



a levy to clear our own  
**noise  
pollution**

*CLIVE COWDERY, founder of Resolution, says the industry now needs to spend £50m more to straighten out the confusions created by its own advertising.*

“ There is a pressing need to get a service offering generic financial advice or money guidance operational as soon as possible. However, it is vital that any such authority should be as useful as possible. It will be easy to default to being simply an information booth, but this shouldn't be allowed to happen.

It should ask lots of direct interventionist questions. That's controversial. I understand that. But it's right at the heart of what research has shown is needed – a direct conversation that falls short of telling you what to do but is quite close to it.

A truly useful service will ask people about their policies: How long have they had them? How much are they paying into them? What are their plans going forward? It can't just be an outlet where someone seeking guidance will be handed a brochure explaining why high interest rates are worse than low ones, for example. I think there is an interesting conversation to be had about this. Not least about how it might be funded.

The last few months have served to increase people's awareness of their financial vulnerability. They realise that a large part of their financial security has been returned to them, outsourced back to them by the institutions, and they are not currently capable or assisted enough to be able to handle it. That's why we have to get this up and running and it has to be practical and hands-on with the advice it gives. Otherwise it's just adding another layer of confusion.

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And confusion has not been in short supply when it comes to financial products. I think the promotion of some in the past has been less than perfect and this is one of the reasons why the industry should be proactive, positive and engaged with a financial advice agency, possibly by paying for it initially through some sort of levy. It would begin to repair some of the damage done to the industry's brand reputation.

There's nothing wrong with advertising. We live in a free market, after all. However, in 2007, the sector spent £1.3bn promoting itself to the public. A lot of that outlay

was for products that may or may not be of equal value to all people who encounter the advertisement. I think the case needs to be made that the industry needs to spend £30-50m more cleaning up some of the noise pollution and confusion caused by this.

I'm not criticising the industry's marketing. Most of it has been legitimately employed to promote products where it has been careful to ensure they don't make claims they couldn't substantiate. I'm only saying that its existence adds to the confusion for the average consumer.

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That's okay as long as you make some effort to clean up. Namely by making some initiative available that makes clear to people when, and in what circumstances, such a product might be bad for them.

Therefore a small 2.5-3% levy on marketing spend, for example, would easily pay for a money advice service to be nationally available. I don't see why it should fall to the rest of the country to pay for it.

While it is certainly true to say that it is the responsibility of the individual to be educated and intelligent enough to make decisions between all the different offerings before them, there is still a failing in the market mechanism which doesn't allow for full and complete information to be put into the public domain.

At the moment it comes from a rather broken distribution chain in which the person offering the product (ie the company) can't be certain that the entire message has been placed before the consumer. If you can't be sure, then paying for some guarantee, creating a place where each customer can go and check the nature of that offering, is something which the industry, on its own behalf, could do in its own self-interest.”



CLIVE COWDERLY was previously the Chief Executive of Resolution Life Group Limited, a company that he founded in 2003. He was appointed Chairman of Resolution plc in September 2005 following the merger of Britannic Group plc and Resolution Life Group Limited. He started his career in insurance, advising clients as a broker and was previously Chairman and Chief Executive of GE's primary insurance operations in Europe (GE Insurance Holdings), worth over \$3 billion in premium income.