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Business growth the single biggest concern for advisers, Nucleus finds

Advisers believe business growth and efficiency to be the single biggest challenge they're facing over the next year, according to the latest annual census from adviser-built wrap platform Nucleus.

The 2020 census found that 30% of respondents identified business growth and efficiency as their main concern, up from 19% last year. The findings suggest that the fallout from Covid-19 may see this issue amplified over the longer term.

Interestingly, there has been a continued shift away from regulation being cited as a particular challenge. Some 19% of users felt regulation was their primary business concern, which is broadly in line with last year but represents a marked decrease from 27% in 2018.

Firms see the increasing demand for advice as the main opportunity for their business, with the need for financial planning services representing a major opportunity for 45% of respondents, compared with 39% last year.

While the census points to signs of increased efficiency, it also suggests advice firms continue to struggle with capacity issues, and to make the most of the opportunity of the demand for advice.

Time spent on compliance was the most significant overall driver of capacity issues, with 51% citing time spent on compliance limiting their productivity.

Some 42% of users said an increase in demand for their services is putting a strain on their workload, and a further 40% attributed capacity issues to spending time on processes that could be automated.

In line with the need for increased efficiency, 30% of firms were exploring alternatives to face-to-face advice prior to Covid-19, compared with 25% last year.

Another key business challenge to emerge was securing professional indemnity (PI) insurance. 52% of users found securing cover more difficult, and 62% said it had become much more expensive. Half of all respondents found the renewal process more difficult than the previous year.

This year's census saw responses from more than 180 Nucleus users, providing insights into their firms and the wider financial services sector.

Nucleus surveys its users every year for the census, which is designed to both engage with its users and ensure the platform is delivering what clients need. The census also helps advisers gauge their progress and highlights the challenges advice firms are facing.

Barry Neilson, chief customer officer at Nucleus, said:

“Our latest census has found advisers are increasingly concerned about their ability to sustain and grow their current capacity. But it has also shown they are increasingly looking for new creative ways to communicate with clients, which will enable them to increase the time spent on their business. Advisers’ experience through Covid-19 is likely to embed this shift towards virtual communication and allow advisers to more frequently check in with their clients, perhaps instead of holding one or two face-to-face meetings a year.

“From our census we also now have hard data on how difficult it is for advisers to find PI cover, both in terms of availability and affordability. The lack of options is clearly putting advisers and planners in a position where they need to spend excessive amounts of money on cover which could have gone to servicing their clients or on business development.”

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For further information please visit www.nucleusfinancial.com or contact:

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About Nucleus

Nucleus is a wrap platform founded in 2006 by advisers committed to altering the balance of power in the industry by putting the customer centre stage.

It provides independent wrap platform services to 1,430 active adviser users and works with more than 900 adviser firms.

As at 31 March 2020, it is responsible for AUA of £14.0bn on behalf of more than 98,000 customers.

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