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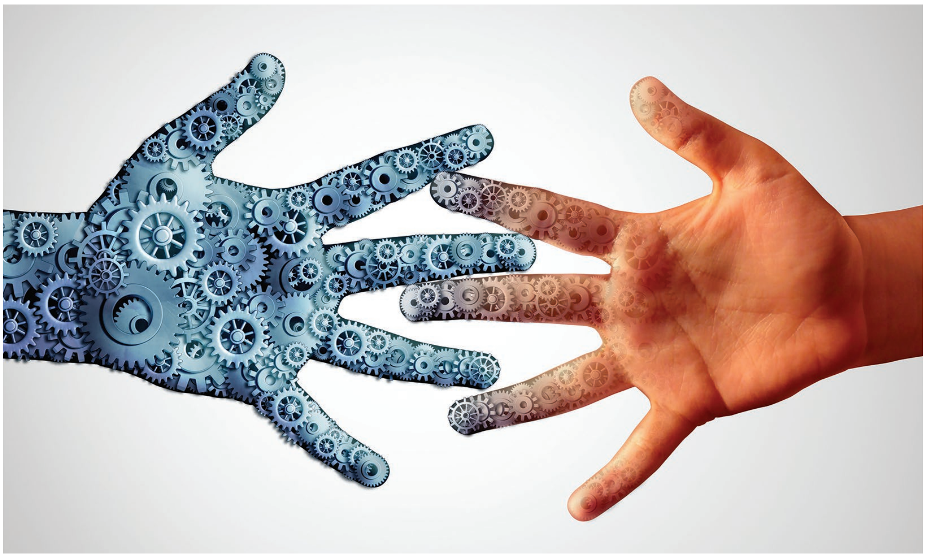


Man or machine

Four in 10 mortgage intermediaries believe that robo-advice poses a threat to themselves and their business

IN MARCH 2016, the Financial Conduct Authority stated in its *Financial Advice Market Review* that up to 16 million people could require financial advice but are unable to afford it. The FCA believed more "online automated advice models that have the ability to deliver advice in a more cost-efficient way" was required. In other words, robo-advice.

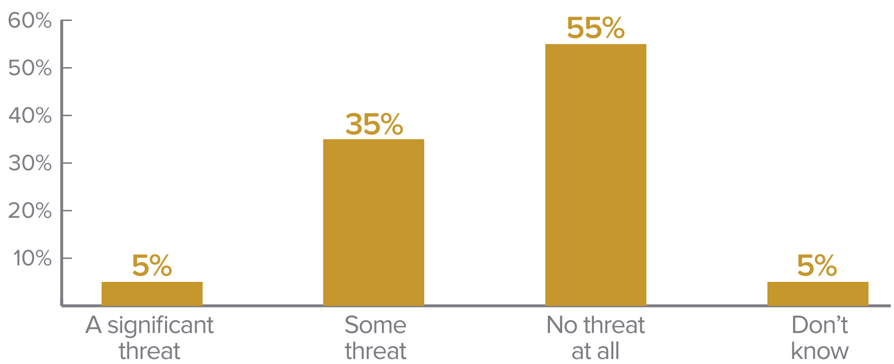
Now, research undertaken by Charterhouse Research shows that 40% of mortgage intermediaries feel threatened by the rise of robo-advice; 5% perceive it as posing a significant threat to themselves or their business.

Our research reveals a direct correlation between perceived threat from robo advice and the volume of mortgage business written by an intermediary that smaller producers perceive more of a threat to their business than larger producers – 45% of those producing 5-10 mortgages a month felt threatened by robo-advice, while just 28% producing 21 or more mortgages a month felt the same.

Looking at appointed representatives versus directly authorised intermediaries, the former see more threat to their business than the latter; 48% of appointed representatives perceive a threat (with 6% seeing that threat as being significant), while 33% of their directly authorised counterparts feel the same (4% significant).

Robo-advice does appear to pose more of a threat to intermediaries focused more on the 'vanilla' products, where robo-advice is a real alternative for the consumer. Intermediaries need to demonstrate their added value to protect themselves.

HOW DO YOU SEE ROBO-ADVICE AFFECTING YOUR BUSINESS?



5-10 MORTGAGES/MONTH	11-20 MORTGAGES/MONTH	21+ MORTGAGES/MONTH
45% PERCEIVE A THREAT	40% PERCEIVE A THREAT	28% PERCEIVE A THREAT

Network members are the intermediary type most threatened by robo-advice (46% believe there is a threat)