The Retail Distribution Review
...and what it will mean to our clients

You may have noticed the recent decision by Barclays Bank to stop offering financial advice to individual customers in its bank branches. An overhaul of how financial advice is given, known as the Retail Distribution Review or "RDR" for short, comes into effect at the beginning of 2013 and this has meant the bank's costs are likely to rise at exactly the same time as it will have to be more explicit about how much that advice is costing its customers.
Given the publicity Barclays' announcement has received, we thought this might be the perfect moment to raise the subject of RDR and start to explain what changes you might see as a client of ECS Financial Services.

A new model for advice

The most significant change, perhaps, is how advisers will be classified. In order to continue to be categorised as 'independent', advisers will have to meet more stringent criteria as a business - including the way in which we deal with financial partners, the breadth of knowledge you can access from our practice and the way in which the advice we provide is charged for.

Complete independence

ECS Financial Services intend to continue to classify ourselves as 'independent'. This means we can continue to guarantee the level of unbiased, whole of market advice on your financial situation which we have always offered and do not have to compromise on any aspect of our service.

Higher standards

RDR is specifically designed to improve people's understanding of, as well as increase their confidence in, the financial services industry. Most significantly, the Review wants to increase the level of professionalism so the minimum qualifications required to give advice are being increased and the way in which you pay for that advice is being altered to ensure complete transparency.
This will affect all financial advisers to an extent. However, many of the reasons Barclays Bank has given for its decision to withdraw from in-branch advice do not hold true for all advisers – particularly ourselves.
At ECS Financial Services, much of the groundwork has already been done. Our continuous professional development means over 80% of our advisers are already qualified beyond the new minimum requirements with the rest only a few months away from reaching the same level. In terms of payment for our services, we have started the conversation with most of our clients about how the new rules will work – but we are confident we have always been very open about the cost of our advice and how those charges are met anyway.

The benefits for our clients

We believe we have always provided a fully independent and professional advice service to all our clients and the fact that our business is already run in line with many of these new rules only reinforces that belief. However, there is no doubt that a formalisation of such requirements for advisory businesses (and other financial providers) is good news both for the financial services industry and for our clients.

Our own development as a business does not stop with these new rules, however. With the new minimum standards comes the chance for us to move our business on to an even higher level and we will continue to pursue all the relevant development opportunities available to improve the service you receive from us.

While the logistics may change slightly, therefore, nothing the new rules are asking of us should come as a shock.

Further information

Nevertheless, if you have any questions about comments made in the Barclays' announcement, are concerned about what it means for our relationship with you or would simply like to talk to us about the new rules, please do not hesitate to get in touch.
In the meantime, however, the following link to an opinion piece in a recent Independent on Sunday article says a lot of things much better than we ever could…
http://www.independent.co.uk/money/spend-save/simon-read-if-you-want-some-financial-advice-dont-go-to-the-bank-2197858.html#Scene_1

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