Panacea Adviser

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COVID-19 Survey

April 2020
166 Responses

COVID-10 and the impact upon your business

Research published by the BBC suggests that between 800,000 and a million businesses could be forced to shut their doors because they can no longer cover rent, salaries or payments to suppliers.

Therefore for the first three weeks following COVID-19 lockdown, Panacea Adviser ran a survey to see how Advisers were being impacted.

166 Advisers took part in the survey and this document provides a detailed summary of the results and the many comments that were made.

Overall views are:

45% of those completing the survey do not expect to furlough any staff over the next three months whilst 44% do.

Only 3% of respondents feel that banks are being helpful after the government SME business support announcement.

Just 18% of advisers have asked for access to Government funding.

14% of firms believe that if they don't have access to funding their business will fail.

47% of advisers have been focusing on existing client communications since self-isolation has been implemented, with a further 14% concentration on adapting existing business models due to home working.

76% of those taking part believe that there should be a regulatory fee holiday for advisory firms until 2021.

75% of Advisers are worried about unexpected FSCS levy cash calls coming over the rest of the year.

77% believe PI cover should automatically renewed for another year in the current climate for those with claim free status.

COVID-10 and the impact upon your business

The biggest impacts COVID-19 have had so far on Adviser business are:

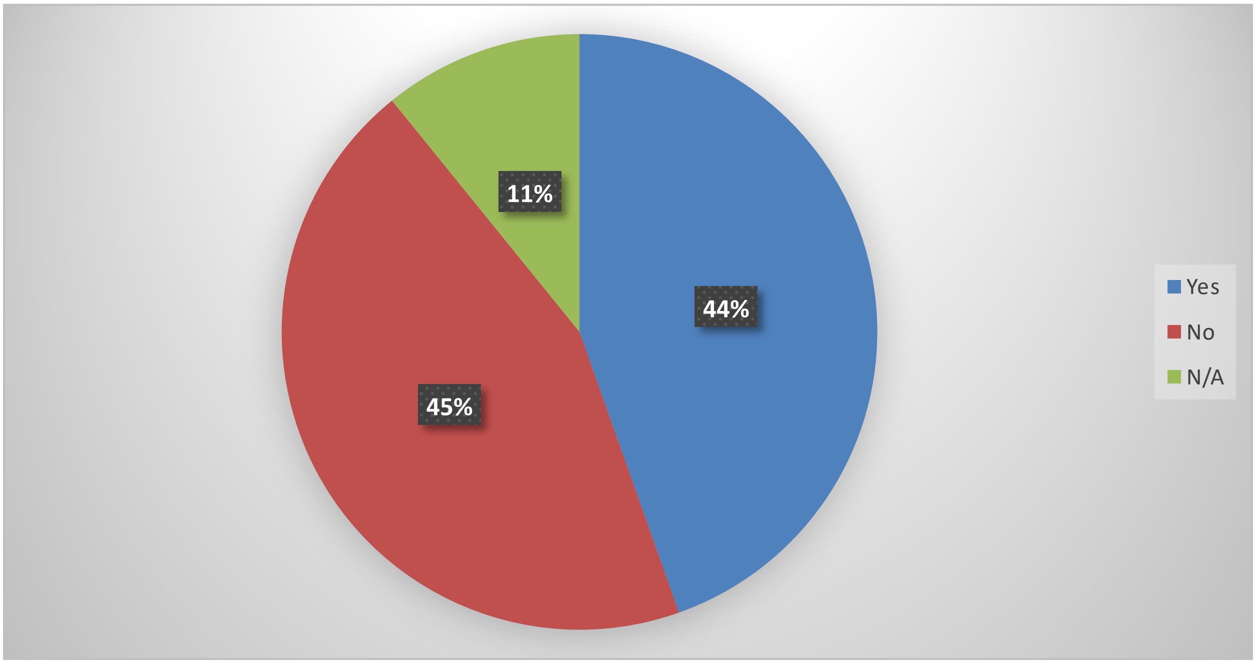
- Lack of new business and a reduction in transactional business (36%)
- Disruption as a result of working from home

61% of advisers have received less queries and instructions than usual.

Zoom (36%) and Skype (18%) are the preferred technology to use when servicing clients.

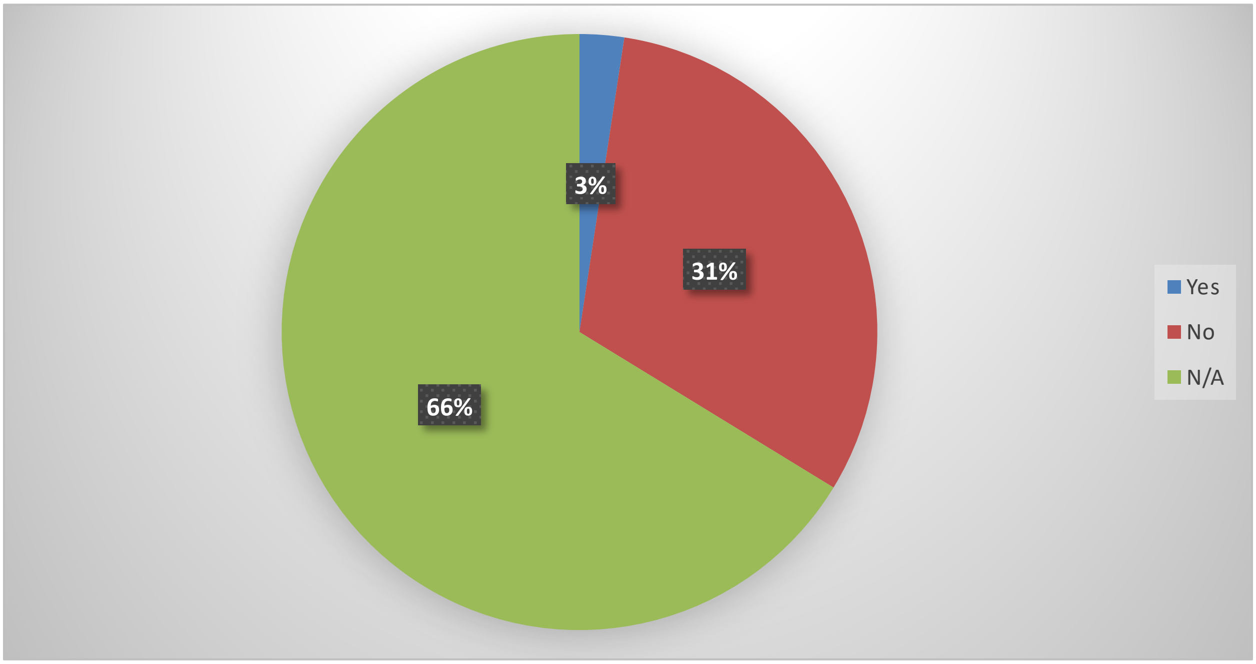
This is an extremely interesting report, providing some insight into the minds of Advisers during an exceptional period of time. Hopefully this knowledge can help your company with its own strategy, so that everyone is still here when the worst is over.

1. Do you expect to furlough any staff over the next 3 months?



Some comments include:	
1 adviser	two support roles
1 director 1 support	Admin
50% of admin support team	all staff except certified and SMF
2 administrators	1
All admin	Mortgage Administrator
admin manager and admin assistant (2)	purely administration staff no 2
Admin - 8 roles	2 to 3 in support roles
Secretarial/admin	Processing 5
administration - 2	8 admin staff
client relationship, 1	Support staff and possible administrators
Administration, Two	Administration
Administration	1 as a PA
3 admin staff	admin and secretarial
Administration. 1	One admin who cannot work from home
1	1 Administrator (out of 3)

2. Are the banks being helpful to you after the government SME business support announcements?



Some comments include:
Would never trust a bank
Applied for funding more than a week ago. No response.
They are 'cherry picking' and have been allowed to do so by the Govt
Difficult to contact
They are not able to look into new cases and get the funds in time for existing clients.
We are not accessing it but I hear from clients with businesses that bank support is worse than useless
They have not answered my emails or phone calls in 8 days but still refuse any extension to overdraft and continue to return items unpaid
Solid cash balance and capital adequacy. Good income stream
Applied for the loan and not heard back yet. 6 days.
Banks are only self interested, delusion fair weather friends
It seems those who pass the test are being rejected on affordability. Those who an afford it surely don't need it?

2. Are the banks being helpful to you after the government SME business support announcements? (Continued)

Some comments include:
Of the 40 in the scheme for small businesses, because they have their normal underwriting procedures in a hard market being picky about which risks to take on, not enough of them are the traditional ones which use intermediaries whom can help client by broking a submission.
Why change the habit of a lifetime
When I ask them (my Bank Metro) has only just got its system in place.
No response to queries
Barclays are really trying to put us off. Asking for the world and initially and still no paperwork to complete
It is a wait and see approach but with a source of income drying up with the lost of dividends it is even harder now to survive, it may be alright for government and the FCA to stipulate that these stop for a period unknown, the FCA still receives their wages, I don't receive any income
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Why change the habit of a lifetime
When I ask them (my Bank Metro) has only just got its system in place.
No response to queries
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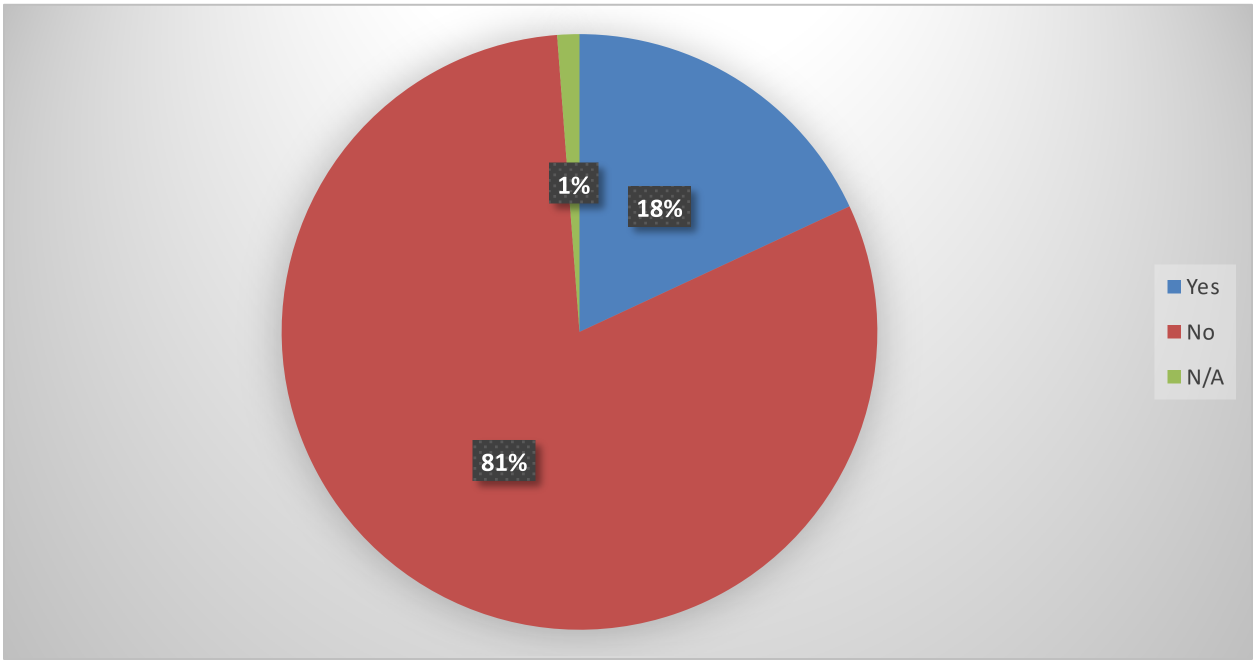
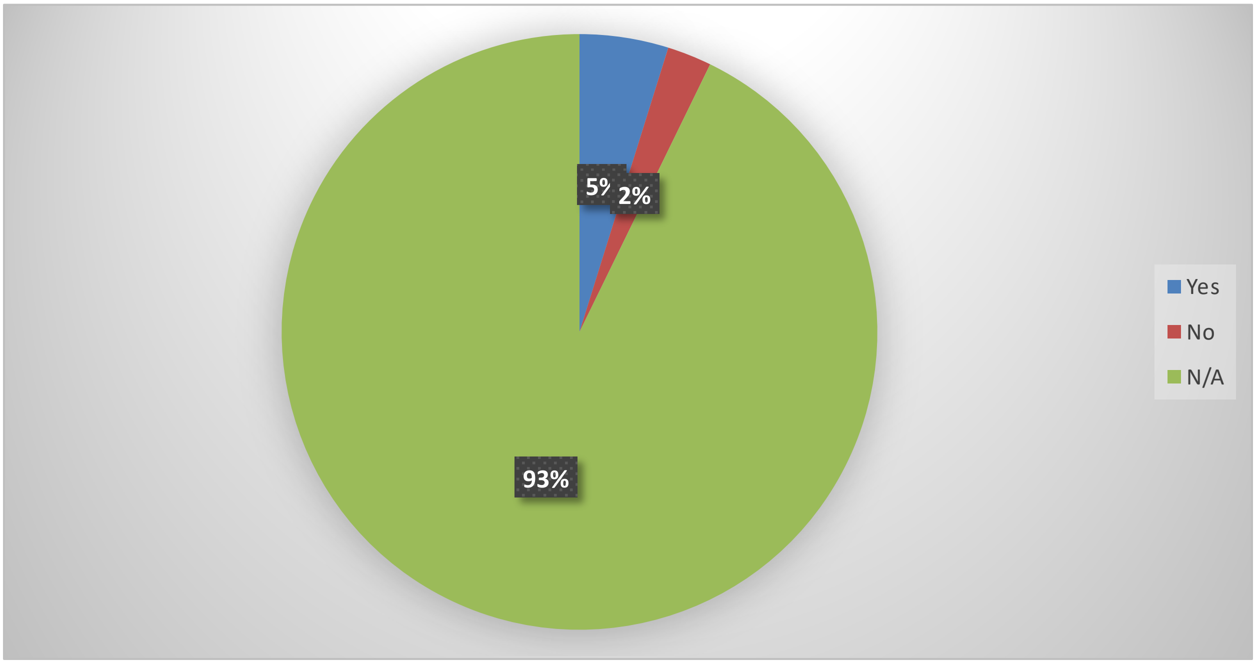
3. Have you asked for access to government funding?



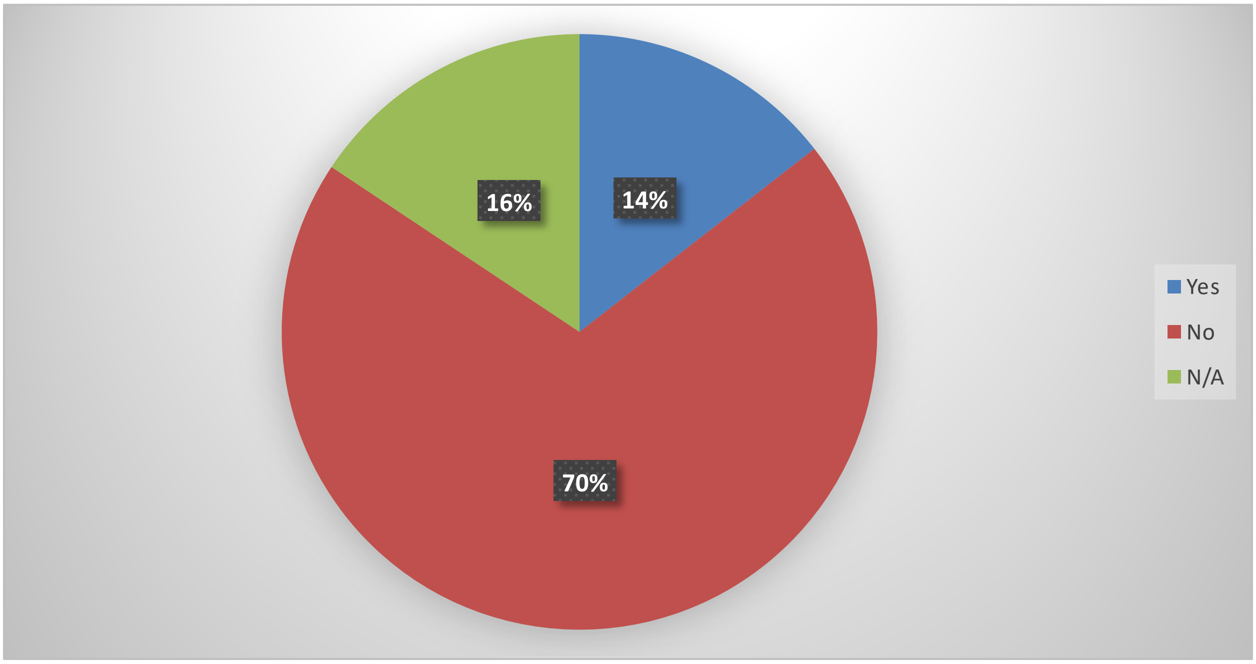
Some comments include:
Furlough income funding
I am waiting to see how long the lockdown will continue before doing so
Very long and lengthy process with Managers themselves not being helpful in understanding clients needs.
Small business wales grant
No further forward, no response from bank
£10k grant re. SBRR
£10,000 grant
Scheme for self employed not yet available for applications
Not for ourselves. We would like the Government to help us to be in a position to be better geared to help clients.
Not as yet but possible in a couple of months
Not yet, cannot see that any of the grants will apply to our business
Apparently it will happen automatically in June??!
Only Small Business Rate Relief
Furlough Scheme

4. Have you been approved, if so, were the rates on offer fair in your opinion?



Some comments include:
Couldn't find any info on rates on NatWest website
Still awaiting a response
£10,000 grant will be completed within 14 days of original request
Do not yet know
Still awaiting scheme. online availability
Most small firms applying are offered terms different from the Government small loan scheme ideal. These firms would be better served if they had a broker whom had a panel of lenders in the rates they obtained.
Awaiting results
No decision yet

5. If you do not have access to funding will your business fail?

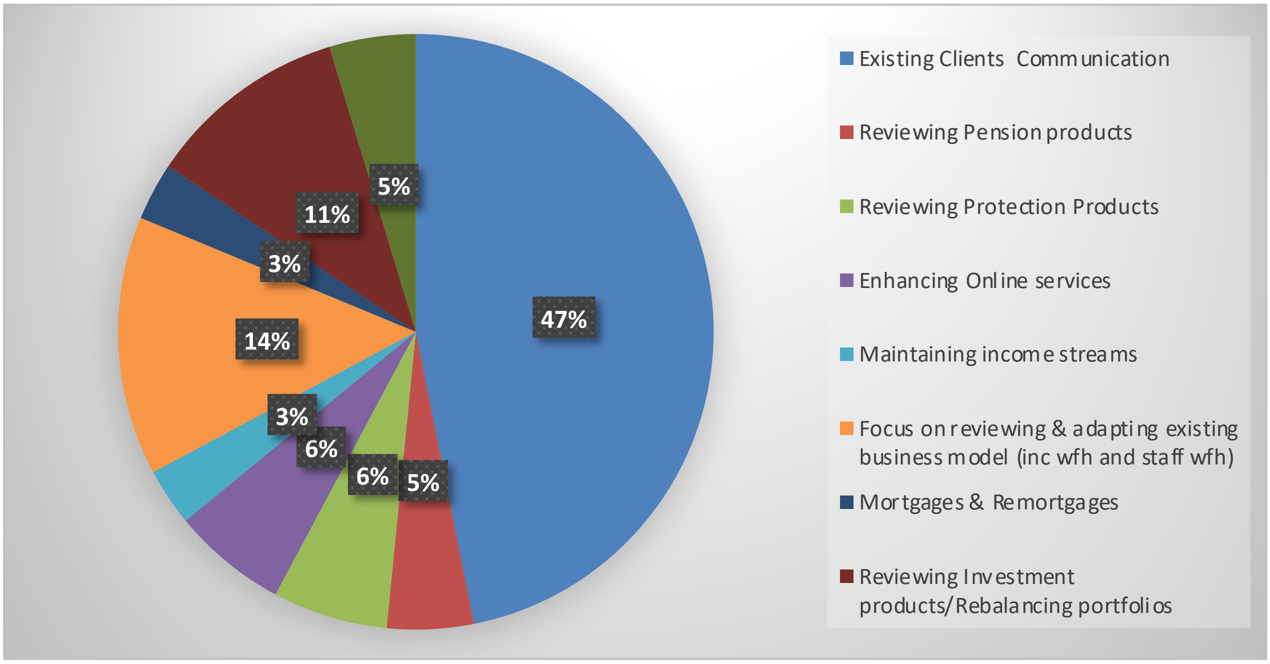


Some comments include:
I would hope not but possibly too early to say. Revenue will most certainly be down unless we see a quick bounce back in markets.
Unless private resources are used which are finite and should not be used to underwrite unilateral Government policy
If prolonged by more than 3 months.
Will survive 3 months and no more
We have built up surplus capital far in excess of Cap Ad requirements so that the business is not dependent on 'initial fees'
Confident of my business going forward for at least 12 months
We will be in breach of the FCA capital adequacy limits.
It will be difficult
We have sufficient cash and income to cover all essential overheads
Not sure - depends on how long the restrictions go on for

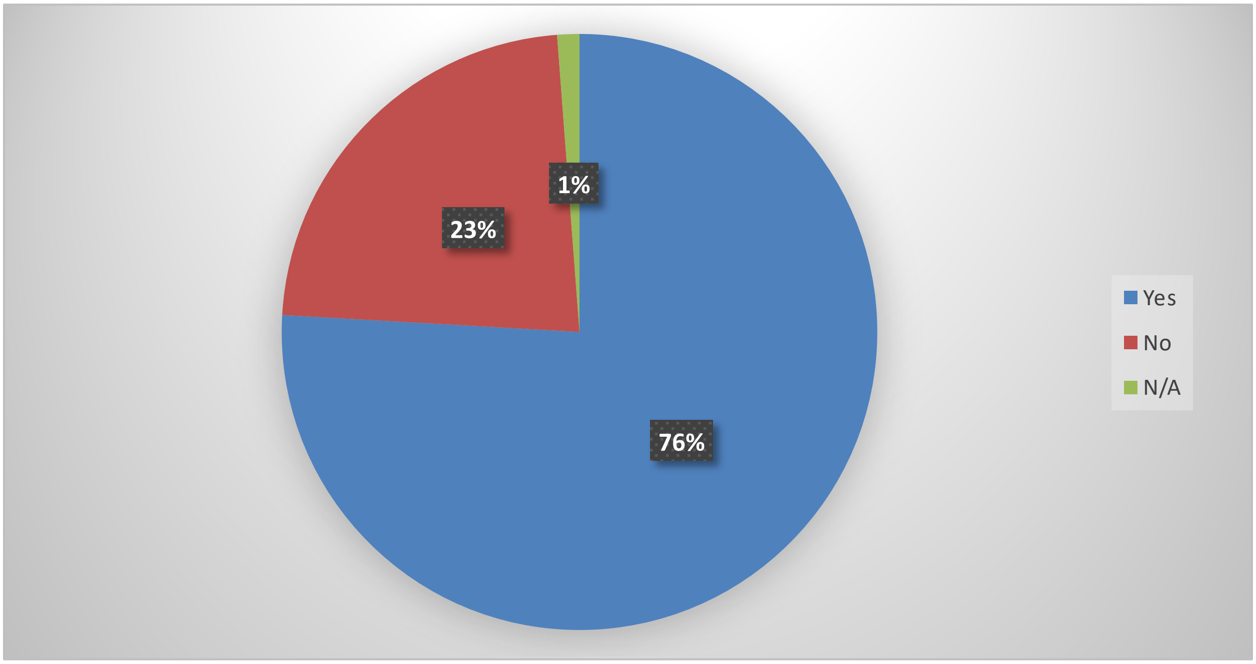
5. If you do not have access to funding will your business fail? (Continued)

Some comments include:
Hope not - hard to say right now
It depends how long this lasts. We can survive 6 months, unless we get a large FCA bill
Clients firms will fail without the cash-flow lifeblood support in this difficult time. If the Government helps intermediaries to have a panel of lenders to lend to them, then after the C-19 peak is over, these small businesses can bounce back having survived and we could see a "v" shaped recovery.
Not in the short term
Low overheads may save the day
Maybe
It will get tougher as the months go on, we do have reserves currently
Probably not, unless there's no new business for 6-9 months+
Possibly as I wont have the means to live as my network is taking and continues to take fees and commission to pay their wages and living costs!
Not sure, depends on business demand and regulatory costs not increasing at a higher rate than before.

6. What has been your main business focus since COVID-19 self-isolation has been implemented?



7. Given the current climate, do you think there should be a regulatory fee holiday for all advisory firms until next year?

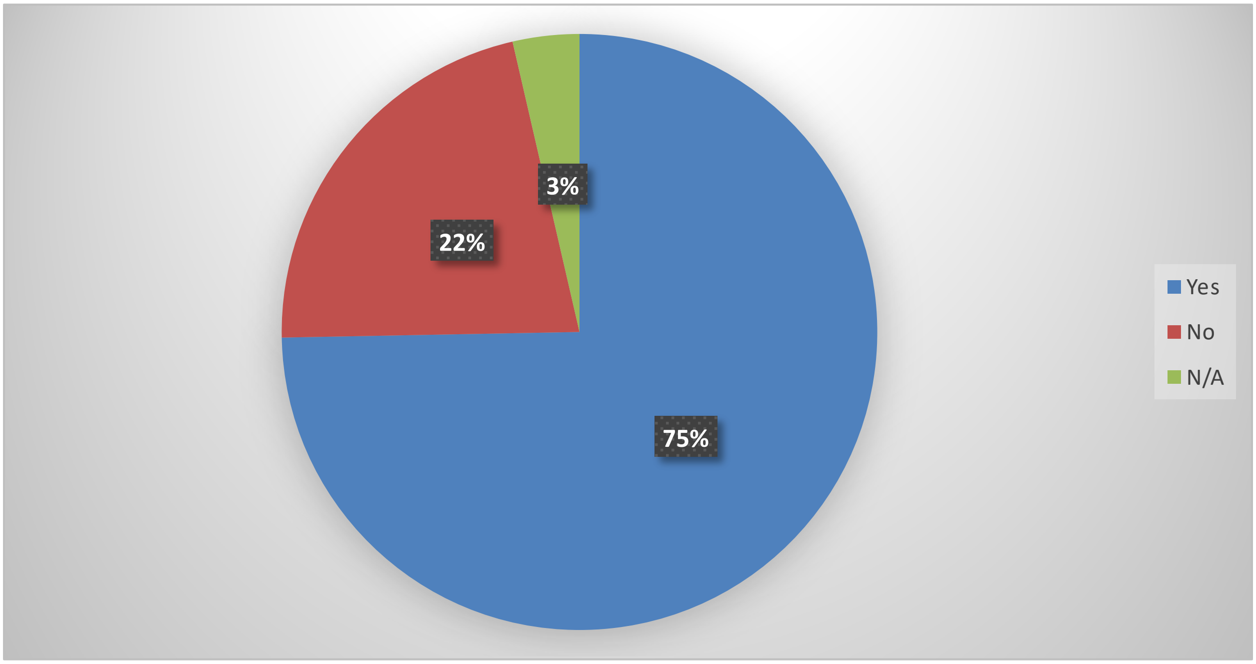


Some comments include:
Regulatory fees have been disproportionate
This is the least that could be done as PI is likely to go up again
All advisers income is virtually nil and costs remaining the same.
Definitely, how can they expect us to pay when business levels have dropped significantly
I think we should all admit the obvious. Regulation has failed.
I think this is essential
The FCA is adding precisely nothing to the value of things during the pandemic
Yes, or at least a reduction
There should be a reduction, but not a holiday
Turnover is down and regulatory costs are a larger proportion of my costs

7. Given the current climate, do you think there should be a regulatory fee holiday for all advisory firms until next year? (Continued)

Comments
We are just compounding the problem - if we can pay we should
I imagine very little business is being transacted
Would only work if it was waived rather than two lots in a year, would only postpone the problem
Not for all firms and in the end we will end up paying the fee at some stage so just defers payment
As long as those fees are not then added onto next years fees or in the future
Because the pain next year will be significantly greater.
As long as it is not a deferment.
Other measures would help too.
Minimum of a reduction of fees.
Despite the crisis the regulatory authorities are unlikely to take this into consideration, it will be business as normal pay your fees or get thrown out
With such a shock to everyone’s income it seems wrong when people are dying that others continue to insist on full earnings at the ultimate expense of the taxpayer.
The FCA are not 'doing' anything and there's little business to regulate.
A reduction would help
It is overdue that the Regulator becomes as accountable and transparent as we are expected to be.
If FSCS and PI fees stay the same we will not be able to meet our capital adequacy if we remain on lockdown
This could be mentioned but the network I am in will definitely not pass on any savings to me
Cash flow is not a problem at the moment
It would be helpful.

8. Are you worried about unexpected FSCS levy cash calls coming over the rest of the year?

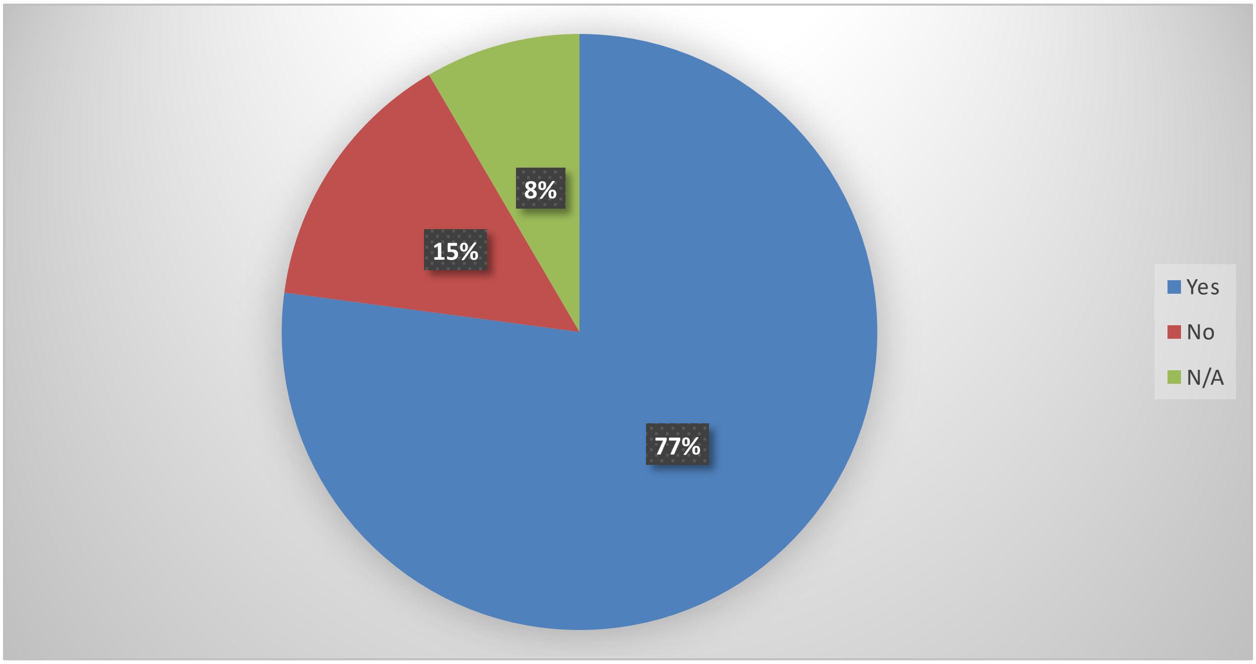


Comments
Due to our income taking a hit
We are AR to Openwork
Any unexpected cash calls would put additional strain on businesses who are most probably already suffering a drop in revenue as a result of reduced FUM.
The unpredictable nature and amounts causes cashflow issues
The FSCS is a joke - particularly the raising of the limit from £150k to £350k which caused most of the PI problems in the first place
Only because they are indicative of a corrupt and unsustainable system of regulation
Open ended commitment creates uncertainty
It isn't something I can control, and we have grudgingly accepted having to pay for investments that basic due diligence stopped us ever recommending to our clients
Always!
Always worried at how other people want to spend my money

8. Are you worried about unexpected FSCS levy cash calls coming over the rest of the year? (Continued)

Comments
Will have to see what transpires, what those calls will be and for how much
You can't get blood from a stone!
These may be significant due to market falls
We always expect the unexpected from regulatory parasites.
The FSCS levy should be more "risk" based.
There is likely to be many people who view a pay-out as their salvation and in a crisis will turn to this in the hope of getting some money. I fear the authorities will provide a blanket cover of acceptance and all claims will be valid irrespective of the actual facts. PPI all over again but it will be us and not the banks who get caught
This blank cheque approach from the FSCS needs to be addressed once and for all. I am strongly of the view that regulated advisers should only sell / promote regulated products. All regulated advisers selling unregulated products should take individual responsibility and unregulated products sold direct to members of the public should not be under the FSCS remit. This blank cheque mentality where the good fund the crooks has to cease!
We always end up picking up the tab for the failing of others
The government / FCA should address this now and put in place a small fee on all products to cover these bills and get rid of PI
As long as they are not expecting a pay rise
I'm always worried about that
I am forecasting a reduction in turnover of over 30% for the next 12 months. Tight cost control over that period will be essential for our survival. The biggest unknown costs we face are regulatory and PI costs.
System is so broken it badly needs fixed

9. Should PI cover be automatically renewed for another year in the current climate for those with claim free status?

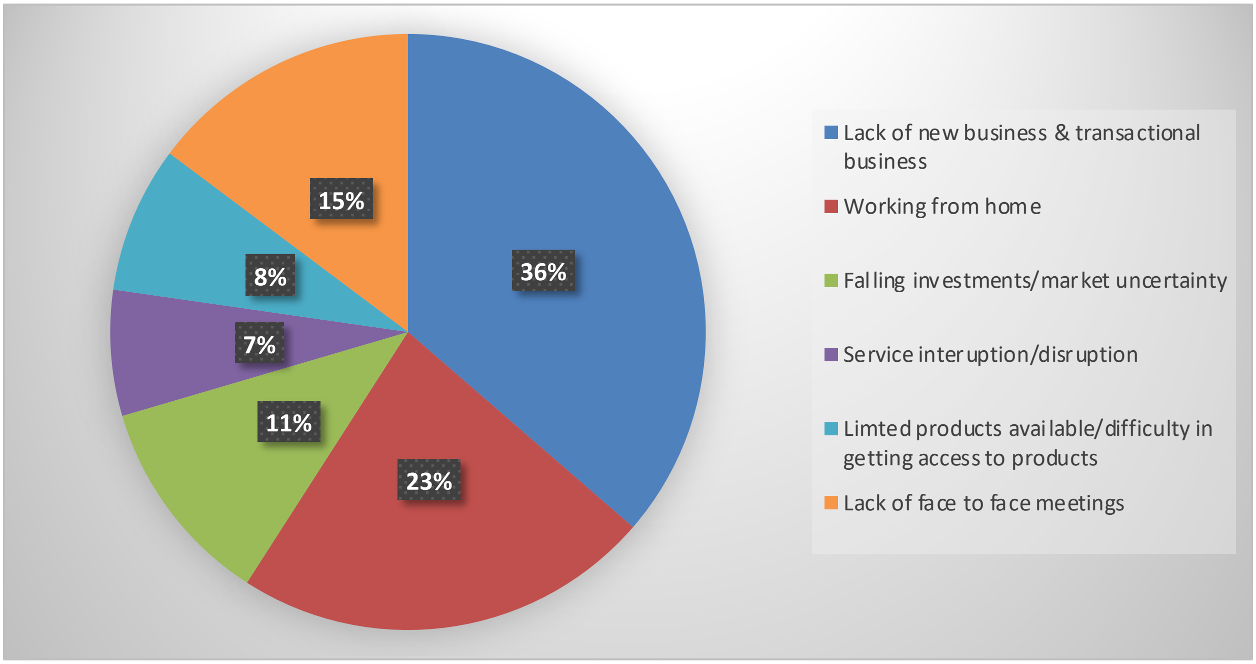


Comments
For a simple IFA advisory role
Unsure what you mean by 'in which roles'
As a whole. Without cover how can we trade?
All; even DB transfers, dead as they (rightly) are.
Also rates should reduce as much less new business will be written
All roles except Pension Transfers.
All
As before!
Payment Holiday for 3 months
Why should anyone dictate terms to insurers.

9. Should PI cover be automatically renewed for another year in the current climate for those with claim free status? (Continued)

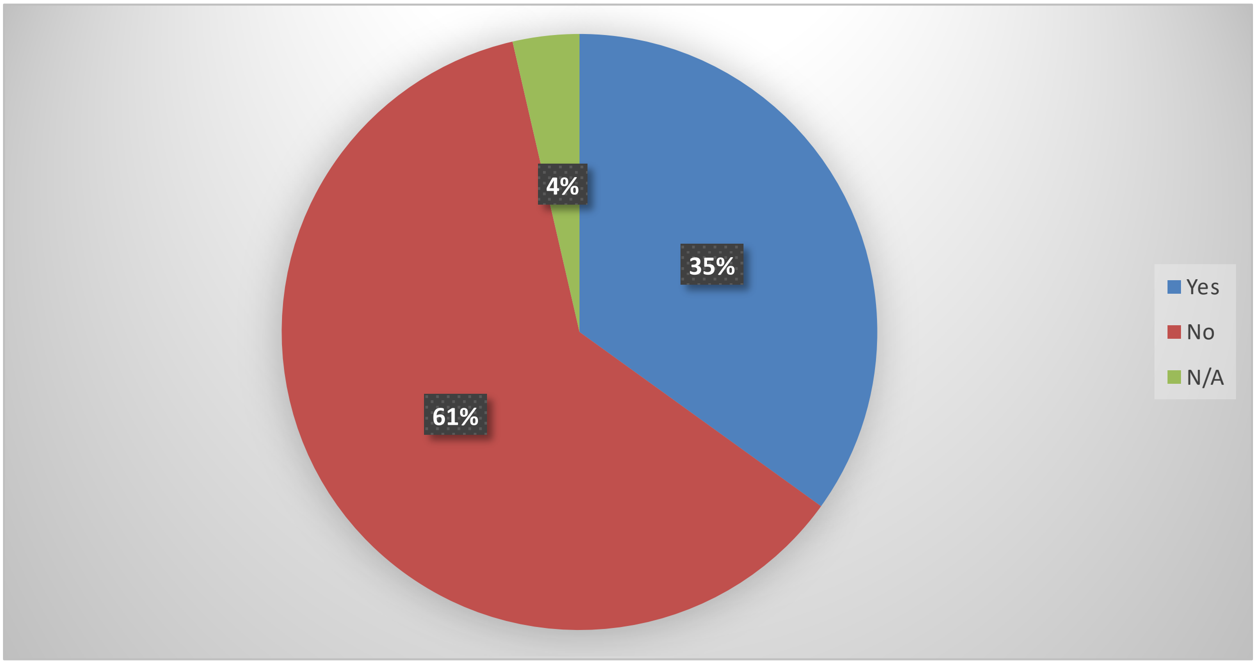
Comments
However, a back stop scheme for those retiring or leaving the business needs to be set up. No liabilities on an individual or their family after seven years from leaving the industry ought to be in place, covered by a re-insurance pool, with obligatory cover charged to life and pension companies and fund managers and lenders for insurance intermediaries, mortgage brokers and in particular independent financial planners.
Financial Adviser providing low risk products
All of them
IFAs
At the same cover and cost.....no increases
Everything but FS pensions.
IFA - advisory
All financial advice
That would be a good idea
The attitude to clients complaints should be stopped totally- they are only led by claim jumpers and parasites
Market has to operate freely
Also rates should reduce as less new business will be written
ALL

10. What have been the major COVID-19 impacts so far to your business?



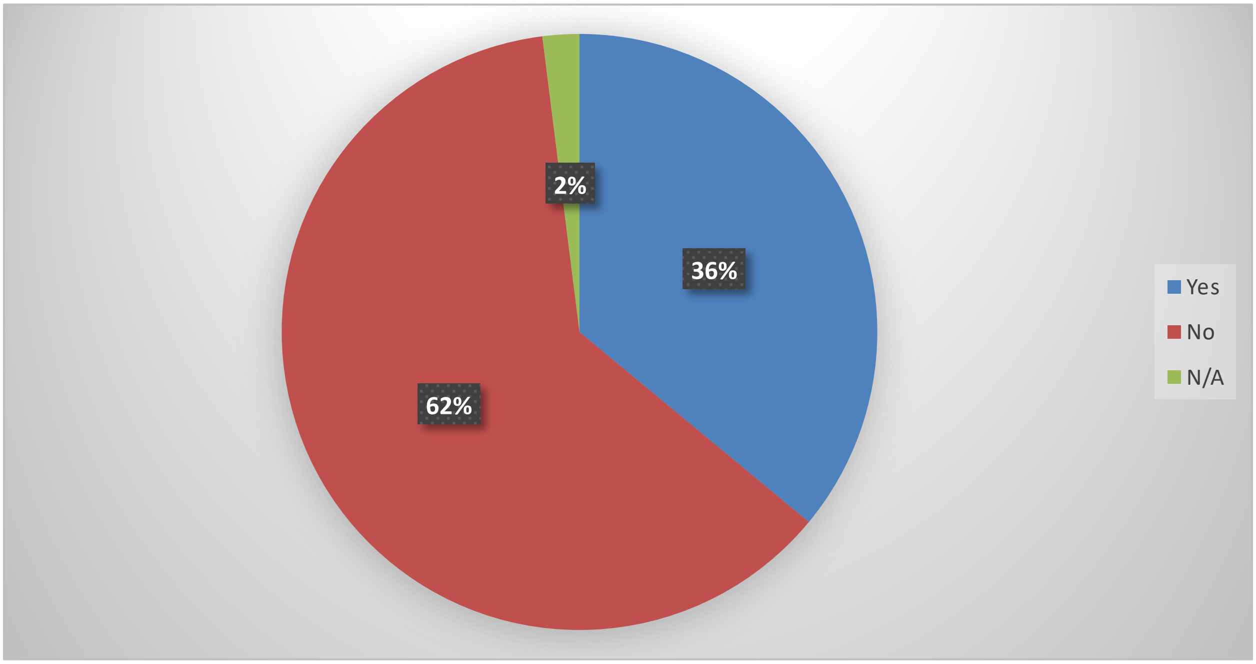
Comments
AUM falling 15-20%
Business centre closed, no access to office facility Falling investment markets FCA returns still required (Gabriel) with little access to our accountants for management accounts
The main has been the need for self isolation. We are having to be more selective over which insurers we use, as insurers are starting to close doors to new business.
20% fall in income with no regulatory reduction or deferral of items like GABRIEL

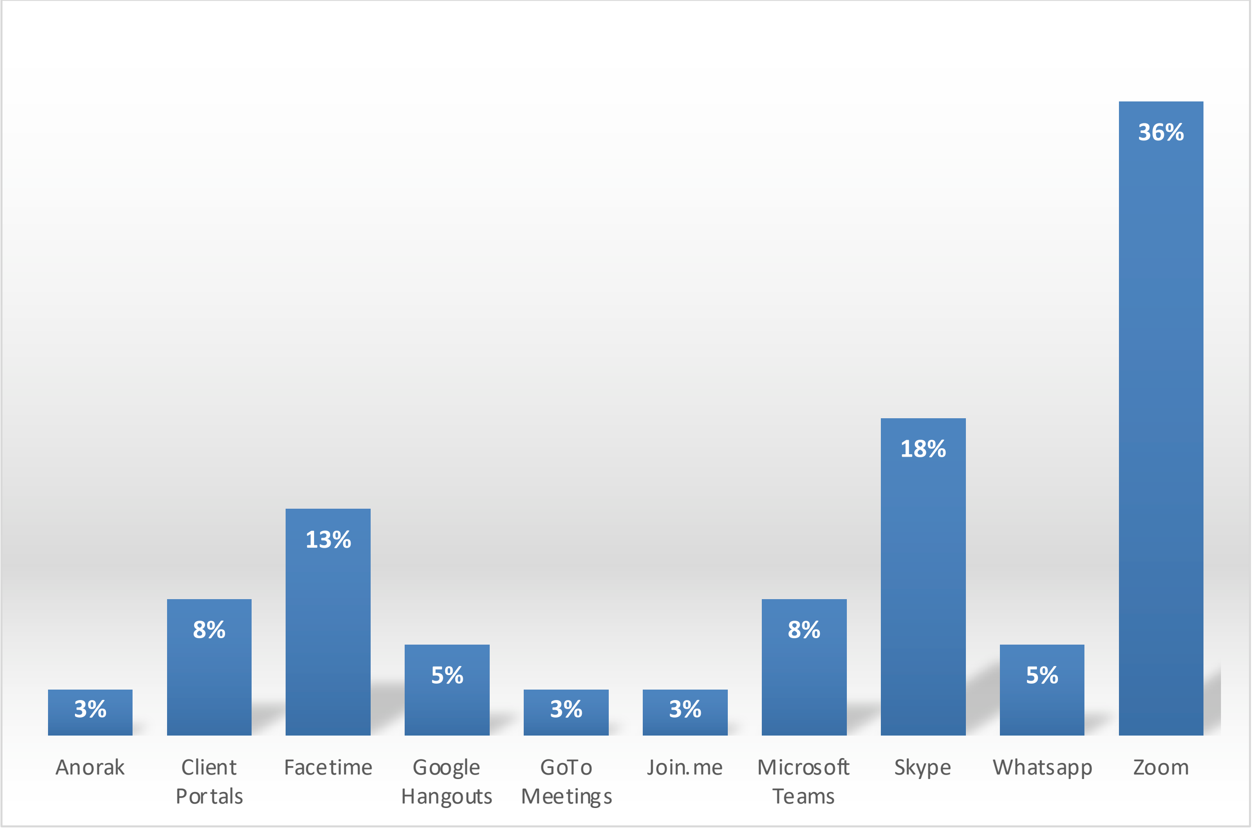
11. Have you received more queries and instruction from clients than usual?



Comments
Thankfully not and I believe this to be as a result of the long-standing relationship we have with most clients.
Level dropped off
Clients are spooked. Not surprising really
Mainly concerned emails
Wanting reassurance I am still around to give advice
A lot less contact from clients
Clients wanting to add to their portfolios whilst markets are on sale
Yes, but not vastly increased
More queries, yes, fewer instructions because business processing is much slower.
Pacifying clients, discussing risk assessments
Queries that do not result in earnings.

12. Are you using technology to service clients i.e. Zoom?





Important Information

Panacea Adviser (Panacea) is a trading name of **GRANTMELL LIMITED** incorporated and registered in the UK with company number 05688007 whose registered office is at St Ann's Wharf, 112 Quayside, Newcastle Upon Tyne, NE99 1SB

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