|  |  |
| --- | --- |
| News release | |
| For immediate release | |
| Caroline DUPUY |  |
| EY Luxembourg |  |
| Tel.: + 352 42 124 7552 |  |
| [Caroline.dupuy@lu.ey.com](mailto:Caroline.dupuy@lu.ey.com) |  |

**EY research challenges value of financial advice to understand why one-third of wealth management clients plan to switch providers**

* **Research says more than 80% of wealth management clients express interest in financial advice and planning, yet half of these remain on the sidelines**

***Luxembourg, 30 April 2019***. An increasing number of wealth management clients are willing to pay for financial advice, but what they value is evolving rapidly, as one-third of clients have switched providers in the past three years and another one-third plan to do so in the next three years, according to EY’s 2019 Global Wealth Research, which is based on a comprehensive survey of 2,000 wealth management clients in 26 countries. The reasons are mainly related to events from everyday life. Olivier Maréchal, Partner, Financial Services Advisory Leader at EY Luxembourg, who conducted the survey in Luxembourg, said: “in this regard 75% of the Luxembourgish clients – compared to less than 50% for clients from other countries – would be prepared to change their provider in case of inheritance or large gains.”

With no sole provider able to solve clients’ varied needs, wealth management clients are maintaining an average of five relationships involving different types of provider. And as the industry grapples with new entrants, new technologies and changing client expectations, wealth managers must take a step back to evaluate their offerings and redefine how they provide financial advice to better meet client needs.

**Use of independent advisors and FinTechs expected to rise**

According to the research, the use of independent advisors is expected to rise 18% over the next three years, suggesting the flexibility in the solutions and fees being offered is more attractive to clients.

Similarly, the percentage of clients expecting to use FinTechs will increase from 38% today to 45% in the next three years. Although these new entrants have relatively low assets under management (AUM), the research suggests that the number of clients using FinTechs is on a par with usage of long-established wealth institutions.

In addition, clients are moving to smaller, more nimble providers – specifically FinTechs and independent advisors – for more tailored solutions that meet their evolving needs. The research indicates that traditional wealth managers should take note and try to better understand and deliver on what matters most to their clients, such as anticipating their major life events and proactively adjusting accordingly.

**Clients underestimate their preference for emerging technology**

Digital channels are also evolving faster than wealth managers and clients anticipate. For example, three years ago, only 20% of clients projected that they’d prefer to use mobile apps for wealth management activities by 2019; whereas this year’s research shows 41% of respondents preferring mobile apps as their primary channel for wealth management.

When it comes to emerging technology, 1.4% of clients prefer digital and voice-enabled assistants as a primary channel today. However, 9% say they would prefer this channel in the near future. This trajectory indicates a considerable swing in momentum – but these numbers may be significantly underestimating growth potential, just as mobile app growth potential was underestimated in 2016.

Despite rapid demand for digital solutions, clients still desire human interaction as one-quarter of respondents prefer face-to-face or phone calls as their primary method of engagement and almost half (42%) prefer these methods when receiving financial advice.

Olivier Maréchal added: “As wealth managers prioritize their digital investments across multiple channels, they need to consider how client engagement may evolve in the coming years. This may mean reallocating budgets from websites to voice-enabled sooner rather than later, and capitalizing on hybrid models, where clients have access to both digital tools and human interaction.”

**Clients demand alternative pricing models**

Nearly half of wealth management clients (46%) are unhappy with the fees they pay and do not trust they are being charged fairly, with dissatisfaction particularly high (66%) among ultra-high net worth clients.

Most clients (55%) want their wealth managers to use a payment method that offers more transparency, objectivity and certainty. Percentage of AUM is currently the most common payment method; however, fixed fee and hourly support methods are most desired.

Olivier Maréchal added:

“Wealth managers realize that clients expect more than just strong investment performance, but struggle to communicate the value of their offerings and services. The answer is not simply lowering fees, but rather a combination of increasing transparency and predictability when it comes to pricing models and equipping advisors with ways to communicate value beyond investment returns.”

**Half of clients hold back from engaging in advice and planning**

Wealth managers are overlooking the value in offering robust advice, planning and budgeting services. Over 80% of their clients express interest in advice and planning services, but fewer than 40% utilize them currently. Additionally, just 28% of clients discuss saving with their wealth manager, even though this is a critical opportunity for providers to engage in conversations about their daily budgeting.

Olivier Maréchal added: “Beyond the everyday and specific targets, clients aspire to reach a level of independence where their money empowers them, whether it helps to remove worry or achieve a greater purpose. Wealth managers must redefine the value of financial advice by focusing on the intangibles – those solutions with less measurable or quantifiable benefits, but which improve their clients’ day-to-day lives.”

View the report online at [[LINK](ey.com/wealth2019)] and follow us on Twitter: @EY\_WealthAM.

-ends-

**About EY**

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization and may refer to one or more of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

This news release has been issued by EYGM Limited, a member of the global EY organization that also does not provide any services to clients. Does this not need to be updated

For more information about EY Luxembourg, please visit [www.ey.com/lu](http://www.ey.com/lu).