

PRESS RELEASE

**12th annual Market Survey of
French Independent Financial Advisors (IFAs) and their clients**

Independent Financial Advisors optimistic, more digital and challenged by regulatory changes

BNP Paribas Cardif has published the results of its **12th annual market survey** of French Independent Financial Advisors (IFAs) and their clients¹. Conducted with KANTAR TNS, one of the world's leading market research agencies, the 2018 survey by BNP Paribas Cardif focuses on **changes in the profession of independent financial advisor and client expectations**, against the backdrop of more demanding regulatory requirements as the digital transformation becomes a reality.

Regulatory changes create development opportunities for independent financial advisors

In an environment impacted by the impending application of the DDA directive on insurance distribution and the creation of a wealth tax on property assets in France, as well as debate concerning the draft PACTE² bill, **adapting to new regulations** is more than ever the primary challenge facing IFAs (cited by 90% of them).

In this context, IFA's expect **changes in the behaviour of their clients**, with substantial expectations in terms of tax optimization. 78% of clients in the survey say they are counting on their advisors to **assist them for tax issues**, compared with 64% in 2017. This priority is even more important since only 27% of clients have a precise idea of the tax reform measures.

Furthermore, over a third (36%) of IFA clients believe that the property wealth tax will lead them to **favour financial investments** over real estate investments.

Regulatory changes are also having a structural impact on the sector, cited as a motivating factor in the **sharp increase in planned acquisitions of financial advisory firms**. 45% of the IFAs plan to acquire a firm within the next five years (compared with 38% in 2017). At the same time, just 15% have plans to divest their business, an imbalance that could create tensions in the market.

¹ Methodology: telephone survey conducted by KANTAR TNS between 17 May and 4 June 2018 covering:

- a representative sample group of 300 independent financial advisors (sample group validated as representative using quotas on size of business and region)
- a sample group of 537 IFA clients and prospects with financial assets of 75,000 euros or more (sample group validated as representative using quotas for gender, age, region and personal savings assets).

² Plan d'Action pour la Croissance et la Transformation des Entreprises (PACTE) – Action Plan for Business Growth and Transformation

Growth outlook energized in particular by retirement planning

As in 2017, slightly over 9 out of 10 IFAs believe that **the profession is doing well**. This positive sentiment is buoyed by a **financial situation that continues to improve**. The level of **gross inflows** remains very dynamic, as in 2017, reaching historic highs for the past decade, representing an average of 3.6 million euros per firm.

This optimism is also due to the solid **image capital** that independent financial advisors enjoy thanks to their expertise and their ability to provide personalized advice. **91% of clients have a good image of their advisors**, who remain by far the **best source of advice for 78% of clients**.

In this context, IFAs have higher five-year growth projections (85% of them expect more robust growth, vs. 76% in 2017). 61% of the IFAs expect the volume of assets they manage to rise, an increase driven mainly by **recruitment of new clients seeking asset investment solutions** (60% attribute this increase to new client recruitment).

This success is also supported by the diversification of their product and services range. On average, IFAs offer **five products or services**, allowing them to cover the **primary investment objectives of their clients**, including preparing for retirement, transferring capital to descendants, protecting their family in the event of death and preparing contingency savings.

Nine out of ten IFAs offer individual retirement products while 46% propose collective retirement solutions, making them prime partners of clients seeking asset management solutions to **prepare for retirement**. IFA clients currently in the workforce are **better prepared financially for retirement** than prospects. Clients currently in the workforce who already have IFA partners prefer to invest their assets in PERP³ personal pension savings plans, while prospects are more interested in PERCO⁴ collective retirement savings plans.

Client adoption of online resources increases

IFAs on average resort to slightly more than three different online solutions, meaning that **the profession has clearly entered the digital age**. Three-quarters of the IFAs already use online subscription tools and more than 6 out of 10 use aggregators or tools to support their advisory mandate.

The 2017 survey showed that there was still a gap between the maturity of IFAs in relying on digital and Internet-based resources, and the attitude of their clients towards these solutions. This year's results show that **clients have closed the gap when it comes to readiness to adopt online tools**. The majority of clients now favour paperless transactions (64%), compared with just 46% in 2017. IFAs correctly believe that the client relationship will increasingly transition to online exchanges (84%) and they feel that on average half of their clients are ready to make this transition with them.

The use of robo-advisors remains marginal among other online resources adopted by IFA clients. Among those who say they would be willing to try these automated investment advice platforms, **94% of IFA clients view them as a tool that complements the work of their IFA**. Half of them would invest **less than 5,000 euros** if they did use an automated platform.

³ PERP : Plan d'Épargne Retraite Populaire

⁴ PERCO : Plan d'Épargne pour la Retraite Collectif

"Nothing seems to have dampened the optimism of French independent financial advisors in 2018, neither current regulatory changes – which they view as an opportunity – nor the need to transition to online resources, which they have largely already done. IFA sentiment is very positive, supported by a loyal clientele base: 91% of the clients have a positive image of their advisor. IFAs continue to play an important role for clients seeking financial investment solutions; in particular they are a prime partner for retirement planning. The results of this survey show that IFA clients often take the initiative by setting up individual pension plans, while prospects generally opt for the collective retirement solutions proposed by their company. These investment objectives may change in the years ahead and the IFAs are positioned to support clients thanks to their expertise and personalized advice," comments Pascal Perrier, Director of IFA Networks – Brokers & Digital Business, BNP Paribas Cardif France.

About BNP Paribas Cardif

World leader for creditor insurance¹, BNP Paribas Cardif plays an essential role in the lives of insured customers, providing them with savings and protection solutions that let them realize their goals while protecting themselves from unforeseen events. As a committed enterprise, BNP Paribas Cardif strives to have a positive impact on society and make insurance accessible to the largest possible number of people.

In a world shaped by the emergence of new uses and lifestyles, the company, a subsidiary of BNP Paribas, has a unique business model anchored in partnerships. It co-creates solutions with almost 500 partners distributors in a variety of sectors (banks and financial institutions, automotive companies, retailers, telecommunications companies, energy companies, Independent Financial Advisors and brokers...) who then market the products to their customers.

BNP Paribas Cardif is a recognized global specialist in personal insurance, serving 100 million clients in 35 countries with strong positions in three regions – Europe, Asia and Latin America. BNP Paribas Cardif also plays a major role in providing financing for the economy. With over 10,000 employees² worldwide, BNP Paribas Cardif had gross written premiums of €29.7 billion in 2017.

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About KANTAR TNS

KANTAR TNS is one of the world's largest research agencies with experts in over 80 countries. We provide actionable insights to help companies make impactful decisions and drive growth.

With a 50-year expertise in market understanding, innovation, brand and communication, shopper activation and customer relationships, we help our clients identify, optimise and activate the moments that matter to drive growth for their business.

We are part of KANTAR, one of the world's leading data, insight and consultancy companies.

Find out more at www.tns-sofres.com

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¹ Source: Finaccord - 2017

² Headcount of legal entities managed by BNP Paribas Cardif: nearly 8,000 employees



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