



More than a quarter of advisers actively reviewing their client segments

More than one in four (27%) advisers are now actively reviewing their client segments compared to only 3% last year, according to the latest annual census from adviser-built wrap platform Nucleus.

The census also found that only 16% of users do not use segmentation at all – a significant drop from 29% in 2019. This indicates there is an increased awareness of the need to segment clients and tailor advice services in line with the product governance (PROD) rules.

Mifid II has also contributed to increased awareness of costs and charges among some clients. Some 44% of advisers believe their clients have an increased understanding of charges now there is greater transparency.

Yet the picture is a mixed one, with 30% of respondents saying Mifid II costs and charges statements have made clients more confused about what they're paying, perhaps reflecting a lack of consistency in the way the statements are produced.

Despite this, increased transparency is having a positive effect on clients' engagement with the advice process. 29% of firms say clients have challenged their advice fees, with 22% challenging platform fees and 22% challenging asset management fees.

The census further shows that advisers are creatively changing their charging models, with more using a combination of charges or fixed fees. Two years ago, 75% of firms adopted percentage-based charging, which dropped to 52% last year and further fell to 49% this year.

The census also looked at the platform industry with only 3% of advisers having experiences with their provider that was below their expectations.

47% of advisers felt that platform mergers and replatforming would have a significant impact on the wider platform market in 2018. This year's survey showed that concern for this shrank to only 26% of firms, indicating the pressure around replatforming has fallen away over the past two years.

Firms seem more comfortable with their due diligence process, with reviews now being carried out less frequently. 48% of firms reviewed their platform more than every 12 months, up from 37% in 2019.

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 a significant increase in the number of advisers reviewing their client segmentation. Within this, advisers are thinking more creatively about how they segment their clients. Increasingly, this is not just about the value of clients’ investments but what strategies would be most appropriate for the life stage their client is in.

“As a result of increased transparency following Mifid II, we have seen more scrutiny of fee structures for advice, platforms and asset management showing an increased understanding from advised clients. This can only be a good thing as it gives advisers an opportunity to open up the dialogue and demonstrate the value they provide.”

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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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