THE LANG CAT

THE ADVICE GAP 2023

HEADLINE SPONSORS

Aviva M&G Wealth

SUPPORTING SPONSORS

AEGON Fidelity International

11%

of GB adults have paid **for financial advice** in the last two years

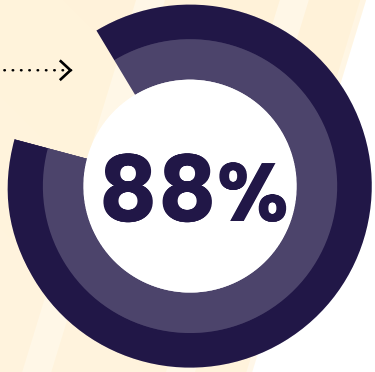
OF THOSE

60% (5.6m)

of this cohort received ongoing advice.

received one-off advice

The remainder don't know or can't recall.



believe it represents good value for money.

3.12 MILLION

people would pay for advice if trust could be improved.*

59

the mean average client age for traditional advice firms

39%

of advice firms claim they have a specific proposition for low value clients.

PORTFOLIO

Mean average

£350k

Mode average

£250k

(most frequent)

* 16% of respondents say they are fairly or very likely to pay for advice in the future. Within this cohort, 38% say lack of trust is a barrier.

Contents

Welcome

Welcome to our 2023 Advice Gap report, an in-depth study into the drivers behind people taking advice and, perhaps more importantly, the barriers that prevent the majority of the population from doing so.

Our consumer research, conducted by YouGov, shows 11% of the GB population have paid for advice in some shape or form in the last two years. We'll be looking at this segment in more detail, and also the 89% who remain the wrong side of the Advice Gap.

In the last two years

11% vs **89%**

have paid for advice

have not paid for advice

Source: YouGov

Although this is the first report in lang cat branding, the underlying research is now in its fifth iteration. Citizens Advice published its The Four Advice Gaps report back in 2015, and we worked with OpenMoney to repeat the research into The UK Advice Gap in 2019, 2020 and 2021.

This time around, as well as repeating the previous consumer research to gauge how things have changed since 2021, we have also taken a deeper dive into the factors affecting people's financial decisions today. The cost of living crisis has been front of mind for many consumers recently, and we wanted to see what impact this has had not only on their savings and investments, but also their wider spending habits. For those who are paying for advice, we've taken a close look at whether they believe they are getting good value for money. With Consumer Duty rapidly approaching, we hope these results will help firms benchmark their own performance.

In addition to the consumer research, for the first time in the Advice Gap series we have also conducted adviser research through the lang cat's adviser panel. We wanted to understand the issues from the adviser perspective: what is preventing them from delivering advice to a wider range of people? The combination of both consumer and adviser research has helped us explore exactly what is causing the Advice Gap, and more importantly, what can be done to address it. Thank you, as always, to the advice professionals who gave us their time.

A study of this size doesn't come without cost and we are also hugely grateful to our sponsors, Aviva, M&G Wealth, Fidelity International and Aegon for helping to make it happen.

> **"As you will see (spoiler alert), we believe that a collective voice is needed to address the issues surrounding the Advice Gap, and larger brands, which can reach a broader audience, have an important role to play."**

In addition to their sponsorship, it is worth acknowledging the genuine interest at senior level each of these organisations has shown in understanding the barriers preventing access to advice. Talking the talk and walking the walk will both be vital if things are to change.

That's enough from me. I hope you find this report both interesting and useful. As always, if there are any areas you'd like to discuss, please give me or one of my fellow felines a shout.

Mike Barrett
Consulting Director

Our Sponsors

"With an uncertain economic backdrop and consumers facing increasingly complex financial decisions, it is more important than ever that people can access the advice and guidance services they need to manage their money and savings effectively. The UK pensions landscape is going through a period of significant change as those with DB pension schemes are replaced by generations of new DC savers who are faced with complex choices about how to fund their retirement.

Full financial advice has a vital role to play in serving consumers, but many people do not currently seek that advice and they need help. In addition to promoting access to full financial advice, **reform is needed to make simplified advice more accessible and affordable.** There is also a need for more effective, personalised communications and guidance.

Aviva supports the introduction of a new regulatory activity of personalised guidance – including reviewing the advice boundary set in MiFiD. These important developments would complement the existing financial advice market and mean that appropriate levels of support would be available for a wider range of people with different financial circumstances and needs. We believe that close working between the regulator and the industry could deliver significantly better consumer outcomes, which is the objective for all."

"The 'Advice Gap' is in too many ways a convenient label.

It has been used by many – including ourselves, passionately – and called out by others, equally. The simple reality is that we need to save more and encourage as many people as possible to do so, making it easy to do and the experiences of doing so to be beneficial. Generation upon generation. **This is a whole industry issue.**

We need more education across all ages and to make a marked shift from a credit generation to a more prudent, and markedly better, saving one. There has been a huge imbalance over the last decades, in particular, driven by a 'need now pay later' mentality. We must lead change on this for all our best futures. Advisers and increasing their population are very much core to providing a solution here, as is using technology and latest thinking. That is the gap, and so crucial it is.

I fully support the lang cat in its endeavours. We are working hard on this as a core part of our growth. To make a key difference.

This is not about any company. It is about our industry and to collectively address a huge societal need.

It is a challenge. We can do this. We must succeed."

David Montgomery, Managing Director, M&G Wealth

"At Aegon, we're passionate about the value of financial advice - in particular, the part financial advice can play in improving overall financial wellbeing. The financial benefits of advice are well documented, but advisers also play a vital role in helping their clients understand more about how they think about money, what motivates them to save and what they want their future to look like. This report is an essential read for advisers, to gain insight into the thought processes of clients and prospects, establishing what these barriers are based on and how they can be overcome – helping even more people benefit from financial advice."

"This new research provides insight into some of the key challenges for end investors and opportunities for the advice industry to solve. It is clear to me that we are all focused on delivering good outcomes for our clients and it is great to see how much scope there is for us to work together to achieve this.

Partnering with Conquest Financial Planning has enabled Fidelity to provide a capability which is able to demonstrate the impact of advice which is going to be core for advisers to assess and evidence value for their clients. We want to ensure that we can make the right tools available to aid advisers in delivering good outcomes for their clients."

Jackie Boylan, Head of Fidelity Adviser Solutions

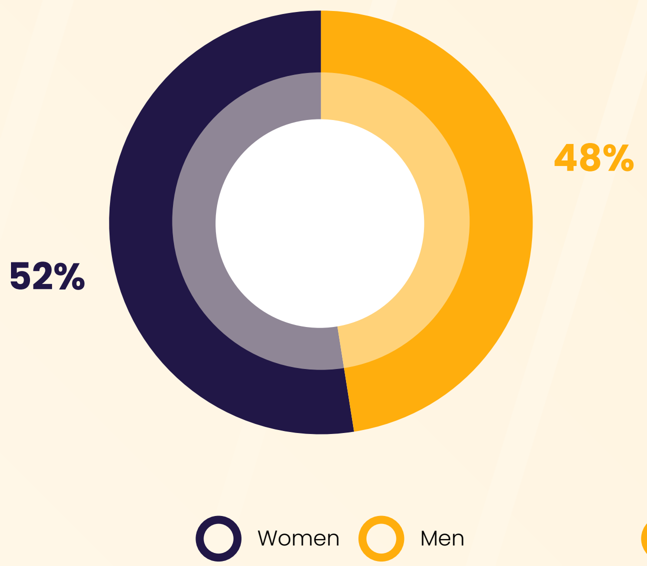
Consumer **Research**

Our sample of British consumers

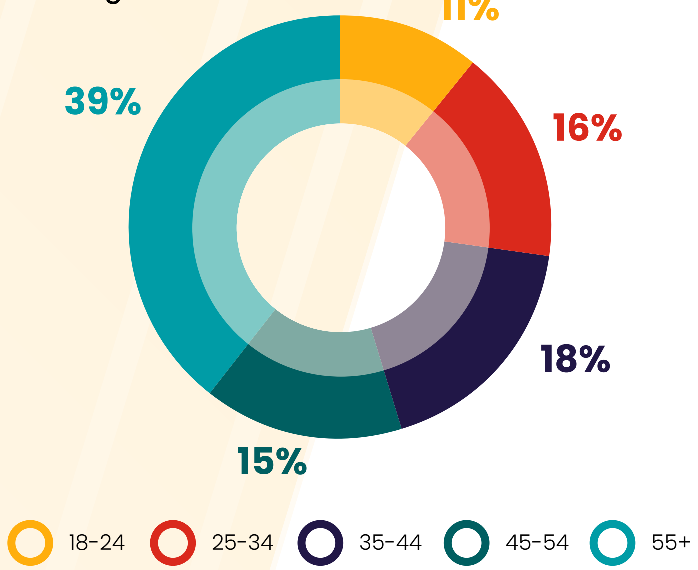
This research was conducted by YouGov Plc on 13 and 14 February 2023. The total sample size was 2,035 British adults and the survey was carried out online. The figures have been weighted and are representative of all adults (aged 18+) in Great Britain. Where population figures are given, the lang cat has extrapolated the You Gov findings to ONS estimates of the British adult population of 51,718,632.

Please Note: Figures may not add up to 100% due to rounding, some questions having more than one answer and respondents declining to answer or not knowing the answer to certain questions.

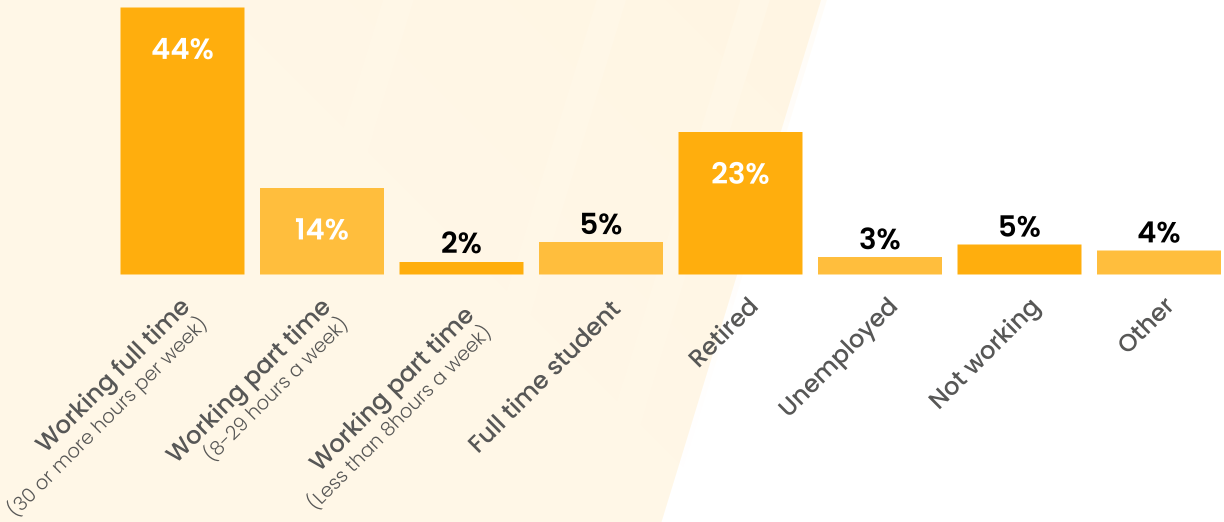
Gender



Age

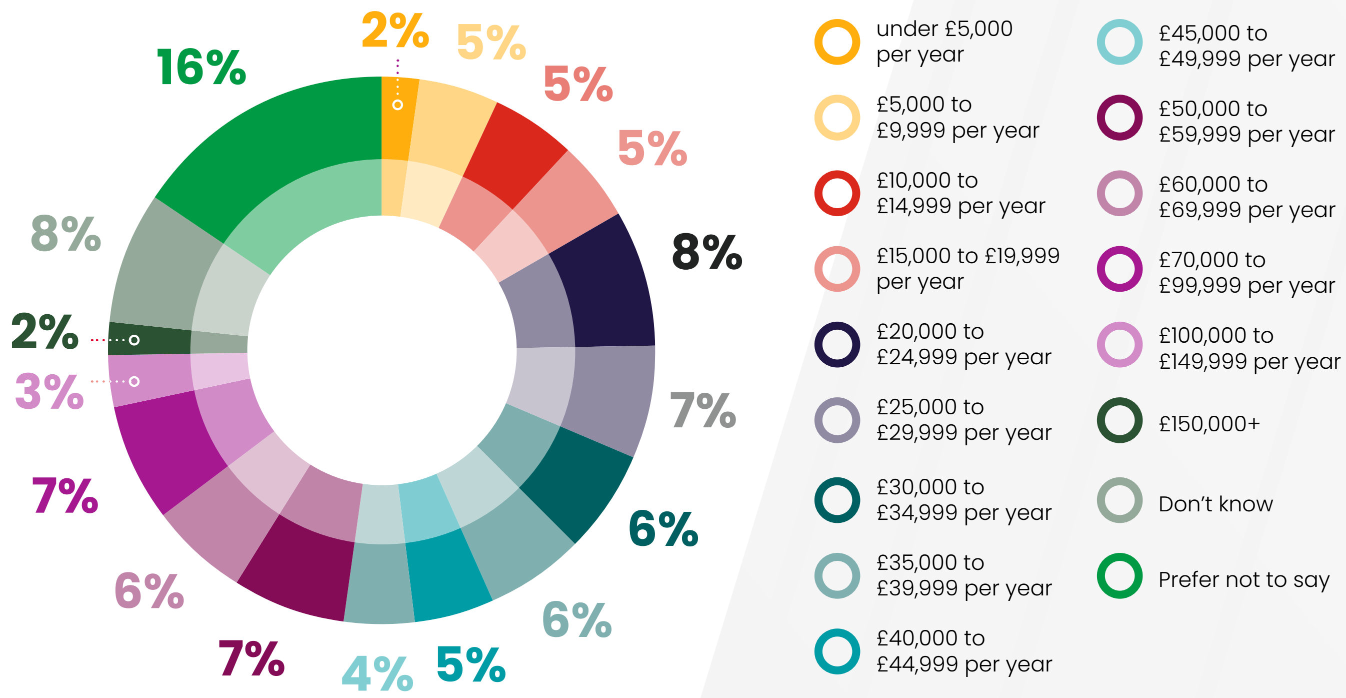


Employment Status

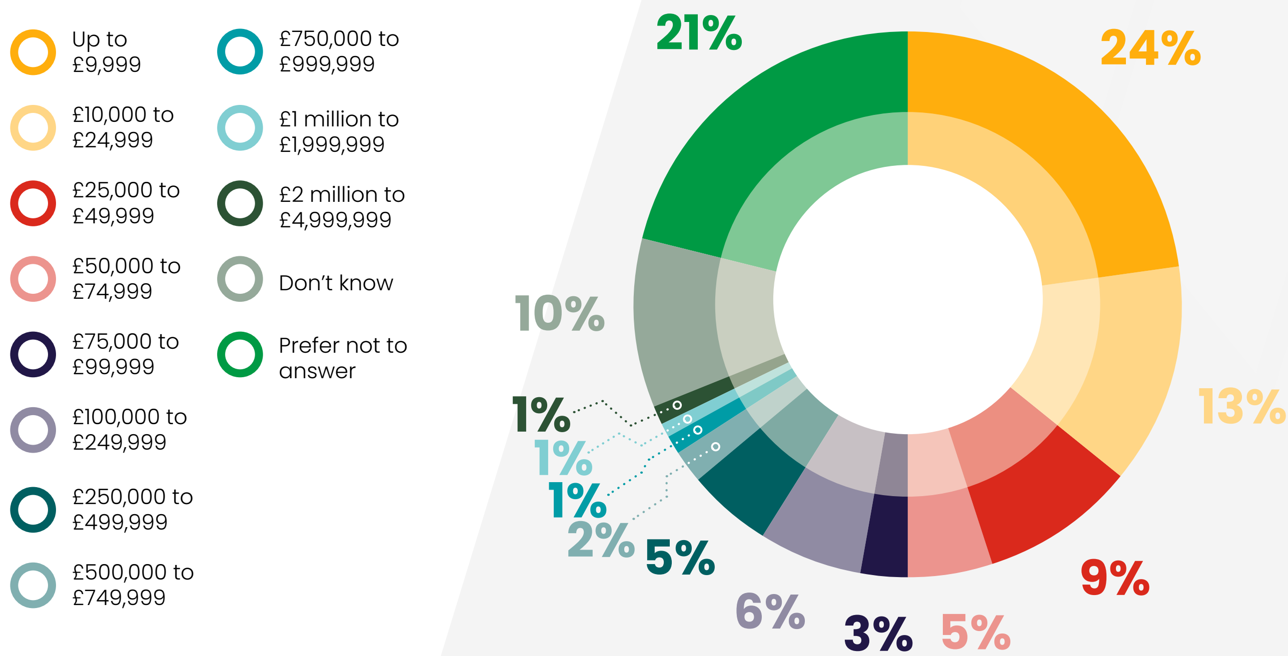


CONSUMER RESEARCH

Gross household income



Estimated wealth and assets[1]



1 This includes: investments, shares, stock and option holdings in the company worked for, properties owned other than main residence, works of art and other collectible items, and pension fund if retired, net of any debts.

The Advice Gap

Our consumer research found that over the last two years:

11% of GB adults have received paid for financial advice in the last two years

OF THOSE

(5.6m) **60%** of this cohort received ongoing advice.

88% believe it represents good value for money.

38% received one-off advice

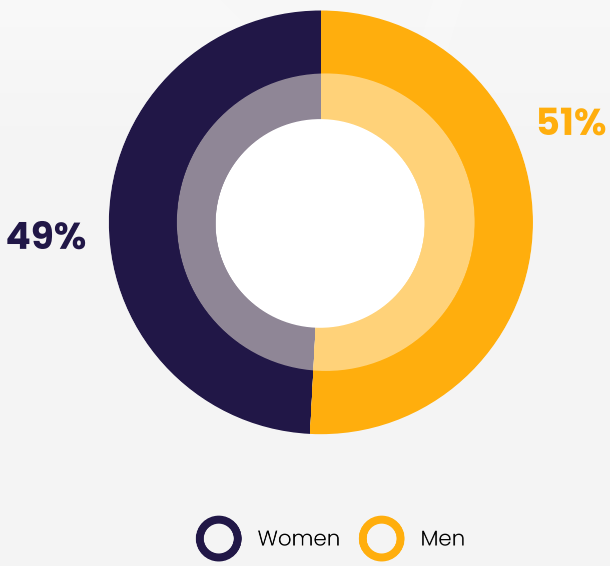
The remainder don't know or can't recall.

3.12 million people would pay for advice if trust could be improved.[2]

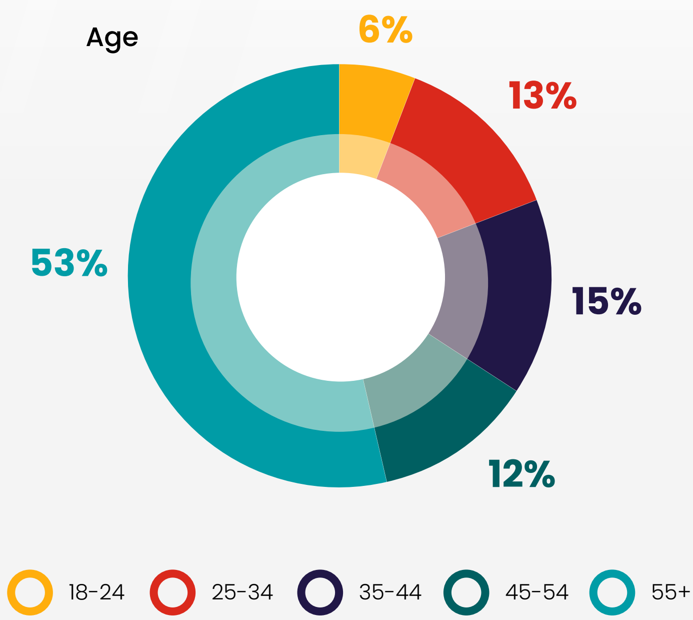
2 16% of respondents say they are fairly or very likely to pay for advice in the future. Within this cohort, 38% say lack of trust is a barrier.

Who Is Paying For Advice?

Gender

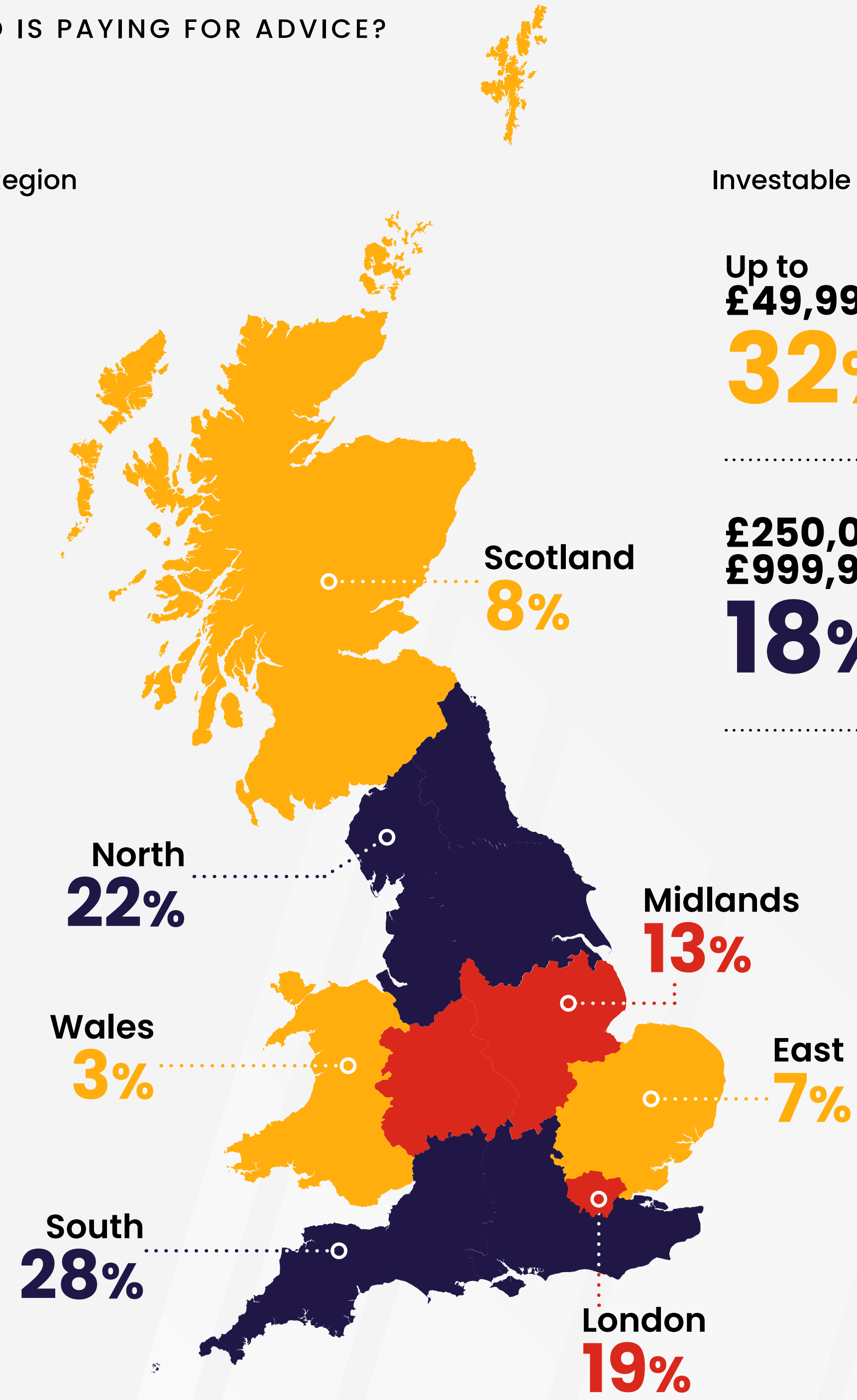


Age



WHO IS PAYING FOR ADVICE?

Region



Investable assets

Up to £49,999
32%

£50,000 to £249,999
20%

£250,000 to £999,999
18%

£1m+
5%

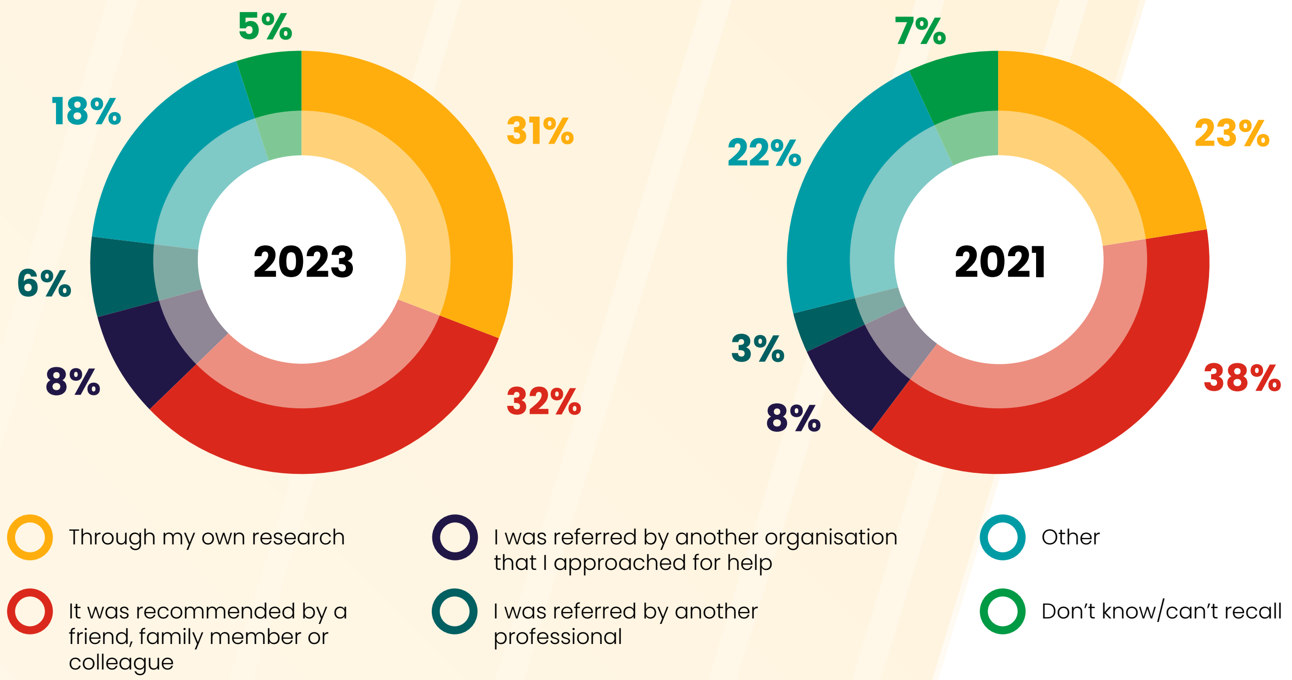
Don't know
5%

Prefer not to answer
20%

As you might expect, the profile of those who are paying for advice is heavily skewed towards people approaching or at retirement, with two-thirds (65%) of respondents aged 45 and above. One in five (20%) prefer not to disclose their level of investable assets, but looking at those who do, there is some evidence of clients at the lower end of the investable assets scale being served by the advice sector. With £50,000 often mooted as the minimum investible assets required for professional advice, it's interesting to see that almost a third of respondents who have paid for advice in the last two years fall below that level.

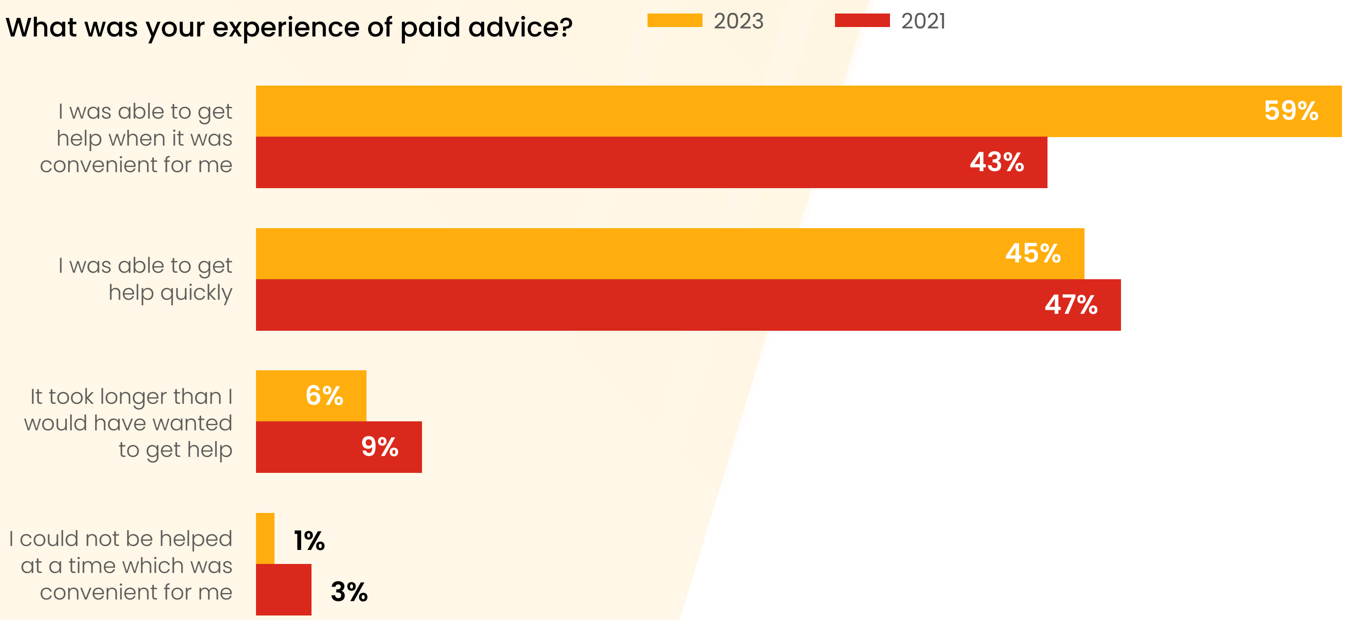
WHO IS PAYING FOR ADVICE?

Referrals, either through family and friends or via an organisation or professional, are the most common way for respondents to find advice (2023: 46%, 2021: 49%), while just over a third (2023: 31%, 2021: 23%) conducted their own research.



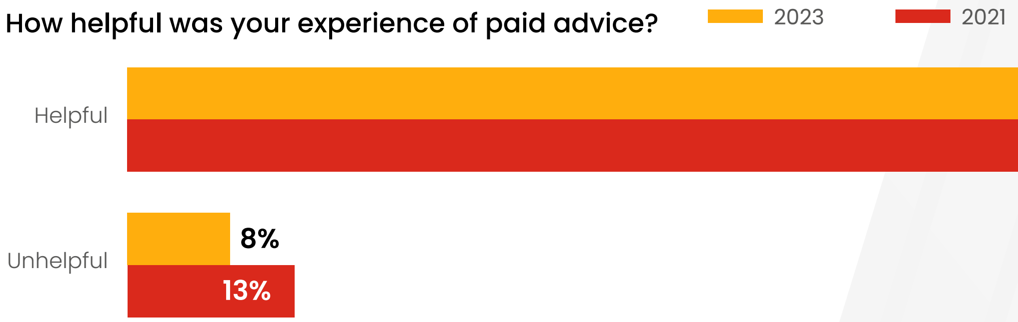
Those who have paid for advice tend to be very happy with their lot. The majority were able to get help quickly and at a time that was convenient to them. **Having received the advice, almost nine out of ten (2023: 87%, 2021: 77%) found it either fairly or very helpful.**

What was your experience of paid advice?



WHO IS PAYING FOR ADVICE?

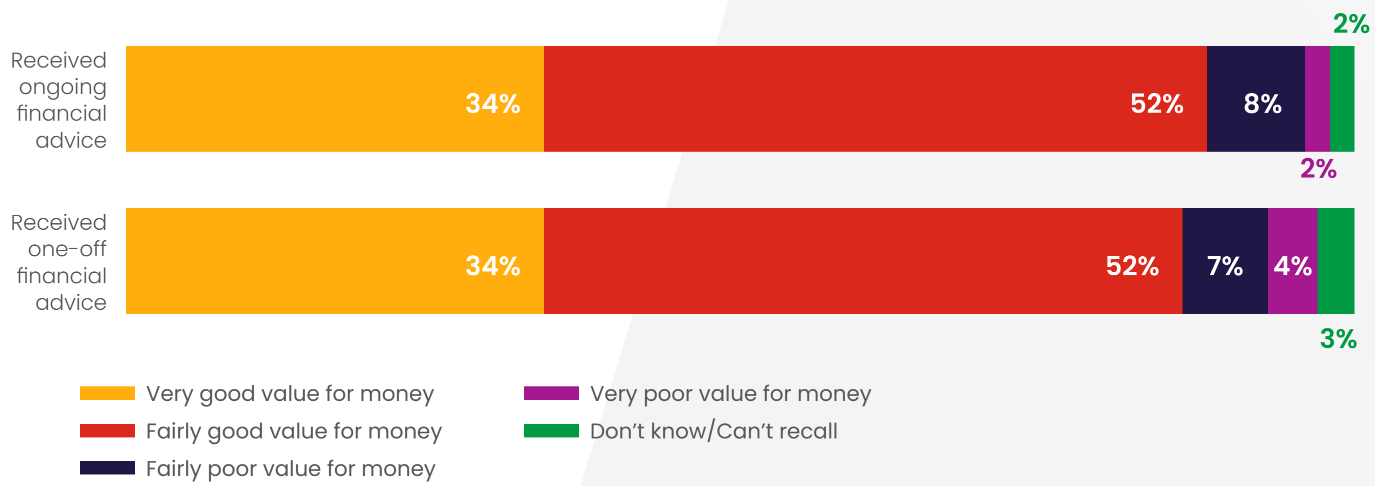
How helpful was your experience of paid advice?



> Value for money is a huge focus for all regulated firms with the imminent Consumer Duty.

While the Duty will require the value assessment to contain more than just client feedback and surveys, the good news for the advice sector is that their existing client base are very happy with the value they are receiving. For one-off, and ongoing advice, 86% and 88% respectively say the advice represents very or fairly good value for money, which is a strong endorsement of the value of advice.

To what extent do you believe the advice was good or poor value for money?



Who Isn't Paying For Advice?

The Advice Gap is not simply a question of who is and isn't receiving paid for advice. If the advice sector wants to increase the number of people paying for advice, it is vital to understand what is preventing the majority of the adult GB population from doing so.

When Citizens Advice first looked at this subject in 2015 it identified four advice gaps, all combining to form the overall Advice Gap.

ONE

The free advice gap affects those who feel they would benefit from free advice but are unaware of, or unable to access, free services.

TWO

The affordable advice gap is where people are willing to pay for advice but think it is too expensive.

THREE

The awareness and referral gap affects those who would benefit from advice but are unaware of the government's free financial guidance service.

FOUR

The preventative advice gap is where earlier access to advice could stop non-money issues impacting people's financial position.

ONE

The free advice gap

2023	24.3 million
2021	20 million
2020	20.8 million
2019	19.8 million
2015	14.5 million

The free advice gap has risen considerably since the research was last undertaken, rising from 20 million people in 2021 to 24.3 million today. As we will see later in this report, the cost of living crisis has forced most of us to reassess our finances and almost half of respondents to our research agreed they would benefit from some help doing this, but have not received it.

TWO

The affordable advice gap

2023	6.5 million
2021	6 million
2020	5.3 million
2019	5.8 million
2015	5.4 million

There is a clear segment of consumers who are sensitive to costs, and this segment has been steadily growing throughout the five studies, from 5.4 million in 2015 to 6.5 million today. However, although this is clearly a barrier, we found that overall value for money and trust are also important considerations for consumers than just price when deciding whether to take advice or not.

WHO ISN'T PAYING FOR ADVICE?

THREE

The awareness and referral gap

2023	19.1 million
2021	15.4 million
2020	15.1 million
2019	15.2 million
2015	10 million

The awareness and referral gap is caused by the lack of awareness of the money advice that is on offer. Large numbers of people miss out on the benefits of advice because they don't know where to get it, who to get it from, or even that it exists. That lack of awareness is compounded by the fact that there isn't a clear referral system to point people towards financial advice at key life stages. And as with the previous two gaps, this has increased over recent years as the financial pressures of the cost of living crisis and pandemic start to bite. Between 2015 and 2023 it almost doubled from 10 million, to 19.1 million[3].

FOUR

The preventative advice gap

2023	15 million
2021	16.2 million
2020	20.4 million
2019	20.8 million
2015	23 million

All five of the Advice Gap studies have shown significant demand for financial support at key moments in people's lives. If advice is offered at these key times, it can help people plan and prevent problems before they arise; so it is good to see that this gap has been getting smaller over time, with a noticeable drop since the pandemic and cost of living crisis hit, from 23 million in 2015, to 15 million today[4].

[3] 37% of respondents strongly agree/tend to agree with the statement: 'I would benefit from free access to money advice to help me with managing my money and making financial decisions' and are not aware that the UK government offers free guidance on managing your money. Population calculation by the lang cat based on 37% of the GB adult population estimate of 51,718,632.

[4] 29% of respondents have never been offered financial advice at any life event (e.g. when expecting a baby, changing jobs, starting university etc). Population calculation by the lang cat based on 13% of the GB adult population estimate of 51,718,632.

Addressing the Advice Gap

Affordability remains a major barrier to receiving advice. **The sad reality is that for many people, savings and investments remain out of reach.**

Over a third (37%) of our respondents have less than £25,000 in total wealth and assets excluding their main residence[5], with a quarter (24%) having less than £10,000. While these individuals would almost certainly benefit from relatively simple financial planning advice and support, the traditional advice sector is very unlikely to meet their needs.

We found that just 11% (2021: 12%) of respondents had paid for advice in the previous two years. When we asked those who hadn't paid for advice how likely they were to do so in future, a resounding 70% (2021: 74%) said unlikely, while just 16% said likely - although this has increased since 2021, when just 12% thought they might pay for advice in the future.

We then asked what would need to change to convince the 70% to take advice.

Although a fifth (20%) said it would need to cost less (up from 17% in 2021), our research revealed that several other barriers exist which are preventing people from taking advice.

> “By addressing these barriers, the advice sector could almost double the amount of people paying for advice.”

The demand is there, if these barriers can be removed...

Barrier 1 – Trust

The biggest issue for the advice sector is still a lack of trust. Among those who haven't paid for advice in the last two years and are unlikely to do so in the future, being sure they could trust the advice topped the list of things that would need to change with almost two-fifths (38%) selecting this, rising from 32% in 2021.

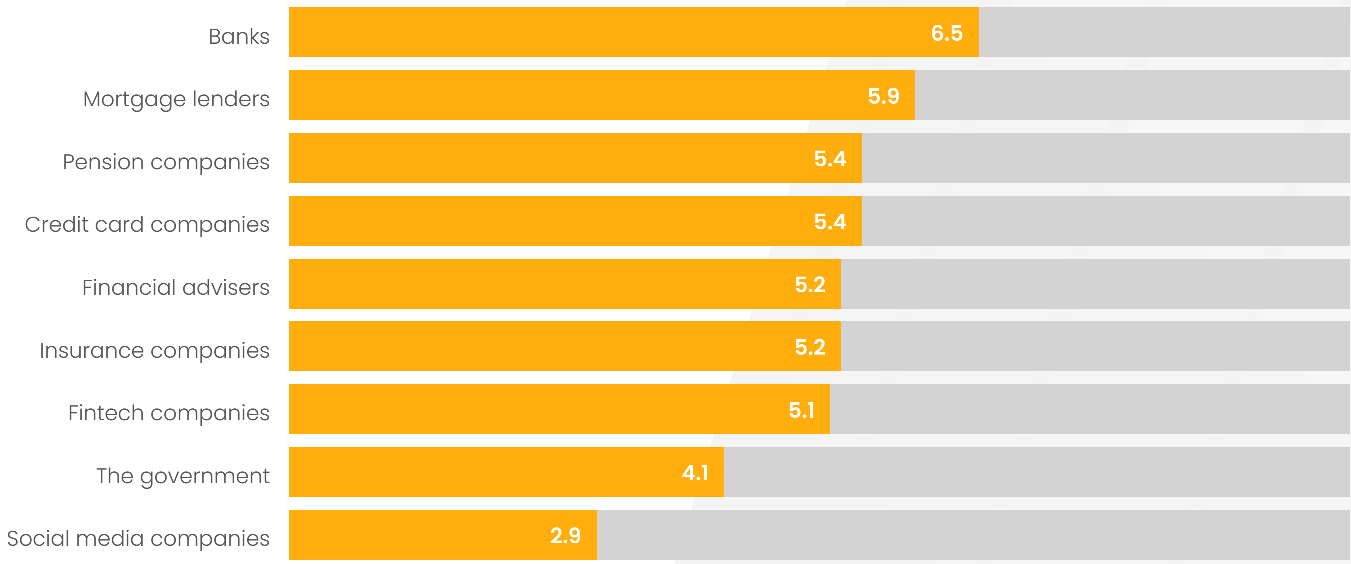
Lack of trust from consumers towards financial services is not a new issue. The annual Edelman Trust Barometer regularly places financial services towards the bottom of the list of trusted sectors, currently only kept off the bottom of the table by social media. And sadly, the pandemic has accelerated this decline in trust.

Worse still, the perception of financial advisers tracks even lower than financial services as a sector. Both Edelman and the FCA, through its Financial Lives Survey, show financial advisers as being trusted even less than banks and lenders.

[5] Total wealth and assets includes: for example, savings, investments, shares, stock and option holdings in the company worked for, properties other than main residence, works of art and other collectible items and pension if retired.

For consumers, trust is paramount. This covers both the people you interact with, as well as the organisation they are representing. Brand perception and reputation are equally as important as the human interactions that might occur. Even for consumers who expressed an interest in free advice or money guidance services, **trusting the organisation as well as the individual were the two biggest barriers to accepting said advice.**

Levels of trust in different types of organisation
(mean scores out of 10)



Source: FLS Feb 2020 Base: All UK adults (2020: 2,308) Question: AT14 (Rebased). In general how much trust do you have in the following types of organisation? Note: Respondents told FinTech companies are technology-led financial services firms e.g. ApplePay, Monzo or Revolut

ADDRESSING THE ADVICE GAP

The Perception Gap

As part of the consumer research, we asked an open-ended question: "What word(s) come to mind when you hear the words 'financial advice'?". You can see a range of responses throughout the word cloud. In terms of sentiment, 26% of responses were positive, 47% neutral and 21% negative. Words such as "commission", "untrustworthy" and "expensive" feature heavily on the negative responses.

In stark contrast to this negative perception from those who are not paying for advice, as we saw earlier those who are, tend to be very happy with their lot. The majority were able to get help quickly and at a time that was convenient to them. Having received the advice, 87% (2021: 77%) found it either fairly or very helpful.

Again, this is not a new problem; the 2020 Advice Gap research highlighted this issue of the 'Perception Gap', and unfortunately things seem to not appear to have improved since then. For most advice firms, the high level of positive consumer advocacy is built on face-to-face relationships. **Our research shows a strong correlation between the key services that advisers tend to offer and consumer preference for face-to-face support.** For retirement planning, consolidating pensions and understanding investment risk the preferred channel remains face-to-face. Digital/website services are preferred for the more administrative tasks such as applying for a new ISA, topping up an existing account or researching options.

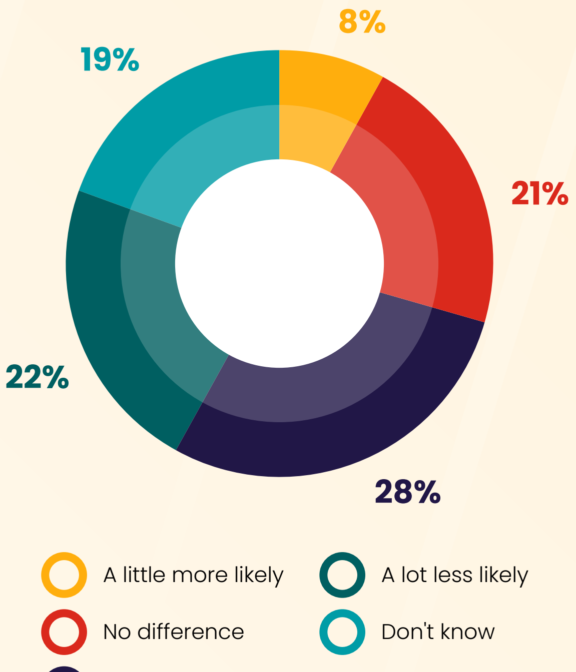
ADDRESSING THE ADVICE GAP

	Using a website	Using an app	Virtual support (i.e. via video call)	In person /face to face support	Over the phone	Using live chat on a website or app	Don't know
Research to understand whether financial advice is right for me	40%	10%	4%	20%	4%	2%	19%
Choosing a financial adviser and booking an appointment	27%	11%	4%	23%	9%	3%	23%
Providing details on my current financial situation (income, outgoings, debt and savings)	24%	15%	4%	28%	4%	2%	22%
Understanding my investment preferences and risk tolerance	25%	11%	5%	30%	4%	3%	23%
Receiving a recommendation on suitable financial products and / or investments	25%	11%	5%	28%	5%	3%	23%
Applying for a new financial product (e.g. ISA, pension)	35%	13%	4%	22%	5%	3%	19%
Consolidating or transferring a financial product (e.g. bringing old pensions together)	22%	12%	5%	30%	5%	3%	23%
Managing a financial product (e.g. topping up an account)	29%	23%	3%	17%	5%	3%	20%
Annual review of my financial situation and suitability of my current financial products	21%	14%	7%	28%	5%	3%	23%
Understanding my financial options at retirement	22%	9%	5%	35%	4%	2%	22%

ADDRESSING THE ADVICE GAP

Separately to our research, YouGov also recently looked at the issue of trust in financial services, and the relative merits of traditional and 'robo' advisers. The results support the aforementioned views – people are wary of digital services and prefer face-to-face interactions. Only 8% of respondents are more likely to trust a robo-adviser over a traditional financial adviser.

How much more or less likely are you to trust a robo-adviser compared to a traditional financial adviser? *Note: of 2,017 UK adults*



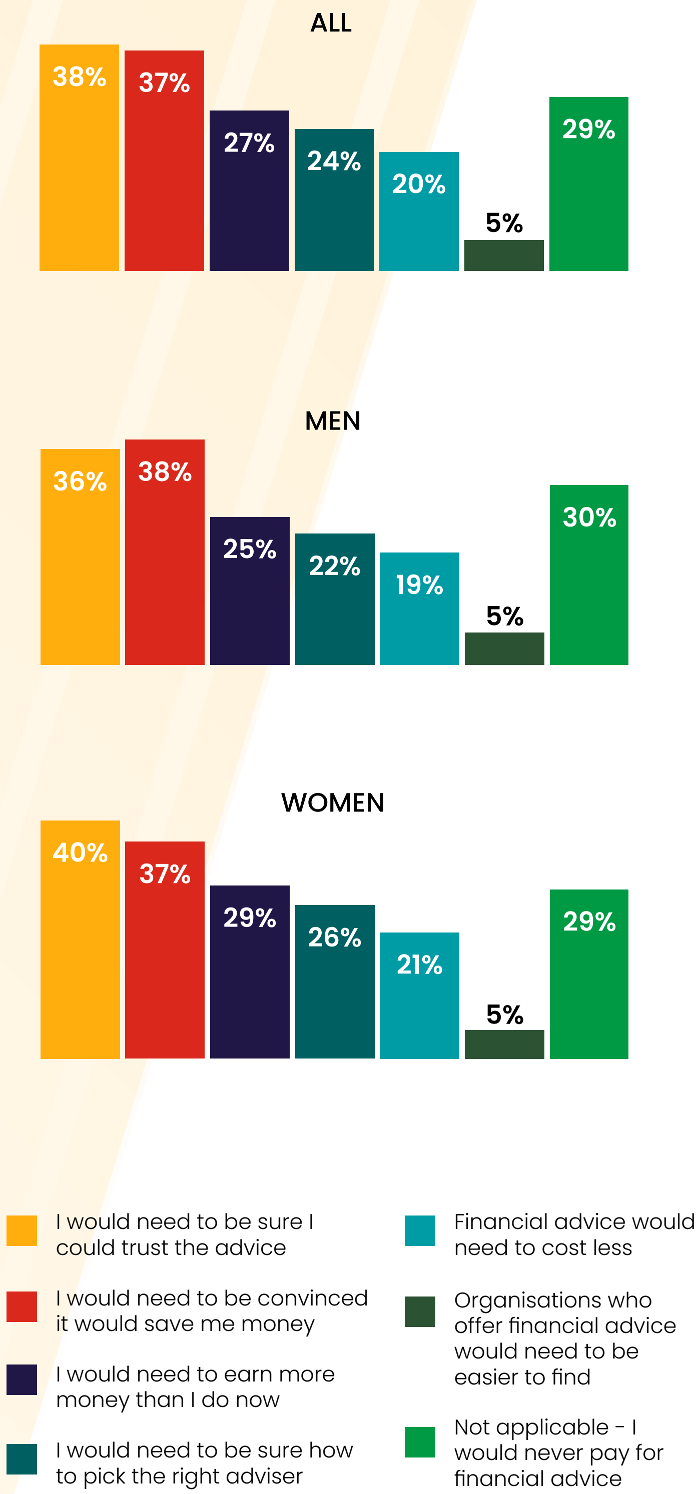
Source: YouGov surveys: Serviced | Feb 20-21, 2023

Barrier 2 – Awareness

Another key challenge for anyone wanting to take advice is awareness, both in terms of understanding the value of advice and knowing how to find the right adviser.

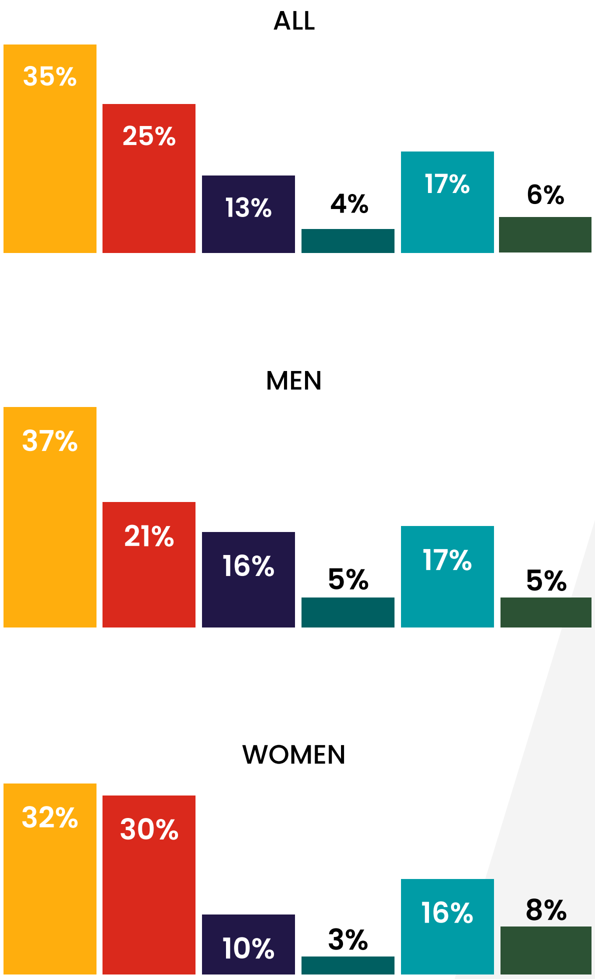
Of those who haven't paid for advice in the last two years and are unlikely to do so in the future, over a third (37%) said to encourage them to pay for advice they would need to be convinced it would save money, up from 33% in 2021. In addition, a quarter (24%) said they would need to be sure how to pick the right adviser, rising from 22% in 2021.

What would make you pay for financial advice?



For those who have received paid for or free advice in the last two years, referrals account for two fifths (42%) of respondents. This figure has fallen from 2021, when more than half (52%) that received paid for advice found their adviser via a personal recommendation, while the number undertaking their own research into paid for advice has risen from 25% in 2021. Interestingly, referrals from friends, family members or colleagues appear to be much more important for women as opposed to men.

Sources of information for those who received free or paid specialist financial advice



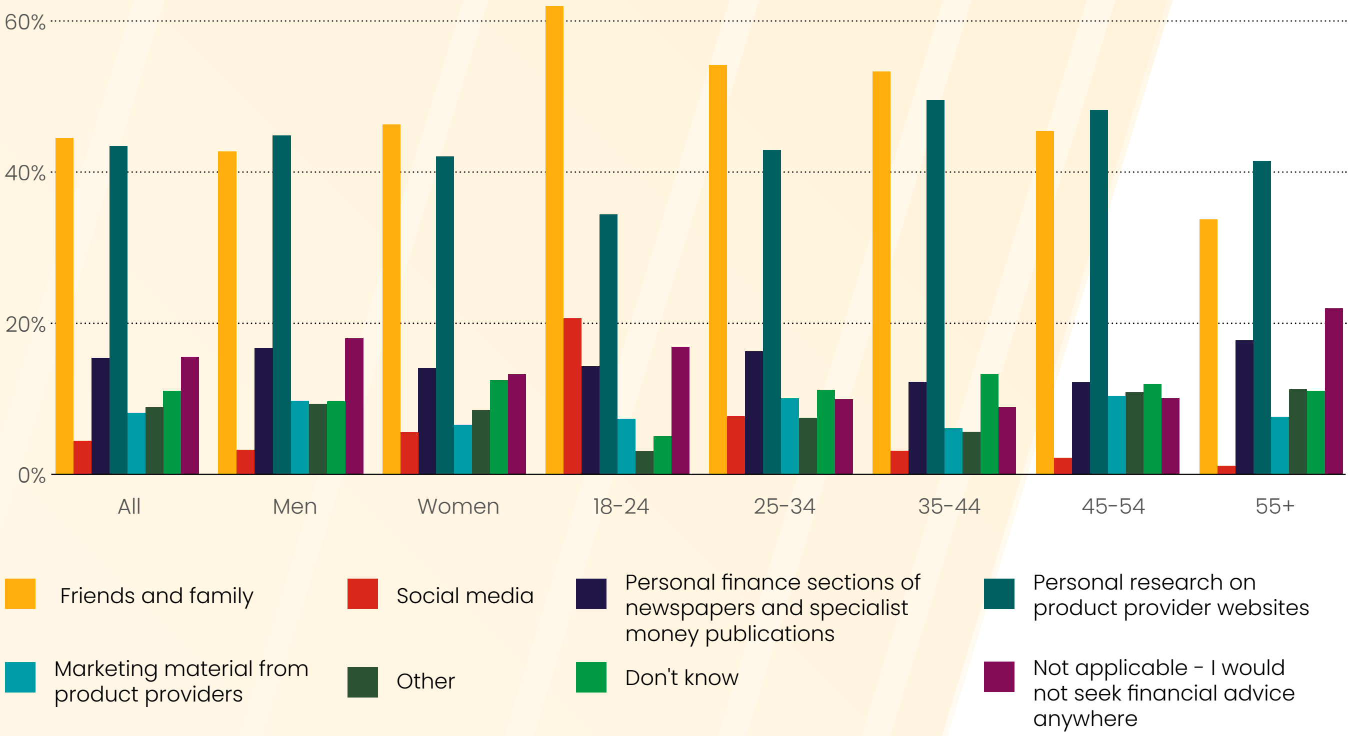
As we've previously seen, the question of trust is the biggest issue that needs to be overcome to make people more likely to become advised clients. Having a recommendation from a source you already trust is also likely to go some way towards overcoming the barrier of trusting the advice itself.

> "Those who have paid for advice highlight the importance of referrals, and those who haven't bemoan the difficulty in finding the right adviser."

So where do those who haven't and are unwilling to pay a professional turn for financial advice? Almost half (2023: 45%, 2021: 41%) would ask their friends and family, while a similar number (2023: 48%, 2021: 49%) would rely on their own research either through product provider websites, or through the personal finance sections of the media. Reassuringly, only 4% would rely on social media (including influencers) which remains static from 2021, although this rises to 21% of 18- to 24-year-olds (2021: 17%).

ADDRESSING THE ADVICE GAP

Sources of information for those who would be unwilling to pay for financial advice



As we'll see later, a sizable proportion of people do not feel confident about making financial decisions, so if you're in that camp and no one you know uses an adviser, what then? Without a source of referrals, it will be more difficult to find an adviser and the trust barrier will also be harder to overcome.

Of course, outside of the paid advice sector, the government backs free financial guidance in the form of MoneyHelper, which was launched in 2021 to bring together the Money Advice Service, the Pensions Advisory Service and Pension Wise. Unfortunately, awareness of this service is still alarmingly low although risen slightly from 24% in 2021, to 26% now.

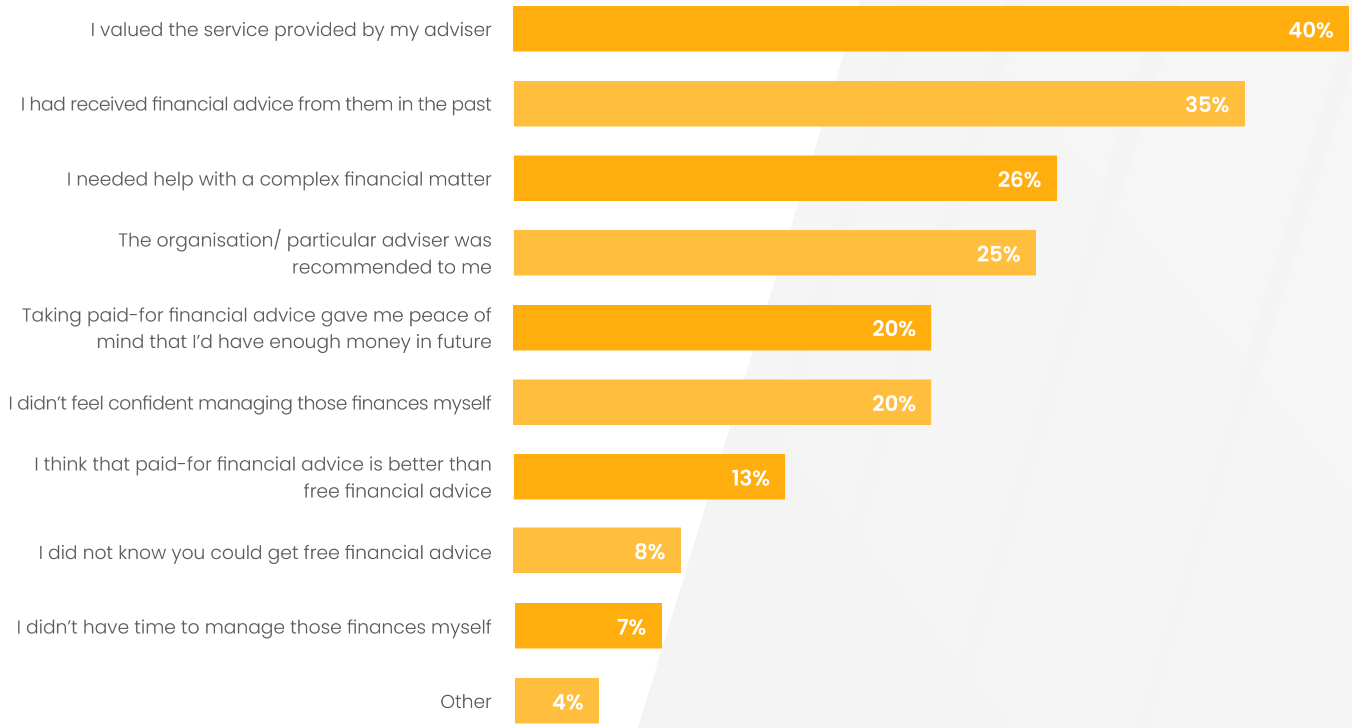
Before taking this survey, were you aware that the UK government offers free guidance on managing your money?

	All	Men	Women
Yes, I was	26%	30%	23%
No, I wasn't	74%	70%	77%

Barrier 3 - Confidence

Among those who have paid for advice in the last two years, a lack of confidence in managing money is one of the main drivers for taking advice, especially for those who have complex financial matters.

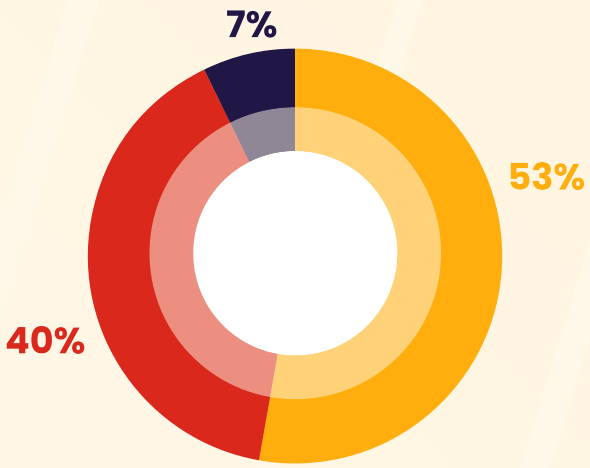
Why did you pay for financial advice?



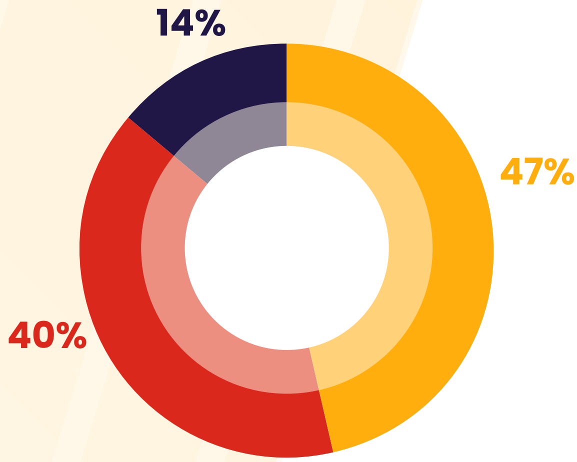
ADDRESSING THE ADVICE GAP

Just over a third (35%) of respondents find managing money and making financial decisions a challenge, increasing from 31% in 2021. 47% say they would benefit from free access to money advice, up from 39% in 2021. However, over half (53%) say they don't need any help – although this has fallen from 60% in 2021.

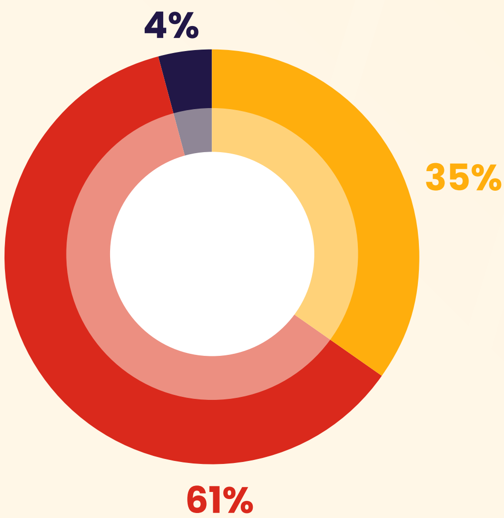
"I don't need any help with managing my money and making financial decisions"



"I would benefit from free access to money advice to help me with managing my money and making financial decisions"



"I find managing my money and making financial decisions challenging"

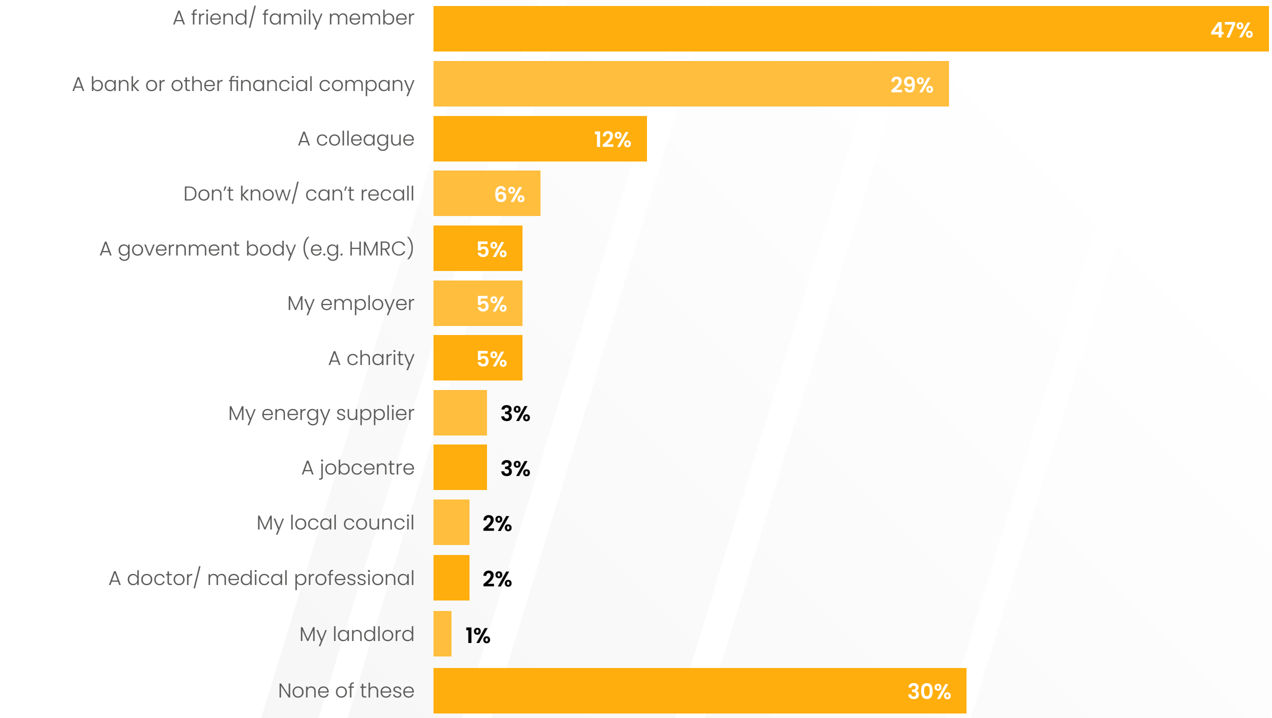


Agree Disagree Don't know

ADDRESSING THE ADVICE GAP

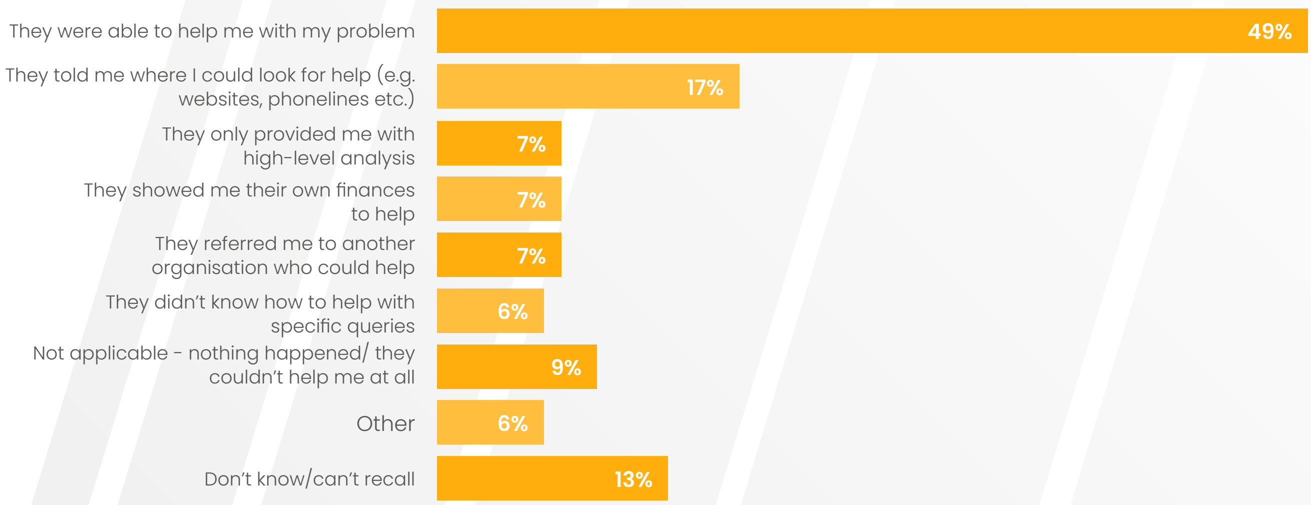
As we've seen with other questions, if people find themselves in financial difficulties, friends and family tend to be the first port of call for help (2023: 47%, 2021: 40%). Just under a third (2023: 29%, 2021: 24%) approached their bank or other financial company.

With which people or organisations have you ever discussed a financial problem?



Having asked for help, the vast majority of respondents found some sort of resolution to their problems, either directly or by being pointed in the right direction for further help and support.

What happened as a result of discussing a financial problem?



ADDRESSING THE ADVICE GAP

When we look at a range of personal financial management activities in more detail, we can see how confidence in going it alone varies dramatically. For personal banking activities, such as choosing a current account or savings product, around two-thirds of respondents are comfortable to go it alone. However, when making investments or arranging a pension plan, this falls to around a third.

	Paying off my debts	Arranging a mortgage/buying a house	Making an investment	Starting my own business	Arranging my pension plan/ repayments	Choosing a current account	Writing my will	Choosing a savings product	Choosing a credit card or personal loan
I feel confident doing it alone	49%	38%	37%	26%	32%	66%	37%	63%	63%
I don't think it's worth paying for advice in this situation	38%	25%	35%	23%	28%	52%	33%	48%	50%
It's quick and easy to do it myself	33%	25%	30%	19%	18%	61%	24%	53%	55%
I can't afford to pay for this type of advice	20%	15%	21%	19%	18%	13%	14%	14%	13%
I know I can access free advice for this situation	31%	40%	28%	25%	33%	36%	31%	37%	33%
I don't trust financial advisers	12%	15%	27%	20%	19%	9%	11%	13%	12%
I would not seek financial advice at all in this situation	26%	19%	21%	21%	19%	41%	26%	34%	38%
Other	9%	10%	7%	16%	12%	2%	7%	2%	3%
Don't know	4%	7%	5%	13%	5%	1%	5%	2%	1%

These percentages are from all GB adults who did not say they would *never* pay for financial advice, but would not pay for financial advice in *certain situations*.

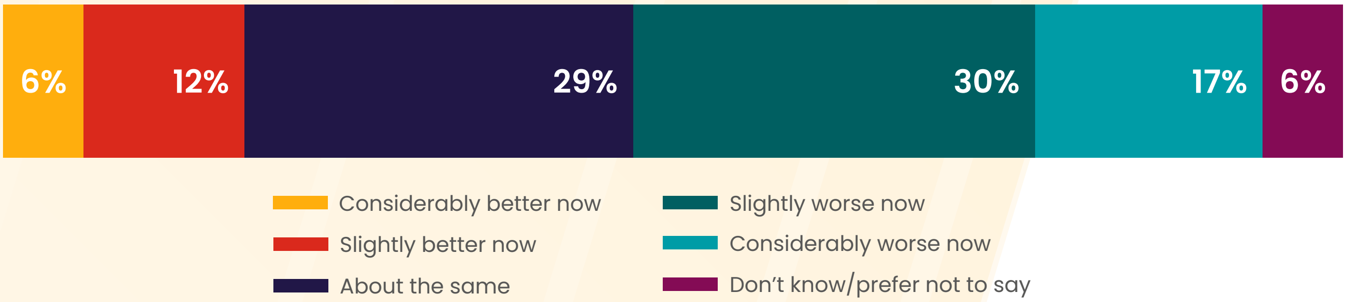
ADDRESSING THE ADVICE GAP

Furthermore, when we look at the world of investing, not only is there a lack of confidence being displayed, but considerable confusion as to what investing should actually represent. The word cloud shows the results of the question “what comes to mind when you hear the word ‘investing’?”, with “risk” and “risky” featuring heavily.

The Cost of Living Crisis

No one needs reminding just how hard the last three years have been. The pressures of the pandemic, the war in Ukraine and the resulting cost of living crisis have impacted all bar a very fortunate few. Almost half (47%) of our respondents feel their household finances are in a worse position than they were three years ago, with another 29% saying they are about the same. Less than one in five report an improvement.

Thinking about now, compared to when the Covid-19 pandemic started (i.e. March 2020). How have your household finances been affected?



When we analyse spending across a range of categories, we can see exactly where the cost of living crisis has hit the hardest. Essentials such as gas and electricity, food and transport costs have seen the biggest increases, with over two-thirds of respondents reporting an increase in their spending in those areas.

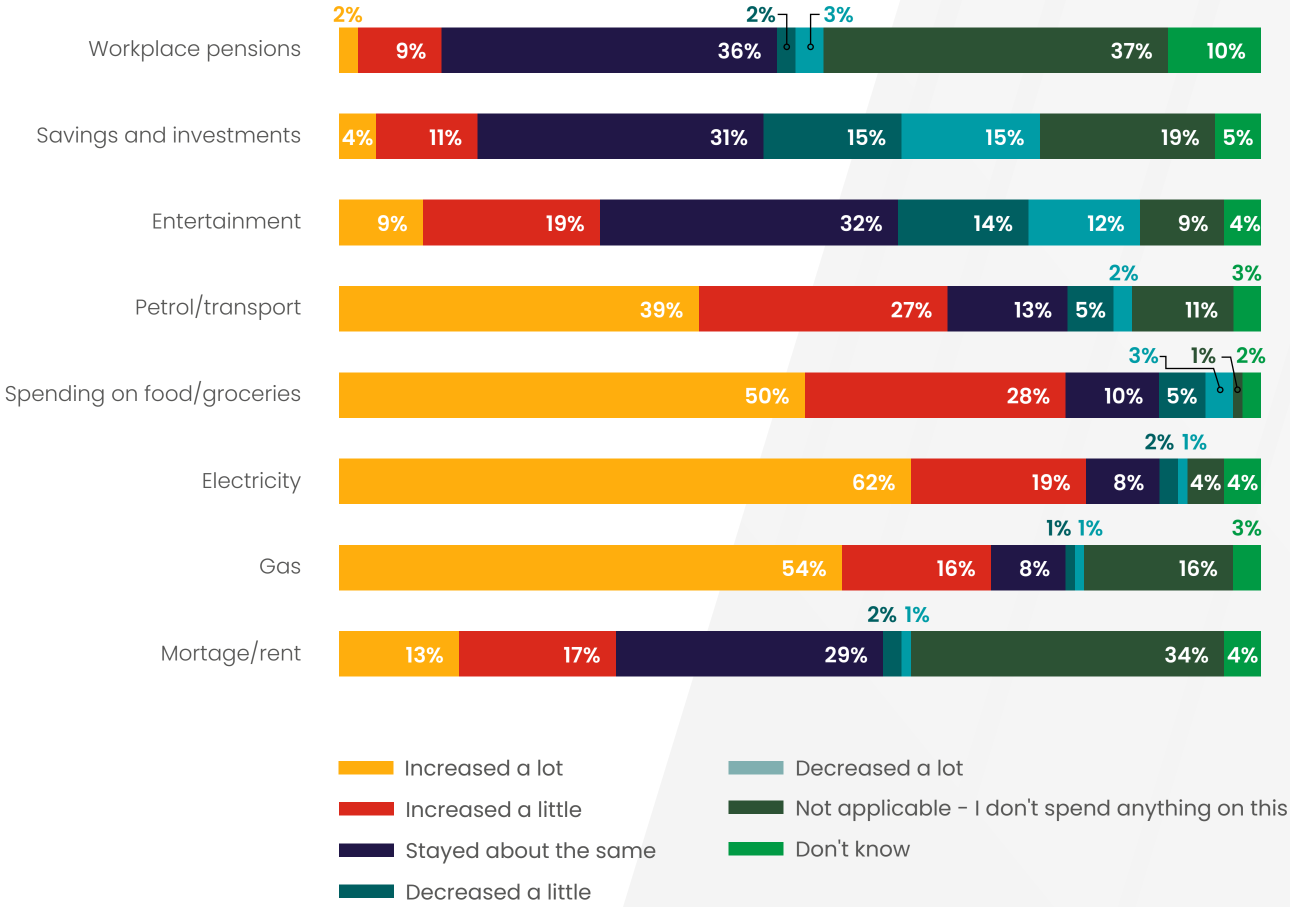
For many, mortgage and rent costs have been affected by the increase in interest rates, with 31% of respondents falling into this camp. However, it is worth noting that for a larger proportion (34%) this question is not applicable, as they don't spend anything in this category. This is a very close match to ONS figures, reporting that 37% of homes are owned outright, and serves as a useful reminder that **while rising interest rates will negatively impact many of those with a mortgage, for a lot of people rate rises may be irrelevant, or even welcomed if they are mortgage-free and have savings in cash.**

Just under a third (30%) have compensated for the increased spending elsewhere by reducing the amount they are saving and investing. As you might expect, household wealth is a huge factor here. Those in the £25,000 to £44,999 household income brackets saw the biggest decreases in savings, whereas over a quarter of those earning more than £100,000 were able to increase the amount being saved and invested.

> **"Perhaps surprisingly, payments to workplace pensions have stayed the same for most contributors - and overall contributions are net positive over the last three years."**

As with savings and investments, wealth is a big factor here, with the largest increases coming from households with above £70,000 in household income, but we can also see encouraging signs when looking at age. Almost a fifth (18%) of the 35-to 44-year-old cohort increased contributions, with only 4% cutting back. Similarly, only 4% of 45- to 54-year-olds reduced contributions. **The cost of living crisis has put the squeeze on everyone's spending, but workplace pensions appear to be emerging relatively unscathed.**

How has the recent increases in cost of living impacted typical spend?



Adviser Research

Naturally, the lion's share of this report focuses on our consumer research, but what do those currently working in the advice profession think? The lang cat is privileged to maintain a panel of 1,350 members of the advice profession, where we run regular qualitative and quantitative research on a number of topics.

In late winter 2022, we posed a small number of questions to our advice panel and received 210 responses. This short section complements the wider consumer research and helps further inform our thinking about the Advice Gap in the UK.

Our Respondents

- Three-quarters of respondents are either owner/director–planners or planners within firms.
- The bulk of the remainder are either owner/directors who don't advise or are paraplanners, either in-house or outsourced.
- 77% of our respondents work for directly authorised IFA firms. Half of the remainder work for networks with the rest restricted, vertically-integrated or service providers.
- We had a wide range of firm sizes participating but broadly representative of the lop-sided nature of the advice profession where 95% of firms have five advisers or fewer. 55% of our participant firms manage at least £75m on behalf of their clients. 14% manage in excess of £500m with 8% of our firms managing over a billion.
- Most of this money is managed via a centralised investment proposition with a mean average of three-quarters of client money held here per firm.

Client demographics

We kicked the survey off by testing accepted wisdom that financial planning is mainly accessed by (a) the wealthy and (b) those approaching or in-retirement. We tested that with two quick questions:

What is the average age of your clients?

- The mean average client age among our respondents is 59.1 with the mode average almost identical, standing at 60.
- 93% of our participants state that their typical average client age is 50 and above.
- A very small handful of respondents appear to have a portfolio of clients outside of the norm, with one participant stating that their average client age is 35 and another standing at 40. These firms appear to have a fundamentally different client proposition, dealing with a distinct, younger client segment.

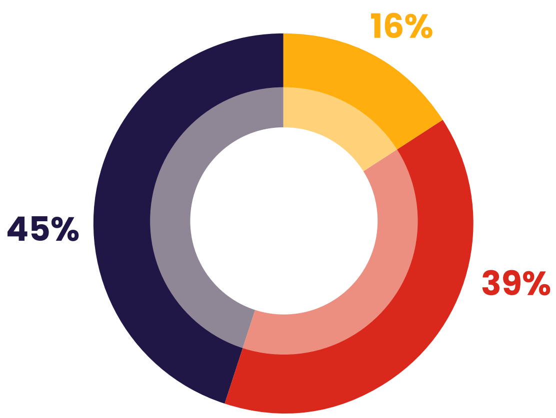
What is the typical portfolio size of a new client for you at present?

- The mean average stated portfolio size among our participants is just over £350,000 with the mode average standing at £250,000.
- Only 5.4% of participants state that their average portfolio size is below £100,000.
- Similarly, only 4.9% of respondents state that their average portfolio size is greater than a million pounds.
- The bulk of our sample (64.7%) have a stated average portfolio size of between £100,000 and £375,000.

Current process for modest client portfolios

We also wanted to discover what happens among firms where a client approaches the advice profession with a more modest sum of money to invest.

What would you do if a potential client with £20k to invest approached you?



Checking in our own biases at the door, **we were surprised to see only 16% of firms stating that they would turn away this potential client, with 39% stating that they have a specific service in place and a further 45% stating they'd take them on under certain conditions.** Many respondents were kind enough to leave additional colour which hints at what's going on behind the scenes.

Some respondents take a long-term view and hint at a long, profitable relationship with a potential client.

"As long as they will pay our flat rate fees, we would advise them normally. You don't need investable assets to pay for advice. That is an outmoded concept."

"My business is set up specifically for those clients with high income, low assets."

"If the client was young and had the potential to become commercially viable over the long term, we would consider offering a service. A large proportion of our current higher net worth clients started as lower net worth with high incomes."

Others outline that the bulk of their business exists due to referrals of different shapes and sizes, and state that if the potential client came from an existing, trusted source, they would consider them.

"This applies to all our new clients, doesn't matter the size of the purse to invest. Family groups/friends/neighbours = strong trust and honesty from outset and has worked for 20+ years."

"Generally new clients are via existing client referrals, so consideration would be given to the source of the referral."

"It still might not be cost effective for them or us at that level but if a [current client's] family member [we] would accommodate them."

With regards to those existing propositions outlined in the 39% segment, it's clear from the verbatim comments that part of this is the advice firm taking on a laudable, pro-bono, educational role, generally helping the customer make the best decision possible by themselves.

"We provide a brief conversation with educational information only and point the client in the right direction to be able to serve themselves."

"Provided we had capacity, we would give them guidance as to the sort of solution they should be looking for, and enough information and education to allow them to self-service."

"Would look to point them in the right direction without advice being given."

"We leave this to advisers individually - but I tend to think we would try to assist, without committing ourselves to extensive reviews etc. Part transactional, part pro-bono I suppose."

"I don't see how it is possible to provide tailored financial advice at an affordable cost for this sum of money, unless it is part of a wider piece of work."

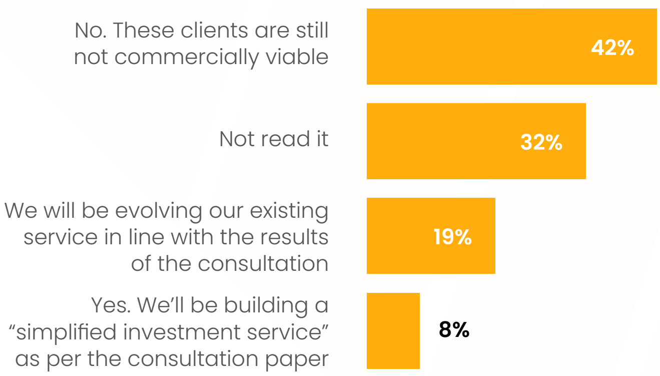
ADVISER RESEARCH

This supports what we found in the consumer research: it is possible to get financial advice if you have relatively small amounts to invest – many are doing so. However, it's largely restricted to those with an existing connection to the adviser or who already have a high income. For those with low investible assets outside of these groups, we observe a profession that is attempting to do its best to support those who are less wealthy, with only a minority (16%) turning people away, but that is unlikely that this will be in the form of regulated financial advice.

Current regulation

At the end of last year, the FCA consulted on proposals for a new core investment advice regime. We were interested in finding out whether this current regulatory activity is influencing how adviser businesses are shaping their propositions.

Does the recent FCA consultation (CP 22/24: Broadening access to financial advice for mainstream investments) **for this type of client change your thinking?**



Those hoping that regulation will be the driving force for change within the profession will be disappointed with the data here. Almost three-quarters of participants stated that CP22/24 will either have no effect due to the core demographics not being commercially viable for them as a business (42%), or a lack of interest resulting in respondents having not read the consultation paper in the first place (32%). This is a sad reflection of relations between the profession and the regulator.
Elsewhere, additional verbatim comments offer some colour.

"I'd love to build a simplified advice proposition, but I'm going to let some others go first"

"In many cases, it will not be viable. I am eager to explore further. The 95% who are not being serviced represent a huge opportunity for someone, we just need to know who and how!"

"I would like to think a lighter touch for smaller value portfolios could be a way forward. Taking an ongoing fee could be an issue."

"If an FCA paper is the motivation for improving, we aren't getting it right! Services need to adapt to a degree, but the tools exist. It's not easy to make a financial case, but it's not impossible."

"We are aware of the needs of UK investors and people generally. The majority have no advice, no plan, in fact most have no idea on how important this matter is."

"Let's be brutally honest - commercially they are not viable - especially considering the FCA's continued increase in regulatory stipulation. Nevertheless, it's important to have financial advice accessible. I suppose we can look at our service proposition to help as much as possible."

"I'm a small lifestyle business. Can't and don't want to focus on this area."

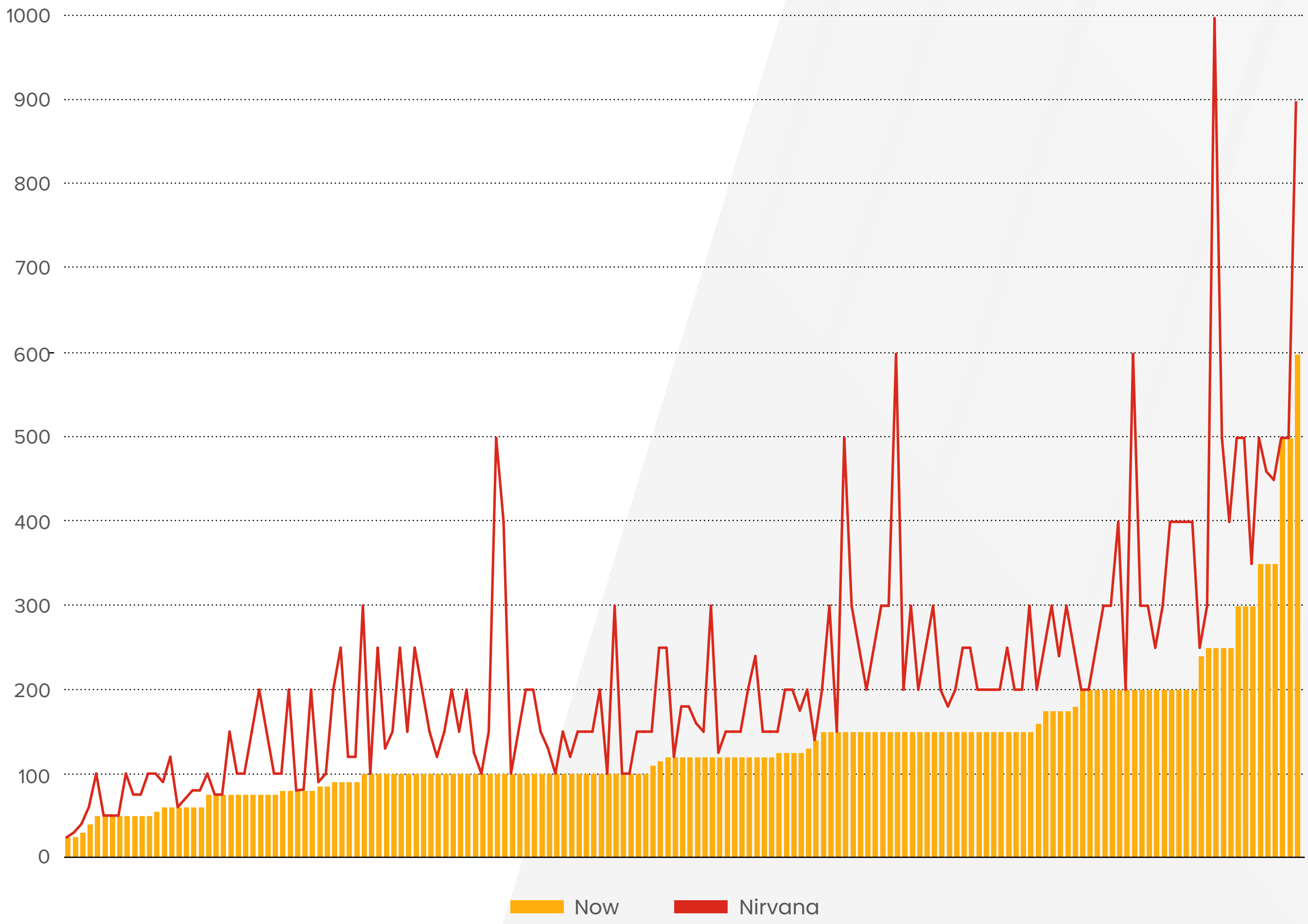
"We agree - there are some good fintech solutions available that could become scalable - not currently highest on our business plan priority list but it's being talked about."

Capacity

If financial advice is the place to go to for high-quality, personalised, bespoke financial plans, then surely there is a ceiling on the number of adviser-to-client relationships that can be effectively maintained at any given time within a firm. To get a sense of capacity among the current advice profession, we asked:

Do you have a view on the maximum number of clients that it is feasible to be advised per adviser? i.e. "I think it's only possible to deliver a high-quality, personal service to 100 clients a year."

Now, based on your current circumstances, and (suspending belief here for a second!) in an imagined future state, where technology works significantly better for you than it does now and industry woes like transfer times/letter of authority delays go away, what does this number become?



Based on current circumstances, our participants believe that the mean average number of clients that can currently be served per adviser is 136. The mode average current set up is 100. A quarter of respondents believe that this number is lower than 100, with 7.5% believing that it is 50 or less. Clearly, these respondents are either lifestyle businesses or advisers who fundamentally believe that a highly-personalised, time-heavy service is where they specialise.

At the other end of the curve, one in six respondents believe that this number can be 200 and above.

> **"Essentially, we gave participants a thought experiment. If we could remove most of the friction in the sector, making technology and procedural woes a thing of the past, what would capacity look like then?"**

ADVISER RESEARCH

The line chart looks at the perceived additional capacity that would be unlocked for each participant in our study. In summary, the pure mean average volume of additional clients that could be served is 62%. Because averages are averages, many respondents are fundamentally less optimistic than this (or are living with less of the friction than others). 47% of respondents believe that the additional capacity available to the sector in a nirvana state is less than 50%, with 28% of participants believing that they could serve fewer than an additional quarter of current volumes, if their day-to-day life in the sector got easier.

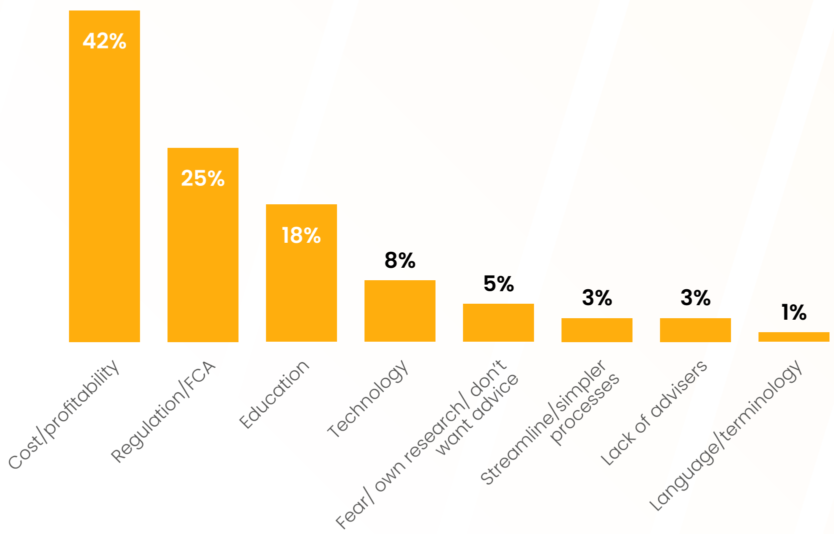
Either way, given current velocity, this nirvana state isn't arriving any day soon, but it's interesting nonetheless to observe that – based on current capacity levels – eliminating friction in the profession isn't going to be the sole silver bullet for the population.

Views on the Advice Gap

Our final question gave the advice profession free rein to explain and solve the Advice Gap.

Following analysis of each verbatim comment, the results can be broadly mapped over to eight prevailing themes.

Do you have any views in general on the Advice Gap? For example, what is causing it and/or what could (or should) be done to address it? Who should be responsible for addressing it?



The biggest chunk of responses (42%) contained a degree of concern towards the cost or profitability of stepping outside of the typical portfolio sizes outlined previously in order to serve lower value clients.

> "A big cost is the regulatory cost i.e. FCA fees, PI fees, compliance etc. Possibly a simplified model could work but it would be difficult to make it profitable."

> "If the cost of providing advice is lowered (suitability reports, illustrations, RPQs, etc.), then advisers could be in a decent position to help. Otherwise, it's on the state I'm afraid."

> "It is too costly and onerous to provide this advice to be profitable and of benefit and value to clients with less to invest."

A quarter (25%) of respondents mentioned the regulator in their response to the question. And, as we have seen in our other research, views towards the regulator are often less than favourable.

> "FCA regulation certainly doesn't help, neither does barriers to entries of new advisers."

> "It is being caused by the regulators and PI insurers pushing up the cost of running a financial advice/planning practice."

> "It's caused by the FCA and they could easily fix it by recognising that SOME simple advice is better than NO advice at all, by introducing a category of one off non-regulated advice for REGULATED advisers."

As we note from the responses, **the issue of perceived cost and profitability challenges and regulation are more often than not, intertwined.**

The next biggest segment relates to **education**, with 18% of comments outlining that one avenue to narrowing the Advice Gap begins as early as the school environment, with financial education all the way through from primary school to the workplace playing a key part in improving financial management.

> "...it should start in schools - preferably primary schools - then numeracy would improve to at least an acceptable level - which it is not at present."

> "I believe this is best addressed via workplace education with an element of guidance rather than full advice."

As seen in the results of our 'nirvana' question, 8% of responses highlighted that **better technology** would play a part in addressing the Advice Gap, unlocking additional capacity among the profession.

> "I'm sure technology and large-scale firms will find the solutions for this, but that's not really our strength."

> "Lack of good tech to implement efficiently."

> "Technology must play a large part in allowing businesses to provide advice to this type of client in a cost-effective manner."

Some 5% of respondents felt that some blame for the Advice Gap **lay squarely at the consumers' door.** Here we group together responses that outlined consumer apathy, a lack of demand, consumers doing their own research or quite simply fearful of the sector as a whole.

> "People do not understand how advisers can help and what value they can add to a financial plan."

> "My experience is that a lot of younger people think they can do it themselves & are hesitant to ask/pay for help."

A handful of participants (3%) stated that **streamlined or simplified processes** will be at the heart of closing part of the Advice Gap, with simple or guided advice a core part of this.

> "Low-cost self-directed solutions need to be communicated."

> "We absolutely need a simplified service. I also think we could be, as an industry, a lot better at guidance."

Similarly, 3% also felt that a lack of supply contributed to the Advice Gap, with a handful bemoaning a **shortage of advisers** in the profession.

> "Not enough advisers to deal with everyone and the youngest not getting access to advice."

> "In simple terms, the industry is a bit lazy - we go for the easy stuff - the boomers with levels of personal wealth - and there are barely enough advisers to serve them."

And lastly, a few of our participants (1%) felt that the financial services sector did itself no favours with the **complex language and terminology** used throughout.

> "Complication of language and legislation, especially regarding pensions is causing it."

> "Lack of customer understanding, overcomplicated systems, and the use of jargon are big contributors to the Advice Gap. The financial services sector as a whole should take responsibility for simplifying information and helping to educate, not just their customers but the wider community around them to support better decision-making."

We hand over the closing words of this section to the most stark verbatim comment received and a home truth, perhaps for us all, delivered to the sector.

> "I'm worn out, have no longer any interest in growing the business and find the position of women and minorities in the industry to be shocking and it has not changed in 15 years."

The Regulatory Challenge

As we have seen in the adviser research, the FCA takes a decent whack of the blame apportioned by advice professionals when considering the Advice Gap. However, to be fair to the regulator, it turns out that creating a regulatory framework that ensures everyone can get access to the help, advice and guidance they need safely and at an accessible price is a really difficult challenge.

There have certainly been a lot of attempts at making the advice sector more accessible. You can go back nearly 20 years, to Ned Cazalet's infamous paper *Polly Put The Kettle On* and Sir Callum McCarthy's subsequent speech at Gleneagles in 2006 entitled *Is The Present Business Model Bust?* These seminal moments eventually led to the Retail Distribution Review, which mostly fixed the commission problem, yet here we are in 2023, still trying to get the advice framework right.

Following RDR, and recognising the system still wasn't quite up to scratch, in 2015 the Treasury and FCA jointly launched the Financial Advice Market Review. It turned out to be a bit of a damp squib. It tinkered around the edges of advice and guidance without materially changing the way the industry served consumers.

Ideas such as rules of thumb or allowing savers to dip into their pension pot to help pay for advice, may have helped at the margins, but haven't materially shifted the outcomes for the millions of savers who aren't getting advice. So other interventions have been tried: investment pathways were introduced to help people drawing on their pensions to invest in more appropriate funds in retirement. Since this seemed a good idea, defaults have also been introduced for non-workplace pensions, meaning savers outside the auto-enrolment system can also benefit from simpler choices around retirement saving.

In the pre-retirement space, a nudge was introduced to encourage people towards the idea of using the Pension Wise service and when that didn't result in enough take-up, a stronger nudge was used.

In September 2021, the FCA published its Consumer Investment Strategy, with the intention of getting long-term savers out of cash and into investments, to address fraud and get low-risk investors away from high-risk investments. The big intervention it came up with on getting savers out of cash was a new Core Advice regime aimed at new money being invested in stocks and shares ISAs. Unfortunately, the industry took a good look at the proposals and gave them a thumbs down.

Elsewhere, the FCA's smarter communications research in 2016 eventually led to proposals for an overhaul of the disclosure regime; something that came into sharper focus following the UK's exit from the EU. In September 2022, the FCA put out a discussion paper on ways the disclosure framework could evolve in the future, asking some pretty fundamental questions about what information should be put in front of consumers and how and when that should happen.

The point of listing out all these initiatives, reviews and consultations is really to make two points. Firstly, it's not as if the FCA (and others, such as the Treasury and the Work and Pensions Committee) doesn't care about consumer engagement, advice and guidance. There's been heaps of work in this space over the past two decades, all with the twin aims of facilitating access to the help consumers so obviously need, while at the same time preventing bad outcomes. These bad outcomes broadly involve either bad actors, the genuine fraudsters parting unsuspecting investors from their money, or regulated firms not taking responsibility for the advice they give their customers. There has been an almost constant cycle of exploration to find the magic formula where all the right things happen, and all the bad outcomes are avoided.

Secondly, it has proved really, really difficult to square this circle. There are plenty of reasons for this; the low levels of consumers' financial literacy, the complexity of the UK's tax and investment landscape, the cost of training financial advisers etc.

We are where we are and, to its credit, the FCA isn't giving up on this challenge. It's announced a review of the provision of retirement advice, including advice on equity release, which will kick off later in 2023. The Consumer Investment Strategy work will continue, running through to 2025.

However, as we saw through our adviser research, the idea of introducing Core Advice, a simplified advice regime just for new stocks and shares ISA money hasn't been met with much commercial enthusiasm among advice firms and that idea now seems dead in the water. Instead, the FCA has now announced a full-on thematic review of the advice/guidance boundary. It's not yet clear where this work will take us. Industry participants are arguing for a new regulatory activity of 'Regulated Financial Guidance' allowing firms to take personal circumstances into account and modifying how they present information to customers, while stopping short of the liabilities and responsibilities associated with giving financial advice.

Meanwhile, the Treasury has expressed some misgivings about the FCA's flagship Consumer Duty reforms; this is not to say they won't happen, just to acknowledge the additional complexity of possible political intervention in the regulatory processes. And there's a General Election less than two years away. **All of this leaves the industry in a difficult position – change is almost certainly coming, but no one really knows what or when.** And in the meantime, that makes it very difficult to invest in new services and propositions.

How To Address The Advice Gap

So, that's the Advice Gap. Hopefully you've found lots that will both interest and stimulate thought.

The Advice Gap has never been as simple as a binary question of who is and isn't taking advice. If things are to change, it is vital to understand what drives people to take advice, and what prevents them from doing so. Affordability is clearly a big part of the latter, but it is by no means the only issue. There is a lot more that could and should be done to improve the perception, availability and accessibility of advice.

Why bother?

But before we get into all of that, it is perhaps worth taking a step back and considering why we should even bother. Or as an old boss of mine used to frequently say, "So what?"

Vanguard's Adviser Alpha study quantifies the value of advice as an additional 3% in annual net returns.

Vanguard's Adviser's Alpha strategy modules	Value-add relative to 'average' client experience (in basis points of return)
Suitable asset allocation	>0 bps *
Cost effective implementation	29-44 bps
Rebalancing	0-48 bps
Behavioural coaching	150 bps
Tax allowances and asset location	0-32 bps
Withdrawal order for client spending	0 - 153 bps
Total-return versus income investing	>0 bps *
Potential value added	About 3%

** Return value add for these modules is significant, but too variable by individual investor to quantify*

The most striking part of this study is that around half of the added value is derived from behavioural coaching. And this helps answer the "Why bother?" question. **Good advice is not about making it easier to buy an ISA, it is about improving financial wellbeing.** Whoever you are, and whatever your level of wealth, gaining control of your financial affairs and accessing the peace of mind that comes as a result, is a huge benefit and one that should be attainable for all.

However, reality check time, for this to happen, the services must be commercially viable. Advice firm owners run a business and are not paid to deliver social policy. As we saw through our adviser research, the majority of advisers are aware of and care about the Advice Gap, but only a small proportion are actually doing anything about it other than providing free guidance and direction. And to be clear, we're not criticising the advice firms who choose to concentrate on their core clients of wealthy at-retirees; it makes perfect commercial sense to focus limited resources on where demand is highest.

The "Why bother?" from the provider point of view is somewhat clearer. Our research shows that there is a clear market opportunity – the advice sector could almost double the amount of people paying for advice if it addressed the main barriers to access.

As well as any altruistic motives, gaining a broader range of customers can be attractive. The downside is the increased regulatory risk as you attempt to navigate the grey line between guidance and advice. You can see why several large providers are lobbying hard to get this regulatory landscape changed.

Which leads us nicely to the regulator. Its "Why bother?" is written in statute, with their 2022-2025 strategy containing three areas of focus....

1. **Reducing and preventing serious harm**
2. **Setting and testing higher standards**
3. **Promoting competition and positive change.**

Taking each of these areas in turn, the 2015 Citizens Advice *The Four Advice Gaps* study first identified the preventative advice gap, where earlier access to advice could stop non-money issues impacting people's financial position. Our 2023 research finds that 15 million people now fall into this category. Receiving advice when going through key life events can help prevent financial harm occurring and while this gap has been getting smaller over time, there is still more to be done.

The focus on setting and testing higher standards is an interesting one to consider in light of the snappily titled *Broadening access to financial advice for mainstream investments* consultation. While the intentions of this work are sound, the suggested solution is not, as it appears to be lowering advice standards for certain groups of consumers. This consultation is not about improving the accessibility and availability of advice, it is about making it easier for providers to sell ISAs.

The third focus area, promoting competition and positive change is perhaps the most relevant for the Advice Gap challenge. The FCA has been very proactive in this space through its Digital Sandbox work, and although the above consultation might be flawed in terms of its proposed solution, the intentions are sound. However, it does need to move more quickly.

The wider review of the advice and guidance boundaries is a critical piece of work, and one that is long overdue. It was good to see it is getting high level attention in Therese Chambers' recent speech at the TISA Financial Advice and Guidance Conference, but disappointing to hear that expectations are already being managed down. "This will inevitably take time", might be true, but it will inevitably create a regulatory vacuum, stifling any innovation until the boundaries are resolved. **It will take a brave provider to invest in developing a new proposition when they are unable to see what the regulatory landscape will look like in three, five or ten years. This work is vital and needs to be accelerated.**

Having established that the "Why bother?" test for the Advice Gap has been passed with flying colours, the final question is "What should actually be done about it?"

Let's look at each of the three main stakeholders...

Advisers

Improve trust
Somehow, the advice industry needs to improve its public perception, and get the message across that, 10 years on from RDR, it is now increasingly a Profession. Adviser trade bodies must take the lead here, championing the value of quality financial advice. Individual advisers have a role to play as well, both within their local communities and also whistleblowing on the bad guys (a rule under Consumer Duty).

Encourage referrals
Our research shows this is not only a gap, with people wanting to pay for advice but struggling to find an adviser, but it is also the most popular way those who are taking advice found their adviser. By encouraging referrals, advisers should see a direct benefit to their business, as well as helping push the message that advisers can be trusted.

HOW TO ADDRESS THE ADVICE GAP

Providers

Champion advice
The larger providers, especially the ones with visible consumer brands, can do far more to improve trust in the advice sector. Some may choose to develop their own campaigns, **but at the very least these organisations should be working with adviser trade bodies to support their activity.** Some providers might decide to build their own advised services, but if it is targeted at consumers with relatively low amounts to invest and/or simple needs, it's unlikely to create any channel conflict with the advice sector.

Embrace Consumer Duty
The negative perception of financial services is not just for the advice sector to address. Terrible service standards, impenetrable literature and poor value for money all serve to support the lack of trust that comes through in our consumer research. Consumer Duty gives you the chance to do something about it...

Regulators

JFDI[6]
As mentioned above, whilst the review of the advice/guidance boundary is unquestionably a piece of work that is important to get right, it is equally important to get it moving forward as quickly as possible. **Consumer Duty gives the FCA the tools to hold firms to account if they are not creating positive outcomes for their customers. The regulator now needs to act to enable more firms to do exactly that.**

Champion advice
It is not down to the FCA to promote the advice sector, however it could (and should) play a more active role in supporting the good guys.
One practical way would be to sort out the mess that is the FCA Register, enabling consumers to easily check whether an adviser/provider is legitimate. However it is done, you can't help feel that with regards to the advice sector the regulator is currently failing on its "promoting competition and positive change" focus.

[6] Just f***ing do it.

Consumers

Finally, on the off chance that someone in the real world might be reading this, what should you make of it all?

The first tip should probably be to never take advice from an unregulated consultant, but with that hefty caveat out of the way, there are a few things you should keep in mind.

Firstly, as the table from Vanguard shows, there is value in advice and financial planning, but it is more about the behaviour side. **The focus needs to be on what you want to achieve in your financial life, as opposed to what is the best fund/platform/thing.**

Secondly, the government backed MoneyHelper website is a really useful resource to help get to grips with your finances whatever your stage of life and however much money you have.

And thirdly, if you want to know more about financial advisers and how to find one, these links will help – and it's also a good idea to ask your friends, family and colleagues if they have any recommendations:

- https://www.citizensadvice.org.uk/debt-and-money/getting-financial-advice/
- https://www.unbiased.co.uk/
- https://www.vouchedfor.co.uk/

This Report was Brought to You by

Mike Barrett
Consulting Director
(Co-Author)

Steve Nelson
Insight Director
(Co-Author)

Tom McPhail
Director of Public Affairs
(Co-Author)

With huge additional thanks to:

Jenette Grenwood
PR Director
(Editing and Correcting Nonsense)

Jenny Smyth
Marketing Manager
(Editing and Correcting Nonsense)

Kate Ogilvie
Research Analyst
(Number crunching and charting)

THE LANG CAT

THE ADVICE GAP 2023

© the Lang Cat Ltd 2023. The Lang Cat Ltd is registered in Scotland (company number SC390771, 6 Quayside Mills EH6 6EX). And finally, importantly, please note: the Lang Cat Ltd is not regulated by the Financial Conduct Authority or Prudential Regulatory Authority. We cannot (and do not) provide financial, investment or other related advice. Nor do we provide any recommendation or endorsement of products or providers. Everything we publish is our interpretation of, and view on, global affairs and other matters of particular interest to us at the lang cat. It is provided to you, our audience, for general information purposes only on an 'as is' basis, and it is not intended to be a recommendation or a substitute for further appropriate activity by you and any other interested party (for instance, from a regulatory, risk, compliance, due diligence, suitability, analytical, legal, accounting, advice or any other perspective). You use the information at your own risk and we can't accept responsibility or liability if you use it, or rely on it and things go wrong. While we always strive to be perfect and ensure that everything we produce and report on is accurate and up-to-date, we can't guarantee accuracy (because, for instance, we rely on others for data and other input). Thanks for reading.