table 2. Which of the following best describes the financial guidance service you offer?

Country	A free-standing financial guidance service	An incidental service alongside regulated financial advice	An incidental service alongside selling financial products	An incidental service alongside debt counselling	Other	Total
Germany	24	15	12	0	2	53
France	29	7	7	0	6	49
United Kingdom	11	1	0	0	3	15
Netherlands	12	2	1	0	5	20
Denmark	11	2	0	0	1	14
Australia	3	7	0	1	5	16
Belgium	1	0	0	0	2	3
Total	91	34	20	1	24	170
	54%	20%	12%	1%	14%	100%

Note. These numbers are from the answers provided by the survey respondents themselves based on their own classification on the basis of the guidance service definition provided in the survey.

Stakeholders were asked how long they have offered a financial guidance service to consumers (Table 3). Seventy-one per cent (n=115) indicated that they have been offering a financial guidance service for more than five years, indicating that the majority of the sample were relatively experienced providers.

Table 3. For how many years have you offered a financial guidance service to consumers?

Country	Less than one year	One to five years	More than five years	Service not yet set up	Total
Germany	1	12	37	2	52
France	2	2	43	0	47
United Kingdom	2	5	7	1	15
Netherlands	0	8	10	0	18
Denmark	2	5	6	0	13
Australia	1	2	11	1	15
Belgium	0	1	1	0	2
Total	8	35	115	4	162
	5%	22%	71%	2%	100%

As noted above, the survey results should not be taken as representative of financial guidance provision, merely illustrative, as the range of people surveyed was deliberately much wider in countries where little was known about who provides financial guidance. So, the majority of respondents from Denmark, Germany and

France reported that they are independent financial advisers or are employed by financial institutions. Responses from these countries may also relate to investment advice experiences or portfolio management for wealthy people in other countries (Table 4). Not-for-profit organisations are well-represented in Australia, and especially in the United Kingdom and the Netherlands as it was known that they are the main providers of financial guidance.

Country	Independent financial advisor	Bank	Not-for-profit organisation	Other	Total
Germany	32	11	3	6	52
France	19	5	1	21	46
United Kingdom	0	0	7	9	16
Netherlands	0	2	4	12	18
Denmark	10	0	0	3	13
Australia	5	1	5	4	15
Belgium	0	1	1	0	2
Total	66	20	21	55	162
	41%	12%	13%	34%	100%

Themes and issues that are not covered by the literature review or responses to the questionnaire (such as best practice) were explored in 49 in-depth stakeholder interviews. These include the key providers and potential providers of financial guidance identified from the surveys in all seven countries as well as other key informants such as the national authorities (regulators and key government departments). Analysis of these is interspersed with the analysis of the quantitative data, where relevant.

2. The extent and nature of consumer need for financial guidance

A common argument on the need for financial guidance - both in the literature and in the interviews held with financial guidance providers - is the growing complexity of the financial services market place, especially for investments and pensions. This is exacerbated in countries where social welfare reforms have placed more responsibility on individuals. The regulation of investment advice brings the need for financial guidance into even sharper focus.

While there is fairly limited direct evidence on both the level and the nature of needs for financial guidance, this is supported by more indirect evidence relating to: levels of financial knowledge and capability; reported difficulties finding relevant and impartial information on financial matters and unmet needs for independent investment advice through an inability or unwillingness to pay for such services.

Australia

In 2010, the Australian Securities and Investment Commission (ASIC), the body that is responsible for financial guidance and literacy in Australia conducted research to determine the need and gaps in the provision of financial advice. The research did not distinguish between regulated financial advice and financial guidance as defined in this report.

Most people in Australia seek financial advice and guidance when experiencing key life events or at times of transition in their lives, for example, when they are starting a family, thinking about retirement or experiencing a change in their employment situation. ASIC (2010) noted the prevailing perception among Australian consumers that formal financial advice is only for those who have large amounts of money to invest. ASIC found that only 20 – 40 per cent of Australians had ever used a financial adviser. Of those that have sought formal financial advice, they are more likely to be considered as financially well-off and over the age of 50 years.

The recent Financial Services Inquiry, conducted in 2013-14, found that fewer than 42 per cent of Australians had used a financial advisor and that this was strongly linked to income. Individuals earning over \$150,000 a year were two and a half times more likely to seek advice than those earning less than this. The Inquiry found that half (49 per cent) of consumers reported having unmet financial advice needs that they would be prepared to pay for.

Thus, Australian research indicates that there are barriers to seeking advice. A fifth (21 per cent) of consumers in one study reported not being able to afford advice and just over a quarter (27 per cent) preferred to 'do it myself' (Financial Services Inquiry). One of Australia's key professional bodies for financial advisors – the Financial Planning Association (FPA) – surveyed consumers about their attitudes towards seeking financial advice and it found the most common reasons for not seeking advice were: not having enough money to make it worthwhile (39 per cent); they did not need financial advice (56 per cent); advice would cost too much (21 per cent); and they did not know where to find a good advisor (18 per cent) (FPA, 2007 in ASIC 2010).

Belgium

According to one of the stakeholders we interviewed, few people in Belgium are seeking for financial guidance because they are not aware of any available assistance apart from the one they get from their bank.

However, a survey of a representative sample of 2,072 people living in Belgium found that, in reality, there was a need for financial guidance in this country (FSMA, 2015). No more than 17 per cent of surveyed said that their financial knowledge was low but the correlation between the perception of their own financial knowledge and the score of their answers to simple questions on the impact of inflation and the calculation of interest is weak. According to the authors of the study, the three main areas of consumer need are household budget, financial planning and the ability to invest in an informed manner. 52 per cent of respondents do not establish any budget planning. This translates into financial difficulties when unforeseen expenses have to be paid. One third of the surveyed of active age (between 26 and 65) consider that they are not well prepared for their pension and the large majority will rely on the State Pension. In the area of the financial decision process, only 36 per cent of surveyed said they compare offers before buying a financial product.

Similarly, a survey run by the OECD (March 2015) found that 25 per cent of Belgians do not feel well prepared for retirement and that 40 per cent do not establish long-term financial goals. 25 per cent of Belgians do also face major difficulties when confronted with unexpected expenses and have to resort to financing by way of credit or financial help from families and friends.

A need for guidance was identified by one of the stakeholders we interviewed when people retire because they get their pension rights in capital and they can be influenced by intermediaries, especially for the conversion of their capital in annuities. Most pension products are unit-linked and beneficiaries are exposed to market risk. There might also be a need for guidance in the area of mortgages, especially in the current background of low interest rates, which encourages households to subscribe to loans with a term as long as possible with low reimbursement charges at the beginning.

The reduction of tax incentives also generates a need for financial guidance. Investment decisions have long been driven by tax incentives to subscribe to mortgages and life insurance. However, tax incentives for mortgages (the "Bonus logement") have been transferred to regions in 2015 and this resulted in reduced benefits.

Similarly, civil servants have long benefitted from an advantageous calculation of their pension on the basis of their last salary. Reforms will progressively be implemented that will converge the levels of pension in the public sector and the private sector. Civil servants will likely need help and advice to adapt their behaviour to the new background.

Denmark

The need for both policy and improved provision of financial guidance in Denmark is indirectly identified in several reports. Recently, reports done by YouGov Denmark for Penge- og Pensionspanelet (the Money and Pension Panel) indicate a need for greater financial knowledge and for strengthening awareness of financial guidance among the population. Among a sample of N=1,002 Danish citizens, over half either agreed or strongly agreed (32 per cent and 27 per cent respectively) that the retirement pension is "difficult to understand". Over 60 per cent of the sample agreed or strongly agreed

(29 per cent and 32 per cent respectively) that they need advice in order to make good decisions about their pension. However, over a quarter (27 per cent) reported that they need advice in relation to their retirement but had not sought it (YouGov Denmark 2015a).

In another study surveying N=2,021 Danes aged between 35-49 years, more than half (55 per cent) had not examined whether they can afford to retire and around half did not have strong awareness of financial guidance. When asked to select the various sources that they use to seek knowledge of personal finance, the three most commonly selected responses among the sample were: bank advisor (47 per cent), family (44 per cent) and news media (42 per cent) (multiple items could be selected). The next most common sources were friends (26 per cent) and websites on private economic topics (20 per cent) (YouGov Denmark 2015b).

Results of another study also confirm that many Danes rely on bank advisors for financial advice. Among a sample of N=1,015, 73 per cent confirmed that they had had contact with a bank advisor in the previous two years and 88 per cent responded that they have a permanent financial advisor in their primary bank (YouGov Denmark 2014). Over half of the sample (56 per cent) agreed (35 per cent) or strongly agreed (21 per cent) that their bank advisor helps them to make important decisions.

Moreover, it appears that Danish customers are generally satisfied with bank advice. In one survey, 38 per cent of respondents strongly agreed that their bank provides the financial advice that they need (YouGov Denmark 2014). However, when asked "Are you aware that you pay for the advice that you receive in the bank?", half responded 'Yes' and 44 per cent responded 'No'. Six per cent did not know (YouGov Denmark 2014).

The main focus of research has been on purported financial advice offered by banks, and investigating ways to alleviate the inherent conflict of interest in relation to their selling of financial products. There has been only a small amount of focus on facilitating financial guidance. Penge- og Pensionspanelet (see more below) from 2007 is the only public organisation that provides a financial guidance service, albeit a limited one.

A report investigating the impact of the financial crisis on Denmark (Tanggaard 2013), found that the foundation for a well-functioning financial sector is based on the ability of customers, both private and business, to be able to work out their options and the consequences of their choices. In addition, they found that the customer must have confidence in their financial undertaking. This report highlighted that there must be sufficient transparency of details such as costs and contract terms in order for customers to make considered decisions and that customers must be able to access balanced and comprehensive information. It appears that provision of such advice is not supported by policy. In a review of legislation outlined in the Dietz Legind report, it was identified that financial services are not obliged to give independent advice to their customers, and a customer cannot expect to receive independent advice (Legind 2014).

In a report, the Danish Financial Services Authority (FSA), Finanstilsynet (2010), after visiting 12 random bank departments stated that sales plays a central role in all the banks that the Danish FSA visited. In the Danish FSA's view, it was essential that sales targets did not remove focus from the customers getting the advice they are entitled to under Executive Order on Good Business Practice for Financial Undertakings.

Other reports from the Danish FSA highlight the potential conflict of interest regarding customers seeking financial advice from bank advisors who also perform sales functions (Finanstilsynet (2009)). Further, in a survey involving N=3,229 bank advisors, 28 per cent reported that they had at least one conflict of interest between sales and good advice each year (Finansforbundet 2008). The vast majority of respondents answered that they choose to handle the customer's interests rather than the banks'. Five per cent of the advisors reported that they violated customer interests. In this study, a small minority (three per cent) viewed themselves as predominantly or exclusively sellers, and 78 per cent agreed that their role is to give good advice and only then to sell their products (Finansforbundet 2008).

France

Research conducted with French households indicates that there is a strong need for financial guidance to help consumers when setting an optimal level of savings. A representative sample of the population (N=1,506) indicated that 40 per cent do not set any savings objectives. Participants were asked to what extent they agreed with the statement: "I tend to live from day to day, I do not care about tomorrow". The majority (69 per cent) either partially disagreed or fully disagreed with the statement. However, a minority showed that saving was not a priority for them, with 24 per cent either partially agreeing (14 per cent) or fully agreeing (10 per cent) with the statement. This could be interpreted as an indicator of participants' insufficient financial means (one third of respondents could not avoid moving or borrowing if they lost their main source of revenue, an indicator of financial vulnerability). However, it could also be interpreted as sign that there is a need for guidance in that area. (Comité Consultatif du Secteur Financier 2015).

ESCP Europe (2015) came to similar conclusions. For 59 per cent of consumers surveyed, managing personal finance was not a source of concern. The majority (78 per cent) of those surveyed said they are not interested in receiving practical guidance on the management of their personal finance. Among those who were interested in financial guidance, the three most frequently mentioned topics were: knowledge of savings products (21 per cent rated this topic first), understanding the calculation of their pension (17 per cent) and calculating their taxes (15 per cent).

The same survey showed that despite the well-documented low levels of financial literacy (on average) in the French population, 64 per cent of those surveyed declared they did not lack skills to manage their personal finances, and a majority said that the management of their personal finance was not a source of concern for them. In practice, 70 per cent of those surveyed do little to actively manage their personal finances, other than consulting banking accounts online or on banking statements. Only one in four of those surveyed established a budget.

Only nine per cent said they already planned to contact associations or financial guidance services to improve their personal finance knowledge. 75 per cent manage their personal finances without any external help, 15 per cent are helped by their family and 10 per cent by their bank. Those who said they are helped by their bank have an income of 3,600 euros per month on average, well above the median and the mean income in the French population. The vast majority (78 per cent) of those surveyed who responded to that question said they would not be interested in personally using such services in the future, while two per cent said they would be interested (ESCP Europe 2015).

Reservations mentioned among respondents were, in the first place related to their reluctance in talking about their personal finance to others: Personal finance is a taboo topic in France. Almost a third (32 per cent) of respondents said they were bothered by the idea of “talking about money to a stranger”. Such reluctance is especially pronounced among retirees.

The second cause of reluctance is the belief that they have sufficient knowledge to manage their personal finance by themselves and that financial guidance would be worthwhile only for wealthy households. The most complementary comments expressed the idea that the management of personal finance is natural and innate. According to them, financial difficulties originate only when there is a lack of financial resources.

Two major changes in the institutional and economic environment in France are increasing the need for financial guidance; threats to welfare state provision and low interest rates conflicting with tax- driven asset allocation decisions.

France is one of the EU countries where social benefits are the largest as a percentage of household income. As a consequence, a large proportion of citizens feel they do not need to plan their personal finances. They tend to rely on free provision of medical services in case of serious health problems. They do not have to save for their children’s education as the majority of universities and high schools do not charge their students. They tend to entirely rely on social security pension after retirement and they save very little for retirement in the framework of occupational or private schemes (pillar 2 and 3). However, the importance of the welfare state is being challenged by budgetary constraints and the burden of an ageing population and there is consequently a growing need to determine an adequate level of savings in this new environment.

The tax regime of savings and wealth is the second contextual factor that may influence the need for financial guidance in the future. The common rule for taxation of savings in France is very heavy and has become even heavier in the last few years. Savings income is taxed at the progressive rate of income tax (from 0 per cent to 45 per cent) and there is a wealth tax in France that could generate negative performance in an environment of negative interest rates. Up until now, asset allocation was a very simple exercise: one should open tax-exempted and well-remunerated “Livrets” for each member of the family up to the maximum amount allowed, and then subscribe to guaranteed (and also well-remunerated) life insurance contracts which are almost tax-exempted if there are no withdrawals during the eight years after the contract was initiated. However, the historically low interest rates will challenge this default choice. Savers will need advice in order to reorganize their asset allocation with adequate return-risk characteristics. The role of financial guidance should be to help savers when moving to more risky investments. Savers need more than simply fiscal optimization (Gabaut, 2016).

In addition, we identified a need for assistance in retirement planning due to the complexity of the pay-as-you-go pension schemes for people who have a fragmented professional career.

Germany

In Germany the potential need for financial guidance is illustrated by the plethora of financial products. For example, there are about 6,000 different investment funds and 800,000 certificates that consumers could buy, which highlights the complexity of the market in relation to just two types of financial products. Every year new products are

launched for consumers and terms and conditions change constantly. In addition, financial products are often not transparent and providers 'hide' poor details of products in their terms and conditions. The size of contracts for financial products may reach up to 40 pages for ordinary consumer credit, 60 pages for old age insurance and up to 300 pages for general terms and conditions as add-on to the contract, where it is to the responsibility of the consumer to find the relevant passages. Terms and language are so complex that consumers are often unable to understand the meaning and therefore usually do not read the information. Consumers are simply overburdened with information and trust the spoken word of the employee or intermediary rather than taking the time to read the contract and the terms and conditions carefully. That opens the door for mis-selling, because intermediaries often depend on remuneration which is only paid for signed contracts. The problems are more acute today because of more broken employment records, less generous pensions, cultural factors like the rise in divorces and single households. (Tiffe and Clerc-Renaud 2014).

However, financial guidance is not well defined in Germany: not in the media, nor in public life or scientific research. Thus it is hard to measure the need for financial guidance. Even for the more comprehensive term of financial advice few studies exist.

Retail investors in Germany are still comparatively known for their conservative and safety-oriented preferences (with a smaller reliance on equities for their investments). The low interest rate environment however, has challenged this passive attitude and preference for saving accounts. German consumers will increasingly need assistance in setting up the right asset allocation and in choosing better performing financial products beyond the mere savings products. Financial guidance would not consist of advising a specific product, but it might help consumers to better understand investment risks and to make the right choices, given their own circumstances.

The need for guidance can be indirectly evaluated based on the poor performance of financial literacy measures reported in research and the media. This need has grown because of increased market opportunities with risk-shifting to consumers. In Germany, this is due to three developments: (1) the creation of a more flexible labor market, (2) contraction of the welfare state, e.g., through the privatisation of retirement pensions (affecting future retirees), and (3) demographic change, in particular population ageing, which increases the need for private pension insurance. (Neuberger 2015)

The access to adequate financial services and guidance to ensure this is especially necessary for the poor if they are to be shielded against adverse shocks. Since poor households often cannot save and can only help themselves by using credit, guidance should take care not to focus exclusively on savings and investments but also on day-to-day money management and the productive use of credit before problems occur (Reifner and Schelhowe 2010).

A representative survey of individuals in 2009 showed that only 52 per cent of the German population self-assessed their financial knowledge as good or very good. More than a quarter of the population did not understand basic economic concepts, nearly three-quarters had problems understanding conversations with financial advisors, and nearly one-third did not dare to ask appropriate questions (Comdirect 2009). In a similar survey conducted in 2010, only 39 per cent of the German population assessed themselves to be well or very well informed about financial topics, 52 per cent to have only some information, and seven per cent to be badly informed. Only one-tenth regularly compared the prices of banking products, while more than a quarter never

made such comparisons (Comdirect 2010). In addition, findings from a savings and pension insurance survey SAVE 2009, a representative German household panel, show that only a moderate level of financial literacy exists when measured by answers to three simple questions on understanding interest rates, inflation, and risk and diversification where 37 per cent of respondents were not able to answer at least one of the questions correctly (Bucher-Koenen and Lusardi 2011). It is also found that low levels of financial literacy (and thus greater need for guidance) depends on educational achievement, the share of the urban population, and the existence of mandated savings in the form of social security contributions, which may in part explain why Germans may be comparatively less literate (i.e. consistent with the hypothesis that the incentives to acquire financial literacy are related to the amount of resources invested in financial markets) (Neuberger 2015). An online survey of adults in 12 European countries in 2013 found that Germans had the lowest levels of financial education. While reliant on individuals' self-assessments, the share of respondents that reported to have never received financial education was 53 per cent in Germany followed by 52 per cent in the United Kingdom. 78 per cent of Germans said they wanted financial education at school, but only 18 per cent received it (ING-DiBa 2013).

A further indication for the need for guidance for the less sophisticated consumer is found in the results from a survey of more than 1,000 consumers that showed that financially literate consumers found both the advisory minutes produced (Beratungsprotokoll) and the key information document (Produktinformationsblatt) more useful than financially illiterate consumers. The findings would suggest that information provision is insufficient for those consumers who have lower financial literacy or have a lower take-up of financial advice and that purely providing more information to – especially financially illiterate – consumers is of limited value on its own. This would suggest that as well as financial education, financial guidance would have beneficial results on consumer understanding, decision-making and outcomes (EBS Business School 2014).

A more detailed survey on financial literacy conducted in 2010–2011 by the OECD International Network on Financial Education in 14 countries across 4 continents, including Germany also revealed that only 22 per cent of the German respondents held a household budget (the lowest of all behavioural statements) and 96 per cent indicated they had not borrowed to make ends meet suggesting that they had little experience in this regard (Atkinson and Messy 2012, Table 2 on p8).

The prevailing consumer preference is to seek a solution to their current problem (e.g. through advice from consumer associations), rather than broad guidance courses which generally last several months (e.g. guidance providing a general overview of the pension system without providing a straightforward answer to their personal pension situation).

The Netherlands

In the Netherlands, research which can be used to identify the potential level of need for financial guidance has been undertaken by Nibud. This shows that most people do not know where they could obtain financial information and a sizeable minority had been unable to find it when the need arose.

Seven in ten people surveyed did not know where they could go when they needed help with financial problems: most of these (56 per cent) thought that they might be able to find a source of help when needed, but 14 per cent had no idea which organisations they could contact. Vulnerable groups (consumers with multiple loans,

who were frequent overdrawn on their account and who had difficulties making ends meet) were most likely to know where to go when they have financial problems. Even so, about 60 per cent of this sub-group also did not know where to go should they need help (Van der Schors et al. 2015).

In another study, more than a quarter (27 per cent) of the consumers surveyed had had difficulties finding relevant financial information. The main reason they gave was that there is too much information available and they do not know which information is good, trustworthy and independent. However, 40 per cent of those surveyed said that they were always able to find the information they were looking for and the remaining 24 per cent reported that they had never looked for financial information (Van der Schors, Van der Werf & Schonewille 2015).

A third study looking at long-term financial planning included questions about personal financial advice (Van der Schors & Warnaar 2015). The study made no distinction between investment advice that ends with a recommendation to buy a specific product and unregulated financial guidance. The study found that 60 per cent of the consumers surveyed had contacted a financial advisor in the past and the proportion was highest among those who were working, who owned a house and who had dependent children. Of the group who never contacted a financial advisor, eight per cent intended to do so in the future and 32 per cent did not. The main reasons given by participants for not contacting a financial advisor were that they did not see a reason to go (20 per cent) and they were not interested in money matters (9 per cent). Five per cent did not think that it was important and five per cent also mentioned affordability. A similar proportion (4 per cent) said it was because they do not trust financial advisors (Van der Schors & Warnaar 2015).

The same survey also asked consumers whether they knew where to go when they need independent financial advice for complicated financial matters. The results were mixed. While around half (48 per cent) had a rough idea, a quarter (27 per cent) said that they knew exactly where to go and just under a quarter had no idea where to go. Young adults, consumers who rented their home, and people who had difficulty making ends meet were the least likely to know where to go (Van der Schors & Warnaar 2015).

The United Kingdom

There is considerable indirect evidence of the need for financial guidance in the United Kingdom (see for example, Atkinson et al 2006, HM treasury 2007 and 2008, Wallis 2005). The most systematic national reviews providing direct evidence of both the extent and the nature of consumer need in relation to financial guidance have been undertaken in the UK. Overall, the research suggests that between five and ten per cent of the UK population might be likely to use a financial guidance service if one were provided and that their main needs are related to the purchase of financial products (savings and investment products, in particular).

The extent of need for financial guidance

The Thoresen Review sought to determine a range of models for achieving greater access to generic financial advice on a national scale (HM Treasury 2007; 2008). The review found that 25 per cent of the UK population would be very likely to use a national financial guidance service if one were provided (HM Treasury 2008). In estimating the potential level of use, the review estimated that a third of these people (8 per cent of the population or about 4 million people) would do so (HM Treasury 2008). The evaluation of the Pathfinder Money Guidance service set up following this review came up with similar estimates. It found that 32 per cent of the population

needed information or guidance on a financial matter in the previous 12 months. Again, it was estimated that a third of them would actually seek advice (Kempson and Collard, 2010). Most recently, Citizens Advice (the largest network of free general advice centres) made a similar assessment. This found that 20 per cent of the people they surveyed needed financial guidance in the past two years, yet nine per cent had actually obtained it. Others had attempted to obtain information and guidance but were either unable to locate anyone providing it or, having found a provider, were unable to get an appointment and did not take it further (Citizens Advice 2015).

Other estimates in the UK have focussed on levels of potential use among population groups with high level needs. The Thoresen Review used a set of 17 indicators of vulnerability to the consequences of poor decision-making, which were developed using the data from the Financial Services Authority's baseline survey of financial capability. From this, they identified that around five per cent of the UK population would benefit most from using a national financial guidance service and a further six per cent might be expected to need crisis advice (HM Treasury 2007 and 2008). The Resolution Foundation (a think tank in the UK), identified that 60 per cent of their survey sample of people on low-to-middle incomes would be interested in a financial guidance service and 40 per cent thought it likely that they would use such a service at least once a year (South 2006, Goodman 2006).

The nature of consumer need for financial guidance

The UK Resolution Foundation also discussed areas of identified need in relation to financial guidance among their cohort of people on low-to-middle incomes. The main areas were: product-related advice, advice on financial management, advice at different life stages and crisis-related advice (South 2006). The evaluation of the UK Pathfinder Money Guidance Survey included a general population survey which showed that the main topics on which financial information and guidance had been sought in the past 12 months were (in order of frequency): savings and investments (29 per cent), insurance and protection (18 per cent), mortgages (15 per cent), social security and tax credits (12 per cent), tax (11 per cent), pensions and retirement planning (9 per cent), budgeting (6 per cent) and credit and borrowing (6 per cent) (Kempson and Collard, 2010).

Gaps in the provision of financial guidance

Others have sought to identify gaps in financial guidance provision in the UK. In their interim report of findings, the Thoresen Review concluded that the following areas of financial guidance that were not well covered by existing providers: budgeting, planning for the future and selecting appropriate products (HM Treasury 2007). In contrast, debt, pensions and tax advice were well-covered by existing bodies, including extensive networks of debt advice agencies, The Pensions Advisory Service and TaxAid (HM Treasury 2007). One of the aims of the review was to develop a prototype service. The main areas of provision in this prototype service were savings and investments (HM Treasury 2008). More recently, and in response to the HM Treasury 2015 reviews of financial advice and financial guidance, Citizens Advice prepared a heat map of the main areas of need for advice and guidance. Based on 2015 data, the main unmet needs it identified for financial guidance (as opposed to financial advice) were in the areas of taking a retirement income, saving into a pension, saving for short-term needs, taking out credit and managing debt and investment (Citizens Advice 2015). The population groups that had higher levels of need were those classified as: 'starting out', 'living for now', 'hard pressed or striving' and 'supporting' (Citizens Advice 2015).

3. National planning of financial guidance

On the whole, although regulators and/or national governments are direct providers of financial guidance websites or organisations in most countries, they appear not to have taken on the role of planning the provision of services.

In Australia, the financial services regulator (ASIC) regulator has sought to clarify the different levels of information, guidance and advice that can be given to consumers. It is also a direct provider of financial guidance to the public and sees itself as the lead supplier of web-based services. The government is, likewise a direct provider and has developed the national Financial Information Service. These two services provide the core of provision in Australia (see section 5.1 below).

In Belgium, the policy in debt mediation and financial guidance is no longer the responsibility of the federal government, it was transferred to regions (the "Communautés"). There are three "Communautés": the Flamish one, the one of Wallonia and Brussels (the former "Communauté française"). The financial services regulator (FSMA) tries to support initiatives on its portal wikifin.be. Wikifin.be provides independent, reliable and convenient information. The website also provides quizzes and practical tools, such as a simulator of savings accounts and a simulator of real estate investment, and various practical tips for managing households' money. Wikifin also cooperates with various organisations active in promoting a better financial literacy.

In France, regulators and the government did not seek to play a specific role in financial guidance in general. However, two recent initiatives reflect a growing awareness issues at stake. First, the government created "Points Conseil Budget" open to the general public in need of advice for planning household budget (see below). However, the purpose is mainly to prevent over- indebtedness of households in financial difficulties, with a narrower scope than the present study. The second initiative was the launch of a national strategy for financial education consistent with the high-level principles developed by the OECD International Network on Financial Education (OECD/INFE). Banque de France was designated as the national operator of the national strategy for financial education. Banque de France intends to coordinate actions developed by local operators including, among other, the network of local non-profit organisations. Many of them do not limit their services to financial education and also provide financial guidance. The tools that will be built and promoted as part of the national strategy will thus also be available for supporting financial guidance offered by such organisations.

In the United Kingdom, both the regulator and the national government are not only direct providers but have played a very active role in the development of financial guidance services over an extended period of time. The need for guidance on pensions and retirement planning was identified in the early 1980s and in 1983 the Government set up The Pensions Advisory Service (TPAS) (previously known as OPAS). The need for general financial guidance (or generic financial advice as it was then called) was identified by the Financial Services Authority in the mid-2000s as part of the development of its financial capability strategy (Financial Services Authority 2005) and in response to its baseline survey of financial capability that demonstrated incredibly low levels of capability with regard to selecting consumer products (Atkinson et al 2006). Following this the finance ministry commissioned a review, chaired by Otto Thoresen to investigate the need for financial guidance and the best ways of meeting that need (HM Treasury 2007 and 2008). A national pathfinder Money

Guidance Service was set up by the Financial Services Authority to provide a national website as well as national face-to-face and telephone services, which were run in partnership with other bodies (Kempson and Collard 2010). In the break-up of the Financial Services Authority following the financial crash the Money Advice Service was set up in 2010 to take forward the financial capability work previously done by the regulator, including the Money Guidance Service. In 2015, the Government initiated two public consultations. One of these was on the provision of financial advice following the re-regulation of this sector that ended the provision of advice funded by commission received from the sale of financial products (HM Treasury 2016b). The other reviewed the provision of financial guidance by the three large publicly funded bodies - the Money Advice Service, The Pensions Advisory Service and Pension Wise (HM Treasury 2016a). This has resulted in a further round of consultation that includes proposals for a major revision to the way that national publicly-funded financial guidance is provided in the UK - with a single Pensions Guidance provider (taking on the work of all three existing providers) and a slimmed down body to replace the Money Advice Service (HM Treasury 2016a). This slimmed down body will have the role of identifying gaps in the financial guidance market and commissioning and providing funding to third parties to deliver targeted, money guidance and financial capability projects or services to fill these gaps. It will cease to have a direct delivery channel and will have no consumer facing brand.

In Germany (and the other countries), the regulator does not play a role in guidance neither does it have an opinion about it at this stage. The German ministry of Justice and Consumer Protection does not currently have a plan or specific initiative with regard to financial guidance as such. Their recent efforts have focused on setting the necessary legislative framework to enable the development of a fee-based advice community able to offer advice on an independent basis free of the commission-based conflicted remuneration models that predominantly exist. Time is needed to observe the improvements in this field as changes have been introduced only recently. There are no plans in Germany concerning financial guidance though this may receive further attention in the years to come. In our view, the government is unlikely to add stricter controls upon the work conducted by consumer centres that in any case are not planning to widen their existing offer of guidance beyond the existing services provided at present (the centres are focused on the maintenance of existing service levels among their portfolio of services to consumers).

4. Definitions of financial guidance across countries

Financial guidance is not a widely used concept in most EU countries. However, it is important to move toward a common definition of financial guidance, not only to promote a truly EU-wide initiative, but also to ensure the success of any effort in that direction. Indeed, confusion about what financial guidance means could hamper consumers' willingness to seek recourse from financial guidance providers in countries where most people are not familiar with the concept.

In both the French and German languages, there is no equivalent term for financial guidance. The risk of confusion resulting from the absence of a clear term and definition is documented by recent research by ESCP Europe Conseil (2015) for "La Finance pour tous" in France. The study was commissioned in order to assess the case for launching a financial guidance service in France. The translation of financial guidance into French is not straightforward. In their survey of potential users, ECSP named the service "coach en éducation financière" (financial literacy coach) and defined it in terms close to the definition used in the present study. One of the

findings of ESCP's study was that using the word "coach" would hamper the development of financial guidance because the term is an indication of a low quality service without any real added value. As many people would assume that "coach en education financière" implies training in choosing investment opportunities only, those who do not have a sufficient savings capacity would be reluctant to become users of such services. There is ongoing debate about the most appropriate term for financial guidance in the French language. For example, other terms such as 'planificateur financier' or 'coach financier' could be deemed more appropriate (see: <http://www.finance-investissement.com/nouvelles/gens-de-l-industrie/qui-sont-les-coaches-financiers/a/59459>).

In Germany financial guidance offered by consumer organisations is referred to as consumer advice ("Verbraucherberatung"). While this is a generic term describing the nature of the advice rather than its form or content, it is a term that is associated with consumer associations and non-commercial advice provided to consumers by consumer advocates. A similar lack of a clear terminology is also present in the German language with regards to financial literacy and education.

Our literature review indicates the United Kingdom (UK) is the only country to have a well-developed definition of financial guidance. In this context, the concept has been explored by a range of organisations. One of the earliest of these was compiled by the Financial Services Authority (the then regulator), in response to needs identified in their baseline survey of financial capability. At that time, the term used was generic financial advice:

"Generic financial advice is a set of services and tools that use information about individuals' circumstances to help them to identify and understand their financial position and their needs and to plan their finances accordingly. Generic financial advice helps consumers identify:

- *their current financial position and, therefore, the choices and possible priorities for action appropriate to their needs;*
 - *how to take the next steps in addressing their priorities; and*
 - *how to access other relevant sources of information and advice."*
- (Financial Services Authority 2005).

As we discuss below, HM Treasury (the UK finance ministry) followed up this area of potential need by commissioning an independent review of the need for generic financial advice and how best to meet that need, led by Otto Thoresen. This review converted the definition into a blueprint for the type of service envisaged:

"It will provide information and guidance to people on a range of financial topics, dealing with each topic to a consistent level of depth. It will translate financial jargon and equip people with questions to ask of providers.

It will provide guidance on a suggested course of action. For example, it will suggest to a new parent that "most people in your situation consider life cover". It will then provide information on the pros and cons of different types of protection and the consequences of not holding insurance, then guide users towards appropriate comparison tables and/or signpost them to the regulated advice sector.

It will signpost individuals to other services in the financial services sector, government or the third sector depending on the needs of the individual.

It will not make recommendations to buy, surrender or change a specific product from a specific provider.

Nor will it provide in-depth information or guidance on complex debt, tax or benefit cases. It will provide budgeting guidance and signpost individuals to specialist agencies."
(HM Treasury 2007a)

More recently, and in response to the change in the UK regulatory regime for financial advice, greater clarity has been sought by providers of investment advice and (unregulated) financial guidance on the boundaries between these two activities. HM Treasury, with the Financial Conduct Authority (the regulator), conducted two linked reviews: one on public financial guidance; and, one on financial advice. As a result, they issued guidance on where the boundaries lie. The report of the review of financial advice defines financial guidance as:

"The provision of information, generic advice and/or a general recommendation supporting consumers in making their own investment decision which does not (in and of itself) involve a personal recommendation."

The report also defines generic advice as:

"Advice or information that does not relate to a particular investment or does not otherwise meet one of the characteristics of regulated advice."
(HM Treasury 2016b)

Despite these attempts at providing greater clarity on the boundaries of financial guidance, services are nonetheless varied. Existing UK providers either have staff who are qualified and licensed as financial advisors (Citizens Advice 2009) or their services operate at some distance from the boundary with investment advice (Kempson and Collard, 2010; HM Treasury, 2016b). UK banks have tended not to become engaged in the provision of guidance (HM Treasury, 2016b).

Based on the evidence submitted to the Financial Advice Markets Review it would also seem that, in large part, the problems encountered arise from the UK having adopted a broad definition of financial advice. By comparison, the definition used in MiFID, is based on giving a customer a personal recommendation, and is more specific. Moreover, there was a clear consensus that a definition of investment advice needs to be developed in conjunction with a definition of financial guidance, such that the boundaries between the two are clear. The final report of the Financial Advice Market review recommends that HM Treasury consult on amending the existing definition of advice (HM Treasury 2016c).

These definitional concerns do not seem to have surfaced in either the Netherlands or Australia, both of which also have bans on commission-based advice. In the Netherlands the definition of financial advice would seem to be closer to the wording used in MIFID:

*"a) in the exercise of a profession or an enterprise, recommending one or more specific financial products, with the exception of premium pension obligations, insurance and financial instruments, to a specific consumer.
b) in the exercise of a profession or an enterprise, recommending one or more specific agreements by which a premium pension obligation comes into being, one or more specific insurances, or one or more specific financial instruments to a specific client."*

There is no accompanying definition of financial guidance.

In Australia, the situation is clearer, with the national regulatory body (the Australian Securities and Investments Commission - ASIC) having produced detailed guidance on the differences between 'factual information' and 'financial product advice' (ASIC, 2012). Factual information is defined as: "... objectively ascertainable information, the truth or accuracy of which cannot reasonably be questioned." On the other hand, 'financial product advice' is regulated and "... generally involves a qualitative judgement about or an evaluation, assessment or comparison of some or all of the features of a financial product." Moreover, it clarifies that factual information can be tailored to the circumstances of individuals without it being considered as regulated advice (ASIC, 2012).

No official definition of financial guidance exists in the other countries under review in the present study.

5. The current provision of financial guidance

The survey at the outset of this study cast its net wide to identify providers of financial guidance - and particularly so in countries where little was known about current provision. This showed that a large number and wide range of organisations claim to be providing financial guidance as defined in the introduction to this report. This included financial advisers in banks and insurance companies, independent financial advisers and planners, not-for-profit and consumer bodies, and governmental and other public and official bodies (including notaries in France).

Closer examination of their replies showed that many of the advisers in the commercial sector are, in fact, providing financial advice that is linked either recommending or to selling financial products, which would put them outside our working definition. The much smaller number who do provide financial guidance that is within our definition are concentrated in the not-for-profit and public sector. These services are the main focus of this report.

Both the extent and the nature of financial guidance services varied widely across the seven countries covered. This, in part, reflects how investment advice is regulated, but it is also a reflection of the existing infrastructure of consumer advice and information.

5.1 Extent of financial guidance provision and types of provider

Of the 162 organisations surveyed that said that they currently offer a financial guidance service to consumers, almost half (41 per cent) described themselves as financial advisors or wealth managers. Not-for-profit organisations (including charities and social enterprises) were the second largest group at 13 per cent, followed by banks (12 per cent) and other financial service providers (7 per cent). A very minor role is played by government bodies (3 per cent), non-governmental public bodies (2 per cent), commercial websites (2 per cent) and financial services regulators (1 per cent).

There was, however, a considerable difference between countries - almost certainly reflecting differences in regulatory regimes for investment advice and the wide selection made of stakeholders. The vast majority of financial advisors were based in France, Germany and Denmark, and most of the banks and other financial service

providers were also in France and Germany. In contrast, the not-for-profit organisations were concentrated in the Netherlands, Australia and the UK.

As mentioned in Section 1, there is some uncertainty about the reliability of survey responses: a number of respondents may have said they provide financial guidance whereas it is not the case according to the definition of financial guidance used in the present study. On the other hand, some organisations who chose not to participate in the survey are likely to provide financial guidance.

We have compared survey data with the responses from our in-depth qualitative interviews with country experts. This has facilitated more detailed analysis.

Australia

In terms of financial guidance, as defined in this study, the main provider is the Australian Government through its MoneySmart website, developed and hosted by the Australian Securities and Investments Commission (ASIC) and also through the Department of Human Services which hosts the Financial Information Service.

Explanation of the different levels and types of financial advice available in Australia

Factual information: This is the only category of advice that doesn't require a license under the ASIC regulatory framework. It encompasses a range of resources and forums available for consumers to obtain facts about retirement funds (superannuation) and other financial products. The mode of delivery may be in a variety of forms - online, in booklets, face-to-face and via information seminars. These resources may also include the provision of calculators (e.g., calculating interest).

General advice: for financial products and investments. These advisors work under an Australian Financial Services License but don't take into account individual circumstances or goals.

Personal advice: An advisor that works under an Australian Financial Services License to assist with personal circumstances and tailored information to suit individual needs and goals. The costs can vary from \$AU 200-\$400 for simple one-off advice. Customers can also purchase an ongoing service (for example, \$AU 8,000 per year). The Australian regulatory body, ASIC, advises that consumers only use providers that are listed on their register and have put in place restrictions on the scope of activities of these advisors. In July 2013 a ban was put in place on receiving commission for the recommendation of specific investment or superannuation products.

Financial Counselling: Financial counsellors, through community organisations are able to assist consumers navigate through hardship issues and deal with over-indebtedness. Financial counsellors will provide tailored guidance specific to individual needs, but do not recommend specific financial products.

The main Australian services which provide financial guidance

MoneySmart

MoneySmart.gov.au is the primary 'go-to' website that provides general and partially-tailored financial guidance and resources for consumers. This initiative comes under the umbrella of the Australian regulator ASIC. It provides semi-tailored advice relevant to specific life event stages and gives directions to access resources or calculators to enable individuals to obtain more specific information. It does not provide a face-to-face service although there is limited telephone support available.

Financial Information Service

The Financial Information Service (FIS) provides free education and information via public seminars, one-to-one interviews and also through a telephone service. The service aims to “assist all Australians to make informed decisions about financial and investment issues for their current and future financial needs” (Australian National Audit Office 2016). This aim is congruent with the financial guidance definition used in this study. There are currently 136 FIS officers located across Australia. FIS officers are not financial advisors or financial counsellors.

Initially, the service was available to retired pensioners only but now is available for the general population. In addition to assisting those contemplating retirement, it also is equipped to offer information to individuals who are facing changes to their employment situation (e.g., redundancy or loss of income), or who are experiencing other changes that will affect their financial situation (e.g., divorce, separation or death of a spouse or partner, or have received a lump sum of money), or those needing information about aged care residential arrangements.

The FIS website states it assists customers to:

- increase confidence in dealing with financial issues related to investment;
- understand their own financial affairs and options;
- be discerning when choosing experts and know how to use expert information;
- use credit in a sensible way;
- increase savings and plan for the future including retirement; and
- understand the financial implications related to residential aged care.

While they do not provide recommendations for products or services, they are able to explain the risks involved in types of products.

The stakeholder interviewee from the FIS stressed that the officers don’t give advice – they provide education and information. “We don’t endorse customers’ decisions, we don’t provide recommendations for any products or strategies – we are just an information, education service” (FIS interviewee). However, the information provided is tailored to the situation of the customer and their specific enquiry. The interviews are up to 1 hour and there is also a provision for follow-up interviews or phone calls. The FIS officers are able to “talk numbers” with the customer and use relevant calculators. Customers are able to bring to the interview their superannuation (retirement fund) statements, income and asset information, and tax returns.

Women’s Advice Service

In 2015, Australia and New Zealand Banking Group (ANZ), one of Australia’s major financial institutions, introduced the Women’s Advice Service. This provides free financial guidance to individuals who have less than \$50,000 in their superannuation (retirement fund) account. The initiative was in response to a report by ANZ – ‘Barriers to achieving financial gender equity’. The report highlights the inadequate and unequal levels of retirement funds held by women compared to men. The service aims to help women with their financial questions, reach their money goals, and get their retirement funding on track.

The service is telephone based and can involve more than one consultation. The information is provided by qualified financial planners who are trained to support women who could be facing a range of life circumstances that impact on their financial wellbeing. After the consultation/s women are provided with a statement of advice similar to what would be provided by any other financial planner. The phone service consultants are not incentivised at all, but are employees of ANZ.

Others

Community groups offer financial counselling and this can range from debt and crisis counselling to individuals who are of low-income but striving to improve their financial positions. The main body regulating financial counsellors is Financial Counsellors Australia (FCA).

There are large numbers of independent financial advisors and most are registered with ASIC as a licensed provider. There are financial planners that work for specific financial institutions such as retirement fund providers, banks, insurance companies and investment companies. It is unclear how many of these offer recommendations for specific products or provide advice for types of products only.

There are other non-profit organisations that provide financial education targeted towards the average consumer along with a list of recommended advisors.

Belgium

In Belgium, there are three categories of providers offering financial guidance services or services of which some components can be considered as financial guidance: providers in the financial industry, organisations set up by local authorities and the non-profit sector.

In the past, financial guidance was mainly offered by "Family Offices" licensed as insurance brokers subject to conflicts of interest. Such brokers often proposed Luxembourg unit-linked life insurance contracts with heavy charges. Contracts could be invested in dedicated investment funds. Financial planning was regulated in Belgium by the law of 25th April 2014, taking effect on the 1st November 2014. Financial planning is defined as advice services provided to non-professional clients. It includes strategic and dynamic asset allocation, legal issues and transmission. It applies to the overall wealth (both financial and real estate), taking into account the client's goals. Recommendations to buy specific products are excluded from that regulation. "Family offices" are in the scope of the law, except if they provide their services to one family only. Any individual offering financial planning must be authorised by FSMA, the national market authority. Financial planners have to be remunerated by their clients only, and there is a specific code of conduct that applies to financial planners. However, a very limited number (six) of firms applied for registration as specialised financial planners (ie firms which have not been granted any other licence for providing financial services) with the first licence being accredited in June 2015. It appears from interviews of stakeholders that the regulation implementing the law of 2014 is very burdensome for specialised financial planners and often considered as more stringent than standards applying to banks providing the same services. For instance, there is an annual fee of €2,500 to be paid by financial planners while professions providing similar services are charged about one third of this amount. Nevertheless, drawing conclusions with regard to the law on financial planning might appear premature since the very first licence had only been granted about a year ago.

Like in France, notaries and lawyers are also sought after for financial guidance provision and one of the six registered financial planners was actually a notary before applying to the FSMA license. These professions are not subject to the supervision of the FSMA.

Municipalities offer debt mediation in the framework of a "Centre Public d'Aide Sociale" or CPAS (Public centre for social assistance). CPASs also provide assistance for household budget management. A stakeholder told us that many indebted people are

reluctant to recourse to debt mediation in their own town for discretion and tend to ask assistance by CPASs in other towns.

Finally, there are non-for-profit organisations (Associations sans but lucrative – ASBL, defined in a law of 1921) providing debt mediation and financial guidance. Their services are partially funded by the “Communautés” and they are not limited to inhabitants of a given municipality. Some ASBLs may propose budget management guidance. It is an educational monitoring to help beneficiaries properly manage their resources. It's a long process.

There are not enough public or non-for-profit organisations providing financial guidance, especially in the south of Belgium. Courts in charge of over-indebtedness often do not find organisations able to provide financial education and training necessary to avoid people tripping into over-indebtedness again in the future.

The Réseau Financité, formerly known as Réseau Financement Alternatif (RFA), is a non- governmental organisation that offers at least partial financial guidance for consumers, e.g. during regularly held workshops. It is financed by governmental grants.

Since January 2013, the Financial Services and Markets Authority (FSMA) has offered a web-based program (www.wikifin.be), named “Wikifin”. Wikifin aims to help consumers with their financial decisions. It includes three categories of topics: day-to-day money management, savings and insurance. Issues relating to specific life events that are covered include studying, cohabiting and pensions, and inheritance.

Immotheker advises its clients on mortgage credits and residential investments. In 2011, Immotheker’s founders launched a similar service in the financial area: Finotheker. Finotheker is a commercial firm that advises their clients on their financial planning. The output of their services is either “pension planning” or overall “financial planning”. It is independent from financial firms and does not sell any financial products.

Test-Achats is a consumer organisation which provides independent financial advice and personalised information on savings products. They select the brokers charging the lowest fees, they advise clients on their pension strategy and they help them in cases of conflict with a financial firm. There are two channels used by Test-Achat for providing financial guidance to individuals: its website, where various tools can be found to help defining the right wealth strategy depending on individual profiles, and a hotline where advisors answer questions asked by subscribers of Test- Achat. A key benefit of recurring to Test-Achet is its independence towards financial intermediaries and the absence of any conflict of interest.

Denmark

Even though financial guidance is needed in Denmark, it only seems to be in its initial phase. On one hand, the free ‘financial advice’ offered by financial institutions, particularly banks, may have attenuated the growth of financial guidance. On the other hand, due to the reputation of ‘financial advice’ offered by financial institutions, there seem to be a slowly growing market for independent financial counselling in the private sector, where financial guidance (as defined in this study) may be found.

Consequently, financial guidance is mainly found in the private sector in connection with independent financial counselling. Most of the financial counsellors are small companies with rarely more than five employees. Major private companies are rare,

but examples include Finanshuset Fredensborg and Uvildige.dk. Geographically, there is a preference for being located in Northern Sealand (near Copenhagen). Single counsellor companies are often found in smaller towns. Some of these single counsellor companies are connected.⁷

In 2010, the Danish consumer interest organisation, the Danish Consumer Council (Forbrugerrådet), estimated that there were 20 to 50 independent financial counsellors in Denmark. Currently, the Danish FSA, Finanstilsynet, has licensed the 25 financial counsellors under the Act on Financial Counsellors.⁸

Several licensed counsellors offer financial guidance, one does not seem to perform the activity yet, and others fall outside the scope of this study. However, non-licensed counsellors may also provide financial guidance and are therefore included in this study.

While there are numerous services that offer debt advice⁹ and advice to vulnerable people, financial guidance is rarely given by semi-public or public organisations.

The consumers' organisation Forbrugerrådet Tænk offers information and has a hotline for consumers on general questions. However, this general advice does not take into account individual circumstances.¹⁰

Other organisations also offer advice and information on legal, financial, and social topics. For example, the not-for-profit, direct membership organisation Ældre Sagen (DaneAge, with 755,000 members) has a telephone number, where members can ask questions. Information and articles on money, pension, and other relevant topics are also available via its website.¹¹ Ældre Sagen also provides an app called "lommebudget" (pocket budget) and an annually-updated fact-book on legal, social, financial and health matters for citizens who are aged over fifty.

⁷ Connected agencies include: e.g. Bankcoach.dk, Bankmægler Carlo Paulsen, Bankmægler Svend Erik Nielsen, and Rådgivning Syd Partner. They call themselves the bank brokers (bankmæglerne) and has a shared the web- page: www.bankmaeglerne.dk.

⁸ These include: Arvad Finanshus ApS, BOFI, Bankboost ApS, Bankcoach.dk, Bankmægler Carlo Paulsen, Bankmægler Svend Erik Nielsen, Bofinans ApS, Carlo Wang Fung Chow, Confida, FinansPlan A/S, FinansSparring ApS, Finanshuset - Viborg ApS, Finanshuset i Fredensborg A/S, Finansoptimering ApS, Hera Family Office ApS, KAH Nykøbing F. Holding ApS, RealRåd ApS, Realkreditkonsulenten ApS, Råd om Penge ApS, Rådgivning Syd Partner, Rådgivningsvirksomheden Rosleff - Consult, Status ApS, Uvildige.dk ApS, Økonomihus.dk ApS, and Økonomisk Råd v/Kenneth Hansen (available via: www.finanstilsynet.dk/da/Tal-og-fakta/Virksomheder-under-tilsyn/VUT-soegning.aspx?aid=Øvrige&ctid=Finansiel+rådgiver).

⁹ Debt advice is offered by 11 organisations. These are: Forbrugerrådet, Settlementet; KFUMs Sociale arbejde; Cafe Exit; Dansk Folkehjælp; Futura Centret; LO Vendsysel; Frivilligcentre Helsingør; WeShelter; Danske Studerendes Fællesråd; and Den Sociale Retshjælps Fond.

¹⁰ Even though, Forbrugerrådet Tænk considered to offer financial guidance. It required large initial investments and the willingness to pay was tested by a consulting firm. The conclusion was that it was a risky investment. The project is on hold, but the idea may be taken up again in another form.

¹¹ <https://www.aeldresagen.dk/viden-og-raadgivning/penge-og-pension/arbejdsliv>

The public organ Penge- og Pensionspanelet (the Money and Pension Panel) was established by the Danish Parliament in June 2007 (Act No. 576 of 6 June 2007) and has the aim to further a more comprehensive knowledge of and interest in financial matters among consumers. From an objective point of view the main tasks are to: provide consumer information about financial products and services; carry out and publish financial market studies; and to carry out consumer affairs studies to achieve a better understanding of a range of issues (e.g. consumer behavior). Penge- og Pensionspanelet has a web-page (www.rådtilpenge.dk) on consumers' financial matters, which among other things provides information, interactive tools, and reports to consumers.

France

General financial guidance provision

In France, notaries are the professionals who provide services closest to financial guidance as defined in the present study. The reason behind this specificity is that several of the most important financial operations have to be translated into "actes authentiques" (authentic documents) that only notaries are authorised to do. This is the case, among others, for all real estate transactions, donations, power of attorney for handicap persons or minors and inheritance, etc. Notaries are thus necessarily present at each important step in any given household's lifecycle and they accumulate a competency well-recognised by the French population. Notaries are able to provide, for example, generic advice on wealth, fiscal optimisation and legal schemes for cross-generation wealth transmission. The only exception is in the area of pensions; pension mechanisms are so complex in some cases that some consultancies actually specialise in building a strategy for retirement and helping empower their clients according to their rights in a somewhat bureaucratic system where many people are lost.

Hence, there is no room for financial firms to provide financial guidance other than as an ancillary service or commercial introduction, leading to more profitable services (investment advice, portfolio management, transactions). Banks and investment firms propose an interview to their new clients and possibly further periodic interviews in order to assess their personal circumstances. This is considered as the basis of the commercial relationship enabling account managers to propose products and services suitable for each client. Account managers in universal banks are the main, if not the only, professionals to consult concerning any specific questions about personal finance, but this is a purely commercial activity which cannot be qualified as financial guidance. Commercial banks offer their clients interviews with their account manager about their personal situation to establish an overall savings strategy. Various activities are usually undertaken during the interviews including identification and analysis of the client's priorities. The output of the interviews is usually a written document provided by the bank outlining a savings strategy and investment recommendations.

France has not yet implemented the provisions of MiFID II that prohibits firms providing independent advice or portfolio management from obtaining remuneration from third parties. Traditionally, most financial advisors would not promote any separate offers of financial guidance because they would not get any remuneration from such generic advice that does not necessarily lead to selling a product. Financial advisors include an offer to define the savings strategy of individuals. However, most of them are currently remunerated by the providers of financial products and cannot be deemed to be truly independent. Some of them are remunerated by their clients, but the latter are among the wealthiest savers and do not fall in the scope of the present study.

L'institut pour l'Éducation Financière du Public (IEFP)

IEFP is a non-profit organisation funded by the French market regulator (Autorité des Marchés Financiers), the Fédération Bancaire Française, Banque de France, as well as most large financial institutions and the Ministry of Education. Its main tool is a website, La Finance pour Tous. La Finance pour Tous aims to improve the financial literacy of scholars, students and consumers. It provides tools for managing personal finance, choosing financial savings products and understanding the general economic and financial environment. The website includes some interactive modules but IEFP does not offer individual interviews for the provision of financial guidance.

BPCE bank funds a non-profit organisation, "Finance et Pédagogie", that provides general education on finance and personal finance. However, Finance et Pédagogie does not offer individual advice to consumers.

The network of "Points conseil budget" (PCB)

In February 2016, the French government launched a network of open places dedicated to budgeting advice. Advice is provided on a confidential basis, it is free and personalised. The service is for people:

- who are willing to improve their budget planning;
- who face financial difficulties; and
- who anticipate a change in their family or professional circumstances with an impact on their financial resources or expenses.

PCBs facilitate the access to public subsidies and they can help households in the context of over- indebtedness proceedings (see below the role of "over-indebtedness commissions").

The services are provided jointly by the government, associations, foundations aiming at combatting social exclusion and consumer organisations and creditors including public administrations and banks.

In a first step, PCBs were implemented in four regional territories ("Régions").

Specialised financial guidance provision

The Pension information interview (entretien information retraite)

L'union Retraite is a public partnership of all basic and complementary public pension schemes. It was created following the introduction of the January 2014 law on pensions. It is also responsible for the strategic management of all project coordination, simplification and sharing designed to make the pension system simpler and more understandable for French citizens. L'union Retraite offers a service called the Pension Information Interview (PII), which consists of a personalised and free interview with an expert on the affiliate's past career and anticipated revenues at retirement. The interview is intended to inform the affiliate about:

- personal rights in various basic and complementary schemes;
- the evolution of these rights;
- the future amount of pension by providing an estimated calculation based on the minimum legal age of retirement, and calculations on the age necessary to get a full pension; and
- options enabling the affiliate to improve the amount of their pension: additional pension if the affiliate continues to work beyond the minimum age to get a full pension, the option to purchase additional annuities, progressive retirement, and allowance to go on working while receiving a pension.

Any affiliate aged 45 years or above is entitled to an interview without paying any fee. Statistics are produced by l'Union retraite, including, among others, the number of interviews broken down by age and gender and the number of documents and simulations run during these interviews.

L'Autorité des Marchés Financiers (AMF)

AMF is the French market authority. It offers a phone service, Épargne Info Service, which answers questions on savings products, markets and the role of the AMF. The AMF has a department dedicated to individual savers, but it does not provide individual financial guidance.

Consumer organisations

Consumer organisations publish comparisons of performance and costs of competing financial service providers. Local organisations of Association Nationale de consommateurs et usagers (CLCV) offer individual general advice to their members. Volunteer advisors offer phone, face-to-face, email and postal advice on personal finance, savings and credit to consumers.

Over-indebtedness commissions

The staff of local branches of Banque de France is in charge of managing the "Commissions de surendettement". The commissions deal with cases of over-indebted people and are competent in making recommendations on total or partial debt cancellations, reduction of interest rates or re-scheduling of reimbursements. In the course of discussions with over-indebted people, the staff may discuss a plan with the concerned person in order to attain a sustainable balance between consumption, savings and recourse to credit. However, while managing situations of over-indebtedness, most of the activity of Commissions de surendettement falls outside the scope of financial guidance as defined in the present study.

Interactive websites

There are a few "robo advisors" active in France, including Advize, Fundshop and Marie Quantier. They charge a low fee to customers and are not remunerated by the providers of products they recommend. Advize offers a choice of more than 60 funds available, proposed after testing the client's risk profile. The chosen funds are included in a life-insurance contract managed by Generali. FundShop proposes an asset allocation based on client risk aversion. The objective of robot advisors is to provide the mass market with a comparable service to private banking.

Germany

In Germany, financial guidance (as defined in this research) can only be found in two areas: the first is the high-end segment of private banking (excluded from the scope of the study, although for Germany, 4 such employers (financial planners) did complete the online survey); and consumer associations, targeted at the average consumer. It is this last group of providers that truly meets the definition of financial guidance and, as such, we outline these providers in detail below before identifying other relevant providers that do not meet the strict definition of the research. These include, for example, the fee-based "Honorar-Finanzanlageberater" and "Versicherungsberater" who, alongside the certified financial planners (some of them have this qualification as well), are the closest to providing guidance that stops short of making recommendations. We have included financial planners and insurance fee-based advisers in our interviews and survey to see if they provide guidance in practice and because they may reveal some elements of better practice that guidance services could learn from such as their structured ability to assess consumer circumstances and assess risk appetite or ways to get the consumer to think about areas of their personal

finance beyond the problem they are seeking a solution for. However, from our findings, we stress that these can only constitute quasi-guidance if stringent advisory standards are respected – namely that the initial guidance session is robustly separated from any form of product or provider recommendation at a completely independent and separate meeting, that is only arranged on the consumer's express request. This is not easy for them to do in practice since they want to satisfy their clients and these expect them to provide solutions and not just guide them through the options available.

Consumer centres

Consumer Associations offer comprehensive financial guidance (which is referred to as consumer financial advice in Germany) that comprises economic, social, legal, as well as consumer policy aspects. Each federal state has its own Consumer Association, operating independently. Thus, Consumer Associations provide financial guidance across all of Germany and this guidance covers all topics from real estate financing to investment, insurance and pension provision and over- indebtedness (see details in the section on the scope of guidance). They differ very much in size: The consumer centre in Hamburg (VZ Hamburg) with only one location served roughly 200,000 consumers in 2014¹² whereas the North-Rhine-Westfalian consumer centre, which offers counselling at 61 locations in North-Rhine-Westfalia, serves more than 850,000 consumers on a yearly basis¹³.

Consumer financial guidance aims to support consumers both preventatively (i.e. prior to making a product purchase decision), as well as when problems arise. To this end, the guidance counsellor has to take into account a consumer's personal situation as well as the circumstances that led to the request, including the evaluation of possible future events. In accordance with the concept of consumer financial guidance, advisors do not recommend specific products or providers. It should be noted that the advisors of consumer associations are expressly forbidden to recommend specific products from specific providers. A singular feature of this guidance is the emphasis on financial education and literacy in the process. By way of comprehensive explanations and information, consumers are thus supposed to be enabled to take their own decisions, regarding their current issue, as well as in the future. The long-term perspective of the guidance service is an important distinguishing feature and focus of the guidance provided by consumer centres.

Not all these centres cover topics to the same extent when they advise consumers, and while financial services has increased as a topic, other issues are also significant (such as health, food and energy). The main characteristic that defines the consumer centres is that they provide generic advice that strictly refrains from providing consumers with buying/selling recommendations, and while their services are not provided for free their work is independent from sales incentives. The specialisation of the centres in consumer policy and advocacy as well as advice means that they are able to base their guidance services on individual life situations of consumers, by helping them to help themselves with knowledge of consumer needs in financial services.

While capacities and competencies vary, all consumer centres have staff providing guidance in financial areas such as private pensions and investments. In the guidance sessions, the individual providing the guidance service will analyse the consumer's financial situation. Topics covered can also include insurance, credit and other forms of

¹² http://www.vzhh.de/vzhh/270357/Jahresbericht_2014_vzhh.pdf

¹³ <http://www.verbraucherzentrale.nrw/Wir-ueber-uns>

related advice to the consumer's needs. These include ongoing guidance in instances of a repeat visit, where analysis of a contract or financial portfolio is undertaken against individual benchmarks set on consumer goals, horizon, risk tolerance and capacity, and own propensity and willingness to spend time managing investments in their portfolio. In general, the guidance service will ensure that consumer information and counselling takes the necessary dimensions into account by outlining key indicators to the consumer regarding flexibility, costs and diversification. The guidance service generally starts with completing an advice sheet (Beratungsdokumentation) where personal and financial data is collected from the consumer (income level, assets, financial commitments etc.) before relatively simple questions and probing is used to ascertain attitude towards risk and risk aversion (through which objective risk bearing capacity is assessed and subjective attitude towards risk taking can be estimated). Consumers will also be able to give their feedback on the assessment provided by the guidance counsellor which is then documented in the file.

While consumer associations offer services to consumers for fees, the main funding of their activities comes from the state, regions and municipalities. Financial services were not the main focus when consumer associations were founded. In the 1980s usury of consumer credit, unfair bank practices and over-indebtedness were becoming social topics. Regional consumer associations started with campaigns against providers of financial services and publicly informed about the unfair treatment of consumers. Since then, the work of consumer associations with regard to financial services has become more and more professional. Legal aid was organised for consumers, background information was collected and cases were systematically analysed by providers to identify structures of mis-selling. Most of the employees and freelancers working at or for the consumer associations are highly qualified lawyers or financial planners. A network of advisors was built up ten years ago to share information and solutions among the advisors.

Guidance on financial services has become one of the main fields where consumer associations are active. This is mainly due to very complex financial products, low experience and low financial capability of consumers and ongoing changes to legislation. At an individual level, consumers can go to consumer associations to seek information and advice in all areas of consumption, not only financial services. While legal advisors help to analyse signed contracts, to solve problems with providers and to show possibilities to claim damages, a guidance service exists if a consumer needs help in identifying ways forward or in being presented with the main suitable solutions from which to choose from to satisfy their need. Advisors give general financial advice how to invest money or how to finance a home and to avoid the typical mistakes of an inexperienced consumer.

The consumer centres are supported by their umbrella organisation (the Federation of the German consumer associations, vzbv), that undertakes activities that operate on four levels: 1) as a lobbying and consultation voice in the field of consumer policy; 2) in the enforcement of laws; 3) in promoting the availability of consumer advice and information and 4) in consumer education. In the pursuit of their goals, the vzbv contributes significantly in ensuring that consumer concerns are made public and that policy-makers can react and create regulations that ensure a fair and transparent financial services market for consumers. In addition they ensure that consumers are aware of their power and are able to assert it responsibly.

The consumer centres and the vzbv are also active in promoting financial education and evaluating existing financial education programmes, especially for teachers and other NGOs who want to make use of this material. Independent scientists have

developed the evaluation process which was originally designed for other consumer education programmes. The so called "Materialkompass" is financed by the Federal Ministry of Justice and Consumer Protection and can be used as a path finder for financial school projects in Germany where over 100 different projects about financial services have been evaluated by vzbv.

Other consumer associations that do not belong to the consumer centres, and which are partly specialised on certain financial services or problems, are the debt advisor organisations and grass root organisations such as "Verbraucherinitiative", or one specialised on insurances: "Bund der Versicherten". They do not provide holistic guidance.

However, it is necessary to identify an important differentiating factor of consumer centre guidance offerings. In terms of the service the centres provide, this guidance service is materially different to that offered by the fee-based advisers (Honorarberater) in several ways. For example, the consumer centres will not generally require as much and detailed information to be provided by the consumer when conducting their assessment of the consumer's situation. In addition, a single individual guidance will generally not be as comprehensive and while a comprehensive service can be offered, this will typically require a number of guidance sessions, probably with different guidance counsellors throughout the process.

It is the consumer centre (organisation as such) that provides guidance and not necessarily each individual guidance counsellor since it is very rare for one person to have all the requisite breadth of knowledge. Not each individual staff member conducting guidance will be in a position to cover all aspects of a consumer's financial needs. While general financial advice can be provided, referral to a colleague for a more detailed or subject specific guidance is probable. This in practice, could mean that a consumer may need to go several times and see more than one individual guidance counsellor. This leads to two disadvantages that would need to be mitigated: The total guidance cost for the consumer may be greater than just a one-time fee if they solicit input from several staff members (since we are not aware of reductions in price being granted for repeated visits and the consumer centres do not have membership fees that grant unlimited solicitation as some consumer associations elsewhere in Europe); There is a higher risk of inefficiencies attached to multiple guidance sessions with different interlocutors since there is likely to be some information loss or repeat questioning/collection of some of the circumstantial, situational and background information on the consumer.

Because of the broad scope of the consumer centres' activities (involving consumer information, education, advocacy work, market monitoring activities ("Finanzmarktwächter") as well as their problem solving advice sessions dealing with more specific consumer questions and difficulties, they do not proclaim to provide full comprehensive financial guidance to the same extent or level of expertise that consumers could find among the more specialised guidance providers. While centres have developed capacity to analyse consumer problems in the area of retail financial markets these teams built up within the Market watchdog functions are more concerned with analysis and reporting of market practices and conditions than with the provision of consumer guidance.

Non-guidance providers (but with some elements of guidance)

Large multi-level sales organisations (such as MLP, OVB, DVAG) offer so-called two-stage advisory services. The first stage comprises a general analysis of a person's financial situation, usually free of charge. During the second stage, however, solutions

(i.e. products) are typically presented, with the aim of concluding a product contract. As the name describing them indicates, these advisors are rather distributors and will typically try and push forward the sale and thus execution of the second stage. It is however possible for customers to make use of the guidance service provided and to end the advisory process at the end of the first stage. As the first stage is free of charge, advisors will tend to pressurise customers to participate in stage two. As such this form of financial advice cannot be considered to be financial guidance, despite containing some elements of holistic appraisal of consumer needs. The broad use of these intermediaries by consumers in Germany also demonstrates the value that many consumers receive from the service these intermediaries provide them with, namely a holistic comprehensive assessment of their situation (e.g. by identification of their needs and risk coverage gaps) but also concrete solutions to meet those needs. While they are not truly independent because of the interests and inducements they may have in selling a product as a solution, they do limit some of the problems with product bias because of their range of product offers (albeit with likely provider bias). Even though consumers may value the concrete solutions and implementation of purchase they enable, these services are not guidance and have led to product recommendations which have been heavily criticised by consumer advocates in the past.

In addition to these commission-based advisers, fee-based advisers also exist in Germany, defined in law through recent legal changes. While they are few in number to date, these fee-based advisers are represented by several trade associations. The majority of fee-based advice offered in Germany usually covers the majority of financial services but not all. A central component of the advice/guidance that customers receive from these independent advisers is the analysis of their present life situation (household and problem analysis) with all current and future financial developments. The advisory process itself is open-ended. The only payment a fee-based adviser receives is agreed in advance and paid for by the customer. Fee-based advisers acting as "Honorar- Finanzanlageberater" or "Versicherungsberater" (both legally defined labels) are not allowed to receive commissions. Whether and to what extent the advice will result in a specific recommendation, or remain as guidance, will usually be determined at a second stage of the advice. While the independent advisers are not incentivised to sell products, they often in reality facilitate the closing of contracts upon the request of their client. They may, therefore, fall outside the scope of this research. The reason for describing them in this report is because in Germany many consumers would not be willing to pay a fee for an open-ended analysis of their financial situation without a concrete solution. While one interviewee (from a consumer centre) believed that consumer centre guidance might serve as an intermediate model of advice to help the transition from commission-based to fee-based advice more generally, for now, many fee-based advisers do in effect include recommendation of a product (here: on the basis of net fares) into their service. It was however also emphasised by another interviewee (from a consumer centre) that their understanding of financial guidance would also include "dis-advice" in the sense that it might also be necessary and appropriate as part of the guidance service to dissuade consumers from buying certain products altogether (which they believed does occur under fee-based advice that is consumer-oriented).

The qualitative expert interviews with fee-based advisers made clear that they are not typically in a position to offer advisory services without the result of a specific solution (and execution thereof on the wishes of the customer). In their view, the demand market for sole guidance free of a recommendation is too small. Accordingly, a large proportion of fee-based advisers have the authorisation to work as a broker and thus may offer the customer commission-based products as well. In such cases the

customer must be informed about the remuneration via commission and this commission must be passed on to the consumer.

Another group of potential guidance providers that also fail to meet the definitional eligibility criteria for the study is the independent insurance and pension consultants who also work on a fee basis. However, as 90 per cent of advisory services by pension consultants regard statutory pension schemes, their services cannot be characterised as financial guidance in the sense of a holistic approach to consumer situations. Insurance consultants, on the other hand, face the same problem as any fee-based advisor: customers expect the guidance process to result in product recommendations.

In addition, financial institutions such as banks do not provide services that would be classed as financial guidance (or only in rare circumstances). These banks may also offer a two-stage advice service, with a general analysis and presentation of product types in the first stage and subsequent recommendation of specific products or providers in a second stage. Indeed, it is rarely the case, though, that customers will not open up a securities account in the course of the initial consultation. Interviews revealed that there were very few pure guidance sessions ending at stage 1. In addition, persons responsible for 'robo-advice' applications expressly define this form of investment as mediation and not as advice (a financial insurance adviser and a bank financial adviser).

Finally, the private sector consumer information website on money matters (Finanztip) also provides comparisons of offerings alongside its money saving tips, however it does receive income from the referrals it makes to the better product providers its website identifies (referred to as affiliate links), and thus is not considered to offer a guidance service due to lack of both independence (of interest) and insufficient tailoring to consumer specific circumstances and their particular situation. The service they provide can be described more as an information service.

There are no additional sources of guidance foreseen other than perhaps some development that one can expect to see from the new FinTech entities that provide Robo advice type services in the sphere of managing financial investment decisions by consumers but these are specific offerings and not guidance on a holistic basis based on needs beyond the placement of savings within financial investment opportunities.

Only partial guidance providers

As opposed to the above that do not qualify as guidance because of the likelihood that they will lead to a product recommendation, a limited form of financial guidance can also be offered by so called 'investment clubs' in Germany. These clubs are usually organised as a 'GbR' (company constituted under civil law). Upon reaching a certain size these clubs may become regulated. Members exchange experiences and more sophisticated members may give guidance to newcomers. Likewise, a similar form of financial guidance can be found in social networks where users can post their questions, which will then be answered by 'experts'. These social networks and user groups are not regulated, and nor can consumers usually judge the quality of the guidance and they tend to be limited to financial investments, and not broader consumer financial needs.

Two other groups that do not offer guidance because of their narrow focus and scope are tax advisers and notaries. While these have been identified in the terms of references as potential providers of guidance services, in Germany the reality is that they do not cover the broader consumer situation.

Other entities that do not provide guidance but financial education programmes include governmental organisation initiatives such as the German statutory pension insurance scheme (Deutsche Rentenversicherung) that has a programme for adults to learn more about private old age pensions together with adult education centres (but with low numbers of participants to date).

The Federal Financial Supervisory Authority (BaFin) while operating in the public interest does not provide guidance. However, the German authority has recently implemented a collective consumer protection approach with individual service components for consumers. They do not provide guidance and do not help the consumers with their complaints or process of redress other than answering their requests for information and transmitting the complaint to the providers concerned with the complaint. However, with its consumer telephone line the BaFin does provide basic information to consumers on mainly referrals and details on procedures they can follow to deal with their problem (over 20,000 per annum). Since 2016, the BaFin has created a consumer protection department but it is unlikely to move into guidance services. Consumer protection will remain a cross-sectional area and complaints from the consumer side are used for market surveillance purposes within the approach of collective consumer protection. In addition, the Authority gives information to consumers on its website, explains financial terms and gives explanations to consumers how to avoid typical fraud and mis-selling practices. A new law about free access to information gives consumers a general right to receive information from German authorities like BaFin, with respect to their special obligations of confidentiality. BaFin built up a new register for investment advisors and has started to control their work. BaFin declined to provide an interview because they are not in charge of unregulated guidance provided by the consumer centres. The new consumer protection department established at the BaFin in 2016, following the entering into force of the Retail Investor Protection Act (Kleinanlegerschutzgesetz), will also be able to benefit from collaboration with a two year pilot Market watchdog project "Marktwächter Finanzen" that started in March 2015. This initiative headed by the umbrella consumer organisation vzbv together with selected consumer centres have received substantial funding to research and analyse financial services markets over the whole of Germany. The work conducted is to serve as an early warning system to survey the market from a consumer perspective in order to discover consumer problems and to make these visible to the public attention so that they can be addressed. It is a country-wide initiative with the aim to improve information and transparency on the actual consumer situations in financial markets. The BaFin will communicate with the Market watchdog to inform supervision and regulation with empirical evidence and data. It is likely that financial guidance services by the consumer centres will benefit from the insights obtained from the market based research on products and practices.

Neither does the Federal Ministry of Justice and Consumer protection provide guidance. However, they have established a consumer helpline "Verbraucherlotse" in the past on its own webpage to ensure consumers are able to find the right contact person for a problem with financial services or for general financial advice. While not directly involving individual consumers, exchanges between the government department staff and consumer centre representatives are a regular occurrence since the vzbv is involved in policy making.

The Netherlands

Although financial advice and financial guidance are two different services, the provision of the latter has been recently impacted by the regulation of the former.

Financial advice/guidance in the Netherlands has traditionally been provided by banks or other intermediaries, such as small local insurance agents or large franchise organisations. Historically, these intermediaries (although in name “independent”) could be more or less tied to specific product providers. They were paid by the product providers via commissions on the products sold. These commissions sometimes led to over-indebtedness and customers being sold inappropriate products. However, since the early 2000s, the law for financial service providers has become stricter.

Licenses

Since 2007 it has been compulsory for financial service providers to be licensed. Licenses are given for the activities that an organisation performs, not for the status of the organisation. Licences are given for: providing products; advice; mediating or acting as an agent. They also span different product types like mortgages, consumer credit and investments.

Financial service providers need to have separate licences for all activities. A mediator in consumer credit is not automatically allowed to mediate in mortgages, for example. The providers and advisors have the responsibility not to sell customers products that they don't need and to help prevent over- indebtedness. The 'duty-of-care' is heavier for advisors than for mediators. It means that anyone is an advisor, unless he explicitly states that he is not (for example, if he only mediates).

Ban on commissions

From 2013, commissions for advice and mediating for some financial products are forbidden. This means that financial advisors and mediators must charge a fee. This applies to mortgages, life insurance, insurance against unemployment/disability and complex products like investments and retirement plans.

As advice and/or guidance used to be perceived as 'free' by consumers, consumers are now reluctant to pay for the advice/guidance themselves. This phenomenon has led to a sharp decrease in costs of financial advice, compared to when providers took commission (which was based on the price of the product). Also, it has led to a more efficient and standardised process. For example, consumers get a discount when they do more themselves (e.g. uploading documents online).

As intermediaries are no longer paid – only when they sell a product - their advice could stop at a non-regulated stage and they could still receive money. However, if their advice leads to the purchase of the product, they should be licensed. So, normally intermediaries still only give licensed advice.

Furthermore, since these changes, banks must disclose the costs of providing advice. They are no longer allowed to give advice for free and make a higher margin on the product. It is apparent that they attempt to keep costs low by offering online-tooling.

It is worth noting that the AFM is undertaking an evaluation of the ban on commissions that may have an impact on current financial guidance activities in the near future.

Others

Not-for-profit financial advice or guidance is scarce in the Netherlands. National Institute for Family Finance Information (Nibud) and Money Wise (Wijzer in Geldzaken) are two independent organisations with more-or-less tailored financial guidance. Though they do not recommend specific products, they offer insight into

what is available. Neither offer face-to-face guidance. Rather, they provide assistance via websites and booklets. Nibud was founded in 1980 as a merger of three organisations, with subsidies of both the government and the financial industry.

Wijzer in Geldzaken was founded in 2008, initiated by the Treasury, to serve as a platform for partners from the financial sector, science, government, educational and consumer organisations in order to promote responsible financial behaviour. They coordinate two major school-based education programs, the Three Days of Pension and Money Week.

Services provided at the local level are scant with local municipalities focusing on households with debt problems. For example, some local municipalities organise courses in budgeting and money management for households living on social welfare.

Finally, some volunteer organisations provide financial administration assistance. This is especially targeted to elderly people. There are some self-employed "budget coaches". This is not a protected title. They are sometimes hired by employers or creditors to help people with their day-to-day money management.

The United Kingdom

There is longstanding recognition of the need for financial guidance in the UK. As a consequence, a large number of organisations currently deliver services in this area – some of which have been in existence for a long period of time. Because provision is so much more extensive than in other countries, this section provides a brief overview of current provision and a fuller description is contained in Appendix 2.

In the UK, face-to-face and telephone financial guidance is mainly provided by not-for-profit or government bodies who hire and train staff to provide the service. Some do, however, have regulated advisors working for them on a pro bono basis and these people tend to be licensed independent financial advisors who are drawn from a range of professional backgrounds including the law and accountancy.

At the time of writing, the UK has three large national free-to-client services that have been set up by the Government: one of which offers general financial guidance (the Money Advice Service) and two specialising in information and guidance on pensions (The Pensions Advisory Service, known as TPAS, and Pension Wise). The Finance Ministry (HM Treasury) has undertaken a major review into the future of, and relationship between, these three services. This was conducted by the financial services regulator (the Financial Conduct Authority) and ran alongside a review of the financial advice market. Following this review, HM Treasury published, in March 2016, a consultation document setting out the Government's plans to restructure the delivery of public financial guidance in the UK from April 2018. A final response to the review will be published in the autumn of 2016. Details of these changes are given under the descriptions of each of the three services below.

The **Money Advice Service** was set up in 2010 following the Thoresen Review, which investigated the need for financial guidance. It offers guidance on a wide range of topics through its face-to-face and telephone services, both of which are outsourced. The face-to-face service is provided in Scotland by the not-for-profit Citizens Advice service and in England and Wales by the for-profit company A4E. It also provides an extensive website. The Money Advice Service has faced a number of formal investigations of its work in response to criticisms about its priorities and refocusing of services that were voiced by financial services sector firms and consumer bodies. This resulted in enquiries being conducted by the Treasury Select Committee of Parliament

and the National Audit Office (the body that oversees the spending of public money). Following these reports, an independent review of the MAS service was commissioned by HM Treasury and the report published in 2015. This culminated in the HM Treasury review of publicly funded financial guidance described above, which has recommended that the Money Advice Service should be replaced by a slimmed down body that is an enabler of financial guidance service rather than a direct provider. Its primary functions would be to:

- identify gaps in the financial guidance market;
- commission targeted money guidance and financial capability projects or services to fill these gaps; and
- provide funding to third parties to deliver projects or services.

In anticipation of these changes, the Money Advice Service announced in its 2016/17 Business Plan that it has begun to transition and refocus the services it provides. This includes withdrawing funding to the bodies providing face-to-face guidance on its behalf and a cessation of the marketing and long-term infrastructure investments in their telephone and web-based services.

The **Pensions Advisory Service (TPAS)** was set up in 1983 and was the first major financial guidance body in the UK. TPAS is a non-governmental public body and independent non-profit company, which provides a national, free financial guidance on pensions and retirement planning, covering workplace, personal and stakeholder schemes and also the State Pension. They answer general questions, help with specific queries and offer guidance for people with complaints about their private pension scheme. TPAS guidance is delivered by telephone (which includes a pensions helpline and separate helplines for women and self-employed people), internet personal service (either web chat or online enquiry form) and via a website.

In 2015, the Government also established **Pension Wise** which offers free, impartial financial guidance on defined contribution pensions and the purchase of annuities. This was introduced to coincide with the liberalisation of the pensions regime, which ended the requirement for defined contribution pension-holders to buy an annuity and gave them the right to withdraw their pension pot and decide how best to use it themselves. Pension Wise offers guidance to anyone aged 50 and above about the options for taking a pension pot, and helps people to understand the tax implications. It offers general information and interactive tools and calculators on the Pension Wise website, and also free guidance appointments which are available face-to-face or via telephone. The service is being delivered by The Pensions Advisory Service (for telephone guidance) and Citizens Advice (for face-to-face guidance being run at more than 500 locations out of some 50 regional hubs).

The HM Treasury review of publicly funded financial guidance has proposed that a new pensions guidance body, which will incorporate the functions currently provided by TPAS and Pension Wise, as well as some of the pensions guidance currently provided by the Money Advice Service.

In addition to these three major providers a number of UK not-for-profit organisations also offer financial guidance to consumers. The larger providers include:

- **Which?** – a not-for-profit consumer testing body, which offers a free standing financial guidance service, **Money Helpline**, to its subscribers covering a wide range of personal finance topics. In addition to providing information on options available to the consumer, the service assesses the options available to the consumer and provides guidance on a broad product group or course of action that could meet their needs. It therefore operates much closer to the boundary with investment advice than other providers, with the exception of TPAS.

- **Citizens Advice** – a registered charity and the major network of local generalist advice agencies covering a wide range of subjects, which includes financial guidance. Citizens Advice is the face-to-face provider for the Pension Wise service and Citizens Advice Scotland and Citizens Advice Wales are also the outsourced providers of face-to-face guidance for the Money Advice Service. In addition Citizens Advice work with the **Personal Finance Society** (the professional body for financial advisors), who arrange for their members to work with local citizens advice bureaux to provide financial advice on a pro bono basis. This service is known as **MoneyPlan**.
- **Macmillan Cancer Support** – a registered charity that provides support and services for cancer patients and their families, which includes a free-standing service, simply known as the **Financial Guidance Service**. They offer a telephone service as well as operating a website that includes a range of interactive tools.
- **Age UK** – is also a registered charity and, like Citizens Advice, a federal organisation of local bodies that advocates for older people. It offers a financial guidance service, **Age UK Money Matters**, as part of a broader information and advice service, to people aged over 50. The national body provides a telephone helpline and maintains a website with interactive tools; face-to-face services are provided by its member organisations.

In addition, a further 20 not-for profit bodies have been identified as providing financial guidance – for the most part by telephone and through a website. Details of these are given in Appendix 2.

In contrast, there are rather fewer providers in the commercial sector. Prior to the regulatory changes regarding investment advice, both financial advisors in banks, insurance companies and other firms and some independent financial advisors gave limited financial guidance alongside commission-based sales. Since the changes, however, such services have fallen away and the number of financial advisors has declined. There are two important barriers to their involvement in the provision of financial guidance. First, independent financial advisors report that most of the people who consult them are looking for a personal recommendation and hence investment advice rather than general guidance. Secondly, there is the lack of clarity about the boundary between financial guidance and financial advice already discussed above.

On the other hand, stakeholder interviewees indicated an appetite for some limited engagement with the provision of financial guidance if the Financial Advice Market Review results in greater clarity of this boundary. Individual financial service providers are known to be investigating the possibility of providing an online financial guidance service, based on decision trees to help consumers to understand which financial products might be suitable for their needs. A model that is currently being investigated by at least one major financial services firm in the UK is the one adopted by the providers of the **Life Happens** website (www.lifehappens.org). This is a not-for-profit body that was originally established by seven American insurance companies and provides online guidance on insurance. The interviews held in the UK, identified an interest in a similar development in the UK, but possibly through trade associations.

There are a number of commercial websites in the UK that provide general financial guidance (see Appendix 2), including some that are price comparison websites. However, these are, in reality, online tools to sell financial products (that is, they are funded by the firms whose products they help to sell). One online service that offers the widest range of financial guidance not linked to sales is **Moneysavingexpert.com** (MSE), which is owned by one of the largest price comparison websites

MoneySupermarket.com. **SAGA**, a company providing services to people aged over 50, offers a platform for 'DIY' investors wanting to purchase investments. It also provides an incidental telephone-based guidance service, a website (including free guides and a 'knowledge base') and internet personal service, a telephone-based investment advisory services and face-to-face financial planning. As such, it operates very close to the boundary with investment advice. Finally, around 40 firms have sought assistance from the Financial Conduct Authority (the regulator) on their potential implementation of 'robo-advice' services. Indeed, the UK and Australian regulators are cooperating to help both non-regulated as well as regulated businesses to be able to introduce these, and other innovative financial products and services to the market.

5.2 Target groups

Two-thirds of financial guidance providers in our survey said that they covered all sections of the population. The remainder were targeted to a range of different groups. Most commonly this was people with high incomes or assets or professionals of various kinds. Four organisations focused on specific age groups: three on people aged over 50 and one on people between the ages of 25 and 60. These included the two large providers of pension guidance in the UK. A small number serviced vulnerable groups (including cancer sufferers and people paying for care as well as vulnerable people generally) and two noted that, although they had some male users, for the most part their service met the needs of women.

Australia

In Australia the MoneySmart website and the Financial Information Service (FIS) cover all sections of the population. Both services recognise that life events are the triggers for individuals to seek guidance and this is reflected in the content of their websites. The FIS was initially established for pre-retiree individuals and the service continues to attract a large proportion of their customers from this group. FIS are currently devoting efforts to attract younger people by marketing the service at universities and technical colleges.

ANZ's Women Advice Service (in Australia) is targeted towards women but doesn't exclude men. The service aims to assist women who have retirement funds less than \$50,000. This criterion doesn't necessarily mean that the women are from low-income households; that is, they could have been involved in small business, or been out of the workforce caring for the family for many years or new to Australia. This service was established due to the critical problem of women retiring with inadequate retirement funds.

Belgium

Interviews with stakeholders indicate that financial guidance services from the few independent financial advisors are most used by households from the middle class and low income households. Wealthy clients, excluded from the scope of this study, are rather the exception. Once households are familiar with the service of a financial planner, it is quite common that the children also make use of these services.

France

In France, there is only indirect evidence of the types of people who need financial guidance. A survey of 1,000 French individuals (ESCP Europe Conseil 2015) found that there is a weak correlation between low levels of financial literacy and seeking help in this area; that is, those who may benefit the most from financial guidance often do

not often seek it. They conclude that those who most often seek guidance have two main characteristics: basic knowledge in personal finance; and the ability to save (sufficient income). Executives and those employed in professional positions showed the most openness to the idea of financial guidance.

Germany

Current customers of consumer associations are in particular the well-educated, active seekers of information and guidance who appreciate impartial advice and the better-off, who can easily afford the guidance services provided by the centres for a fee. For these households, the advice offered by consumer associations is a great deal cheaper than that of a fee-based advisor or a planner. While the clientele of consumer associations has historically developed from demand to serve a middle income group (originally house wives seeking advice in choosing consumer goods), this is less so today. However, with respect to financial guidance offerings, the above mentioned target group is particularly the case in the financial services area as compared to other areas of consumer advice where the populations served are from a wider spectrum of society e.g. for household appliances or in the area of nutrition counselling for allergies etc. (Marktwächter Finanzen 2015, iff 2010).

Focus groups undertaken in a number of projects by iff (e.g. one creating a consumer information portal on financial advice (www.wegweiser-finanzberatung.de) and exploring consumer use of financial information leaflets (www.iff-hamburg.de/index.php?id=3157) have indicated the typical consumer reluctance to pay a fee for general financial advice. Those households that are most likely to solicit guidance from the consumer centres will be those that feel that the fee is not a financial burden. As a result, it is fair to say that some of the below average consumers will be deterred from soliciting the guidance being offered. While closer analysis of the clients of the consumer centres would better inform an assessment of their appeal to the broad population, the favourable factor for their potential use is the unique trust (and brand recognition) which Consumer centres enjoy in the general population.

United Kingdom

As well as generalist services for all sections of the population across the country, such as those provided by the Money Advice Service and citizens advice bureaux, the UK has two large publicly funded services covering pension and retirement planning (The Pensions Advisory Service and PensionWise) and a large range of other smaller-scale national services aimed at specific groups, such as cancer patients and their families (MacMillan Cancer Support), older people (Age UK), single parents (Gingerbread), people who have dementia and their carers (Alzheimers Association). See Appendix 2 for more detail.

5.3 Delivery channels

Our survey of financial guidance providers allows us to identify the main delivery channels that are used to provide financial guidance to the average consumer. This shows that the most common way of delivering financial guidance is face-to-face, with 44 per cent of organisations operating in this way. In addition just over one fifth (21 per cent) provide a telephone service. 18 per cent operate a website and 15 per cent offer a personal service online, for example through web chats. The delivery of services by means of web-based applications or 'apps' seems to be in its infancy - with just two per cent of organisations doing so. See *Table 5 in Appendix 1*. The literature review provides further insights into the delivery of financial guidance.

Table 5. How is your service delivered?					
	Face-to-face personal service	Telephone personal service	Internet personal service	Website	App
Total	44%	21%	15%	18%	2%

Australia

The ANZ Survey of Adult Financial Literacy in Australia (2014) found that Australians most commonly sought financial guidance from family or friends (35 per cent). Almost a quarter (24 per cent) of Australians had not sought financial advice. In terms of searching for financial information, Australians – especially those aged between 25 and 44 years – generally sought financial information online (27 per cent). Over half (55 per cent) of Australians had not searched for financial information at all.

As mentioned earlier, the Australian MoneySmart financial guidance service is delivered via an interactive website which allows the user to tailor the information they are seeking to suit their circumstances. MoneySmart does have limited telephone support but not a face-to-face service. The Australian Financial Information Service offers face-to-face interviews as well as telephone support and it also has quite a comprehensive website that allows an individual to select the information they are seeking relevant to their circumstances. The ANZ Women’s Advice Service is a telephone only service although their website also provides links to other useful resources.

Belgium

In Belgium, the study has indicated that the majority of people use bank managers for advice on their financial matters. This is a face-to-face service. This study has identified that there would be barriers to the uptake of use of online services or robo advisors due to the reluctance of Belgians to use them. The services provided by independent financial planners are also executed face-to-face mainly, but it is also common to have shorter consultations over the phone or via Skype.

France

A survey commissioned by La Finance pour Tous (ESCP Europe Conseil, 2015) found that a majority of potential users in France would be reluctant to welcome a provider of financial guidance at home. Asked about the type of training they would prefer, 30 per cent said they would prefer individual guidance, 14 per cent training in a group, and 13 per cent said both. The majority of participants (43 per cent) said none.

Among those who declared that they were interested in using financial guidance services, the results were mixed: 40 per cent indicated online and the same per cent indicated in a specific place proposed by the provider. Just under a third (31 per cent) said they would favour training and guidance at home (ESCP Europe Conseil, 2015).

Germany

In Germany, the majority of services provided by consumer associations are delivered either face-to-face or by telephone. Online or app-based offerings are almost non-existent with consumer associations. This is unsurprising, as consumer associations, as a matter of principle, focus on face-to-face contact to enable successful, holistic guidance. Similar statements were given in the interviews with fee-based advisors and certified financial planners. In one of the German interviews, the development of video-guidance sessions was advocated as a useful way of reaching younger people who may not seek face-to-face guidance at a consumer association.

Netherlands

In the Netherlands, consumers were asked how they searched for financial information. Most people said that they got information online – with 29 per cent of people using government websites, 19 per cent from websites of their municipality and 41 per cent from using other websites. Other sources used relatively commonly included banks (21 per cent), family, friends and acquaintances (20 per cent) and financial advisors (15 per cent) (Van der Schors et al., 2015).

United Kingdom

A number of UK studies have investigated customer preferences for delivery channels. The Thoresen review in the UK found that 74 per cent of potential users of a national financial guidance service said that they would use an online service if it were provided; 54 per cent a face-to-face service and 43 per cent a telephone service (HM Treasury 2007). However, a survey conducted at much the same time and also with low-income consumers, but which focussed on personal (i.e. not online) financial guidance, identified that 70 per cent would prefer a telephone-based service and a further 20 per cent would be prepared to use a telephone service even though they would prefer a face-to-face one (South 2006). A relatively early literature review for the Financial Services Authority concluded that low-income and vulnerable consumers who were in full-time work wanted advice and guidance services provided at their workplace; and college and university students at their educational establishment (Wallis 2005).

In the prototype services offered, as part of the UK Thoresen review, the great majority of users (83 per cent) elected to access the online service and, almost all of the remainder (13 per cent) the telephone service. Only five per cent used face-to-face services (HM Treasury 2008). The online service was also the most popular delivery channel among people who used the Pathfinder Money Guidance Service in its first year of operation (87 per cent). Here users of face-to-face services greatly outnumbered those using the telephone service (11 per cent compared with 2 per cent), but this was almost certainly due to the way that these were promoted at that time (Kempson and Collard, 2010). The current Money Advice Service (which evolved out of the Money Guidance one) had 11.9 million users in 2014, 98 per cent of whom used the web pages. Only 100,000 used the face-to-face services, 85,000 the telephone service and 45,000 the webchats. Again this reflects the heavy promotion of the website (Farnish, 2015).

5.4 Subjects covered by financial guidance services

Most of the services mentioned above covered a broad range of services including: budgeting and day-to-day money management; financial planning, including retirement planning, planning for long-term care and planning for higher education as well as guidance on product purchases of most kinds. The main exceptions were the specialist providers of guidance on pensions and retirement. See *Table 8 and Table 9 in Appendix 1*.

The survey data indicate that retirement planning is the most covered topic by face-to-face financial guidance services, with 88 per cent of respondents offering guidance in this area. It is also the most covered topic via internet (Skype, web chat etc.) and one of the top three subjects for financial guidance over the telephone with day-to-day money management being the main offer through this channel. Day-to-day money management is the least offered face-to-face service. Investment planning and saving is among the most covered topics for all three channels of financial guidance services.

	Face-to-face	Telephone	Internet
Day-to-day money management	49%	33%	20%
Retirement planning	88%	28%	23%
Investment planning / wealth management	82%	24%	18%
Saving	79%	29%	20%
Insurance planning / protecting family	77%	26%	19%
Tax planning	66%	18%	12%
Estate planning	72%	19%	12%
Long-term care planning	66%	18%	13%
Education finance planning	55%	14%	10%
Buying a home	69%	25%	17%
<i>In total, 137 respondents. Multiple answers possible. Percentages in relation to total respondents.</i>			

	General information	Interactive information tailored to users	Interactive tools or calculators
Day-to-day money management	54%	27%	42%
Retirement planning	62%	33%	48%
Investment planning / wealth management	56%	25%	29%
Saving	65%	19%	33%
Insurance planning / protecting family	54%	17%	23%
Tax planning	42%	12%	19%
Estate planning e.g. wills	46%	10%	8%
Long-term care planning	40%	10%	12%
Education finance planning	42%	15%	21%
Buying a home	42%	19%	25%
<i>In total, 52 respondents. Multiple answers possible. Percentages in relation to total respondents.</i>			

Australia

The website MoneySmart, - the primary source of financial guidance for Australians - provides self- tailored guidance on a range of financial topics. An evaluation found that the most frequently visited areas of the website as at July 2015 were: budgeting (46 per cent); banking and savings accounts (39 per cent); credit cards (38 per cent); superannuation (retirement funding, 35 per cent); mortgages (28 per cent); loans (26 per cent); scams (23 per cent); unclaimed money (22 per cent); and retirement planning (20 per cent) (ASIC 2015).

The Australian Financial Information Services cover a broad range of topics including: retirement; loss of income; investments; aged care arrangements; life events such as divorce, separation, death of a partner; saving and planning for the future; using credit and retirement planning. There are also links to other useful online information for individuals experiencing family and domestic violence.

The ANZ Women's Advice Service, being specifically targeted to women who have low levels of retirement funds, focuses on assisting women plan for their financial future but also covers the broad range of life event topics.

There are also many community organisations in Australia that offer financial counselling services to those who are in crisis but who also offer general money management advice to low-income individuals to help them build financial security and financial resilience. Such advice ranges from budgeting, savings, setting financial goals and insurance. For example, ANZ, one of Australia's largest financial institutions, developed a financial literacy training resource for community groups to use with their clients. The ANZ program called 'MoneyMinded' covers a range of topics from choosing appropriate bank accounts; budgeting; savings and goal setting; superannuation and housing. Financial counsellors can use the resource either in workshops or one-to-one to suit specific needs of the individual (Russell et al. 2015).

Belgium

Financial guidance services in Belgium cover all kinds of financial topics. From our interviews with stakeholders, we identified real estate financing, retirement planning and heritage as the most frequent ones.

Denmark

Financial guidance offered in the private sector in Denmark covers a broad variety of topics and covers, for instance, loans, savings, and pensions. Some of the companies have specialised in a certain area. For example, the company Realkreditkonsulenten offers guidance on mortgage credit. The public organisation Penge- og Pensionspanelet (the Money and Pension Panel) also offers information on a broad variety of topics. These include the pension, loans and other financial products.

France

In France, retirement planning is the main topic covered by specific financial guidance services. This is offered by L'union Retraite, which is a public partnership of all basic and complementary public pension schemes (see section 5.2).

Consultancies also offer services to help individuals plan their personal finances at retirement. They meet the need for assistance stemming from the complexity of calculating pensions for individuals who have had fragmented professional careers, with interruptions due to maternity leave, unemployment or sabbatical leave, or with various statuses (e.g. employee, executive, independent; in France and abroad).

VB expertise retraite is an example of such guidance. VB expertise retraite offers assistance to save time and optimise on benefits by providing support for administrative procedures. It proposes both individual services and collective ones. Individual services consist of:

- a personal one hour interview;
- a summary of pension rights with a retrospective of career past;
- checking that the client's career has been recorded correctly by social security pension organisations and providing corrections if necessary; and
- assistance when dealing with administrative bodies for liquidating pension rights.

Collective services include: general information on pension rights; training, a hotline, and assistance drafting documents.

Germany

The consumer associations in Germany provide guidance in all areas of consumer finance, such as insurance, mortgage loans, banking and credit, investing, as well as private pensions. However, the subjects covered in guidance sessions will vary between associations and while they will all offer a broad range of financial guidance, some may not offer the more detailed guidance on pensions for example as this is specific to the funding and human resources available to each respective centre.

For every topic, consumer associations offer a stand-alone guidance service, so there are fee-based advisors who specialise in investment and others offering advice with a main focus on insurance. Thus, if a consumer seeks advice on insurance and pension provision, he has to have two separate advisory sessions, each of which has to be paid for. To a certain extent, this type of topic-related advice can also be found in fee-based advice. A large number of fee-based advisors, however, advise on the whole range of financial issues.

Like many EU non-profit entities providing generic advice to consumers, two types of advice are provided in Germany: before and after a contract for a financial product or service is signed. The consumer centres are primarily used by consumers who seek support and assistance in dealing with contractual problems (often legal advice), but they are increasingly used as support for consumers considering and taking financial decisions further upstream.

Using the statistics of the smallest German consumer centre from Bremen (one of three city states), the consumer cases treated by the centre in 2015 (total of 18,240 excluding the 325,455 visitors of their website) and the areas of guidance/advice can be broken down as follows: Financial services including insurance 6,670 cases (37 per cent); consumer legal advice 4,761 cases (26 per cent), Building and energy (11 per cent), food and nutrition (11 per cent), Television fees (6 per cent) and Copyright (3 per cent). These advice areas do not include additional project based work undertaken by the centre.

The Netherlands

In the Netherlands, Nibud monitors enquiries received from consumers by telephone or email. In 2015, the most common topics were: debts; taxes and tax returns; aspects of financial upbringing; entitlement to social services; alimony; financial advice; living costs; and questions about mortgages. The Nibud website (www.nibud.nl) had 5.1 million visitors in 2015. The top 5 pages that were visited covered: pocket and clothing money; costs of energy and water; household expenses; 'how much should I pay the baby-sitter?'; and, study costs.

Money Wise (in Dutch: Wijzer in Geldzaken) opened multiple 'Geldloketten' (literal translation: money windows) in 2012. These were physical places in the Netherlands where people could visit with their financial questions. The service was free. Because of a lack of visitors, they closed the 'money windows' after a pilot of a year. An evaluation indicated that most customers visited with questions about which social services they were entitled to, separation and divorce and debts. One of the money windows still exists as part of a municipal service; however the service is by appointment (not a walk-in service, as per the original model).

The United Kingdom

The survey data indicate that the majority of financial guidance services in the UK cover almost all of the topics in the table above. The exceptions are TPAS and Pension Wise, which concentrate on retirement planning and the Payingforcare website, which, as its name suggests concentrates on planning for long-term care.

Published reviews provided a great deal of detail about the use of two key financial guidance services: the UK Pathfinder Money Guidance Service (Kempson and Collard 2010) and the Money Advice Service that evolved from it (Farnish 2015). Taking the Money Guidance Service first, the main topics on which users of the website had sought information and guidance, in order of prevalence, were: mortgages (27 per cent) credit and borrowing, budgeting, pensions and retirement planning and savings and investment (17 per cent). This evaluation also looked at the nature of the enquiries on which users had sought information and guidance. The two main types of enquiry for website users were best buy and product choice information (39 per cent) and general product related information (26 per cent). The telephone service was used for the same range of topics and types of enquiry but was also used for help in sorting out a non-debt-related problem or complaint. However, the level of use for best buy and product choice was somewhat lower than that for the website (21 per cent). In contrast, use of the face-to-face services was somewhat different. Here the main

enquiries were for budgeting followed by social security and many of the enquiries related to dealing with debt problems. This reflects the existing areas of work that the organisations engage in to which the Money Guidance service was outsourced (Kempson and Collard 2010).

The Money Advice Service evolved out of the Money Guidance Pathfinder, but the nature of its use has changed somewhat. In 2014/15 the most popular topics among website users were living and budgeting on a low income, car costs and moving costs. The main topics of enquiries to the telephone service were debt-related issues, general borrowing and social security/assistance. Users of the face-to-face services were mainly assisted with basic money management and budgeting (Farnish, 2015). The Money Advice Service has been criticised for straying from the blueprint developed by the Thoresen Review, and tested in the Pathfinder Money Guidance Service, by the Treasury Committee of Parliament (Treasury Committee 2013), the National Audit Office (Comptroller and Auditor General 2013) the independent review commissioned by HM Treasury (Farnish 2015). As already noted, following their review of financial guidance services, HM Treasury has proposed that the Money Advice Service should be replaced by a scaled back and refocused organisation (HM Treasury 2016).

The main network of local free generalist advice agencies identified are the MoneyPlan pilot, which was developed in the UK by Citizens Advice. These use independent financial advisors working *pro bono*. The main topics on which users sought information and guidance were: pensions, savings and investments; mortgages and secured loans; equity release; unsecured loans; insurance; endowments and taxation. Four in ten of the users required non-financial advice as well and were referred to other advisors within the Citizens Advice Bureau (Citizens Advice 2009). Research into the issues for which users sought guidance from the Macmillan Cancer Support charity found similar. The main issues identified were: pensions and retirement; mortgage penalties and mortgage protection; insurance; financial planning (including wills and power of attorney) and taxation (Macmillan Cancer Support 2012).

As already noted above, the UK has two specialist and complementary providers of financial information and guidance on pensions-related issues. The Pensions Advisory Service which covers all aspects of pensions and retirement planning, including workplace, personal and stakeholder schemes and also the State Pension. In contrast, Pension Wise was set up specifically to provide information and guidance to people aged over 50 about use of their private pension pots on retirement. This initiative followed a change in the regulations relaxing the requirement pensions to be invested into an annuity. A review of Pension Wise, however, has concluded that the service is too narrow in its scope. It was deemed that more holistic focus is needed and this would include information on: retirement income products (particularly in the context of information on property wealth); social security entitlements; tax implications, care costs; and debts (Work and Pensions Committee 2015). As a consequence (and already noted above), the HM Treasury review of financial guidance is recommending that The Pensions Advisory Service and Pension Wise should be merged and should also take over the pensions and retirement work currently being undertaken by the Money Advice Service to create a more broad-ranging financial guidance service on retirement planning (HM Treasury 2016).

5.5 Availability of self-analysis tools

Most of the 52 organisations in our survey providing websites offered general information (46) and interactive tools or calculators (38) and around half (26) provided interactive information tailored to user circumstances or needs. See Table 6 and *Table 7 in Appendix 1*.

Our desk research also identified robo advisors as a growing segment of the market. Robo advisors claim they provide some form of financial guidance. Robo advisors offer low-cost advice on asset allocation and portfolio management using automated processing of individual data enriched by the use of Big Data. The needs and objectives of clients are taken into account in the automated processing. In strict terms, they do not offer financial guidance because most of them conclude the self-assessment of consumer needs with proposing specific investment funds, especially Exchange traded funds (ETFs). However, their delivery methods could also be used by providers of pure financial guidance. The providers of robo advisors argue that they fill an important gap in the market as regulated financial advisors in general are not recognised for their expertise in asset allocation.

Australia

The Australian MoneySmart website offers a range of calculators to help individuals tailor their financial information to suit their specific circumstances. The majority (62 per cent) of those who use the calculators find them extremely useful (ASIC, 2015).

The calculators available on the MoneySmart website are:

- *Budgeting and saving calculators:*

These include a budget planner; savings goals calculator; compound interest calculator; and an income tax calculator.

- *Money health calculators and toolkits:*

These include a divorce and separation financial checklist; women's money toolkit; parental leave calculator; money health check; a net worth calculator; and a facility to search for unclaimed money.

- *Mortgage calculators:*

These include a tool to calculate how much an individual can borrow given their income, how much repayments will be; mortgage switching calculator; mortgage health check; reverse mortgage calculator; interest-only mortgage calculator; and tool that compares superannuation with mortgage payments.

There are also a number of mobile finance apps available to customers including: trackMySpend; TrackMyGoals; Mobile calculator (includes 5 most popular calculators in one); and Money health check.

The Financial Information Services website also enables an individual to self-select information topics that are relevant to their circumstances. The interactive tools include a savings planner to help with budgeting and saving, a service finder which helps an individual locate a relevant government service, payment finder to identify government benefits that an individual could receive. The FIS site also links to MoneySmart tools and calculators where relevant.

Belgium

To our knowledge, there are no self-analysis financial guidance tools available on asset allocation in Belgium. Test-Achats provides such tools to its members only.

The wikifin.be website (managed and promoted by the authorities) offers three different tools on precise topics: a savings simulation tool (381,334 simulations since its inception in 2013), a pension quiz (110,951 visitors) and a real estate simulation tool (143,966 simulations). The popularity of the Wikifin website has augmented considerably in recent times, visits of the Wikifin website rose by 66 per cent in 2015.

Test-Achats and FSMA have developed tools comparing costs of cash accounts and saving accounts according to individual profiles of customers: "traditional" users (no use of credit or debit cards); "electronic" users; couples with a joint account etc. The comparison tools for savings accounts developed by FSMA select the best offer available on the market for a user according to the type of banks chosen (with or without agencies, on-line banking or not), the invested initial and periodic amounts of investment and the duration of investment.

Denmark

At the Penge- og Pensionspanelet's web-page (www.rådtilpenge.dk) a range of tools can be found. These include: budget templates; videos; tips on different financial matters (e.g. investments); dictionaries; and tools that assist the customer in choosing which types of products may be suitable for them (i.e. based on responses to questions).

France

There are four main robo advisors offering their services in France

- Advize (Created in 2012) advises clients on their asset allocation, proposes the subscription of products in the framework of a life insurance contract and provides on-going reporting of performances.
- Finassemble (created in 2012) offers patrimonial and tax optimisation. It partners with about 60 financial advisors.
- Fundshop (created in 2013) offers a reassessment of life-insurance portfolios
- Marie Quantier (created in 2011) offers optimisation of asset allocation that can be followed by the subscription of ETFs.

Germany

Staff of consumer associations and interviewed financial planners remain very sceptical about online tools. The perception is that these tools might lead consumers to make inappropriate conclusions and take wrong decisions. Both groups agree that online tools cannot replace 'true' advice. Some websites of Consumer associations offer small calculation tools as supplementary element; there are almost no tools on the websites of fee-based advisors or CFPs. The few existing online 'advice' tools can be found with free independent offerings (e.g. www.finanztest.de and www.wegweiser-finanzberatung.de). The iff-website www.wegweiser-finanzberatung.de financed by the BMJV (Federal Ministry of Justice and Consumer Protection) offers consumers an overview on financial services. Financial intermediaries such as fee-only advisers (Honorarberater), banks or insurance brokers can be found and their special advantages or disadvantages are emphasised. The website furthermore supplies the consumer with a step-by-step manual about important topics that good financial advice should cover, questions a consumer might want to ask or examples of special products that may be suited for certain life situations. In spite of their 'advisory character', these sites are rather informational by nature.

The foundation for product testing (Stiftung Warentest) in Berlin with its journal, *Finanztest*, raises consumer awareness in the media, highlights malpractice, helps to find products with a good price/performance ratio and warns about risky products. The state-subsidised foundation is still the benchmark for tests and ratings in that field. Independence of the foundation, its long-term subsidies from the state and checks and balances via private media helps to ensure that it retains its emphasis on consumer protection. While it does not provide guidance to consumers, it does have a webpage with interactive components that make it guidance, but specific to insurance (see: <https://www.test.de/Versicherungsscheck-4635759-0/>).

The Netherlands

Nibud has a number of self-analysis tools covering the following topics:

- *Budgeting Persoonlijk budgetadvies (personal budget advice):*

This tool provides an overview of the income and expenses of a household. In 2015, 190.000 people used the tool.

- *Pensioenschijf van vijf (pension pyramid of five categories):*

This tool gives insight in to the income and expenses of a household after retirement.

- *Financieel studieplan (financial study plan):*

The financial study plan helps students to get insight in to their incomes and expenses during their study, compare themselves with other similar students and can make informed decisions about for example the student loan.

- *Savings Bufferberekenaar (calculate your buffer):*

This tool shows which buffer (rainy day savings) a household should have and how much they should have in savings for unexpected, essential, big expenses. In 2015, 221,000 people used the tool.

- *Borrowing Risicometer lenen (risk indicator of a loan):*

With this risk indicator, people can calculate whether the repayments on their credit commitments are appropriate to their income.

A group of consumer organisations started the project "Startpunt Geldzaken" (Starting Point Money Affairs). With the help of an online question-tree structure, it gives the household a plan for how to start tackling financial affairs. At the moment, there are three of these MoneyPlans:

- Better balancing your budget.
- Saving, Repaying or investing.
- Get out of financial worries.

These Moneyplans are offered by local municipalities, but also by employers for their employees.

A lot of financial service providers (banks, insurance companies, pension funds, intermediaries) offer online-tooling on their websites. Sometimes they do this only for their clients; and sometimes to attract new customers. Some of them use this as a trigger to encourage their customers to seek (paid) investment advice (For example: mijngeldzaken.nl). Some banks provide alerts to customers to help manage their account, for example, when they are close to overdrawing on an account. The Dutch bank KNAB has over 100 of these alert possibilities and tailor-made hints. One of the interviewees pointed to firms like Quovo and Yodlee who offer this service in the USA, where it is called Personal Financial Management.

The United Kingdom

In the United Kingdom a wide range of organisations provide financial guidance websites that have self-analysis tools, including financial institutions and the larger firms of independent financial advisors, who were not included in the survey, as well as just about all of the specialist financial guidance providers who were surveyed. Some commercial online services also provide self-analysis tools alongside general financial guidance alongside price comparison pages. The tools that these offer are wide-ranging.

From the survey responses and interviews it is clear that interactive tools and calculators were more common than the provision of information that is tailored to an individual's needs. The subjects best covered by interactive tools were day-to-day money management and retirement planning, while insurance and estate planning were very poorly covered. Only four organisations said that they provided information that was tailored to individual's needs through their website: the Money Advice Service and MacMillan Cancer Support, which both provide tailored information on day-to-day money management and retirement planning, and The Pensions Advice Service that only covered retirement planning.

Again, the evaluations of the UK Pathfinder Money Guidance service and Money Advice Service provide most detail on the use of self-analysis tools. Around a quarter of users of the Pathfinder Money Guidance website had used the online calculators and 14 per cent had used the budgeting tool. Use of both was highest for people with budgeting and money management enquiries, young people - with use declining with age, and people who were financially better off (Kempson and Collard 2010). Approximately one in five users of the Money Advice Service had completed tools that the website offered. The most popular of these were the mortgage calculator, the mortgage affordability calculator, the stamp duty (house purchase tax) calculator and the loan calculator. In addition just under one per cent of users of the Money Advice Service website had viewed one of the educational video resources. The most popular videos were: 'Beginners guide to your money', 'What is universal credit?' (referring to a new social security payment that is gradually being introduced), 'Should you overpay your mortgage?' and 'How to choose a bank account?' (Farnish 2015).

The importance of interactive tools and information is highlighted in a review of Pension Wise website. The website was criticised for being static, offering only basic information that is not well presented or engaging and not being personalised to users' circumstances. The Pension Wise website was contrasted unfavourably with the more interactive pension site 'dashboards' that are offered in the Netherlands and Sweden (Work and Pensions Committee 2015).

Finally, and as noted above, the UK regulator, the Financial Conduct Authority, is working with ASIC, their Australian counterpart, to stimulate innovative services, such as robo advisors (<https://www.fca.org.uk/firms/project-innovate-innovation-hub>).

5.6 Nature of the service offered

The organisations surveyed were asked to indicate the type of service they offer to the public. This was asked in two ways: the first asked about the context within which financial guidance is given. Initial analysis of the replies indicated that around half (53 per cent) consider themselves to offer a '*free-standing financial guidance service*'. Almost a quarter (23 per cent) said that they offered an '*incidental financial guidance*

service alongside regulated investment advice' and 11 per cent indicated that they provided an *'incidental service alongside selling financial products'*. Only one organisation said that they offered an *'incidental service alongside debt counselling'*. However, a considerable minority (13 per cent) assigned themselves to the 'other' category.

In addition, survey respondents were asked to classify the nature of the financial guidance they gave. This confirms the prevalence of financial advisors and financial institutions in the sample - and especially so in France, Germany and Denmark. Half of all the organisations surveyed (50 per cent) said that they 'recommend a specific product or specific course of action' as well as providing information on the options open to a consumer, and thus potentially putting them outside the scope of this study. Almost all of them were in France, Germany, Denmark and Australia. A further third (33 per cent) responded positively to the statement: *'in addition to providing information on options, we also assess the options available to a consumer and provide guidance on a broad product group or course of action that could meet their needs'*. The remainder (17 per cent) indicated that they *'only provide information on the options available to a consumer'* and this group was concentrated in the Netherlands and the UK.

5.6.1 Extent and duration of financial guidance

Our survey indicates that almost two-thirds (64 per cent) of the organisations surveyed provided ongoing guidance to consumers, such as regular reviews with a financial planner to reassess the consumer's goals, financial position, strategy and investment. The remainder provide information in single-session (one-off) consultations on a particular topic such as the best way to plan for retirement. One-off guidance was far more common in the UK and the Netherlands than in other countries. While ongoing advice was especially common in France and Germany.

Table 8. Which of the following describes the nature of the financial guidance you give to consumers?		
	Simple, once-off advice on one issue	Ongoing advice
Total	36%	64%

Australia

In Australia, the Financial Information Service offers one-hour face-to-face interviews or phone interviews. There are no set limits on the number of consultations and consumers can phone in after a consultation to receive follow-up information, thus giving them the opportunity to receive ongoing support.

Belgium

In Belgium, the length of face-to-face interviews of independent financial advisors can vary considerably. Stakeholders estimated that the major annual interviews usually range from 3 to 5 hours while phone calls and Skype interviews are shorter and last 20 to 30 minutes.

Germany

In Germany, guidance by consumer associations is based on a comprehensive and holistic approach. The initial stage of the guidance process always seeks to conduct a comprehensive budgetary and problem analysis. This comprehensive approach is

considered to be crucial to deliver sustainable guidance, as quality of a product is often revealed only in the long-term. Although the guidance service is focused on a specific topic (real estate finance, insurance, pensions, etc.), the guidance counsellor will always point to other problems they notice (e.g. hazardous insurance gaps or over- insurance). The duration of advice guidance session is similar with most consumer associations. There are so-called short consultations, which last between 20 to 30 minutes and "regular" guidance sessions, ranging from 1 hour to a maximum of 1.5 hours.

United Kingdom

The UK Pathfinder Money Guidance evaluation provides details of the extent and duration of the assistance given to users in this pilot service. Three quarters of enquiries to the telephone service lasted between six and 25 minutes, with an average length of 20 minutes. The average length of the call varied slightly with the nature of the enquiry and was longest for enquiries relating to budgeting and money management (25 minutes) and shortest for ones relating to either general product information or sorting out a non-debt problem or complaint (each averaging 16 minutes). Information and guidance sessions at the face-to-face services were almost twice as long (averaging 37 minutes), with nine in ten calls lasting between 16 minutes and an hour. Here there was much less variation across different types of enquiry. The average length of time users spent on the website site was six minutes and was clearly longer where people had used the budgeting tools or calculators (Kempson and Collard 2010).

There is little evidence on consumers' needs for more than one guidance session. However, the review of the UK Pension Wise service identified that there are limits to one-off guidance, particularly in relation to pensions. The evidence it received suggested that many people required a second follow-up session shortly after the first to help finalise plans or focus on the options discussed in the first one (Work and Pensions Committee 2015).

5.6.2 Assistance with product choice

The survey included a question about the assistance given by advisors on product choice, including whether consumers were directed to price comparison sites or to regulated advisors or brokers. A quarter of organisations (25 per cent) indicated that it was not necessary to direct users elsewhere because all their staff were licensed to give full advice and recommendations regarding financial products. Most of these were in France or Germany.

More than half (54 per cent) of the surveyed organisations said that they direct users to their own comparison tables, and a similar proportion (53 per cent) to comparison tables that are produced by others. Slightly fewer (37 per cent) direct their users to colleagues who are regulated financial advisors for product recommendations; while 29 per cent direct them to other regulated independent financial advisors who have no links to particular financial services provider. A quarter (25 per cent) refer them to brokers.

Table 9. Do you direct your users to any of the following sources to enable them to choose appropriate products? - Own comparison tables			
	Yes	No	Not applicable
Total	54%	28%	18%

Table 10. Do you direct your users to any of the following sources to enable them to choose appropriate products? - Comparison tables produced by others			
	Yes	No	Not applicable
Total	53%	33%	14%

Table 11. Do you direct your users to any of the following sources to enable them to choose appropriate products? - Colleagues who are regulated/licensed to give financial advice and recommend products			
	Yes	No	Not applicable
Total	37%	43%	21%

Table 12. Do you direct your users to any of the following sources to enable them to choose appropriate products? - Brokers			
	Yes	No	Not applicable
Total	25%	55%	19%

Table 13. Do you direct your users to any of the following sources to enable them to choose appropriate products? - Regulated/licensed independent financial advisors who have no links to particular financial services providers			
	Yes	No	Not applicable
Total	29%	52%	19%

Table 14. Do you direct your users to any of the following sources to enable them to choose appropriate products? - Not necessary as all staff providing financial guidance are also licensed to give full advice			
	Yes	No	Not applicable
Total	47%	25%	29%

6. Business models and the funding of financial guidance services

There is little information in the public domain about the cost of financial guidance services. The information that is available shows that the cost of providing a financial guidance service is considerably greater than the sums of money that consumers are willing to pay for it. Most of the non-industry providers of financial guidance had, therefore, chosen to provide financial guidance free of charge to their consumers and their staff are either salaried or they are volunteers.

6.1 The cost of financial guidance services

All of the information in the public domain about the cost of financial guidance services comes from the United Kingdom. This suggests a cost of from €100 to €650 for personal financial guidance, depending on the complexity of the enquiry and the extent of the guidance provided and around €2.5 per website visit.

The report of the UK National Audit Office enquiry into Money Advice Service in 2013 provides full details of both the operating model and the financial and staffing resources allocated to elements within it (Comptroller and Auditor General 2013). In 2012-13 the budget for the financial guidance work of the Money Advice Service was € 55.6 million (£46.3 million), 87 per cent of which was spent on procured and outsourced services, including €21.6 million (£18 million) on marketing (this was later scaled back to £12 million). The report concluded that it was not offering value for money (Comptroller and Auditor General 2013). The subsequent Farnish review of the Money Advice Service reported that, in 2014-15, €30 million (£25 million) was spent on the website - a cost of around €2.4 (£2) per web site visit; 'just over €1.2 million (£1 million)' was spent on the telephone service - a cost of €144 (£120) per telephone enquiry, and €8.4 million (£7 million) was spent on face-to-face services - or around €84 (£70) per enquiry (Farnish 2015).

A briefing paper for Parliamentarians on the UK Pension Wise service reported that it had a budget of €42 million (£35 million) in 2015-16. The average cost of a personal financial guidance session was €649 (£541). It was also estimated that the cost per website visit was €0.41 (£0.34), which is far lower than that for the Money Advice Service but it is a much less sophisticated website and provides static information only (Thurley 2016). The UK Pensions Advisory Service offers financial guidance through workplace visits arranged in collaboration with employers and an evaluation of this showed that the cost in 2010 was about €36 (£30) per attendee (Hyde et al 2010).

6.2 Consumer willingness to pay for financial guidance

Both existing research and the interviews held with financial guidance providers indicate that the willingness of consumers to pay for either financial guidance or investment advice is limited. Many would be unwilling to pay anything at all; others would only be willing or able to pay a very low fee that would not cover the sort of cost reported above. This is a consequence of a number of factors: an inability to afford to pay among lower-income consumers, the amount of money involved in the enquiry they have being too small to justify a fee and a belief that such services should be free of charge.

Australia

Australian consumers, in contrast to other countries, seem to be more inclined to pay for advice. As mentioned earlier, the Australian Financial Services Inquiry (2014) reported that 49 per cent of consumers have unmet financial advice needs that they say they would be willing to pay to have met. When asked directly how much they would be willing to pay they said that they believed that initial advice should cost €195 (AU\$301) and on-going advice should cost €193 (AU\$298) per annum. However, one in five (22 per cent) of consumers believed that the initial advice consultation should be free (ASIC 2010).

Belgium

Belgian consumers are widely used to go to their banks regarding financial matters. Hence, they are likewise not used to pay for these kind of services and it is estimated by stakeholders to be difficult to change this awareness. Still, those who are aware of the few independent financial planners recognise the benefits of such services and generally show approval to pay for it.

Services offered through the hotline of Test-Achat are free for subscribers to the journal of the association.

Denmark

Free financial guidance of the type offered by the website (www.rådtilpenge.dk) from the Penge- og Pensionspanelet would be the optimal 'price' for Danish consumers (as opposed to the so-called free financial advice offered by banks). However, with regard to more personalized financial guidance, a minor payment may be a prerequisite for a serious process. However, the consumer may be motivated to seek best value-for-money and to act more responsibly by, for example, providing documentation on time.

In Denmark it has been suggested that direct payment for the financial advice in banks will facilitate greater use of financial guidance. The Rangvid report indicates that the risk here is that the consumer will not use advice and consequently they will have more investment failures with higher costs. The model will open the possibility for independent counselling, as it will need significant liability insurance, since independent counselors (contrary to banks) do not have the financial strength to cover claims.¹⁴

France

ESCP Europe Conseil (2015) concluded, based on an extensive survey of potential users, that a fee of €25 or slightly more would be acceptable for 10 per cent of the French population. However, a majority of those surveyed indicated they would not be willing to pay at all for individual financial guidance and 70 per cent said they would not be ready to spend more than €10 for one hour of individual financial guidance. ESCP Europe Conseil recommended that a first step would be to offer group training at a price of €15.

Of those who indicated that they were interested in using financial guidance services, an acceptable price was, on average, €31 per hour. Among this group, 53 per cent would not be willing to spend more than €20 and 39 per cent more than €10.

Fees charged by robo advisors have been established after running marketing surveys. As such, they may provide an indication of the prices that can be considered as acceptable by consumers. Advize charges an annual fee of 0.6-0.85 per cent of assets invested in life insurance contracts. Finsemble does not charge users. Fundshop

¹⁴ See: the expert committee on the reasons of the financial crisis chaired by Rangvid. J. (2013). Den Finansielle Krise i Danmark – årsager, konsekvenser og læring [The Financial Crisis in Denmark - reasons, consequences, and learning]. Copenhagen: Erhvervs- og Vækstministeriet, p. 396-397. Retrieved from: <https://www.evm.dk/arbejdsomraader/det-finansielle-omraade/finansiel-stabilitet/finanskrisens-aarsager>. The link between that direct payment of advice creates a risk of opts out advice and that investment failures have high costs is criticized by Tanggaard, C. (2013). Rangvid rapporten om investeringsrådgivning [The Rangvid report on investment advice], FINANS/INVEST vol. 8, p. 14-17 (17).

charges €9 per month. Marie Quantier charges €5.90 per month, plus five per cent of the performance. Yomoni charges 1.6 per cent of assets per month.

Germany

Consumer associations in Germany benefit from generous local state subsidies. However, as the demand for their services has grown, an increase in this source of funding has not followed, with the result that they rely substantially on revenues from their advisory services in order to cover their operating costs (staff, rent etc.). In the area of financial guidance, charges for regular advice vary between €120 and almost €200. However, for many German households, especially those with middle and lower incomes, these charges amount to a price that most are not willing or able to pay (see section 6.3 for further details of fees charged) (Pech 2014).

In contrast, research in Germany has found that two thirds of consumers considered a fee of up to €50 an hour for financial advice acceptable whereas only two per cent could imagine paying more than €100 an hour (Pech 2014). Since the financial crisis the issue of fee-based financial advice has been a recurring theme in the media. There are a series of polls, showing that an increasing number of consumers are willing to make use of fee-based financial advice. The reality, however, appears to be somewhat different. To promote fee-based advice, the legislator introduced the certified profession of fee-based investment adviser ("Honorar-Finanzanlageberater") in 2014. Currently, there are no more than 121 such advisors according to the DIHK registry, against the backdrop of nearly 37,000 commission-based financial advisors. On the insurance side, the ratio is even worse: 293 Versicherungsberater (fee-based) are confronted with 231,019 commission-based insurance brokers¹⁵.

The Netherlands

Most providers of financial guidance services and tools feel that they cannot charge large fees to consumers for financial guidance. The interviewees agree that a business case cannot be set up based on consumer contribution only. One of the interviewees noticed that, even when they ask a small fee for a workshop, they have a dramatic drop in participants.

The United Kingdom

Two UK studies have investigated the willingness of consumers to pay for financial guidance. The first of these was a literature review conducted in 2005, which was unable to find any evidence specifically relating to financial guidance and, instead, extrapolated from research relating to investment advice. When 'financially engaged' consumers were told that such advice costs €48-240 (£40-£200) an hour only 42 per cent said they were willing to pay. Other research showed that less financially sophisticated consumers would be very unwilling to pay at all (Wallis 2005). The second carried out interviews with commercial providers regarding consumer willingness to pay for investment advice and showed that it is concentrated among those who are better-off. The authors doubted whether consumers would be willing to pay for financial guidance and, even if they were, it would be at a level below the cost of supplying it (Goodman 2006).

¹⁵ <http://www.dihk.de/themenfelder/recht-steuern/oeffentliches-wirtschaftsrecht/versicherungsvermittlung-anlageberatung/zahlen-und-fakten/eingetragene-vermittler>, 06-24-2016

6.3 How non-industry bodies providing financial guidance services are funded

When asked directly, nearly six in ten (57 per cent) of the financial guidance providers in our survey said that they charged users a fee. This included all providers in Denmark and the majority in France and Germany. Further analysis, however, showed that most of these were industry bodies that provided financial guidance alongside investment advice or the sale of financial products. Fees were much less common among non-industry bodies who were funded in a variety of ways including grant aid, direct funding from government, a levy on the financial services industry and donations. We did not identify non-industry financial guidance provider in Belgium.

Australia

MoneySmart and the Financial Information Service are funded by the Australian Government as they sit within Government departments. The Women's Advice Service is privately funded by ANZ.

Belgium

Test-Achats is not funded by public subsidies: members subscribe to one or more magazines (TA for comparison tests, Budgets Droits for legal and financial information, TA Invest for investments among other). The only service for which Test-Achats received public funding was its comparison tool of cash accounts.

Denmark

While financial counselling in the private sector is normally paid by the user, the use of the public website, www.rådtilpenge.dk, is offered for free. The public funded organ Penge- og Pensionspanelet is the creator of the website. The Panel is on the Danish Governments yearly budget and the cost is estimated to be approximately €300-400,000. The Danish FSA, who is secretariat for the Penge- og Pensionspanelet is funded by the financial undertakings.

France

The interview ("entretien information retraite") offered by social security pension organisations is free. This service is considered as a public service which does not need to be specifically funded by revenues. The funding is provided by pension organisations.

The survey run by ESCP Europe found that most individuals who could offer financial guidance are not motivated by an additional income (see below section 6.5). Hence the funding of a non- commercial organisation providing financial guidance would mainly be necessary to cover:

- The cost of premises where financial guidance sessions would take place.
- The cost of communication and advertising to hire potential advisors. The cost is estimated at around €60 to attract one advisor.
- The cost of training advisors. ESCP Europe Conseil has examined several options. Some surveyed potential advisors are ready to fund their own training themselves. 19 per cent said they could envisage funding between 50 per cent and 70 per cent of the cost and 80 per cent less than 50 per cent.

Germany

The State (federal states, the federal government and the municipalities) is the main funder for the consumer associations' guidance service, but they are increasingly forced to generate own revenues (advisory services, sale of publications). Although they do charge fees for their financial guidance services these account for only a small

part of their overall budget. In some States, such as Bremen, funding levels from the State have remained the same for over a decade without inflation adjustment and these resources now have to fund a greater demand for the guidance and other services which has forced centres to seek funding from projects.

The North-Rhine Westfalian consumer centre with a yearly budget of approximately €41 million per year may serve as an example with its public funding share comprised of 33 per cent funded by the federal state of North-Rhine Westfalia, 24 per cent by the municipalities of North-Rhine Westfalia and three per cent by the German federal government.¹⁶ Only 9 percent of their budget is from income generated from their own activities. The fees charged for guidance will be a large part of this source of revenue.

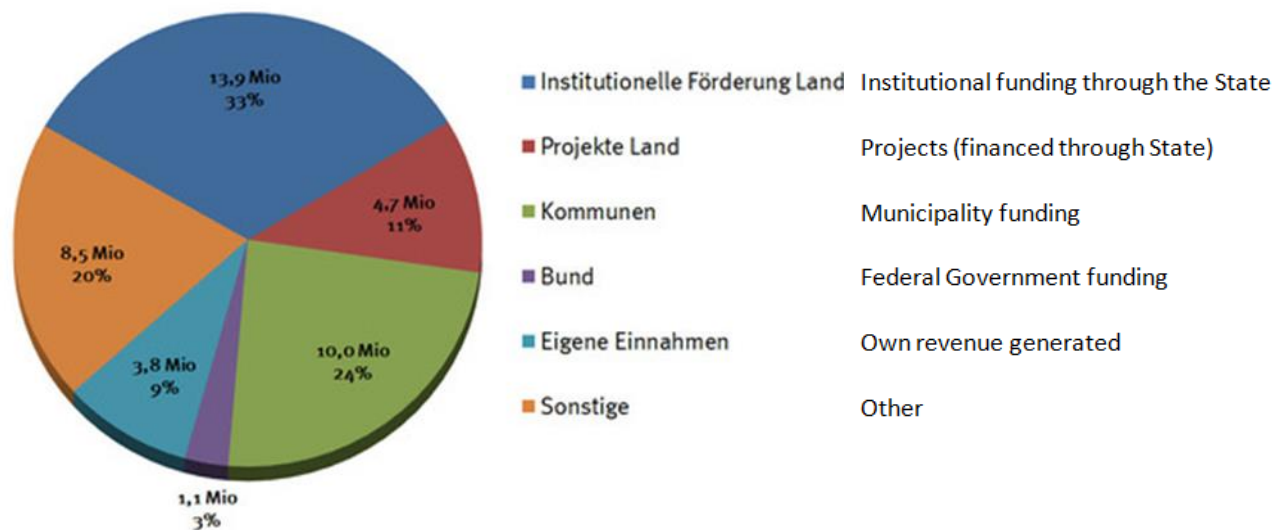


Figure 1: Breakdown of the revenue for the consumer centre of North-Rhine Westfalia in 2015 (€41.9 million) (source: VZ NRW)

In recent years, funding of consumer associations has, to a certain extent, shifted significantly in terms of its composition. Whereas in the 1980s and late 1990s funding was marked by grants by the municipality, states and the federal government, independent of projects, funding is now increasingly based on own revenues and project-based funds through Federal or EU projects, respectively.

While consumer centres present fees transparently on their websites (these vary from State to State), in fee-based remuneration schemes for the non-guidance providers, the services and fees provided may be negotiable with the end-client. To accomplish this service scheme, the traditional advisory 'package' is broken down into consulting services (covering the advisory part of the services provided) and transaction services (covering services and cost incurred with the execution) by also assigning a price for each component. In practice however, this is not always transparent as both services can be 'bundled' or closely connected. For the pricing of consulting services, a common basis for calculation is the duration of the consultation, the volume or notional amount of the financial transaction involved, or results achieved for the end-client (Homölle, Neumann, and Sydow, 2013).

¹⁶ <http://www.verbraucherzentrale.nrw/link430201A.html>.

Table 15 summarises exemplary costs of fee-based advisory services in Germany for different professionals. A typical financial advice session of 1.5 to 2 hours duration will cost between €400 and €500. Additional fees are charged for advice services that are provided by email or by mail (Finanztest, 2009a).

Table 15. Costs for Fee-Based Advisory			
Provider	Personal Consultation Per Hour (Euro)	Tips Via Email Or Letter (Euro)	Tips Via Telephone Per 15 Minutes (Euro)
<i>Fee-based guidance at consumer advice centre</i>			
VZ Bayern	90	29	26
VZ Hessen	80	-	26
VZ Nordrhein-Westfalen	100	19-26	28
<i>Fee-based advisory by publicly authorised experts</i>			
Average	210	53	53
<i>Fee-based advisory organisations</i>			
Verbund Deutscher Honorarberater VDH GmbH	100-150	25	25
Deutsche Gesellschaft für Finanzplanung	125-150	25-31	25-31
Analytica Finanz Research Beratungs GmbH	238	n.a.	60
<i>Self-employed fee-based advisors</i>			
Average	182	n.a.	53

The largest of the consumer centres in Germany has the following fees for these respective areas: Investment and pension guidance or mortgages (€170 for 1.5 hours), for mortgage refinancing (€110 for 1 hour), Insurance guidance (€40 per 30 minutes), and debt and insolvency advice (free). In addition, if the consumer wants guidance or advice on complaints and solving cases of detriment in existing financial contracts, legal advice and representation services are also offered at a different pricing. However, our interviews found that the variations in fees for face-to-face guidance from consumer associations can be quite large e.g. Standard guidance on personal finance (€30-50 per 30 minutes); Private pensions and investments (€60-160), standard guidance on mortgages (€5-90 per 90 minutes); standard guidance on the topic of insurance (€20-50 per 30 minutes); debt advice (€0- 22).

The Netherlands

Nibud is partially subsidised, both by the national government and by the financial industry. Wijzer In Geldzaken is totally subsidized by the government and the industry. Startpunt Geldzaken is paid by the participating local governments and by the participating employers.

The United Kingdom

The prevailing model in the UK is for the UK Money Advice Service and is, in fact, wholly funded by a levy on the industry that is collected by the Financial Conduct Authority. The report of the National Audit Office enquiry into the service in 2013 provides full details of the operating model and the financial and staffing resources allocated to elements within it (Comptroller and Auditor General 2013 page 14). In 2012-13 the budget for the financial guidance work of the Money Advice Service was £46.3 million, 87 per cent of which was spent on procured and outsourced services, including £18 million on marketing (this was later scaled back to £12 million). The

report concluded that it was not offering value for money (Comptroller and Auditor General 2013). The subsequent Farnish review of the Money Advice Service reported that, in 2014-15, £25 million was spent on the website - a cost of around £2 per user visit; 'just over £1 million' was spent on the telephone service - a cost of £12 per enquiry, and £7 million was spent on face-to-face services - around £70 per enquiry (Farnish 2015). It is proposed that the budget should be cut when it is replaced by the scaled back Money Guidance service in April 2018. It will continue to be funded on a levy from the financial services sector although it will become accountable to HM Treasury rather than the Financial Conduct Authority.

Similarly, the Pension Wise service is funded from a levy on the pensions industry. A briefing paper written for Parliamentarians by the House of Commons Library reported that it had a budget of £35 million in 2015-16. It was estimated that the cost per website visit was £0.34, which is far lower than that for the Money Advice Service but it is much less sophisticated and provides static information only. The average cost of a financial guidance session was £541 (Thurley 2016).

In contrast, the other major national provider of financial guidance - The Pensions Advisory Service - is grant-aided by the government Department for Work and Pensions. In addition to the services it provides direct to the public, The UK Pensions Advisory Service offers financial guidance through workplace visits arranged in collaboration with employers in order to reach people who would not, otherwise seek such assistance. An evaluation of this showed that the cost in 2010 was about £30 per attendee. Sessions took the form of talks to small groups (under 20 people on average) followed by questions from attendees (Hyde et al, 2010).

Much of the financial guidance work undertaken by the Citizens Advice service is funded either by the Money Advice Service or by Pension Wise. In addition their MoneyPlan service is indirectly financed by regulated financial advisors who work on a voluntary pro bono basis. The Money Helpline provided by Which? is financed from member's subscriptions, while their mortgage advice service charges users a flat fee of £499 to non-members and £399 to full members. £299 of this fee is paid at the start of the guidance; the remainder is payable at the end. The financial guidance services provided by both Macmillan Cancer Support and Age UK are financed from their general fund raising from a range of sources including donations, grant aid and commercial activities. Other charities fund their financial guidance services in similar ways.

6.4 Main business models and conditions for providing an affordable comprehensive financial guidance as a commercial enterprise

There are two main models for the provision of financial guidance by commercial providers. First, it is offered as the first stage in independent financial advice or planning, in which case a fee is often charged (although there may be a free initial session - see section 6.1). Secondly, it is offered alongside the sale of products, in which case it is subsidised by the commission received by the firms whose products are sold. Robo advisers are also being developed in many jurisdictions. But the fact that most of them have not yet attained their break-even level of sales challenges the viability of a pure fee-based model.

Germany

The Honorar-Finanzanlageberater (§ 34h GewO) are the only ones along with the Versicherungsberater (§ 34e GewO) who are legally prohibited to sell commission-based products to consumers. These advisers mostly have a fixed fee per hour but since they do not provide guidance, as defined by our definition, they have not been investigated in this study. Because the majority of financial advice is still provided on a commission basis, the share of the above registered fee-based advisers is still extremely small and still primarily serve the higher asset and income segment of the population.

The Netherlands

One of the interviewees mentioned that the ban on commissions has made it more difficult to start financial guidance services, as product providers are not allowed to make any payments to intermediaries. This means that cooperation between parties is hard to start. Most interviewees stated that if society thinks that financial guidance is needed, financial support from the government is needed. Interviewees who worked as software makers doubted whether financial guidance could really help. They thought that "financial resilience" and "financial protection" would be more appropriate for the group who do not seek investment advice.

The United Kingdom

The only commercial providers of financial guidance in the UK currently are websites. These include a number of price comparison websites who finance their costs on the commission received from product sales. As such they are not, generally, considered independent. The most extensive financial guidance is provided by the Moneysaving expert.com website, which is funded by and operates at arm's length from its parent company – Moneysupermarket.com, which is a more conventional price comparison website.

Interviews with independent financial advisers and banks identified a limited appetite for engaging in financial guidance under the present regulatory regime for financial advice

The UK literature review identified a report by the Resolution Foundation in the UK which considered the viability of four models of funding for a national financial guidance service on a commercial basis:

- Fees charged to consumers, which was considered impractical given the views of commercial providers of regulated advice described above.
- Third parties meeting the cost (e.g. an employer meeting the costs of provision for its employees). This was considered to be a possibility but was not explored in detail.
- Revenue from product sales, which was rejected because it would undermine the independence of the service.
- Other models that are specific to web-based services such as charging financial service providers for referrals, sales and advertising, all of which would undermine independence.

The report concludes that a website and associated telephone service could be funded from commission for referrals to commercial providers for regulated advice (Goodman 2006). Indeed, if regulated financial advisors enter the market for financial guidance as a result of changes arising from the Financial Advice Markets Review, it could well be on this basis. The cost of providing financial guidance could be met in full or in part, by a cross subsidy from fees charged for regulated advice.

6.5 How the staff of financial guidance providers are paid

The staff in all the organisations that provided a financial guidance services that was not linked in any way to the sale of financial products were paid a salary - or they were volunteers

Australia

The staff providing financial guidance for Financial Information Services are paid Government salaries and those working for ANZ's Women's Advice Service have their salaries paid by ANZ.

Denmark

In the private sector staff are mainly paid a salary. Work as volunteers are mainly for citizens in need, e.g. debt counselling. In the organ Penge-og Pensionspanelet is financed by the public.

France

The ESCP Europe Conseil survey of 195 individuals who could potentially offer financial guidance concluded that more than half of the respondents wish to provide guidance part-time during the week or at the weekend, and, in either case, no more than 10 hours per week. 43 per cent were interested in working for the general interest and 38 per cent for the complementary educational skills they would acquire. Only 17 per cent are motivated by an additional income.

Germany

Consumer centre staff are only paid with a salary or via freelancing contracts that are not based on performance. We did not obtain information from commercial providers in that area.

The United Kingdom

Staff in UK financial guidance providers are either paid a salary or they work as volunteers, including some organisations such as Citizens Advice Bureaux, where regulated financial advisers provided a financial guidance service, Money Plan, on a pro bono basis (Citizens Advice 2009). Indeed, were financial advisors to enter the market for financial guidance they, too, would be salaried.

6.6 Sustainability of financial guidance services

Since most non-industry services are reliant on external funding, they cannot be considered to be sustainable in terms of generating incomes that cover their costs. Indeed, the evidence presented above on the costs of providing services and the fees that consumers appear to be willing to pay casts doubt on whether a comprehensive service can be provided without some form of subsidy. The only example we found where consumers paid a fee for the financial guidance they received was the service offered by the consumer associations in Germany. And even here the fees did not cover the full cost of providing the service. In one association cases dealing with insurance and personal finance accounted for 28 per cent of the total caseload, while the fees charged for these represented 18 per cent of the total revenue (Consumer Centre of Lower Saxony 2015).

The only services that might be considered sustainable in this sense are the ones that are offered to members of consumer bodies, such as Test-Achats in Belgium and Which? In the UK, as part of a range of services they can access for the annual fee that they pay.

7. The promotion of financial guidance services and incentivising use

Studies in the UK, Netherlands and Australia have found that demand often does not occur spontaneously but needs to be stimulated. As mentioned earlier in this report, where consumers do seek financial guidance, it is often in response to some external prompt such as a crisis or a life event (Citizens Advice 2015, Goodman 2006, HM Treasury 2007, Macmillan 2012, Wallis, 2005). This was confirmed by our interviews with providers some of whom emphasised the need for services to be promoted. We will first have a look at the promotional efforts with regard to financial guidance services for the countries under review before focusing on incentives.

7.1 Promotion of financial guidance

Respondents to our survey indicated that they promote use of their service in a variety of ways including, in order of prevalence: through their own website (62 per cent), social media (37 per cent), leaflets or other printed materials (35 per cent) and mass media advertisements, including TV, radio, newspapers and magazines (16 per cent). In addition, four in ten (41 per cent) indicated that other organisations promote their financial guidance service for them. Respondents were also asked to indicate which method of promotion they had found to be the most successful. The majority (55 per cent) said it was word of mouth recommendation by users. Other methods that were mentioned included through their own website (13 per cent) and referrals from other organisations (10 per cent). Only small numbers (all under 5 per cent) had found social media, leaflets and other printed materials or promotion by other organisations the most effective. This demonstrates the difficulty that organisations would face in promoting use of a newly-established service.

Belgium

In Belgium, there is no active promotion of the independent financial planners certified by the FSMA. Wikifin is likewise active and in direct contact with Belgian consumers during several expositions. References for users that the profession of independent financial planners could help with everything beyond pure information gathering on particular subjects and especially taking into account the personal situation of a consumer are not established.

Denmark

In Denmark, the internet is the main way to find financial guidance. Therefore it is common for many independent counsellors to have the consumer fill in a contact form on the Internet. The consumer is afterwards contacted by the counsellor. The public website (www.rådtilpenge.dk) from Penge- og Pensionspanelet had 150,941 visits in 2015 and 128,021 in 2014. This is an increase of 18 per cent. The proportion of repeat users has increased by 5 per cent of the total visitors, which is an indication that users find relevant content.¹⁷

¹⁷ Retrieved from <http://www.rådtilpenge.dk/Om-os/2015-i-tal-og-resultater>.

The findings from a report on financial advice may provide useful insights into how best to deliver financial guidance. 1,015 Danes answered the question, "Which of the following contact methods do you prefer to have with your financial advisor in your primary bank? You can select multiple answers": The top three responses were face to face meeting (64 per cent), email (54 per cent) and telephone (50 per cent). A smaller proportion selected chat/internet banking (13 per cent) and letter (9 per cent).¹⁸

Germany

Consumer associations try to gain visibility through public press campaigns. When it comes to consumer interests, their experts are also regularly invited to participate in TV shows. Publicised guides are regularly discussed in the media and advice services are advertised on Consumer associations' websites. In addition, their representatives are regularly invited to participate in hearings of the Bundestag or of state parliaments. Regarding the political mandate of consumer associations to represent all segments of the population, it must be acknowledged that this is not currently being achieved. Therefore, some consumer organisations offer inexpensive group advice or scaled-down advisory sessions. On the basis of the interviews conducted with the consumer centre representatives, it is expected that many consumer associations would probably decide to lower their prices for regular advice by a substantial amount should improved basic financing by the state become available – something which is however not very likely in most states under the existing Stet level budgetary constraints.

The Netherlands

Most interviewees indicated that knowledge of the existence of the guidance service is essential to start with. Ideally the service will be ranked highly in Google-search results. Using advertisements to promote financial guidance services is not seen as an alternative by those interviewed, as consumers will regard the service as untrustworthy and feel that they will get biased guidance.

There have been efforts dedicated to improving access among customers. Some of the Nibud guidance tools are located within the internet banking areas of banking websites. Moneywise tries to raise awareness among self-employed people via the Tax Service website, where self-employed have to file their data each quarter.

According to the interviewees, most people only start to engage with their finances if it does not require too much effort. Use of data from registrations may help in this respect. Even the smallest barriers can cause people to lose interest (e.g. if there is too much text or difficult terminology). In addition, interviewees reported that being 'fun' and easy was not enough, by itself, to reach people; content must be relevant and has to be close to people's everyday lives. In their view, a way to engage consumers is to discuss money as a means to obtain the lifestyle they want.

One of the interviewees also noted that it is very important to understand your target group. In the Netherlands, communication about finances is strongly targeted toward men. That is, there is an underlying assumption that women do not know a lot about finances, and this will be perpetuated if campaigns are not relevant to women. The

¹⁸ See: Report from Penge- og Pensionspanelet done by YouGov Denmark (2014). Bankrådgiver 2014 [Bank advisor 2014]. Copenhagen: Penge- og Pensionspanelet. Retrieved from <http://www.rådtilpenge.dk/Undersoegelser/Statistiske-undersoegelser/Danskere-og-banken>

way providers communicate with consumers is key in getting them to seek financial guidance. Online usability is key; the tooling or website has to work well across devices and platforms (i.e. on tablets and mobile phones and across different operating systems), and consumers have to be able to find things quickly. People are accustomed to things working perfectly, if a website's service standards don't meet customer expectations, the service will lose consumers.

On the Nibud website, pages that present facts and ways in which people can compare themselves to other people are popular. For example, things like *How much pocket money does a 12-year old get?* or a comparison tool in which people can compare their own expenses to those of a similar household.

The more tailored to the specific household the website or tool is, the more it will lead to a subsequent action.

Another possible means of engaging people is to provide a financial incentive. For example, mortgage provider *Bijbouwe* offers a 0.1 per cent discount on the interest rate when a customer's online-dossier is filled in completely.

The United Kingdom

Based on an evaluation of the prototype Money Guidance services it set up, the final report of the UK Thoresen review recommended that the marketing strategy for the national financial guidance service it proposed should include: national and regional marketing campaigns and engagement activities; working with trusted intermediaries; and, social media and viral marketing (HM Treasury 2008).

Large national services can afford, and justify, expenditure on television advertising and it is clear that, in the early years of a service, such advertising can be effective. For example, tracking research for the UK Money Advice Service found that awareness had grown from 23 per cent of the UK population in January 2012 to 49 per cent in January 2014. This was attributed to the impact of advertising campaigns. However, it should also be noted that they had an annual marketing budget of almost €16 million (£13.3 million) – a sum that is likely to be beyond the budgets of most services (Farnish 2015). The evaluation of the UK Pathfinder Money Guidance service showed that the effectiveness of promotional strategies varied between methods of service delivery. So use of the website and, to a slightly lesser extent, the telephone service was mainly stimulated by advertising. However use of both channels had been stimulated to an equal degree by search engines and in the case of the telephone service, promotion of the number on websites (Kempson and Collard 2010). Face-to-face services have found that referrals and personal recommendation account for a large proportion of users (Kempson and Collard 2010, Macmillan Cancer Support 2012). Lack of referrals can hinder the growth of a service. An example of this is the failure of pension providers to refer people to the UK Pension Wise service (Thurley 2016, Work and Pensions Committee 2015).

There is little evidence in existing literature about the effectiveness of methods of promotion in attracting the intended target group of services. The most extensive evidence, once again, comes from the evaluation of the UK Pathfinder Money Guidance service – which aimed to reach people who, through a combination of their circumstances and financial capability were vulnerable to the consequences of poor financial decision making. This was assessed using an index and allocating users of the service to one of three categories: most vulnerable, moderately vulnerable and least vulnerable. The aim was to achieve the highest take-up among the people who were judged most vulnerable on this index and the lowest take-up among the least

vulnerable. Although it does not link this directly to how they responded to different forms of promotion it is possible to infer this from the delivery channel they used, interpreted in the light of the information above on how people were stimulated to use these channels. The study found that face-to-face services were by far the most successful at attracting the most vulnerable users (46 per cent of all users of face-to-face services were categorised as 'in the most vulnerable category) and they attracted twice the proportion among the users of the telephone service and three times the proportion among the website users (Kempson and Collard 2010). This reflects far more than merely how the services were promoted but it does serve to reinforce the conclusions of others that referrals and personal recommendation are needed to attract people who most need financial guidance (Goodman 2006, HM Treasury 2007, Macmillan Cancer Support 2012, Thurley 2016). Research shows that successful services build and work alongside a network of professionals who are in contact with the target audience (Macmillan Cancer Support 2012) or outsource service provision to trusted providers (Kempson and Collard 2010).

Others have concluded that outreach is important, taking financial guidance out to where people are (such as in the workplace) (Hyde et al 2010, Wallis 2005). So, too is having a simple clear brand, although this takes time to build (HM Treasury 2007, HM Treasury 2008).

Another important finding is that highlighting the importance of a certain behaviour may, counter-intuitively, lead to more deferral of this behaviour (Krijnen, Zeelenberg & Breugelmans, 2015). This is a strategy that is often used to motivate people to show a certain behaviour. For example, governments, retirement funds and employers try to motivate people to start saving because people typically start too late. A strategy that is often used, is to emphasize the importance of retirement saving, building on the assumption that this helps people to make better decisions. However, Krijnen and others (2015) found that people defer more on important decisions than on unimportant decisions (Krijnen, Zeelenberg & Breugelmans, 2015). When the importance of a decision is highlighted, people think the decision is more difficult, and people see it as an indication that they should take more time to make the decision and that they should invest more effort into making the decision. This, in turn, causes more deferral. This finding is a particularly strong barrier to improving the level of early retirement planning among populations.

7.2 Incentivising use

The survey asked financial guidance providers about the extent to which they offered incentives to stimulate demand. The great majority of providers did not offer any incentives which was likewise confirmed by the follow-up interviews.

Only a minority of financial guidance providers incentivised the use of their service in any of these ways. Most commonly this was in the form of free initial or 'taster' sessions (13 per cent) - others indicated that their service was free in its entirety. Small numbers provided vouchers (three organisations) or free gifts (two providers).

Australia

The interviewees in Australia tended to agree that offering free guidance was important in encouraging individuals to use the services. Paying for financial advice has been shown to be a key barrier for individuals seeking advice when needed and thus relying too heavily on family and friends for financial advice. The Financial

Information Service conducts free public seminars around Australia and this helps to increase awareness of the personal service. ANZ also holds free seminars on a variety of financial topics in Sydney and Melbourne in addition to their Women's Advice Service. One interviewee in Australia commented that the most effective incentive is a "need" for advice or guidance. This, of course, reflects the life events approach adopted by the financial guidance services.

Belgium

Belgian users of financial advice are not used to paying for financial guidance, and interviews with experts suggest that it would be very difficult to install real independent financial guidance services in this bank-driven environment. In a first step, the awareness of the profession of independent financial planners would have to be raised and the distinction with financial advisors and what each party offers should have to be made clear. Furthermore, Belgium is one of the EU countries where fiscal exemption regimes are in place with regard to savings and where there is a very positive response to these kind of incentives as shown by an abundance of savings. From our interviews, we found out that it might make sense to offer tax deductions in the case of paid financial guidance services, and that this might be positively received by consumers. Fees paid for financial guidance could be included in the overall basket of eligible charges eligible to tax incentives. A maximum of 2,260 euros paid in life insurance contributions and/or mortgage interest and capital reimbursement can be included in such basket. The idea would be to make fees paid for financial guidance eligible to the basket.

Denmark

In Denmark, suggestions focus on creating more awareness of financial guidance and its value, by promoting situations there could be a tangible gain as a result of seeking financial guidance (e.g. the benefits of shifting provider).

Today the cost of not-independent advice, i.e. financial advice offered by financial institutions, is included in the cost of the product and many believe it is free. The use of financial guidance may be improved by making these hidden costs more visible. However, that may mean that the cost of the financial advice and the cost of the product should be split up; e.g. with a loan product, the assessment of the creditworthiness/suitability of a loan should be part of the cost of the advice. This has been suggested by the Danish Consumer Organisation, Forbrugerrådet.

Germany

Consumer associations and fee-based advisors that we interviewed felt they would benefit from increased representation of their activities in the media. In this regard, state agencies could and should also get involved. Smaller to medium consumer associations, on the other hand, would favour enhanced funding, again through state agencies. In summary, all consumer centre interviewees were in favour of maintaining competition between their own guidance offerings and the guidance or advice available from the industry. Notwithstanding, a ban on commissions was contemplated. When asked their views on a voucher system, interviewees said it should not be restricted to consumer centre guidance as it is not realistic to give such a competitive advantage to a specific group of providers vis-a-vis the other professional private sector providers.

United Kingdom

There was a strongly held view among specialist financial guidance providers in the UK that such services should be provided free of charge. As such, incentives were viewed as inappropriate. Indeed, it is possible that, if the boundary between advice and

guidance can be clarified, financial advisors might begin to provide financial guidance as a way of incentivising use of investment advice.

8. The effectiveness and quality of financial guidance services

Just over a third of financial guidance providers said that they did not monitor user either satisfaction or effectiveness in any way. The remainder were split fairly evenly across those who used feedback forms from users (25 per cent), formal surveys (21 per cent) and other ways (19 per cent). In addition, three in ten (31 per cent) providers said that their service had been formally evaluated by an external body. Some, but by no means all of those with formal reports written on their financial guidance provided links to published reports.

The literature review showed that the most common assessment made of services involves measurement of user satisfaction which were often accompanied by measures of how likely the consumer is to use the service again or to recommend it to others (ASIC 2016, Comptroller and Auditor General 2013, Farnish 2015, Hyde et al 2010, Kempson and Collard 2010, Macmillan Cancer Support 2012, Thurley 2016). Typically, they found very high levels of satisfaction - but this is, in part, a function of the question itself. More nuanced measures of effectiveness and quality were much less commonplace.

Australia

ASIC has an independent evaluation of the awareness and use of the MoneySmart website conducted every six months. The research objectives are to measure awareness of the MoneySmart site and brand, establish visitation to the website and use of different features, determine the source of awareness and triggers of visitation, evaluate the users experience of using the website and identify actions people have taken after visiting the website (ASIC 2016). It showed that it has been somewhat successful in reaching the targeted groups. While there is limited breakdown of the demographics of users, the report shows that most common users are aged between 25 and 44. Between 2011 and 2015 there have been upward trends in Australians' awareness of the MoneySmart brand from 16 per cent to 34 per cent and visitation to the site from 4.8 per cent to 11.1 per cent.

The Financial Information Service has not conducted a formal evaluation of the service. A recent audit of the Service included a recommendation for a formal evaluation of outcomes to be conducted (Australian National Audit Office, 2016).

Denmark

The public organisation Penge- og Pensionspanelet (the Money and Pension Panel) has, since the development of its website in 2007, continued to introduce new information, interactive tools, blogs, tweets and reports on consumers' financial matters. The impact of these tools is unknown as no evaluation has been identified.

France

No measurement of the satisfaction of consumers who benefit from the "Entretien information retraite" has been identified, with evaluations being limited to quantitative data. The data includes statistics on reports produced during interviews and rates of follow-up interviews. These monthly statistics also include data on the number of

interviews requested, the number of interviews completed, average interview length, and the number of times the process was interrupted. Data are analysed by age and gender.

Germany

Although the financial service guidance service provided by consumer organisations has generally grown over time there is no public measure of its effectiveness. In the early 2000s, the iff conducted an (unpublished) evaluation of the overall advice service offered by one consumer association which showed that more than 80 per cent of its clients were very satisfied with the advisory services they received - it did not, however, focus on the financial guidance service. This level of satisfaction was confirmed in the interviews with employees of consumer associations.

United Kingdom

Studies in the UK not only cover levels of satisfaction but have included specific questions on things such as: whether users got all the information they required; whether the person providing the guidance fully understood their needs; whether staff were knowledgeable, ease of contact and whether they were given the appropriate amount of time to explain and deal with their needs (Hyde et al 2010, Kempson and Collard 2010, Macmillan Cancer Support 2012).

Other evaluations have attempted to go further by providing an assessment of the outcomes of the information and guidance. Most commonly this included what actions the user took following the guidance (Comptroller and Auditor General 2013, Hyde et al 2010, Kempson and Collard 2010, Macmillan Cancer Support 2012). This has also included: measures of the importance of the guidance provided in subsequent decision-making (Kempson and Collard 2010); whether users felt more confident about managing their finances (Macmillan Cancer Support 2012); and, a self-rated assessment of the change in understanding of retirement issues as a result of using a specialist pension guidance service (Hyde et al 2010).

The only way that any change in behaviour can be attributed to the service itself, rather than other factors that have potentially influenced behaviour, is by comparison to a control group. The only study to undertake this is the UK Pathfinder Money Guidance evaluation, which compared the outcomes above for users of the Money Guidance Service with the outcomes of a broad comparison group of similar types of people living outside the Pathfinder regions who had used other sources of information and guidance for a broadly similar range of enquiries. Regression analysis of the data controlled further for differences in the characteristics of the two groups of users. The study found that:

- Money Guidance users were more likely to get all information they needed than the comparison group. However, users of the telephone service were less likely to have done so than users of either the website or the face-to-face services
- Money Guidance users were no more likely to have taken action as a result of the guidance they received than the comparison group. And there were no differences across delivery channels
- There was no difference in importance of the guidance received in subsequent decision-making between Money Guidance users and the comparison group and no difference between the three Money Guidance channels.
- Across five financial capability domains (managing money, keep track of finances, planning for the future, choosing financial products and staying informed), Money Guidance users improved more than the comparison group.

But this was mainly due to face-to-face users. Other channels had no significant effect.
(Kempson and Collard 2010).

The UK Money Guidance evaluation also used expert peer review to assess the quality of the guidance given by staff delivering the telephone and face-to-face guidance sessions. On the whole, the quality of the service was judged to be high across a range of measures. However, it was concluded that the money guides strayed too far from the boundary with regulated advice and that this was to the detriment of the user (Kempson and Collard 2010).

9. Regulation, quality assurance and redress

In Australia, the Netherlands and the United Kingdom, where financial advice has been re-regulated, financial guidance is generally an unregulated activity, regardless of the type of organisation providing it. The only exception we found was Pension Wise financial guidance service in the UK. The situations in the four countries that have yet to transpose MIFID II is less clear.

The survey showed that most of the providers who responded said that their services were regulated by the financial services regulator. As might be expected the likelihood of a financial guidance provider being formally regulated was strongly related to the level of service they offered to consumers. So it was highest for those that recommended a specific product or course of action and lowest for those that only provided information. Nevertheless, there were 'information-only' providers who said that they were regulated and providers who made recommendations who said that they were not. This was confirmed by the interviews.

9.1 Quality assurance and accountability of financial guidance services

Financial advisors in all countries are supervised and registered with the Financial Services Regulator. Some also have tailored provisions for regulating independent financial advisors and planners. In contrast, organisations that provide financial guidance appear not to be subject to formal regulation and quality control schemes tend to be either internal or involve accountability to the funder.

Australia

ASIC is the regulator of financial advisors and planners and issue licenses for the provision of financial advice. However, a license is not required when giving factual information only. This applies to information without including an evaluation of financial products, or making specific recommendations (ASIC, 2012).

The Financial Information Service provides comprehensive training and development activities for new and existing staff. In 2010, the department developed and implemented a FIS Learning Strategy, a structured approach to meeting the learning needs of staff. The strategy includes a targeted induction program which involves on the job training combined with intensive face-to-face technical training. The department also runs specific training courses, professional development days and as mentioned earlier support for staff to undertake the Diploma of Financial Planning.

ANZ developed a specific training program for staff working in the Women's Advice Service to help them become aware of women's financial needs and know how to best respond to them.

The team responsible for the MoneySmart website conduct thorough consultations with stakeholders in developing content for the site and are well versed in latest research and knowledge relating to financial literacy and financial wellbeing of Australians. ASIC holds a national financial literacy conference biannually which brings together international and national experts in relevant fields.

Belgium

In Belgium, independent financial planners are licensed by the market authority FSMA. Investment firms may provide financial planning services without any specific licence. Business rules of both independent financial planners and investment firms providing financial planning services are subject to the law of 8 July 2014 and the implementing regulation of 8 July 2014.

A natural person or a moral person is granted a licence of independent financial planner by FSMA after submission of a complete file including a 3-years business plan, the presentation of an adequate organisation preventing, among other, conflicts of interest, a professional liability insurance and any document certifying the professional integrity and expertise of staff members. Independent financial planners may not provide investment advice services in the sense of MiFID II. They may not receive any portfolio management mandates. They are exclusively remunerated by their clients.

Clients of independent financial planners and investment firms providing financial planning services should inform their clients that their services should in principle include four dimensions, namely civil law, fiscal law, social and personal security and the general economic and financial context. Financial planning services should cover the whole wealth of clients except in case of an explicit restriction asked by clients.

FSMA can impose fines to firms in breach of regulation and criminal sanctions are also foreseen by the law.

Denmark

In Denmark, before January 2014, private financial counsellors were not subject to minimum requirements of education, branch standards, and supervision. Examples of bad advice were seen where the counselling took the form of exploitation. This increased the focus on branch standards. A single independent counsellor (Uvildige.dk) has therefore developed its own ethics guidelines, stated in general, vague terms. Attempts to establish a branch organisation have been made by the association of independent financial counsellors¹⁹. The association has made a comment on a report from the Danish Ministry on Business and Growth (Erhvervs- og Vækstministeriet) on the possibilities to strengthen independent counselling²⁰, but the activity of the association seems minor after the Act on Financial Counsellors came into force.

The Act on Financial Counsellors (Act no. 599 of June 12 2013) came into force in January 2014 and places particular focus on companies offering independent counselling about financial products. The term *independent* or similar terms should

¹⁹ INFIA – Sammenslutningen af uvildige økonomiske rådgivere

²⁰ Erhvervs-, Vækst- og Eksportudvalget, Rapport omkring mulighederne for at styrke uvildig rådgivning, ERU, alm. del, bilag 44, 2012-13.

mainly be used for such counsellors (see Art. 9). To offer independent financial counselling according to the Act, a licence is required; the licensed counsellors are mentioned above. The Danish FSA is the supervisory body.

The Act has a Danish origin, but was changed by Act no. 532 of 29 April 2015 due to the implementation of the Directive on Credit Agreements for Consumers relating to Residential Immovable Property (2014/17/EU). Today, the Act therefore also extends to credit intermediaries (see the Directive Art. 4). Forthcoming changes are pending due to the implementation of MiFID II - Directive on Markets in Financial Instruments (2014/65/EU). It is suggested that the Act should also cover investment counsellors, introduce legislation on confidentiality, including the unauthorized disclosure of information, and remuneration policy (the draft law proposals in public hearing of November 16 2015 and February 11 2016). It is also suggested that a new Art. 46a and a new Art. 46b in the Financial Business Act (Act no. 182 of February 18 2015) will introduce legislation on independent investment advice offered by financial undertakings (law proposal no. L 159 of March 30 2016).

The Act on Financial Counsellors may well cover financial guidance as defined by this study. *Counselling* in the Act is understood as: "Personal recommendations to a consumer about transactions in context with financial products or credit agreements for residential immovable property"; see Art. 2. According to Art. 1, the Act does not apply to counselling on financial products, as the company offers on its own or on behalf of others. Financial undertakings/credit institutions still have their own legislation. The Act does also not apply to occasional or ancillary counselling on financial products in pursuit of other business, if law regulates the business or the behaviour of the profession is otherwise regulated. This applies, for example for real estate agents and lawyers.

Four executive orders supplement the Act: the Executive Order on Competence Requirements for Financial Counsellors (Executive Order no. 1251 of November 1 2013), the Executive Order on Good Business Practice for Financial Counsellors (Executive Order no. 1582 of December 18 2013), the Executive Order on Financial Counsellors' Liability Insurance, Guarantees and Treatment of Entrusted Funds (Executive Order no. 1255 of November 1 2013), and the Executive Order on a Undertaking's Duty to Publish the FSA's Assessment of the Undertaking (Executive Order no. 1567 of December 23 2014).

The Executive Order on Competence Requirements for Financial Counsellors (Executive Order no. 1251 of November 1 2013) has more detailed rules on qualification requirements for employees of a financial counsellor. The competence requirements are specified for credit, deposit, insurance, pension, and investment products. The financial counsellor must have a written procedure for systematic training, which ensures that all employees providing advice on financial products have the necessary skills. A financial counsellor must also ensure that the employees have gone through this training before they begin to provide advice and must update the skills of the employees.

Before the Act on Financial Counsellors (Act no. 599 of June 12 2013), the more general provisions on *good marketing practice* in the Marketing Act Art. 1 and 3 (Act no. 1216 of September 25 2013) could be applied to other financial counsellors than financial undertakings; the broad term good marketing practice covers more than advertising and captures most elements not covered by other provisions. Today, the Executive Order on Good Business Practices for Financial Counsellors (Executive Order no. 1582 of December 18 2013) Art. 2 states that a financial counsellor must act in

good faith and loyalty towards consumers. According to Art. 3, a financial counsellor may not use misleading or false information or omit material information if this is capable of appreciably distort consumers' economic behaviour on the market. Marketing, which in its content, form or method used is misleading, aggressive or exposes consumers to undue influence and which is capable of appreciably distort their economic behaviour is also not allowed. Accuracy of statements of fact must be documented. An invitation to purchase for consumers should be followed by the specified information in Art. 4.

The Executive Order on Good Business Practices for Financial Counsellors, presents a collaboration agreement in Art. 5. Before a financial counsellor begins to work for the consumer, the parties shall enter into a written agreement. The agreement must be reviewed with the consumer and must at least contain information on: *the services* which the financial counsellor must deliver, *the amount of money* that the consumer must pay for the financial counsellor's services, the period of the agreement, including the deadline for the parties to resign, *the power of authority* that the consumer may give to the financial counsellor, *the extent of financial counsellor's liability insurance* in regard of the agreed services, and the independence of the financial counsellor. A financial counsellor, who is not independent, must inform the consumer why the financial counsellor is not independent. The power of authority that a consumer may give to a financial counsellor is regulated in Art. 6 by a duty to inform the consumer, a prohibition against securities trading by the financial counsellor, and a right for the consumer to always terminate the authority. In regard of advice, the "know-your-customer-principle" is elaborated in Art. 7 to 12, and the wording seem to be inspired by the Executive Order on Good Business Practice for Financial Undertakings (Executive Order no. 1094 of September 14 2015).

France

Financial guidance is not regulated in France.

Germany

The fee-based advisers with the label "Honorar-Anlageberatung" are regulated by the German financial supervisory authority (the BaFin). The consumer centres are not supervised by BaFin but by the subnational government and respective consumer protection ministry of the State that funds them. Though standards are not set and harmonised for all centres country wide, each centre is more or less able to establish their own procedures and standards with regard to how guidance should be conducted and monitored. Despite the possibility of variation in the quality across states, there are forums for exchanges and sharing of better practice and guidance quality is ensured through generally high professional training standards regarding the recruitment of future employees. Many consumer associations hire people with a university degree, mostly lawyers and economists, as well as employees having been trained in financial services and having received further training. In addition, the umbrella organization, vzbv, organises a series of training sessions for the staff of consumer organisations annually which contributes to establishing better practice. The vzbv does not, however, have much control over them unless there are financial flows making them dependent (like the "Marktwächter"-program). The vzbv as umbrella organisation is primarily responsible for advocacy and influencing policy making and less with harmonization of practices of the decentralized centres. Likewise, the Ministry in charge of consumer protection in the area of financial services to households does not subject the consumer centres to specific rules including in the specific qualification of the consumer centre staff other than their education attainment requirements.

There are two standards of regulatory control with regard to investment advice/mediation. Whereas the BaFin and the Bundesbank operate at national level and supervise the financial institutions, the local commercial regulatory authorities (Gewerbeaufsichtsämter) control the work of intermediaries of financial products (such as fee-based advisers called Honorar-Finanzanlagenberater) in relation to admission requirements, their reliability and their professional competences. The regional authorities are also responsible for ensuring that providers accurately calculate and show the prices of their products such as checking the accuracy of disclosed annual percentage rate of charge (APR) for consumer credit and home loans. Authorisation process for intermediaries is, in general, only a formal permission process without regular on-site visits afterwards, and local staff typically do not have specific knowledge about financial services. However neither BaFin nor the local commercial regulatory authorities supervise the consumer centres providing guidance.

The Netherlands

In the Netherlands, Nibud and Stimulansz (2015) created an evaluation form for financial coaching. With this evaluation form, a financial coach can score whether the financial behaviour of a consumer improves. The evaluation form is based on the competences of Nibud²¹. Such evaluation methods are also used by volunteer-organisations, when helping others with their financial administration.

The United Kingdom

In general, financial guidance is not a regulated activity in the UK. The one exception relates to pensions guidance. When the UK Government introduced radical changes to private pensions, allowing consumers to use their savings how they choose and removed the obligation to buy an annuity with it they also announced that a new standards regime would be set up under the Financial Conduct Authority for designated pension guidance providers and that the regulator would be given duties and powers to set standards and monitor compliance. In 2015, the Financial Conduct Authority published these official standards in its Handbook. These cover the delivery of the guidance service, professional standards, communications, systems and control to ensure compliance with the standards, complaints management, content of the guidance session and the records that should be kept of the guidance session. The section relating to the content of the guidance session is reprinted in full below:

A guidance session must do the following:

- (a) *inform consumers of the scope, purpose and limitations of the session*
- (b) *inform consumers about the pension entitlement and other personal and financial information that the designated guidance provider may request from them during the session*
- (c) *request information from the consumer about their accumulated pension pots, including the information specified in Part 3*
- (d) *request information about the consumer's financial and personal circumstances that is relevant to their retirement options, including the information specified in Part 3*
- (e) *alert the consumer to other sources of information and advice as appropriate and at relevant points during the session*
- (f) *identify for the consumer and provide them with information about:*
 - (i) *the options relevant to the consumer*
 - (ii) *to the extent that they are relevant to the consumer's options, the factors in standard 11(d) and the other issues in standard 11(g), and*
 - (iii) *the potential tax implications or debt obligations*

²¹ The Nibud competences correspond to the classification of the Adult Financial Capability Framework of the Financial Services Authority (2006)

- (g) set out the next steps for the consumer to take under standard 21, and
- (h) provide consumers with a record of their guidance session in accordance with standard 23. (Financial Conduct Authority 2015)

Beyond this, and as noted above, there is currently a grey area for regulated financial advisors should they provide financial guidance.

The three major national providers – the Money Advice Service, The Pensions Advisory Service and Pension Wise, are all accountable to Parliament for the work that they do. Beyond that, national networks such as Citizens Advice and Age UK have their own internal systems of quality assurance. And organisations such as Citizens Advice and A4E who are outsourced providers of services for the Money Advice Service or Pension Wise are accountable to those bodies for the quality of the financial guidance service they provide.

9.2 Qualifications held by staff and the accreditation of financial guidance

The organisations surveyed were asked three successive questions about individuals who are directly involved in the provision of financial guidance in their organisations: the number of staff concerned, the number of volunteers concerned and the qualifications the staff and volunteers hold that are specifically related to financial guidance.

The number of staff or volunteers was low in most of the surveyed stakeholder organisations. Only 18 per cent and two per cent had more than 10 staff or volunteers, respectively. Almost one third had no staff directly involved in financial guidance and nine out of ten had no volunteers. In France, the largest number of staff members declared by those surveyed was 60. One Australian organisation declared 140 staff members, while another had 400. One surveyed from the UK declared having a staff of 300. Another from the Netherlands, declared 400 and another 700, with all of them holding a specific qualification related to financial guidance.

Only two surveyed organisations said that they had large number of volunteers: one from the UK with 400 volunteers, of which 300 held specific qualifications related to financial guidance; and one from the Netherlands with 500 volunteers, of which 400 held a specific qualification relating to financial guidance.

	Number of staff	Number of volunteers	Number of qualified staff or volunteers
0	35%	91%	6%
1 to 5	30%	6%	52%
6 to 10	17%	2%	18%
11 to 20	6%	0%	7%
21 to 100	6%	0%	6%
More than 100	6%	2%	10%
Total	100%	100%	100%

In total, just over half respondents (52 per cent) said that there were between one and five staff members or volunteers in their organisation that held specific

qualifications that were relevant to financial guidance. And for the most part, these were ones that were recognised qualifications for providers of financial *advice*.

Australia

In Australia, the majority of Financial Information Service officers hold a Diploma of Financial Planning. The department encourages staff to obtain relevant qualifications by supporting the service with sponsorship of 10 staff per year to undertake the diploma. Again in Australia, The ANZ Women's Advice Service employ only licenced financial planners, who are required to hold a Diploma of Financial Planning as a minimum qualification. The ASIC interviewee stated there is on-going work in Australia to raise the minimum qualifications for financial planners to a Bachelor degree.

Belgium

There are no specific requirements applying to the staff of investment firms providing financial planning and the six independent financial planners do not play a significant role in the country.

Employees of Test-Achat providing financial guidance on the hotline are experienced experts in savings topics.

France

Financial guidance is not a regulated activity in France and there is no requirement applying to the staff that may provide such ancillary services.

On the other hand, the staff of specialised organisations may be highly qualified. For instance, the staff of firms providing assistance for coordinating complex pension benefits often comes from social security bodies.

As mentioned above, notaries play a major role in France at major steps in life, including mortgage subscription, donation, and inheritance. Staffs employed by notaries are specialists of legal issues and they are also experts of many aspects of financial taxation. However, most of them have no specific training in finance. Hence their advices are often driven by tax consideration rather than taking into account their clients' time horizon, risk aversion or needs for wealth diversification.

Germany

In Germany, financial guidance is offered by two groups of advisors in particular. Financial Planners (employees of private banks) receive their training to become a certified financial planner (CFP) within the framework of postgraduate studies. In contrast, advisors in consumer associations have a much more heterogeneous training structure. They will usually have completed legal or economic higher education studies. Many advisors have been trained as bank or insurance salespeople, often complemented by further qualifications. There are no harmonised requirements across all the centres. They are individually free to select their staff as they please. Only the legal advice staff have minimum qualification standards but in the area of financial guidance staff competence and qualification will vary. The majority of freelance employees of consumer associations are fee-based advisors with professional training (chamber of commerce) according to statutory regulations. The centres will hire or contract out experts on a fee basis (freelancers such as professional lawyers who work for the centre in addition to their main job), the fee paid by the consumer is not directly related to the fee paid by the centre for the staff providing the guidance. The model is flexible for the centre in case of funding shortfalls. In addition to these externally contracted professionals, becoming an advisor at the consumer associations will be either with a Bachelor level education attainment (law and economics/business

studies), or via recruitment from ex-industry employees whom have practice experience and have undergone professional training in their career path before joining the centre.

The umbrella organisation of German consumer associations (VZBV) organises frequent further training for advisors. The number of advisors for both groups is unlikely to exceed 3,000. Judging by the amount of financial advisors in Germany, they constitute a very small group.

United Kingdom

Staff members from the largest non-industry financial guidance providers held a variety of educational qualifications as financial advisors – most likely because there are no qualifications specifically for financial guidance. These included diplomas/certificates from the Chartered Insurance Institute, Institute of Financial Services, Foundations in Accountancy and Pensions Management Institute.

When the then regulator, the Financial Services Authority first proposed that a national financial guidance service should be established in the UK, they proposed that there should be a voluntary accreditation process for generic financial advisors (financial guidance providers) and worked with the Skills Council to develop a set of core skills and competencies (Financial Conduct Authority 2005).

This was picked up by the Thoresen review, which recommended that there should be an accreditation process for the national financial guidance body and also its partner organisations. It was proposed that delivery partners should be accredited at an organisational level, not at the level of individual advisors. The final report proposed that

- *"The accreditation process should require applicants to demonstrate that their advisors have the competencies to provide guidance to the centrally determined standard.*
 - *The accreditation model should allow partners the flexibility either to design and operate their own training programmes for advisors, or to utilise centrally produced training material.*
 - *Requirements for gaining accreditation should include using agreed Money Guidance advice protocols, following appropriate hand-off and referral procedures, and holding liability insurance.*
 - *Where potential partners have an internal accreditation process – e.g. for local branches of a national organisation – Money Guidance accreditation should complement this and as far as possible avoid duplication of requirements.*
 - *Following initial accreditation there should be arrangements to ensure that partners meet the standards on a continuing basis."*
- (HM Treasury 2008)

The Financial Services Skills Council (now the Financial Skills Partnership) subsequently published a set of national voluntary occupational standards for providers of financial guidance (then known as generic financial advice) as part of the Financial Services Authority's national strategy for financial capability. The standards contain units on:

- engaging with the consumer: establishing reasons for seeking generic financial advice;
- establishing the consumer's key financial concerns and gathering relevant information;
- identifying and agreeing on priorities and options for the consumer to enable informed financial choices;

- identifying ways of meeting financial needs for the consumer to consider; and
- referring the consumer to further financial information or advice.²²

More specifically, those providing financial guidance need to have a broad knowledge about budgeting, debt and borrowing, savings and investments, and protection products, but where a consumer needs personalised advice the advisor will be expected to assist the consumer by referring them to a specialised advisor. When gathering information about the consumer's key financial concerns, the financial guide must:

- encourage the consumer to express the nature of their financial concerns and establish if the advice is for them or a third party;
- discuss with the consumer their issues and concerns, their financial circumstances and help them identify what provision they may currently have;
- ascertain whether the consumer anticipates any changes in the foreseeable future which may affect the area of advice concerns;
- explain to the consumer your advice is based solely on the information they have been able to provide for you;
- check the consumer understands their current financial circumstances and what areas need to be addressed; and,
- agree with the consumer if any immediate action is required and what it will be.

When identifying options for the consumer, the options presented must reflect the consumer's own aspirations and goals rather than presenting the consumer with options the advisor thinks are appropriate for the consumer's circumstances. This means that the financial guide needs to:

- understand what is meant by generic financial advice and the rules which currently apply to the different types of advice;
- demonstrate knowledge of the principles of business ethics and integrity as set by relevant financial codes of conduct;
- understand the major life stages/events which can affect finances;
- understand the importance of the ownership of assets in improving financial prospects throughout life;
- understand and explain the basic principles of taxation;
- know the main types of financial services options and solutions available and how they are paid for;
- know the key organisations and consumer protection bodies and the roles they play within the provision of financial services; and,
- be aware of relevant regulations and legislation applying to generic financial advice;
- be able to recognise potential areas of benefits and/or tax credits which might apply to the consumer, the conditions applying to them and where to refer the consumer to obtain further information; and

²² Weblinks for each of these can be found at:

[http://nos.ukces.org.uk/PublishedNos/FSPGFA01.pdf#search=generic per cent20financial per cent20advice](http://nos.ukces.org.uk/PublishedNos/FSPGFA01.pdf#search=generic%20financial%20advice)

[http://nos.ukces.org.uk/PublishedNos/FSPGFA02.pdf#search=generic per cent20financial per cent20advice](http://nos.ukces.org.uk/PublishedNos/FSPGFA02.pdf#search=generic%20financial%20advice)

[http://nos.ukces.org.uk/PublishedNos/FSPGFA03.pdf#search=generic per cent20financial per cent20advice](http://nos.ukces.org.uk/PublishedNos/FSPGFA03.pdf#search=generic%20financial%20advice)

[http://nos.ukces.org.uk/PublishedNos/FSPGFA04.pdf#search=generic per cent20financial per cent20advice](http://nos.ukces.org.uk/PublishedNos/FSPGFA04.pdf#search=generic%20financial%20advice)

[http://nos.ukces.org.uk/PublishedNos/FSPGFA05.pdf#search=generic per cent20financial per cent20advice](http://nos.ukces.org.uk/PublishedNos/FSPGFA05.pdf#search=generic%20financial%20advice)

- know how to collect, record and interpret the information given so you can explain things clearly to the consumer including what the consumer has to do next.

9.3 Liability of financial guidance providers

The survey of financial guidance providers showed that the great majority had professional liability insurance. However, the follow-up interviews revealed a more nuanced picture with regard to liability for the provision of poor guidance to consumers. The position with industry providers - where financial guidance services sat alongside financial advice and product sales - was clear and liability insurance policy holding was the norm.

In contrast, the position with regard to the liability of non-industry providers of financial guidance within our definition was much less clear. In Australia and Germany the view was that they were not liable. In the Netherlands the situation was considered less clear cut while in the United Kingdom it is, in fact, relatively common for consumer bodies to have professional liability insurance.

Australia

Interviewees from the organisations that offer financial guidance confirmed that their staff are not personally liable. Also the financial guidance provided by MoneySmart and the Financial Information Service is categorised as 'giving factual information' and not advice, so there is very low risk. The ANZ Women's Advice Service does provide financial advice and the staff are not personally liable but would be covered under ANZ's indemnity insurance.

Belgium

In order to get the license as independent financial planner from FSMA, it is necessary to subscribe to a professional liability insurance.

Denmark

In Denmark, financial counsellors in the private sector can be held liable in regard of breach of the general tort law (civil law sanctions) and in serious cases criminal law will be applied. The general legal literature on the liability of counsellors will for most parts be applicable²³. Financial counsellors in the private sector may also be subject to public law sanctions due to the supervision by the Danish FSA, Finanstilsynet. These orders outline detailed rules of the importance of having liability insurance, that entrusted funds should be handled with care, and the supervisory powers the Danish FSA.²⁴

²³ See, for example, the books: Langsted, L.B. (2004). Rådgivning I - det professionelle erstatningsansvar [Advice I - The professional liability]. Copenhagen: Forlaget Thomson. Langsted, L.B. (2007). Rådgivning II - det strafferetlige medvirkensansvar [Advice II - Criminal aiding]. Copenhagen: Forlaget Thomson. Samuelsson, M., & Søgaard, K. (1993). Rådgiveransvaret [The advisors liability]. Copenhagen: Forsikringshøjskolens Forlag.

²⁴ Orders include: The Executive Order on Financial Counsellors' Liability Insurance, Guarantees and Treatment of Entrusted Funds (Executive Order no. 1255 of November 1 2013) and the Executive Order on a Undertaking's Duty to Publish the FSA's Assessment of the Undertaking (Executive Order no. 1567 of December 23 2014).

With regard to the public body, Penge- og Pensionspanelet (the Money and Pension Panel), the Danish FSA, provides technical and analytical assistance and acts as the secretariat of the Panel. The Danish FSA is an agency under the Danish Ministry of Business and Growth. The general public law lays out the standards with regard to redress. However, since the tools and information offered via Penge- og Pensionspanelet's website, www.raadtilpenge.dk, is generic and is not targeted to a specific individual's circumstances, the question of liability will rarely arise.

Germany

The consumer centres do not recommend any products and therefore they consider themselves not being exposed to liability risk. Because many of the guidance counsellors that are staff do not have an insurance coverage, and because no form of state backstop exists that would step in to meet such claims of bad advice, the centres are fully clear that no product recommendations can take place. The interview answers from two consumer centre representatives have told us that to their knowledge there are no incidences of legal action that have been recorded or observed in this respect (see next section on complaint treatment possibilities). Fee-only advisors may be subject to public law sanctions and rules of professional conduct. These apply to their work generally and we expect that these same rules apply whether they are providing advice or guidance (though the guidance service will be less exposed to risks since they by definition do not include any recommendation and thus risk of misselling). Consumer centres as well as fee-only advisors are responsible for safeguarding the personal data of consumers (BDSG, Bundesdatenschutzgesetz). With the exception of the consumer centre guidance providers, all other fee-based advisers require professional indemnity insurance and these requirements are stipulated in different legal texts.

The United Kingdom

Under civil law, advisors and those providing personalised guidance can be held liable for the consequences of giving poor advice/guidance. The desirability of such insurance was noted by the Financial Services Authority when they proposed that a national financial guidance should be set up (Financial Services Authority 2005). As a consequence it is commonplace for organisations engaging in these activities to have professional indemnity insurance. Such insurance typically also covers breaches of data protection legislation. Even so, not all of the UK respondents to the survey said that they had such insurance cover.

9.4 Forms of redress

On the whole industry providers said that their service was covered by a redress scheme while non- industry providers said they were not.

Denmark

While there are special complaint boards for financial undertakings, e.g. the Danish Complaint Board of Banking Services, Pengeinstitutankenævnet, there is not a special complaint board for independent providers of financial guidance. The complainant will have the possibility for bringing the case to court.

Germany

There are no alternative complaint boards for consumers to turn to for perceived mis-guidance received from consumer centres. There is no request for such a service at present and the very isolated incidence of consumer cases of dissatisfaction are generally dealt with by refunding the consumer, since the centre is community

mind. The lack of complaints is linked to the lack of liability risk since no product is recommended.

The fee-based advisers are not providing guidance under the strict definition, however, they do have mechanisms to deal complaints via both hard and soft law. „Honorar-Finanzanlageberater“ (and Versicherungsberater - insurance advisers) need a licence from the competent chamber of commerce and must be registered in regional trading offices (Gewerbeamt). When complaints are made or when supervisory controls show that fee-based advisers carry out their activities badly they are at risk of having their licence revoked. In addition, these advisers will tend to be members of a trade association (e.g. Bundesverband der Versicherungsberater e.V.) who can also penalise them for not meeting standards or professional ethical codes e.g. by imposing compulsory training, own trade association fines or exclusion from the membership.

The Netherlands

For investment advice in the Netherlands, where a specific product is advised to a specific consumer, liability and complaining procedures are part of the conditions on which a licence is granted. Financial service providers need to have an internal procedure how to deal with complaints. They also have to be connected with an external complaints commission (Kifid).

Financial service providers need to have insurance against (professional) liability.

For non-regulated advice, such as guidance, the situation is less clear-cut. In the interviews, the tool-builders say that liability belongs to the company who offers the tool to consumers. The tools only give insight, they do not recommend a product. This may change in the future if and when robo advice becomes more widespread.

The United Kingdom

As financial guidance is not regulated by the Financial Conduct Authority, it is not possible for users to complain to the Financial Ombudsman Service. There is a grey area, however, if the financial guidance was given by a person who is a regulated financial advisor there is a possibility of a user complaining to the Financial Ombudsman Service and advisors feel that the responsibility rests on them to prove that guidance and not advice was given and that the complaint is outside the Ombudsman's jurisdiction. The lack of clear definitions of financial guidance and advice is currently holding industry financial advisors back from engaging in the provision of financial guidance services.

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Appendix 1: Survey results

Financial guidance service status

Country	Yes	No, but we are considering offering such a service	No (This will end the survey after a few questions)	Total
Germany	72	6	9	87
France	58	0	5	63
United Kingdom	18	0	1	19
Netherlands	24	0	0	24
Denmark	17	0	0	17
Australia	14	1	2	17
Belgium	3	0	0	3
Total	206	7	17	230
	90%	3%	7%	100%

Country	A free-standing financial guidance service	An incidental service alongside regulated financial advice	An incidental service alongside selling financial products	An incidental service alongside debt counselling	Other	Total
Germany	24	15	12	0	2	53
France	29	7	7	0	6	49
United Kingdom	11	1	0	0	3	15
Netherlands	12	2	1	0	5	20
Denmark	11	2	0	0	1	14
Australia	3	7	0	1	5	16
Belgium	1	0	0	0	2	3
Total	91	34	20	1	24	170
	54%	20%	12%	1%	14%	100%

Country	Less than one year	One to five years	More than five years	Service not yet set up	Total
Germany	1	12	37	2	52
France	2	2	43	0	47
United Kingdom	2	5	7	1	15
Netherlands	0	8	10	0	18
Denmark	2	5	6	0	13
Australia	1	2	11	1	15
Belgium	0	1	1	0	2
Total	8	35	115	4	162
	5%	22%	71%	2%	100%

Table 4 (1). Please indicate the type of organisation you are:						
Country	Government body	Non-governmental public body	Financial services regulator	Non-for-profit organisation	Commercial website	Independent financial advisor
Germany	1	1	0	3	0	32
France	0	0	0	1	0	19
United Kingdom	2	1	0	7	0	0
Netherlands	1	1	1	4	2	0
Denmark	0	0	0	0	1	10
Australia	1	0	0	5	0	5
Belgium	0	0	0	1	0	0
Total	5	3	1	21	3	66
	3%	2%	1%	13%	2%	41%

Table 4 (2). Please indicate the type of organisation you are:						
Country	Bank	Other financial services provider	University	Accountancy/law firm	Other	Total
Germany	11	2	0	0	2	52
France	5	5	0	0	15	45
United Kingdom	0	0	0	0	6	16
Netherlands	2	3	0	0	4	18
Denmark	0	2	0	0	0	13
Australia	1	0	0	0	3	15
Belgium	1	0	0	0	1	3
Total	20	12	0	0	31	162
	12%	7%	0%	0%	19%	100%

Scope of your financial guidance service

Country	Face-to-face personal service	Telephone personal service	Internet personal service	Website	App
Germany	46	22	14	11	2
France	45	5	4	1	0
United Kingdom	8	9	6	12	1
Netherlands	8	7	10	16	3
Denmark	13	8	7	2	0
Australia	10	9	5	7	0
Belgium	1	2	0	3	0
Total	131	62	46	52	6

Country	General information	Interactive information tailored to users' circumstances or needs	Interactive tools or calculators
Germany	11	3	5
France	1	0	0
United Kingdom	12	4	12
Netherlands	11	13	14
Denmark	1	1	0
Australia	7	4	5
Belgium	3	1	2
Total	46	26	38

	General information	Interactive information tailored to users	Interactive tools or calculators
Day-to-day money management	28	14	22
Retirement planning	32	17	25
Investment planning / wealth management	29	13	15
Saving	34	10	17
Insurance planning / protecting family	28	9	12
Tax planning	22	6	10
Estate planning e.g. wills	24	5	4
Long-term care planning	21	5	6
Education finance planning	22	8	11
Buying a home	22	10	13
Other	13	9	9

Table 8. Please indicate the subjects covered by your financial guidance services:

	Face-to-face	Telephone	Internet
Day-to-day money management	67	45	27
Retirement planning	120	38	32
Investment planning / wealth management	113	33	25
Saving	108	40	28
Insurance planning / protecting family	106	36	26
Tax planning	90	24	16
Estate planning e.g. wills	99	26	16
Long-term care planning	91	24	18
Education finance planning	76	19	14
Buying a home	94	34	23
Other	18	12	11

Table 9. Would you be able and willing to provide us with a breakdown of the subject area for each of the above communication channels?

Country	Yes	No
Germany	8	29
France	19	21
United Kingdom	7	2
Netherlands	4	9
Denmark	0	13
Australia	3	7
Belgium	0	2
Total	41	83

Nature of financial guidance

Table 10. Which of the following describes the nature of the financial guidance you give to consumers?

Country	We only provide information on the options available to a consumer	In addition to providing information on options, we also assess the options available to a consumer and provide guidance on a broad product group or course of action that could meet their needs	In addition to both the above, we also recommend a specific product or course of action
Germany	2	9	25
France	1	19	20
United Kingdom	7	7	1
Netherlands	10	5	3
Denmark	0	2	10
Australia	2	1	9
Belgium	0	3	0
Total	22	46	68

Table 11. Which of the following describes the nature of the financial guidance you give to consumers?		
Country	Simple, once-off advice on one issue	Ongoing advice
Germany	7	31
France	5	35
United Kingdom	13	2
Netherlands	11	6
Denmark	6	7
Australia	6	8
Belgium	2	0
Total	50	89

Consumer cohort & accessing resources

Table 12. Does your financial guidance service cover all sections of the population or specific groups only?		
Country	All sections of the population	It is restricted to specific sections of the population only
Germany	18	16
France	26	13
United Kingdom	9	6
Netherlands	14	4
Denmark	11	1
Australia	8	4
Belgium	1	2
Total	87	46

Table 13a. Do you direct your users to any of the following sources to enable them to choose appropriate products? - Own comparison tables			
Country	Yes	No	Not applicable
Germany	16	9	6
France	23	7	3
United Kingdom	7	3	2
Netherlands	4	6	8
Denmark	4	5	1
Australia	6	3	1
Belgium	3	0	0
Total	63	33	21

Table 13b. Do you direct your users to any of the following sources to enable them to choose appropriate products? - Comparison tables produced by others

Country	Yes	No	Not applicable
Germany	13	13	5
France	22	8	3
United Kingdom	11	2	1
Netherlands	6	7	5
Denmark	3	6	1
Australia	6	3	2
Belgium	2	1	0
Total	63	40	17

Table 13c. Do you direct your users to any of the following sources to enable them to choose appropriate products? - Colleagues who are regulated/licensed to give financial advice and recommend products

Country	Yes	No	Not applicable
Germany	9	16	6
France	9	15	7
United Kingdom	7	3	3
Netherlands	9	6	3
Denmark	3	7	0
Australia	6	2	3
Belgium	0	1	2
Total	43	50	24

Table 13d. Do you direct your users to any of the following sources to enable them to choose appropriate products? - Brokers

Country	Yes	No	Not applicable
Germany	4	18	8
France	8	17	6
United Kingdom	6	3	2
Netherlands	5	9	4
Denmark	1	8	0
Australia	4	6	2
Belgium	1	2	0
Total	29	63	22

Table 13e. Do you direct your users to any of the following sources to enable them to choose appropriate products? - Regulated/licensed independent financial advisors who have no links to particular financial services providers

Country	Yes	No	Not applicable
Germany	6	19	6
France	5	19	8
United Kingdom	12	3	0
Netherlands	8	7	3
Denmark	2	6	1
Australia	1	4	5
Belgium	0	3	0
Total	34	61	23

Table 13f. Do you direct your users to any of the following sources to enable them to choose appropriate products? - Not necessary as all staff providing financial guidance are also licensed to give full advice

Country	Yes	No	Not applicable
Germany	15	10	6
France	21	5	10
United Kingdom	1	1	6
Netherlands	4	4	10
Denmark	6	5	0
Australia	7	2	2
Belgium	1	2	0
Total	55	29	34

Promoting and incentivising use by consumers

Table 14. Do you charge a fee to consumers for your financial guidance services?

Country	Yes	No
Germany	23	11
France	28	13
United Kingdom	0	15
Netherlands	4	14
Denmark	12	0
Australia	9	3
Belgium	0	3
Total	76	59

Table 15. Please indicate how you promote use of your financial guidance service:

Country	Through your own website	Mass media advertisement	Social media	Leaflets or other printed materials	Other
Germany	26	4	10	13	20
France	11	3	6	9	24
United Kingdom	15	6	10	12	6
Netherlands	16	4	14	7	11
Denmark	12	4	9	5	2
Australia	12	5	8	7	4
Belgium	2	0	1	1	3
Total	94	26	58	54	70

Table 16. Do other organisations promote your financial guidance for you?

Country	Yes	No
Germany	9	23
France	11	28
United Kingdom	9	6
Netherlands	14	3
Denmark	1	11
Australia	8	4
Belgium	1	2
Total	53	77

Table 17. Do other organisations refer users to you?

Country	Yes	No
Germany	14	19
France	17	22
United Kingdom	11	4
Netherlands	12	6
Denmark	7	5
Australia	10	2
Belgium	1	2
Total	72	60

Table 18 (1). What has proved to be the most successful way of promoting your financial guidance service?				
Country	Through your own website	Mass media advertisement	Social media	Leaflets or other printed materials
Germany	4	1	0	0
France	1	0	1	1
United Kingdom	3	0	0	1
Netherlands	5	1	2	0
Denmark	1	1	0	0
Australia	1	1	0	1
Belgium	1	0	0	0
Total	16	4	3	3

Table 18 (2). What has proved to be the most successful way of promoting your financial guidance service?					
Country	Promotion by other organisations	Referrals from other organisations	Word of mouth recommendations by users	Other	Total
Germany	1	3	22	3	34
France	0	3	30	3	39
United Kingdom	1	3	1	4	13
Netherlands	1	1	5	3	18
Denmark	0	2	7	1	12
Australia	1	0	7	1	12
Belgium	0	1	0	0	2
Total	4	13	72	15	130

Country	Vouchers	Free 'taster' sessions	Other incentive	We do not offer any incentives
Germany	1	8	2	23
France	0	1	0	36
United Kingdom	0	0	1	14
Netherlands	0	2	1	15
Denmark	2	3	1	9
Australia	0	3	2	7
Belgium	0	0	1	2
Total	3	17	8	106

How your service is financed

Country	Grant aid	Fees to users	Advertising fees	Other
Germany	2	20	1	3
France	0	12	0	9
United Kingdom	1	0	0	7
Netherlands	1	3	0	4
Denmark	1	6	1	1
Australia	0	6	0	1
Belgium	1	0	0	0
Total	6	47	2	25

Country	Euros	GBP	AUD	DKK	USD	Other	I do not have information about funding
Germany	30	0	0	1	1	0	2
France	38	0	0	0	0	0	0
United Kingdom	0	12	0	0	0	1	2
Netherlands	15	0	0	0	0	0	3
Denmark	0	0	0	11	0	0	0
Australia	0	0	10	0	0	0	2
Belgium	3	0	0	0	0	0	0
Total	86	12	10	12	1	1	9

Liability, regulation, and oversight

Table 22. Is your financial guidance service formally regulated by a financial services regulator?		
Country	Yes	No
Germany	22	8
France	33	3
United Kingdom	4	11
Netherlands	7	11
Denmark	12	0
Australia	10	2
Belgium	2	1
Total	90	36

Table 23. Is your financial guidance service covered by any form of external self-regulation or oversight?		
Country	Yes	No
Germany	20	10
France	34	3
United Kingdom	4	11
Netherlands	6	12
Denmark	3	9
Australia	9	3
Belgium	1	2
Total	77	50

Table 24. Does your organisation have any liability insurance that covers the provision of poor financial guidance by your service?		
Country	Yes	No
Germany	27	4
France	34	1
United Kingdom	7	5
Netherlands	13	5
Denmark	12	0
Australia	10	2
Belgium	0	2
Total	103	19

User satisfaction and service evaluation

Country	Feedback forums	Formal surveys	Other	None of the above
Germany	12	8	2	15
France	3	4	9	21
United Kingdom	3	7	4	3
Netherlands	10	6	8	2
Denmark	6	2	0	6
Australia	4	4	4	4
Belgium	1	1	1	1
Total	39	32	28	52

Country	Yes	No
Germany	5	26
France	13	21
United Kingdom	6	8
Netherlands	6	11
Denmark	3	9
Australia	5	7
Belgium	1	1
Total	39	83

Country	Yes	No
Germany	8	22
France	5	28
United Kingdom	3	10
Netherlands	7	9
Denmark	1	10
Australia	5	7
Belgium	0	3
Total	29	89

Appendix 2: Detailed overview of financial guidance provision in the United Kingdom

Non-governmental public bodies

At the time of writing, the UK has three large national free-to-client services that have been set up by the Government: one of which offers general financial guidance (the Money Advice Service) and two specialising in information and guidance on pensions (The Pensions Advisory Service, known as TPAS, and Pension Wise). All are free to users.

HM Treasury, has undertaken a major review into the future and relationship between these three services, which closed at the end of 2015²⁵. This was run alongside a review of financial advice market that was conducted by the financial services regulator, the Financial Conduct Authority.

Following this review, HM Treasury published, March 2016, a public financial guidance proposal for consultation²⁶. This outlines the government's plans to restructure the delivery of public financial guidance in the UK.

These include replacing the Money Advice Service with a new, slimmed down money guidance body which will:

- Identify gaps in the financial guidance market
- Commission targeted debt advice, money guidance and financial capability projects or services to fill these gaps
- Provide funding to third parties to deliver projects or services.

It will cease to have a direct delivery channel and will have no consumer facing brand. In anticipation of these changes the Money Advice Service has announced in its 2016/17 Business Plan that it has begun to transition and refocus the services it provides. This includes withdrawing funding to the bodies providing face-to-face guidance on its behalf and will cease marketing and making long- term infrastructure investments in their telephone and web-based services.

In addition, it proposes to set up a new pensions guidance body, which will incorporate the functions currently provided by TPAS and Pension Wise, as well as some of the pensions guidance currently provided by the Money Advice Service.

The government is due to publish a final response to the public financial guidance review in autumn 2016. If implemented the new bodies will commence their work in April 2018. The descriptions that follow of the three bodies affected, therefore, relate to the services they offered as at June 2016.

A chronology of the development of financial guidance services in the UK is given below.

The Money Advice Service

A major, national provider of financial guidance in the UK is the Money Advice Service (MAS), an independent public body set up by government in 2010, which is financed

²⁵https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/467105/public_financial_guidance_consultation.pdf

²⁶https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508153/PU1916_Public_Financial_Guidance_proposal_for_consultation_FINAL.pdf

from a levy collected from financial services firms by the regulator, the Financial Conduct Authority to cover the costs of regulation. The service received £79.1m in funding in the current financial year. It is also a major funder of free face-to-face debt advice across the UK and the statutory body responsible for improving people's understanding and knowledge of financial matters and their ability to manage their own financial affairs.

The service was established following a major review of consumer need for 'generic financial advice' conducted by Otto Thoresen for HM Treasury, which also included the piloting of new services (Thoresen 2008). Following this review, a pilot Money Guidance service (website, telephone and face-to-face guidance) was set up by the Financial Services Authority (the then regulator) that was to become the independent Money Advice Service following regulatory reform in 2010. The pilot service was evaluated (Kempson and Collard, 2010). The MAS faced a number of formal investigations of its work in the wake of its independence (2010-2014) and in response to criticisms about its priorities and refocusing of services that were voiced by financial services sector firms and consumer bodies. This resulted in enquiries being conducted by the Treasury Select Committee of Parliament and the National Audit Office (the body that oversees the spending of public money).

Following these reports, an independent review of the MAS service was commissioned by HM Treasury and the report published in 2015. As noted above, during 2015 it was subject to a formal government review alongside the two other publicly funded services (The Pensions Advisory Service and PensionWise) which has proposed that it should be replaced in April 2018 by a smaller organisation that no longer offers direct services to the public but provides coordination and funding to not-for profit and, where appropriate, commercial providers. (HM Treasury 2016a).

The Service provides face-to-face, telephone and web-based guidance. The face-to-face services are outsourced - to the not-for-profit Citizens Advice services in Scotland and Wales and to the for-profit A4E in England and Northern Ireland.

	Face-to-face	Telephone	Internet	Internet guidance		
				General information	Interactive information tailored to user	Interactive tools or calculators
Day-to-day money management						
Retirement planning						
Wealth management						
Saving						
Insurance planning						
Tax planning						
Estate planning						
Long-term care planning						
Education finance planning						
Buying a home						
Benefits						
Debt						
Births						
Death						
Family (including divorce)						
Work and redundancy						

In general, MAS provides simple one-off advice, giving users information on options available to them, and assessing these options to provide guidance on a broad product group or course of action that could meet their needs. The guidance offered by MAS is summarised in the table above.

MAS have 50 members of staff directly involved in the provision of financial guidance. In the year April 2015 to March 2015 the service achieved 22 million customer contacts through online, face-to-face and telephone services; an increase of more than a third on the previous year. Of these the vast majority were online contacts via visits to the MAS website (22,018,000 of the 22,250,000 total). The average number of consumers assisted per year is 232,000 (of which 95,000 face-to-face, 92,000 by telephone and 45,000 via web chats). The Service is promoted through the MAS website, mass media campaigns, social media, printed materials, SEO, various other digital channels, partnerships and CRM. As might be expected, other organisations refer users to MAS and actively promote the service (including local authorities; government; universities; employers; financial services product providers; internet forums such as Mumsnet and the Money Saving Expert website; charities such as Age UK; and consumer organisations like Which?). Search Engine Optimisation has proved to be the most successful way of promoting the MAS website, and this accounts for 75 per cent of website traffic. Consumer satisfaction is measured through web-based exit polls and face-to-face and telephone surveys.

Users of MAS guidance may be directed to MAS comparison tables, comparison tables produced by others, colleagues who are regulated to give financial advice and recommend products, brokers and regulated / licensed independent advisers who have to links to particular financial services providers. The Money Advice Service operates independently from, but is accountable to, the Financial Conduct Authority. It operates further from the boundary of regulated advice than the Pensions Advisory

Service. However, MAS does hold liability insurance that covers the provision of poor financial guidance.

<https://www.moneyadviceservice.org.uk/en/articles/free-financial-advice-your-options>

The Pensions Advisory Service

The first financial guidance service, set up in 1983 (previously known as OPAS), was The Pensions Advisory Service (TPAS). TPAS is a non-governmental public body and independent non-profit company that provides a national, free financial guidance on pensions and retirement planning, covering workplace, personal and stakeholder schemes and also the State Pension. They answer general questions, help with specific queries and offer guidance for people with complaints about their private pension scheme. Additionally, TPAS is responsible for the delivery of the Pension Wise telephone service (a separate Government service, set up in 2015). TPAS is grant-aided by the Department for Work and Pensions, and received £6.5m funding in the most recent financial year. The Service has a workforce comprising paid pensions specialists (currently 70 members of staff), supported by expert volunteer advisers across the UK (currently 400), who have substantial experience working in the pensions industry; many of whom hold industry qualifications (e.g. PMI, CII, FIA etc.). TPAS, along with the Which? Helpline and Independent Financial Advisers (see sections 3.1 and 4.1 below), is one of the financial guidance services that operates closest to the regulated advice boundary. While not subject to formal regulation, it is accountable to Parliament.

The guidance provided by TPAS is free to the user and covers all sections of the population, offering simple one-off advice, providing information on options available to consumers, and assessing these options to provide guidance on a broad product group or course of action that could meet their needs. Where appropriate users are directed to comparison tables provided by others, and regulated IFAs who have no links to particular financial services providers.

TPAS guidance is delivered by telephone (which includes a pensions helpline and separate helplines for women and self-employed people), internet personal service (either web chat or online enquiry form) and via a website, which provides both general information and interactive tools/calculators relating to retirement planning, as well as interactive information tailored to the user. People can also contact TPAS for help in writing. Between April 2015 and March 2016 the service directly helped 180,000 people (160,000 telephone and 20,000 via internet personal service). The general information offered on the TPAS website has helped 2.3m people.

The Service is promoted through the TPAS website, mass media, social media, printed materials and signposted by schemes and providers. Other organisations may refer people to TPAS, and this has proved to be the most successful way of promoting the service. Consumer satisfaction is measured through feedback forms and formal surveys, and elements of the Service have been formally evaluated by an external body.

The government review of publicly funded financial guidance services that reported in 2016 has proposed that, in April 2018, a new pensions and retirement planning service should be formed from The Pensions Advisory Service, PensionWise (see below) and the work currently undertaken on pensions and retirement planning by the Money Advice Service (HM Treasury 2016).

<http://www.pensionsadvisoryservice.org.uk/>

Pension Wise

In 2015, the Government also established **Pension Wise** which offers free, impartial financial guidance on defined contribution pensions and the purchase of annuities. This was introduced to coincide with the liberalisation of the pensions regime, which ended the requirement for defined contribution pension-holders to buy an annuity and gave them the right to withdraw their pension pot and decide how best to use it themselves.

Pension Wise offers guidance to anyone aged 50 and above about the options for taking a pension pot, and helps people to understand the tax implications. It offers general information and interactive tools and calculators on the Pension Wise website, and also free guidance appointments which are available face-to-face or via telephone. The service is being delivered by The Pensions Advisory Service (for telephone guidance) and Citizens Advice (for face-to-face guidance being run at more than 500 locations out of some 50 regional hubs). It is paid for by a levy on financial services organisations. There are 300 staff who are directly involved in the provision of guidance, all of whom hold qualifications that are specifically relevant (CII qualification). In the current financial year Pension Wise received £39m of funding. The Government has placed a duty on the FCA to set standards and to monitor designated Pension Wise guidance providers' performance against these standards. Pension Wise measure consumer satisfaction via both feedback forms and formal surveys.

Between March 2015 and March 2016 approximately 60,000 individuals had face-to-face (35,000) and telephone (25,000) appointments, and there have been over 2.3 million visits to the Pension Wise website. The Service is promoted via the Pension Wise website, mass media, social media, printed materials, delivery partners, other 'arms' length' bodies in the pensions space, and pension providers. Other organisations refer users to Pension Wise and promotion through other organisations has proved to be the most success means of promoting the guidance service.

In the 2016 Budget, it was announced that the government guidance services Pension Wise and the Pensions Advisory Service will merge by 2018 (see below).

<https://www.pensionwise.gov.uk/>

Other non-governmental public bodies offering financial guidance

The Consumer Council for Northern Ireland (NI) was set up by Government in 1985 and is funded by the NI Department of Enterprise, Trade and Investment (DETI). It is an independent organization with a statutory remit to promote and safeguard the interests of consumers in NI. The CCNI provides some website guidance and downloadable fact sheets on various aspects of banking and budgeting, as well as selecting appropriate car insurance, and home contents insurance for renters.

Government websites

GOV.UK is a UK public sector information website, which provides a centralised point of access to web guidance on government services, including services related to money and tax, benefits, working, jobs and pensions.

Previous 'stand-alone' government department websites now fall under the GOV.UK umbrella. So website financial guidance related to a department's respective area of remit can be found under that department's section of GOV.UK (e.g. the HM Revenue & Customers section of GOV.UK provides guidance on aspects of taxation, while the Department for Work & Pensions section covers guidance related to work and benefits).

Not-for-profit providers

In the UK, a number of not-for-profit organisations offer financial guidance to consumers. We begin this section with a narrative overview of the largest providers offering guidance to the whole population, as well as some of the larger providers offering guidance to specific sections of the population (e.g. older people, or people with cancer), and some smaller providers who responded to our survey. All of the organisations in this section offer a guidance service that is free to the user, with the exception of Which? who provide an unlimited guidance service to subscribers for £1 for the first month (£10.75 per month thereafter). None of the services described below are incentivised, though all are actively promoted. The section concludes with a list of other not-for-profit providers who offer some form of financial guidance. The majority of these are smaller organisations who have a specific customer focus.

Which?

Which? are a not-for-profit organisation who offer a free-standing financial guidance service called Which? Money Helpline, a telephone personal service that has been running for more than five years. It is mainly available to Which? subscribers (the first month of subscription costs £1 and provides unlimited access to the service). During 2015 the service helped 26,093 people. There are 13 members of staff directly involved in the provision of financial guidance, all of whom hold qualifications that are specifically related to this area (Diploma in Financial Advice, and a range of other CII and IFS qualifications such as CF8, RO8, and tax qualifications provided by Tolleys). No information was provided on how the service is funded, but it is likely through the subscription fee. The service is not formally regulated, and isn't covered by any form of self-regulation or external oversight. Consumer satisfaction is measured through formal surveys.

The nature of the guidance is simple, one-off advice on one issue. In addition to providing information on options available to the consumer, the service assesses the options available to the consumer and provide guidance on a broad product group or course of action that could meet their needs. All areas of personal finance are covered, including day-to-day money management, retirement planning, wealth management, saving, insurance planning, tax planning, estate planning, long-term care planning, education finance planning and buying a home. Users may be directed to the Which? comparison tables, tables produced by others, brokers, or regulated / licensed independent financial advisers who have no links to particular financial services providers.

The service is promoted through the Which? website and via leaflets and other printed materials; the latter has proved to be the most successful way of promoting the service.

Which? Is the consumer testing organisation (similar to Tests Achats). Along with TPAS this is the service that comes closest to the border with regulated financial advice.

<http://www.which.co.uk/consumer-rights/action/which-money-helpline---call-our-experts-for-specialist-advice>.

Citizens Advice (CitA)

The Citizens Advice service is one of the largest volunteer organizations in the UK. Citizens Advice Bureaux deliver advice services from over 3,300 community locations

in England and Wales, run by 338 individual charities. Citizens Advice is the national body for bureaux and is a registered charity in its own right. Collectively known as the Citizens Advice service, 28,500 people work for the not-for-profit service; over 22,000 of these are volunteers and nearly 6,500 are paid staff. The advice services provided cover a wide range of subjects from debt, employment, housing, social security/welfare benefits and consumer issues. Some also offer a financial guidance service which is often operated by independent financial advisers as volunteers.

Citizens Advice are the face-to-face provider for the Pension Wise service. They work in conjunction with the Personal Finance Society (see below) across the UK to partner professional financial adviser members of the PFS with local Citizens Advice Bureaux to give financial guidance to consumers who wouldn't ordinarily be able to access professional advice.

Citizens Advice Cymru (Wales), Citizens Advice Scotland and Citizens Advice NI provide general web-based guidance on a range of subjects, including areas of financial guidance such as debt, employment, benefits and money management. This is provided via a redirect from the main Citizens Advice website. Bureaux in Wales and Scotland also provide the face-to-face services for the Money Advice Service.

<https://www.citizensadvice.org.uk>

Citizens Advice Cymru (Wales)

Citizens Advice Cymru's free-standing financial guidance service is funded via a contract with the Money Advice Service (having received £670,000 in the last year), and has been running for less than five years. However the funding for this service is due to end in September 2016. 11 members of staff are currently directly involved in the provision of this guidance. In addition to being subject to formal regulation, the Money Advice Service provides external oversight of the guidance service. Similarly, MAS monitor consumer satisfaction through phone contact. The service is delivered via face-to-face personal advice on day-to-day money management, retirement planning, wealth management, saving, insurance planning, tax planning, estate planning, long-term care planning, education planning and buying a home. The guidance provides simple, one-off advice on one issue and information on the options available to the consumer. Users may be directed to comparison tables produced by others, colleagues who are regulated / licensed to give financial advice and recommend products, and regulated / licensed IFAs who have no links to particular financial services providers. The service is promoted through the CAC website and leaflets, as well as by the funder and partner organisations. Referrals from others have proved to be the most successful way of promoting the guidance service. In the year April 2014 to March 2015 the service helped 6,265 people.

<https://www.citizensadvice.org.uk/about-us/how-we-provide-advice/advice-partnerships/money-advice-service-in-wales/>

Citizens Advice Scotland

Citizens Advice Scotland's free-standing financial guidance service is funded via a contract with the Money Advice Service (having received £900,000 in the last year), and has been running for more than five years. However the funding for this service is due to end in September 2016. 35 members of staff are currently directly involved in the provision of this guidance, and around 10 of these hold qualifications that are specifically related. Both the Money Advice Service and CAS work together to provide oversight of the guidance service. Consumer satisfaction is monitored through formal surveys, and the service has been formally evaluated by an external body.

The service is delivered via face-to-face personal advice on day-to-day money management, retirement planning, wealth management, saving, insurance planning, tax planning, estate planning, long-term care planning, education planning, buying a home, and benefits. The guidance provides simple, one-off advice on one issue and information on the options available to the consumer. Users may be directed to CAS comparison tables, comparison tables produced by others, colleagues who are regulated / licensed to give financial advice and recommend products, brokers, and regulated / licensed IFAs who have no links to particular financial services providers. The service is promoted through the CAC website and foot fall in offices, as well as by the funder and credit unions. The network of bureaux and word of mouth has been the most effective means of promoting the service. On average the CAS guidance services assists 9,000 people each year; in the year April 2015 to March 2016 the service helped 8,640 people.

<http://www.cas.org.uk/about-us/partnerships-services/cab-service-partners/money-advice-service-helping-everyone-make-most>

Macmillan Cancer Support

Macmillan Cancer Support is a not-for-profit organisation offering a free-standing advice service, simply known as the Financial Guidance Service, alongside welfare rights advice, energy advice and grants. The service has been running for under five years and covers people affected by cancer. In the last financial year £750,000 was allocated to the financial guidance service; this is funded from Macmillan's core funding. The service employs 15 members of staff who are directly involved in the provision of financial guidance, alongside two volunteers. It is delivered via telephone, internet personal service (e.g. web chat) and a website. During 2015 the service helped 16,500 people, of which 10,000 were helped via the website, and 6,500 via phone. The service isn't formally regulated and isn't covered by any form of external self-regulation or oversight. Nor does Macmillan have any liability insurance that covers the provision of poor guidance. User satisfaction is measured by formal surveys and periodic in-depth evaluation.

The nature of the guidance is simple, one-off advice on one issue, providing information on the options available to a consumer. The website provides general information on saving, insurance planning, tax planning, estate planning, long-term care planning and buying a home. Interactive information tailored to the user is provided in relation to day-to-day money management and retirement planning, and interactive tools and calculators are provided in relation to day-to-day money management, retirement planning and tax planning. The telephone service covers day-to-day money management, retirement planning, wealth management, saving, insurance planning, tax planning, estate planning, long-term care planning and buying a home. Users may be directed to comparison tables produced by others, brokers, and regulated / licensed independent financial advisers who have no links to particular financial services providers.

The service is promoted through the Macmillan website, social media and printed materials. Other voluntary sector advice agencies and National Health Service staff promote Macmillan's finance guidance service.

<http://www.macmillan.org.uk/information-and-support/organising/your-finances>

Age UK (covers both Age UK national and local Age UK partners)

Age UK is a registered charity (not-for-profit organisation) and federal organisation (i.e. individual partners are self-governing), funded by grant aid, commercial revenue and donations, that advocates for older people. It offers financial guidance (Age UK money matters) as part of a broader information and advice service. It has a national

telephone helpline, together with a national information and advice service that supplements this with printed materials and a website. The guidance service has been running for more than five years. In addition, local Age UK's provide face-to-face debt and financial guidance locally using staff members and volunteers. Information is not available on staff numbers, expenditure or numbers reached. However, other Age UK statistics indicate that several hundred thousand people a year (at least) would access some form of financial guidance from Age UK. The service isn't formally regulated, and isn't covered by any form of external self-regulation or oversight.

The guidance provided by Age UK covers older people only (aged 50+). The nature of the guidance is, in general, simple one-off advice, providing information on options available to consumers, and assessing these options to provide guidance on a broad product group or course of action that could meet their needs. Where appropriate users are directed to comparison tables provided by others, colleagues who are regulated / licensed to give financial advice and recommend products, and regulated IFAs who have no links to particular financial services providers.

The service is promoted through the Age UK website, mass media, social media, and leaflets / other printed materials. Other organisations may refer people to Age UK, and word of mouth has proved to be the most successful way of promoting the guidance service.

The Age UK website offers general information on day-to-day money management, retirement planning, saving, insurance planning, tax planning (including interactive tools and calculators), estate planning, and long-term care planning. Similarly, the telephone helpline provides guidance in all of these areas, as well as providing scam awareness support, and shopping around for the best deals. As mentioned above, the web and telephone services are supplemented by the local Age UK face-to-face guidance that is provided by staff and volunteers.

It is worth noting that Age UK has an enterprises division that provides some financial services directly. This is managed separately from the general advice services and gives a standard of advice and guidance appropriate to the product.

<http://www.ageuk.org.uk/money-matters/>

Payingforcare.org

Payingforcare.org provides information on care funding, with a referral service to financial guidance. This is funded via the Partnership Group (at present PayingforCare does not incur any outside costs aside from those associated with the basic functioning of the website, as all resource used is internal to the Partnership Group). The service has been operating for under five years, and the payingforcare.org website provides both general information and interactive tools and calculators related to long-term care planning. The nature of the guidance is simple, one-off advice on care issues, providing information on the options available to a consumer. It is available to people who need to pay care fees. Users may be directed to regulated / licensed IFAs who have no links to particular financial services providers. The service is promoted to users via the payingforcare.org website and leaflets in some care homes. It is not formally regulated, is not subject to any form of external self-regulation or oversight, and nor does it hold any liability insurance that covers the provision of poor financial guidance.

<http://www.payingforcare.org/>

The Personal Finance Society

The Personal Finance Society is the professional body for financial advisers and others that work in financial services, part of the Chartered Insurance Institute (CII). It

provides financial guidance on-line and signposts to local financial advisers able to offer telephone and face-to-face guidance.

It also has volunteer advisers who offer generic financial advice in local citizens advice bureaux (see Citizens Advice above). MoneyPlan, for example, is a Citizens Advice initiative with the Personal Finance Society and Partnership (see Payforcare.org above) to partner professional financial adviser members of the PFS with local Citizens Advice Bureau to give financial guidance to consumers who wouldn't ordinarily be able to access professional advice.

<http://www.thepfs.org/yourmoney/money-guidance/saving-and-investing/>

<http://www.thepfs.org/membership/citizens-advice-moneyplan/>

Money Guidance Community Interest

Money Guidance Community Interest is a not-for-profit organisation providing a free-standing financial guidance service called Money Guidance, available to all sections of the population. To date the service is entirely self-funded (and has cost about £5,000 in the most recent financial year). It has been operating for under five years. The website service provides general information and interactive tools and calculators in relation to day-to-day money management, retirement planning, investment / wealth management, saving, and education finance planning. It also provides free access to tools employed by Chartered Financial Planners. In the most recent year more than 1,000 people have accessed the website tools (with over 50,000 site visits). Between March 2015 and March 2016 the website helped 3,659 people.

The nature of the guidance is, in general, simple one-off advice, providing information on options available to consumers, and assessing these options to provide guidance on a broad product group or course of action that could meet their needs. Users may be directed to comparison tables on the Money Guidance website or to tables produced by others, and to colleagues who are regulated / licensed to give financial advice and recommend products. The service is promoted through the website, social media and through mass media (for example, via features in the FT and The Times).

Other organisations may refer people to the service, though the website has proved to be the most successful way of promoting the service. The service is formally regulated by the Financial Conduct Authority, and has liability insurance that covers the provision of financial guidance.

Other not-for-profit providers

In the table below we provide a list of other organisations who are active in offering some form of financial guidance. The majority of these are smaller not-for-profit organisations who have a specific customer focus. This list is not intended to be comprehensive.

Provider	Customer focus and areas of financial guidance covered	Service delivery				
		Website	Telephone	Face-to-face	Web chat	Printed guides
Marie Curie Cancer Care	Aimed at people living with any terminal illness and their families. Provides guidance on benefits, pensions and retirement, insurance and tax. Service delivery					
Army Widow's Association	Aimed at partners / spouses of those in the army or TA aged 15+. Guidance is free to those who pay £15 for lifetime membership. Provides advice benefits, budgeting and managing money and pensions and retirement.					
Gingerbread	Aimed at single parents. Provides guidance on work and redundancy, benefits, budgeting and money management, and some information on borrowing					
Alzheimer's Society	Aimed at people with dementia, friends, family and carers. Provides guidance on benefits, budgeting and managing money,					
Disability Rights UK	Aimed at disabled people. Provides guidance on benefits, money management, pensions and retirement, saving and investing, and mortgages (equity release)					
First Stop	Aimed at older people, their families and carers. Provides guidance on benefits, pensions and retirement, saving and investing (links to MAS website) and mortgages (equity release).					
Independent Age	Aimed at older people, their families and carers. Provides guidance on benefits, budgeting and money management, pensions and retirement, borrowing, tax and banking					
Mind	Aimed at anyone with a mental health problem. Provides guidance on benefits, budgeting and money management, insurance, saving and investing, mortgages, borrowing and banking.					
Scope	Aimed at disabled people and other interested parties. Provides guidance on benefits, budgeting and money management, insurance, saving, borrowing and banking.					
Trades Union Congress	Aimed at employees generally and union members. Provides guidance on work and redundancy, benefits, budgeting and money management, pensions, borrowing, and tax.					
StepChange Debt Charity	Aimed at the general public and people in debt. Provides money guidance on benefits, budgeting advice (including switching utility providers), pensions, insurance, mortgages, borrowing, tax, and banking.					
National Association of Student Money Advisers	Aimed at students of all ages in HE colleges or universities. Provides guidance on work and redundancy, budgeting and money management, insurances, savings, student loans and getting a student bank account (including advice on overdrafts).					
National Union of Students	Aimed at all students. Provides guidance on benefits, budgeting and money management, insurance, borrowing, tax and banking.					
Universities and Colleges Admissions Service (UCAS)	Aimed at students, with some information for parents. Provides guidance on budgeting and money management, insurance, saving, borrowing (student finance / loans), tax and banking.					
Moneyforce	Aimed at all UK Service personnel, their partners, families and dependants. Provides guidance on benefits, budgeting and money management, pensions, insurance, saving and investing, mortgages, borrowing, tax and banking.					

The Money Charity	Aimed at the whole population. Providence guidance on benefits, budgeting and money management, pensions, insurance, saving and investing, mortgages, borrowing, tax and banking.				
Toynbee Hall	Aimed at people in London (with a focus on the poor, disadvantaged and financially excluded). Provides guidance on bank accounts and personal budgeting support. Publishes a 'money matters' guide with information on budgeting, accessing affordable credit and banking services, and signposts to other				
YouthNet	Aimed at young people. Providence guidance on benefits, budgeting and money management, pensions, insurance, saving and investing, mortgages, borrowing, tax and banking.				

Finally, some *Universities* are known to offer financial guidance services to their students. This is sometimes linked to debt advice but is separate from it.

Commercial providers

Independent Financial Advisers

Most independent financial advisers do not offer comprehensive financial guidance alongside regulated financial advice. All charge a fee although many offer a free introductory session but this provides neither a report nor guidance. Evidence submitted to the Financial Advice Markets Review identified concerns among independent financial advisers regarding the lack of clarity regarding the boundary between regulated financial advice and unregulated financial guidance. In the interviews it was claimed that this was holding some in this sector from engaging in the delivery of guidance services, as there were concerns that it would be difficult to demonstrate to the Financial Ombudsman service when unregulated guidance had been given which is outside their jurisdiction.

Banks

Since the Retail Distribution Review, which ended commission-based advice, banks have generally pulled back from the provision of both advice and financial guidance. They still have 'wealth managers' for high net-worth customers. Some are beginning to explore the possibility of re- entering the market for financial guidance and the survey will collect further details of these initiatives. . All the major banks offer very general guidance via their websites, including areas such as money management, budgeting and dealing with financial concerns. We include two case study examples below.

Scottish Widows (as part of the Lloyds group) don't currently provide a financial guidance service that is promoted to consumers, and the financial advice they do provide is largely aimed at private banking customers, or in the provisions of mortgages. They no longer offer general investment advice, or protection advice. However, the organisation is currently exploring the potential uses and outcomes that could arise from providing 'robo-advice'; this would be an online service, possibly backed-up with a web chat and / or a telephone service. It would give general guidance using decision trees to help consumers to understand which types of financial products they may need. It has yet to be decided whether the final advice would include specific product recommendations provided by the Lloyds group. The organisation is aware of the overall reduction in financial advice provided in the UK, and that what remains is largely aimed at wealthier, older customers, to aid in investment decisions. *Scottish Widows* sees a gap in meeting the guidance needs of younger people, who have little money to invest, and who are not in a position to pay for personal financial advice.

One of the models that they are exploring is that of <http://www.lifehappens.org/>, which is an established, non-profit making trust, funded by a number of insurance

companies, which is taking a collective approach to providing financial guidance and education. The idea is to remove the association with one particular financial institution, and to team up with charities in order to engender trust in the guidance given. Scottish Widows has also sponsored a small scale education/guidance project called <http://7families.co.uk/>

Santander don't provide an upfront financial guidance service, but do offer some general guidance via their 'financial assist team', where customers with financial concerns can be referred or refer themselves. The team offer general advice on how to manage their money more effectively, such as moving the days that direct debits go out, setting up text alerts, and cutting back on costs. Santander are looking to change the way they offer guidance, taking their lead from the BBA led 'financial inclusion and capability sessions, believing an industry led approach is most effective for customers.

A4E (financial guidance service branded PeoplePlus)

A4E is a commercial body that tenders for out-sourced government contracts in the UK and internationally. Under the brand **PeoplePlus** it operates the Money Advice Service face-to-face financial guidance service in England and Northern Ireland <http://www.peopleplus.co.uk/specialist-advisory-services/>

MoneySavingExpert.com

There are number of commercial price comparison websites that purport to provide financial guidance but, in reality, are online tools to sell financial products (they are funded by the firms whose products they help to sell). The one that offers the widest range of financial guidance that is not directly linked to sales is Moneysavingexpert.com (MSE) which is owned by one of the largest price comparison websites MoneySupermarket.com.

MSE was set-up in 2003 and is currently the UK's biggest consumer website, with about 15 million users helped during 2015. Its free-standing financial guidance service includes a weekly money tips email to subscribers (around 10 million people are currently subscribed), detailed money saving guides (including product research), money saving tools, and a forum. MSE employs 80 full time staff. MSE is not formally regulated, though some self-regulation is provided in the form of a legally binding editorial code to provide independence from MSE's parent organisation, MoneySupermarket.com. MSE does not have any liability insurance to cover the provision of poor guidance. Information was not provided in relation to how the guidance service is funded, but the MSE website indicates that at least some of its revenue is generated via 'affiliate links' to the top recommended products. The site states:

"The MoneySaving guides are written then, totally separately, paid links are looked for. If no paying link is available, nothing in the guide changes. If the best is the best and doesn't pay, it stays the best. The link used is simply 'non-affiliated', i.e., non-paying. Financial considerations do not impact inclusion in articles."

The website is aimed at all sections of the population and includes general information on day-to-day money management, retirement planning, investment planning / wealth management, saving, insurance planning, tax planning, estate planning, long-term care planning, education finance planning, buying a home, energy, broadband and phones. Interactive tools / calculators are provided in relation to day-to-day money management, saving, tax planning and buying a home. A variety of interactive tools and information tailored to the user is available for advice on energy, broadband and phones.

MSE provides information on the options available to a consumer, assessing those options and providing guidance on a broad product group or course of action that could meet their needs and, additionally, recommending specific products and course of action. Users may be directed to the site's own comparison tables, comparison tables produced by others, and colleagues who are regulated / licensed to give financial advice and recommend products. The service is promoted through the MSE website and social media; the former has proved to be the most successful way of promoting the service.

<http://www.moneysavingexpert.com/>

Saga Investment Services

Saga offer a platform for 'DIY' investors to purchase investments, along with an incidental telephone-based guidance service, a website (including free guides and a 'knowledge base') and internet personal service, a telephone-based investment advisory services and face-to-face financial planning. The guidance service has been running for less than one year, and has one member of staff (a former chartered financial planner) directly involved in the provision of the service. Consumer satisfaction is measured through feedback forms and formal surveys, but no information is available on the numbers of consumers helped by the service. No information was provided on how the guidance service is funded, but it is likely subsidised by the fee-charging parts of the business. The organisation is regulated by the Financial Conduct Authority.

The guidance offered by Saga covers older people only (aged 50+), and provides information on options available to consumers, assessing these options to provide guidance on a broad product group or course of action that could meet the consumer's needs. Their financial planning service provides ongoing advice. This is offered face-to-face or over the telephone, however only the initial consultation is free. Users may be directed to colleagues who are regulated / licensed to give financial advice and recommend products, brokers and regulated / licensed IFAs who have no links to particular financial services providers.

The guidance service is promoted through mass media, social media leaflets and Saga's own website. The latter has proved to be the most successful way of promoting this service. The subjects covered by Saga's financial guidance services include day-to-day money management, retirement planning, wealth management, saving, insurance planning, tax planning, estate planning, long-term care planning, education finance planning and buying a home (both telephone and internet). The website offers general information in these areas, while interactive tools and calculators are available in relation to guidance on retirement planning and investment / wealth management.

Other commercial providers

Provider	Customer focus and areas of financial guidance covered	Service delivery				
		Website	Telephone	Face-to-face	Web chat	Printed guides
Uswitch	Open to all consumers. Provides guidance on budgeting and money management, insurance, savings and investments, mortgages, borrowing and bank accounts (mostly comparison services)					
This Is Money	Open to all consumers. Provides guidance on budgeting and money management, pensions and retirement, insurance, saving, mortgages, borrowing and banking.					
Save the Student	Aimed at all students. Provides guidance on budgeting and money management, insurance, saving and investing, borrowing, tax and banking.					
Savvywoman	Aimed at women. Provides guidance on benefits, budgeting and money management, pensions and retirement, insurance, saving and investing, mortgages, borrowing, tax and banking.					

Chronology of key events in the development of financial guidance services in the UK

1983: TPAS set up as an independent and expert source of information and guidance that helps people make proper provision for their retirement.

2007-2012: Financial Services Authority's RDR into how retail investment products are transacted. It looks at a range of issues including professional standards for advisers, service description of advisers (independent versus non-independent) and remuneration.

2008: Treasury review of "generic financial advice" undertaken by Otto Thoresen. Recommends creation of national service providing unregulated guidance on household financial matters that is available free at point of use.

2010: Government launches the Money Advice Service (MAS) following the Thoresen Review recommendations.

Dec 2012: RDR goes into force with changes to the FSA Conduct of Business and Training & Competence sourcebooks.

2010-2014: debates about the availability of professional advice to consumers as a result of the RDR, including claims of a growing "advice gap". Includes a Treasury Select Committee inquiry.

2010-2014: debates about the effectiveness of MAS, especially among the financial advice sector and others.

2012-2015: debates about creation of "simplified" financial advice, including several clarification statements by the FCA on the boundaries between advice and guidance in accordance with EU legislation.

2014: Chancellor's Budget statement announces reforms to private pension decumulation taxation including the "guidance guarantee" to be in force by April 2015.

2014: Government undertakes a review of the Money Advice Service by Christine Farnish, which reported in May 2015 recommending significant changes to remit and role. The Government commits to some of the recommendations, while others are reviewed in more detail by MAS itself.

April 2015: Chancellor's pension reforms come into force and PensionWise service is set up.

2015: Consultations initiated in conjunction with the HM Treasury-led review of *Public Financial Guidance* and the Financial Conduct Authority *Financial Advice Market Review*.

2016: Proposals published to create a single provider of pensions and retirement planning guidance from the existing work of The Pensions Advisory Service, PensionWise and the Money Advice Service and to replace the remaining services provided by the Money Advice Service by a slimmed down organisation the is no longer a direct provider of financial guidance services but co-ordinates, funds and develops services through not-for-profit and, where appropriate, commercial organisations.

Appendix 3: List of interviewed stakeholders

List of interviewed stakeholders*		
Country	Name	Organisation
Australia	Craig Davidson	Department of Human Services, Australian
Australia	Gerard Brody	Consumer Action Law Centre
Australia	Gianna Salvestro	First State Super
Australia	Miles Larbey	ASIC
Australia	Stephanie Chenoweth	ANZ
Belgium	Albert Verlinden	BZB
Belgium	Jean-François Biernaux	Test-achats
Belgium	Peter Verbeeck	Independent Financial Planner
Belgium		FSMA
Denmark	Carsten Tanggaard	The Money and Pension Panel
Denmark	Morten Bruun Pedersen	Danish Consumer Council (FBR)
Denmark	-	Financial services, advice
Denmark	-	Financial services, advice
Denmark	-	Financial services, advice
Denmark	-	Financial services, advice
Denmark	-	Financial services, advice
France	Valérie Batigne	VB Expertise
France	Claire Castanet	Autorité des Marchés Financiers
France	André Delmon	BPCE
France	Anne Fichot-Lion	BPCE
France	Geneviève Lhomme	EFPA France
France	Pascale Micouleau-Marcel	La Finance pour Tous
France	Françoise Odau	Association Française des Conseils en Gestion de Patrimoine Certifiés
Germany	-	Consumer Center Bayern
Germany	-	Consumer Center North Rhine-Westphalia
Germany	-	Consumer Center Bremen
Germany	-	Financial Planner
Germany	-	Consumer organisation for insured persons
Germany	-	Fee-based insurance adviser
Germany	-	Bank financial adviser
Germany	-	Independent Financial adviser
Germany	-	Independent Financial adviser
Germany	-	Robo adviser
Germany	-	Financial insurance adviser
Germany	-	Fee-based pensions adviser
Germany	-	Consumer Center Baden-Württemberg
Germany	-	Competent Authority
Netherlands	-	Online-guidance tool

Netherlands	-	Platform for financial education/Treasury
Netherlands	-	Financial software developer
Netherlands	-	Financial software developer
Netherlands	-	Bank
Netherlands	-	Online platform (for women)
United Kingdom	-	Financial services company
United Kingdom	-	Financial services company
United Kingdom	-	Independent financial adviser
United Kingdom	-	Money Advice Service
United Kingdom	-	NGO
United Kingdom	-	NGO
*For the stakeholders from Germany, the Netherlands, the United Kingdom, and some from Denmark, we were required to anonymise interviewees.		

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