

Robo – Opportunity or Threat?

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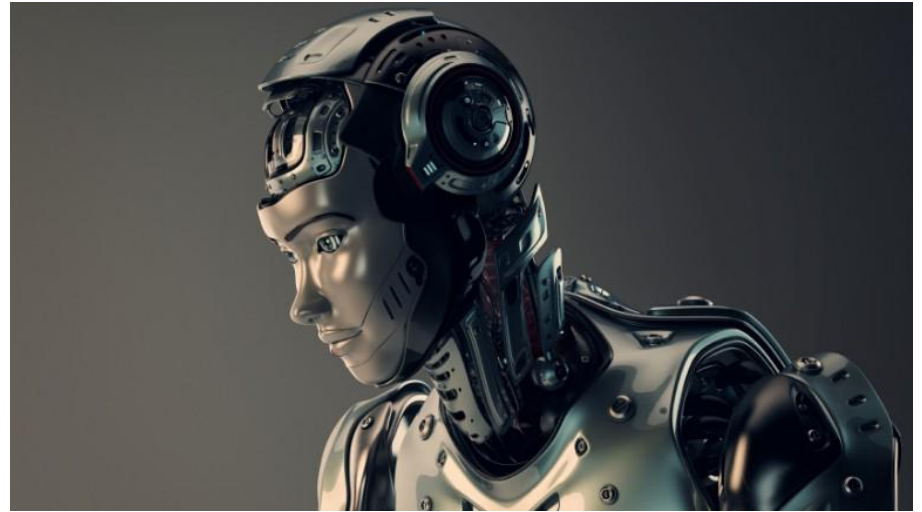
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Opportunity



- ✓ Greater consumer choice
- ✓ Increased access to savings, investment and protection – advice gap
- ✓ Address less complex needs more cost efficiently
- ✓ More engaged consumers will need professional advice along the way

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ROBO ADVISORS

Risks



- Seen as a ‘one size fits all’ solution
- Formulaic algorithms – risk of systemic mis-selling failure
- Cost to attract clients creates early failures
- Cost of failed robo-advice impact on FSCS and advice community

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The Need for a Solution!



UK household savings ratio has reached a new low of 3.8%
Almost 61% of 33-44 year olds not confident they save enough
UK savings averaged 8.4 (1955-2016) – peak of 15.5 in 1993
Office of National Statistics (ONS) April 2016

1 in 4 UK families have less than £95 in savings
Savings gap between low and high-income risen by 25%
Aviva report 2017

5.4 – 6 million people fall into the ‘affordable’ advice gap
Citizens Advice report Oct 2015

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“We are all a little bit robo!”

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