

## **Advice costs to soar under RDR, says Ernst & Young**

Added 07 February 2011 by Dan Judge

**The cost of providing financial advice is going to soar under the RDR, with banks in particular unlikely to be able to make the numbers add up, according to a report by Ernst & Young.**

According to the accountancy firm, banks would have to charge £200 an hour to provide financial advice using a fee-based model in a post-RDR market just to break even.

The report, Life and Pensions Outlook 2011, states: "Contrary to popular belief, the success of mass market bancassurance will not be straightforward post-RDR – unless it can create radically new business models."

The report also finds that advisers moving to a fee-based model will have to move "up market" to survive, meaning many consumers will be left with little or no options when they require financial advice.

The report also sticks by a prediction made last year that the number of financial advisers – currently estimated to number some 50,000 - will fall to around 20,000 by the end of 2012.

However, it also forecasts that numbers will have fallen further during 2013 when firms that have come late to testing their fee-based propositions realise the costs and difficulty in making a profit.

>> read the article from the original source, [click here](#)