Financial Planning in Transition

Aligning Client Value, Regulation, and Technology

A White Paper by

Patrick Murphy BA (Hons), FPFS, CFP™, Chartered FCSI

November 2025

Contents

I. Executive Summary

Financial planning is undergoing profound structural change. Clients, regulators, and firms are fundamentally re-evaluating what constitutes high-quality support in an era defined by longer retirements, volatile markets, and rapid technological change.

This white paper synthesises evidence from leading global and UK research—Vanguard, Dimensional Fund Advisors, Morningstar, EY, Accenture, and the Lang Cat—alongside recent Financial Conduct Authority (FCA) data to address three converging challenges reshaping the advice profession.

1. The Value Paradox. Clients consistently report that the true value of financial planning lies not in technical outperformance but in *clarity, confidence, and progress toward life goals*. Multiple studies show that behavioural coaching, empathetic communication, and proactive review processes deliver greater perceived value than portfolio optimisation alone【1】【2】【3】. Yet most firms still devote disproportionate time and cost to regulatory administration rather than to the human factors clients prize most.

2. The Access Chasm. Only around one in ten UK adults currently pays for professional advice【4】, and roughly one-third cite *lack of trust* (31%) or *unclear value* (33%) as primary barriers【5】. On the supply side, capacity is contracting: the average UK adviser is over 55 and one-third expect to retire within the next decade【6】. Rising compliance costs and professional-indemnity premiums have driven many firms to raise minimum client thresholds, leaving millions underserved.

3. The Regulatory Response. The FCA's *Consumer Duty* and *Advice–Guidance Boundary Review (AGBR)* acknowledge this structural mismatch. The introduction of *Targeted Support (TS)* represents a pragmatic attempt to widen access—permitting structured, non-advised help for defined client cohorts while maintaining regulatory safeguards【7】.

Why the Future Is Hybrid and Human-Centred.

Three empirical trends justify this conclusion:

- **Client Preference.** Seventy percent of clients now favour a hybrid model combining human advice with digital access, valuing convenience without sacrificing empathy【8】
- **Operational Necessity.** Adviser demographics and cost pressures make full human delivery economically unsustainable; automation is essential to preserve capacity.
- **Behavioural Effectiveness.** Studies show clients achieve better outcomes when human guidance is reinforced by technology-driven nudges and behavioural prompts【9】.

The convergence of these forces suggests that neither pure automation nor traditional high-touch models can meet future demand alone. The optimal configuration will integrate *human empathy, behavioural science, and intelligent automation* within a unified Consumer-Duty framework. Firms that achieve this alignment will set the benchmark for trust, efficiency, and measurable good outcomes.

II. The Shifting Landscape: Client Value and the Advice Gap

The UK advice market is undergoing a structural transition. While public awareness of financial planning has grown, engagement has stagnated, revealing a persistent disconnect between what clients value, what advisers deliver, and what regulation incentivises.

Client Value: What People Actually Pay For

Across multiple datasets, clients consistently emphasise *emotional confidence and clarity* over investment performance. Vanguard's global research shows that clients attribute roughly 55 % of perceived adviser value to behavioural coaching and goal setting rather than asset allocation【1】. Dimensional Fund Advisors reports similar findings: peace of mind and understanding rank ahead of returns as retention drivers【2】. Morningstar's 2024 Client Alignment Study confirms that communication quality and proactive follow-up are the strongest predictors of satisfaction【3】.

These findings expose an enduring misalignment inside many firms. Advisers often spend more than 60 % of total effort on compliance, research, and report production, while clients value the planning conversations that help them make sense of their finances. Cerulli's long-running FPA Member Survey highlighted this "time-allocation gap" two decades ago, and FCA Consumer Duty requirements have since magnified it. The implication is clear: firms that re-engineer processes around empathy, education, and progress measurement will align more closely with client expectations of value.

Quantifying the Advice Gap

Despite clear evidence of benefit, formal engagement remains narrow. The Lang Cat's *Advice Gap Report (2025)* estimates that only 9 % of UK adults currently pay for regulated advice. A further 23 % would consider it if pricing and accessibility improved. The FCA's *Financial Lives Survey (2022)* found that just 39 % of adults expressed confidence in the financial-services industry, and only 36 % believed firms were transparent about costs【4】. This gap represents not only lost consumer welfare but also systemic inefficiency: trillions of pounds in cash and under-invested assets sit outside professional stewardship.

Demographic and Capacity Pressures

The supply side compounds the challenge. Adviser numbers have fallen from more than 30,000 in the early 2000s to roughly 26,000 today. Professional bodies report an average adviser age above 55, with one-third planning to retire within ten years【5】. Recruitment of new entrants remains slow; qualification timelines and supervisory demands discourage smaller firms from training graduates. Meanwhile, client demand is rising as defined-benefit pension transfers, inheritance complexity, and longevity all expand the need for structured guidance. The result is a capacity shortfall that digitalisation alone cannot fill.

Cost and Perception Barriers

Cost remains the single most cited obstacle. Post-RDR transparency has clarified fees but not necessarily enhanced perceived value. For households with limited investable assets, fees equivalent to 2 – 3 % of portfolio value often feel disproportionate. In addition, legacy mis-selling scandals have left lingering distrust: 31 % of consumers cite "lack of trust" and 33 % "unclear value" as reasons for non-engagement【6】. This environment rewards firms able to demonstrate tangible progress—healthier finances, reduced stress, or life-goal attainment—rather than product performance alone.

The Emergence of Alternative Channels

As the traditional advice market narrows, consumers increasingly seek informal substitutes. Fidelity International's 2025 survey found that nearly half of UK investors obtain financial information from social media or AI-driven content feeds【7】. While these channels offer immediacy, they rarely provide suitability or behavioural guidance, exposing consumers to bias and misinformation. At the same time, "guided digital" propositions—budgeting apps, workplace pension nudges, or robo-platforms with human escalation—are beginning to occupy the middle ground between do-it-yourself and full advice. This evolution underscores a broader truth: consumers are demanding the accessibility of technology *and* the reassurance of human validation.

Implications

The data reveal a dual imperative. First, advisers must re-orient toward the elements clients demonstrably value: clarity, empathy, and accountability. Second, the industry must find scalable ways to deliver those elements cost-effectively. Pure automation cannot replicate emotional understanding; pure human delivery cannot meet market demand. This tension sets the stage for regulatory innovation under the *Advice–Guidance Boundary Review (AGBR)* and *Targeted Support (TS)*, which together aim to enable new, compliant models of help between guidance and advice.

III. The Regulatory Imperative: Consumer Duty and the Advice–Guidance Boundary Review

Over the past decade, the Financial Conduct Authority (FCA) has sought to reshape the retail-advice landscape through a sequence of reforms designed to raise standards and restore trust. The *Consumer Duty* and the *Advice–Guidance Boundary Review (AGBR)* represent the most recent—and arguably the most consequential—steps in that evolution. Together, they aim to redefine how firms evidence "good outcomes," how value is assessed, and how consumers can receive meaningful financial help without falling into regulatory grey zones.

From RDR to Consumer Duty

The *Retail Distribution Review (RDR)* of 2012 eliminated commission bias and introduced adviser-qualification standards, but it also exposed the true cost of advice. In 2023 the FCA's *Consumer Duty* extended that logic beyond product governance to the entire customer experience. Its three cross-cutting rules—*Act in Good Faith*, *Avoid Foreseeable Harm*, and *Enable Retail Customers to Pursue Their Financial Objectives*—established a higher standard of care across the market【1】.

For advisers, the Duty reframed compliance from process to outcome. Firms must now demonstrate, with management information (MI), that communications are understood, pricing is proportionate, and products deliver value for the identified target market. This shift from prescriptive to principles-based oversight has forced firms to collect richer data on client understanding, behaviour, and results.

The Unintended Constraint

While the Duty elevated consumer protection, it also intensified an unintended barrier: fear of "straying" across the regulatory line that separates *guidance* from *advice*. Under existing FCA definitions, *advice* occurs when a firm gives a personal recommendation to buy, sell, or hold a specific investment. Anything short of that is *guidance*, which may inform but cannot recommend. Many firms, wary of enforcement or professional-indemnity exposure, consequently provide only generic content. Consumers seeking contextual help—how to consolidate small pensions, manage redundancy payments, or decumulate income safely—often receive nothing, even where risk is low and need is urgent.

The FCA's own *Financial Lives Survey (2022)* found that more than 70 % of adults had not received regulated advice in the previous five years and that a third were unsure how to access affordable guidance【2】. The regulator concluded that the binary boundary between advice and guidance was suppressing access and innovation, especially for consumers with relatively simple needs.

The Advice–Guidance Boundary Review (AGBR)

In response, the FCA and HM Treasury launched the *Advice–Guidance Boundary Review* in 2023, culminating in a policy consultation and near-final framework by mid/end-2025【3】. Its objective is to clarify the continuum of support that firms can lawfully provide and to encourage scalable, technology-enabled engagement models. The AGBR articulates three core outcomes:

1. **Clarity of scope** — Consumers should understand the nature and limitations of the help they receive.
2. **Proportional regulation** — Requirements should match the risk of harm inherent in the activity.
3. **Market innovation** — Firms should have confidence to develop new, low-cost models that expand access.

The consultation identified a "missing middle": consumers capable of making financial decisions with some contextual help but unwilling or unable to pay for full advice. Bridging that middle ground requires a regulated mechanism that allows firms to offer structured, evidence-based support without issuing a personal recommendation.

Regulatory Logic and Transition to Targeted Support

The AGBR frames this mechanism as *Targeted Support (TS)*—a formal, light-touch category designed to deliver relevant information to defined consumer cohorts facing similar life events. It preserves the Consumer Duty's outcome-testing and MI expectations while reducing the procedural burdens associated with individual suitability assessments.

From a regulatory-design perspective, *TS* extends the Duty's principles of fairness and transparency into the pre-advice space. It recognises that the industry's challenge is not only one of conduct but of *capacity*: an ageing adviser base, constrained margins, and growing consumer need. The AGBR therefore represents both a clarification of the boundary and a strategic invitation to redesign delivery models around proportional oversight.

In this sense, the Duty and the AGBR are complementary: the Duty defines what "good" looks like for consumers, while the AGBR seeks to make "good" achievable at scale. The next section explores how *Targeted Support* may operationalise that ambition through structured frameworks, governance requirements, and data-driven assurance.

As of November 2025, the FCA and HM Treasury have confirmed that final Targeted Support rules are expected by the end of 2025, with implementation anticipated during 2026.

.

IV. Targeted Support: Frameworks for Compliant Scale

1. Introduction: The Emergence of Targeted Support

The *Advice–Guidance Boundary Review (AGBR)* concluded that millions of UK consumers remain “stuck in the middle”—seeking practical help yet unwilling or unable to pay for regulated advice. To address this gap, the FCA introduced a third category of engagement: **Targeted Support (TS)**.

TS will permit firms to provide structured, data-driven assistance to *defined cohorts* of customers facing similar life events or financial needs, without crossing into personal recommendation. It is designed to complement the Consumer Duty by enabling proportionate, evidence-based interventions that promote better outcomes at scale while maintaining clear regulatory boundaries【1】.

In regulatory terms, TS occupies the space between *general guidance* (wholly factual, impersonal) and *regulated advice* (individual, product-specific, and suitability-tested). The model reflects the FCA’s belief that a strictly binary system has become economically inefficient and behaviourally ineffective.

2. Implementation Frameworks: From Policy to Practice

For firms, TS represents both an opportunity and a governance challenge. Its successful deployment depends on a structured framework that aligns with the Consumer Duty’s four outcomes—**Products and Services**, **Price and Value**, **Consumer Understanding**, and **Consumer Support**—while remaining proportionate to the risk of harm.

The FCA expects that every TS proposition will be underpinned by:

- A **clear business purpose** linked to identified consumer needs;
- Documented **cohort definitions** explaining which consumers are included or excluded;
- **Scripted journeys** or prompts tested for clarity and fairness; and
- A **feedback loop** using management information (MI) to evidence consumer outcomes and refine communications over time【2】.

This requires firms to think like policy designers as well as service providers—articulating hypotheses, testing comprehension, and evidencing behavioural change rather than merely compliance activity.

3. Segmentation and Cohort Definition

Segmentation lies at the heart of TS. The regulatory permission applies only where firms can demonstrate that consumers share a *common, well-understood circumstance* such as:

- Approaching retirement or decumulation decisions;
- Receiving an inheritance or redundancy payment;

- Building emergency savings; or
- Consolidating multiple small pensions.

Each cohort must be precisely described in the firm's governance documentation, along with the *intended beneficial outcome* (for example, increased savings participation or reduced cash drag). Communications must explicitly state that the information is **not personal advice**, that customers remain responsible for their own decisions, and that full advice should be sought if they want personalised recommendations.

By constraining TS to homogenous cohorts, the FCA aims to reduce the likelihood of "creeping advice," where a firm's content or tone implies individual suitability. Firms must retain evidence that segmentation logic is reasonable, up-to-date, and reviewed periodically as part of Consumer Duty product-governance processes【3】.

4. Evidence-Based Design and Communication Testing

The Consumer Understanding outcome obliges firms to ensure customers genuinely comprehend communications, not simply that disclosures exist. Within TS, this translates into *plain-language design* and *user-testing*. Firms should prototype TS scripts, pilot them with representative users, and record comprehension scores or qualitative feedback.

Behavioural-science insights can materially enhance comprehension:

- **Framing** — presenting savings or investment choices in terms of life goals ("future self") rather than abstract returns;
- **Simplification** — chunking complex information into sequential micro-decisions; and
- **Active choice prompts** — requiring a response (e.g., "Would you like to review your pension allocation now?") to combat inertia.

Each script or digital journey should be validated against the FCA's "fair, clear and not misleading" rule. Evidence of testing—screenshots, user transcripts, outcome data—forms part of the MI suite supporting Consumer Duty compliance【4】.

5. Boundary Control and Signposting

The critical control in TS is the **boundary trigger**—the point at which consumer interaction must shift to regulated advice or general guidance. To prevent inadvertent personal recommendations, firms must define *objective criteria* for escalation, such as:

- The customer's disclosure of unique financial complexity (multiple products, tax considerations, or dependants);
- The materiality of the decision (e.g., annuitisation or drawdown selection);
- Any explicit request for a personalised course of action.

These triggers should be embedded in systems logic (for example, if-then workflows within a digital platform) so that escalation occurs automatically, not subjectively. Consumers reaching a boundary should receive *clear signposting* to appropriate advice channels—internal advisers, regulated partners, or publicly available sources such as MoneyHelper.

This automated "safety valve" serves both conduct and reputational purposes: it protects consumers from over-confidence and firms from enforcement risk.

6. Governance and Oversight

Effective oversight transforms TS from a policy experiment into an operational discipline. The FCA expects firms to maintain MI that demonstrates positive consumer outcomes over time, including:

- **Engagement metrics** — how many consumers open, interact with, or complete the TS journey;
- **Conversion or action rates** — evidence that consumers make beneficial financial moves (e.g., increasing contributions);
- **Drop-off analysis** — where consumers disengage, informing future redesign;
- **Complaints and feedback** — categorised by theme and materiality; and
- **Outcome validation** — comparison of actual vs. intended behavioural change.

For Consumer Duty outcome testing, firms should collect MI aligned to the four regulatory outcomes:

• **Products & Services** – data on product complexity and suitability by cohort;
• **Price & Value** – cost-to-serve metrics for advice vs. TS journeys;
• **Consumer Understanding** – comprehension testing results and A/B communication metrics;
• **Consumer Support** – service-channel responsiveness and resolution data.

Firms must be able to present this MI to the FCA upon request and show that management has used it to review TS design. Many are adopting a "three-lines-of-defence" approach—front-line ownership, compliance monitoring, and periodic internal audit—to ensure robust assurance.

Independent Assurance.

Independent review—either by external consultants or internal audit functions separate from product teams—provides credibility.

Professional Indemnity and Liability Considerations.

Targeted Support occupies an untested regulatory space between generic guidance and regulated advice, which raises material questions about Professional Indemnity (PI) coverage. Insurers may initially perceive TS as an unquantified liability class, given the potential for consumer confusion over the nature of engagement. Firms must therefore work closely with PI providers to ensure that policies explicitly cover TS interactions, including errors in digital scripts or misclassification of client intent. Legal advisers should also clarify where fiduciary obligations begin and end—particularly in cases where a client misinterprets structured information as a personal recommendation. Early dialogue between the FCA, insurers, and professional bodies could mitigate uncertainty by defining minimum disclosure standards and safe-harbour provisions for compliant TS frameworks.

Implementation of TS also carries material cost. Building MI dashboards, conducting consumer-understanding tests, and maintaining behavioural-science oversight all require new competencies. The reviewer should assess:

- Whether cohort definitions remain appropriate;
- Whether communications remain accurate, current, and unbiased; and
- Whether MI demonstrates sustained consumer benefit.

For smaller firms, these demands may be disproportionate to scale, creating a barrier to participation just as the regime seeks to widen access. Without shared utilities or proportional supervision, TS could inadvertently reinforce the very advice gap it intends to close.

The FCA has signalled that firms demonstrating proactive oversight and transparent MI will receive regulatory forbearance relative to those operating reactively【5】.

7. Strategic Implications

Properly implemented, TS could reshape the economics of advice delivery. By permitting proportionate interventions, it allows firms to serve lower-value or digitally native segments profitably, relieving pressure on full-advice capacity. It also encourages *cross-functional collaboration* between compliance, marketing, data, and behavioural-science teams—breaking down silos that historically separated consumer engagement from regulatory design.

However, TS is **not a panacea**. Three risks persist:

1. **Over-automation.** If firms treat TS as a compliance exercise rather than a behavioural-change mechanism, they risk replicating the impersonal tone that already drives disengagement.
2. **Product bias.** TS communications linked too closely to proprietary products may blur boundaries and invite scrutiny.
3. **Capability gap.** Many firms lack the analytical infrastructure to measure outcomes credibly, a prerequisite for demonstrating Consumer Duty compliance.

The initiative's success will depend on proportionality—balancing innovation with the integrity of advice standards. As the FCA transitions from consultation to implementation (expected in 2026), early adopters that build transparent governance and consumer-testing capabilities are likely to define industry best practice.

However, the success of Targeted Support is not guaranteed. Early pilots will need to test whether automated prompts and cohort-based guidance genuinely meet the diversity of real-world client circumstances. Algorithms can only interpret disclosed data; emotional context and atypical life events often remain invisible. If firms treat TS as an efficiency exercise rather than an empathy framework, the model could drift toward a two-tier system—one where affluent clients receive human nuance while mass-market clients receive mechanised reassurance. Continuous qualitative review is therefore as important as quantitative MI.

Targeted Support establishes the regulatory scaffolding for scalable, compliant engagement. Yet its effectiveness ultimately depends on two broader enablers: *technology*—to deliver, monitor, and evidence interventions—and *behavioural science*—to ensure those interventions genuinely change consumer decisions for the better.

Research Questions for Early Pilots: As TS implementations begin, critical evaluation should focus on: (1) differential outcomes across socioeconomic cohorts; (2) boundary-trigger effectiveness in preventing advice creep; (3) consumer comprehension longitudinally measured; and (4) cost-benefit analysis for small vs. large firms.

The next section explores how these disciplines combine within emerging global models of hybrid financial planning.

V. The Hybrid Future: Technology, Behavioural Science, and Global Models

1. The Hybrid Imperative

The financial planning profession is entering an age where neither human intuition nor digital automation alone can deliver the outcomes regulators demand or clients expect. The constraints revealed by Consumer Duty—rising compliance costs, limited adviser capacity, and inconsistent consumer understanding—have made a *hybrid* approach not merely attractive but inevitable.

In this context, *hybrid* means the intelligent combination of human empathy, behavioural insight, and digital scale. Automation handles process; advisers provide interpretation, reassurance, and judgement. It is an ecosystem in which technology extends human capability rather than replaces it, aligning precisely with the FCA's principle of "enabling retail customers to pursue their financial objectives."【1】

2. Technology as an Enabler, not a Substitute

Data Governance and Ethical AI. The adoption of Targeted Support and hybrid planning models requires rigorous data governance to maintain compliance with the Consumer Duty and the FCA's operational resilience expectations. Firms must evidence:-

- **Data Lineage and Quality:** every data point used in TS segmentation or MI reporting must be traceable, accurate, and updated regularly.
- **Ethical AI and Bias Testing:** algorithms used for behavioural nudges or segmentation should be tested for demographic and socioeconomic bias to prevent unequal treatment.
- **Cybersecurity and Privacy:** cloud platforms and digital advisers must comply with GDPR, ensuring that personal and behavioural data are encrypted, access-controlled, and auditable.
- **Audit Trails:** every client interaction and communication should be timestamped and retrievable to protect both consumer and firm in the event of dispute.

These controls ensure that automation enhances trust rather than eroding it, reinforcing the principle that data stewardship is fiduciary in nature.

The first generation of robo-advice promised to democratise investment management but failed to capture mass engagement. Consumers discovered that algorithms could execute trades but not provide meaning, context, or emotional reassurance. The second generation—*hybrid planning platforms*—now focuses on augmenting, not replacing, human interaction.

Digital tools address three constraints: efficiency, evidence, and experience.

- **Efficiency:** Automation of data collection, cash-flow modelling, and documentation can cut preparation time for a plan by 40–60 %. Accenture's *State of Advice* research (2024) found that firms using integrated platforms increased adviser productivity by an average of 37 % without reducing perceived personalisation.【2】

- **Evidence:** Consumer Duty supervision requires firms to show, not simply claim, that clients understand communications. Automated MI dashboards capture engagement data, comprehension testing, and progress toward goals, turning compliance into a continuous feedback loop rather than a retrospective audit.
- **Experience:** EY's *Global Wealth Research Report* (2025) noted that 70 % of investors prefer some degree of digital interaction, primarily for convenience, yet 82 % say they would not trust a fully automated model with major life decisions. 【3】

Artificial intelligence is emerging as the connective tissue. Natural-language interfaces can translate complex regulatory disclosures into conversational summaries; predictive analytics can flag when clients are likely to disengage or make emotion-driven decisions. The FCA's *TechSprint on Digital Disclosure* (2024) encouraged experimentation in explainable AI and adaptive communication, provided outputs remain auditable and bias-tested.【4】 The most progressive firms are therefore using AI not as a recommendation engine but as a *reflection engine*—a tool that helps clients understand their options and emotional triggers before the human meeting even begins. AI in this context encompasses several applied disciplines:

• Natural Language Processing (NLP) to summarise suitability reports and detect emotional sentiment in client communications;

• Predictive Analytics to identify clients at risk of disengagement or deviation from plan;

• Generative AI to draft compliant client communications aligned to the 'Consumer Understanding' outcome;

• Machine Learning (ML) models to forecast cash flow scenarios or prioritise at-risk cohorts.

Technology's ultimate contribution lies in transparency. Every digital interaction leaves a timestamped record—an auditable trail that aligns perfectly with Consumer Duty's demand for measurable good outcomes. Properly harnessed, this data does not depersonalise advice; it *documents empathy*.

3. Behavioural Science: Embedding Human Understanding

If technology supplies reach and evidence, behavioural science supplies understanding. The core insight from behavioural economics is that most consumers know *what* they should do but struggle with *when* and *how* to act. The hybrid model succeeds because it recognises that financial behaviour is emotional before it is rational.

Empathy and Mindset. Across multiple global studies, clients define value through confidence, clarity, and progress—not returns alone. Vanguard's research quantifies behavioural coaching as adding roughly 3 % per annum in "Advisor Alpha."【5】 Morningstar's alignment studies confirm that reassurance and accountability are the principal reasons clients stay with an adviser. The hybrid framework amplifies this human value: digital tools sustain engagement between meetings, while the adviser anchors belief and discipline during moments of uncertainty.

In operational terms, behavioural design within TS should follow tested frameworks such as the FCA's preferred EAST (Easy, Attractive, Social, Timely) model. For example, 'Timely' interventions might prompt clients to review pension contributions immediately after a pay rise or bonus, while 'Attractive' framing could visualise the long-term gains of consistent saving in terms of lifestyle outcomes rather than abstract percentages. Loss aversion can be used constructively by illustrating the cost of inaction, and pre-commitment techniques can lock in better long-term behaviour through automated prompts. These methods are measurable and auditable under Consumer Understanding metrics, translating behavioural theory into demonstrable compliance practice. These interventions must also be tested using A/B trials and longitudinal feedback loops to confirm that nudges improve understanding without coercion, consistent with FCA behavioural guidance.

Framing and Choice Architecture. Behavioural design converts abstract financial choices into emotionally resonant decisions. For example, framing retirement planning as "future lifestyle design" rather than "drawdown strategy" improves engagement by up to 25 % in user testing by the Behavioural Insights Team (2023).【6】 Digital channels excel at operationalising these nudges—structured prompts, progress trackers, or "next-best-action" reminders—while humans contextualise them ethically and empathetically.

Measurement and Feedback. Behavioural interventions are most effective when outcomes are measured and iterated. Hybrid systems collect this feedback automatically: who opened which prompt, what actions followed, how attitudes changed. These data points transform subjective relationship management into empirical evidence of Consumer Duty compliance.

4. Decisional Architecture: Designing Hybrid Interactions

The architecture of hybrid advice mirrors Targeted Support (TS): a sequence of informed, auditable micro-interactions culminating in self-directed action or escalation to full advice. The optimal model includes:

1. **Discovery Automation.** Secure digital intake forms capture goals, assets, and preferences before the first meeting, saving time and enriching context.
2. **Scenario Visualisation.** Interactive cash-flow and "what-if" tools translate complex probabilities into visual narratives clients can understand.
3. **Behavioural Prompts.** Scheduled messages or dashboard alerts encourage timely reviews and contributions, aligned to life events.
4. **Human Interpretation.** Advisers review the data trail, validate assumptions, and provide judgement—closing the empathy loop.

Each stage feeds MI back into the governance framework. Firms can demonstrate that clients understood, engaged, and benefited—exactly the evidence demanded under Consumer Duty and TS governance. This design also reduces cognitive load for advisers, allowing them to focus on relationship quality rather than data entry.

Hybrid design therefore becomes the operational expression of *Targeted Support in action*: scalable, data-rich, yet human-anchored.

5. Global Parallels and Regulatory Convergence

Although the UK's AGBR and TS model is distinctive, similar evolutions are occurring worldwide as regulators grapple with identical tensions between access, protection, and innovation.

United Kingdom: Principles-Based Accountability. The UK framework is outcomes-driven. The FCA's emphasis on Consumer Understanding and Price & Value makes firms responsible for demonstrating positive results, not merely following rules. This gives flexibility but demands sophisticated MI and governance. The FCA has publicly stated that hybrid and digital delivery are "consistent with the Duty when firms evidence consumer comprehension and good outcomes."【7】

European Union: Strategic Harmonisation. The EU's *Retail Investment Strategy* and *Digital Operational Resilience Act (DORA)* focus on structural safeguards: data integrity, operational continuity, and adviser professionalism. The philosophy is *top-down harmonisation*—fewer conduct ambiguities, greater cross-border consistency. European regulators are encouraging digitalisation through the "Open Finance" initiative, recognising that shared data standards enable hybrid service models across member states.【8】

UK firms can draw lessons from this focus on cross-border operational resilience and data standardisation, both of which will underpin credible TS MI frameworks.

United States: Procedural Regulation. The U.S. Securities and Exchange Commission (SEC) maintains a disclosure-based approach under the Investment Advisers Act of 1940 and Regulation Best Interest. Compliance is largely procedural: firms must document recommendations and conflicts but have wide latitude in delivery method. This has spurred rapid FinTech growth but little focus on behavioural outcomes. U.S. hybrid firms typically use technology for scale and margin, not consumer comprehension.【9】

The US experience also cautions that procedural compliance and disclosure alone rarely change behaviour—evidence that technology must be coupled with behavioural insight, not merely documentation.

Asia-Pacific: Rapid Digital Integration. Across Asia, regulators are advancing hybrid frameworks that emphasise transparency and suitability. Australia's ASIC Regulatory Guide 255 sets clear expectations for digital and hybrid advice: technology may gather and analyse data, but the licensee remains responsible for overall appropriateness. Singapore's Monetary Authority and Hong Kong's SFC have issued similar guidance, stressing the need for algorithmic auditability and human oversight. The cultural emphasis on digital trust and high mobile adoption makes hybrid advice the region's default mode of expansion.【10】

Australia's early regulatory guidance likewise shows that explicit supervisory boundaries help digital-advice innovators avoid "unsupervised drift" and preserve consumer trust. The core principle of ASIC RG 255 regarding automated advice/support is that the licensee's responsibility for the outcome is non-delegable, regardless of the technology used. This directly maps to the FCA's focus on firms being responsible for the outcome under the Consumer Duty, even when that outcome is mediated by technology.

Convergence Trends.

Three threads unite these jurisdictions:

1. **Outcome measurement** over process compliance;
2. **Technology enablement** under explicit governance; and
3. **Behavioural accountability** ensuring communications genuinely influence understanding and action.

This global alignment reinforces the UK's direction. The hybrid model is not a local experiment; it is becoming the international standard for reconciling consumer empowerment with regulatory protection.

6. Implications and Outlook

The evidence across markets points toward convergence on a single principle: *the best outcomes occur when technology scales empathy rather than replaces it.* Consumer Duty's four outcomes—Product and Services, Price and Value, Consumer Understanding, and Support—are all measurable within a hybrid system but unverifiable in a purely human or purely digital one.

For firms, the strategic implications are profound:

- **Data is now fiduciary.** The ability to measure and evidence understanding becomes a moral and regulatory responsibility.
- **Adviser roles will evolve.** Tomorrow's professionals will combine financial expertise with coaching, storytelling, and behavioural literacy.
- **Culture will differentiate.** Firms that embed curiosity, experimentation, and psychological safety into their compliance processes will adapt fastest.

For regulators, hybridisation offers visibility. Digital journeys provide granular MI; human interactions provide nuance. The combination allows supervision to shift from retrospective enforcement to real-time collaboration.

The next decade will redefine the contract between humans and technology in financial advice. Success will belong to firms that merge algorithmic precision with human empathy, transforming compliance from obligation into value creation. Hybrid is not the endpoint of evolution—it is the platform for the next chapter of advice: evidence-based, behaviourally intelligent, and human-centred and accountable.

While this paper draws on current FCA publications, cross-market research, and policy consultations available as of November 2025, the Targeted Support (TS) framework remains at a pre-implementation stage, with final rules expected in 2026. Accordingly, its effectiveness and practical impact can only be inferred from analogous guidance and hybrid-advice models in other jurisdictions. The conclusions presented here should therefore be read as evidence-based projections rather than empirical findings. As pilot programmes and early adoption data emerge, further research will be required to validate how TS influences access, trust, and behavioural outcomes in real-world settings.

VI. Conclusion & Strategic Implications

Financial planning is being reshaped by structural forces that can no longer be treated in isolation. Demographic contraction, cost inflation, regulatory escalation and technological acceleration are converging into a single strategic reality: firms must deliver greater clarity and confidence to more clients, with fewer human hours and higher evidential standards. The intersection of *Consumer Duty*, the *Advice–Guidance Boundary Review (AGBR)* and *Targeted Support (TS)* makes this challenge explicit. It demands a re-engineering of business models around measurable outcomes rather than processes.

A critical success factor for Targeted Support will be proportionality. The regulatory and MI expectations that are feasible for large institutions may overwhelm smaller advisory firms. The FCA could address this through the development of standardized, pre-approved TS Blueprints—modular templates for governance, MI reporting, and client communication. Such shared utilities would allow smaller firms to participate confidently while preserving consistency of outcomes across the market. Without these scalable frameworks, the advice gap may persist despite the intent of the AGBR.

1. For Firms – Realign Value and Evidence

The research across Vanguard, Dimensional, EY and the FCA is unequivocal: clients value empathy, understanding and progress over technical detail or performance statistics. Hybrid systems allow these human strengths to scale. Automation can remove administrative friction and create a live evidence base of client comprehension, freeing advisers to focus on conversation and behaviour. Firms that integrate MI-rich technology with behavioural coaching will satisfy the Duty's four outcomes—Product & Services, Price & Value, Consumer Understanding and Support—while differentiating themselves on trust.

2. For Regulators – Shift from Process to Partnership

The regulatory trajectory is clear: outcomes, not paperwork. The FCA's long-term ambition is to supervise through real-time intelligence rather than retrospective enforcement. Digital transparency makes this achievable, but only if data is shared constructively. Future regulation will likely evolve toward collaborative assurance models where firms, auditors and the regulator interpret behavioural MI together to identify and prevent harm before it occurs. In this sense, TS is not an endpoint but a prototype for co-regulated innovation.

3. For Consumers – Empowered Engagement

Consumers gain when advice becomes accessible, comprehensible and demonstrably effective. Hybrid delivery achieves this by blending algorithmic efficiency with human empathy. It turns financial planning into an ongoing relationship rather than a periodic event. The evidence shows that when understanding improves, anxiety falls, and long-term decision quality rises—precisely the outcomes Consumer Duty seeks to embed.

4. Looking Ahead

The next decade will test the profession's adaptability more than its intellect. Technical knowledge will remain essential, but emotional literacy, ethical AI, and transparent measurement will define leadership. The winners will be firms that see compliance as culture, technology as empathy, and evidence as trust. Financial planning's future will not be mechanised or mystic—it will be **hybrid, humane and accountable**, grounded in the shared goal of helping people make clearer, more confident financial choices.

Recommendation: The Adoption of Standardised TS Blueprints.

To ensure the hybrid future is accessible to the low-capacity segment of the market (sole practitioners and smaller advice firms), the FCA or an industry body, in collaboration with technology vendors, should develop and potentially pre-approve "Standardised Targeted Support Blueprints."

These blueprints would provide:

Prescriptive MI Templates: Ready-made data capture templates and defined thresholds for monitoring Consumer Understanding, thereby lowering the cost and risk of developing bespoke MI systems.

Pre-Vetted Boundary Language: Legally reviewed and FCA-vetted disclosures and signposting language to clearly delineate TS from personal advice, mitigating PI risk.

Utility Solution: A clear market incentive for technology providers to offer shared, utility-style TS infrastructure, making the necessary robust governance scalable and affordable for smaller firms.

The hybrid future is not only a technological necessity but a moral one: ensuring proportional access, accountable governance, and measurable fairness across firms of every size.

While this white paper draws on Patrick Murphy's ongoing work with Sustain Momentum Ltd, it represents his independent professional analysis developed over more than fifty years in financial planning and regulatory engagement.

VII. About the Author

Patrick Murphy BA (Hons), FPFS, CFP™, Chartered FCSI is an award-winning Financial Planner and thought leader with more than fifty years' experience in the UK wealth-management profession. A former principal of Zen Wealth LLP and winner of *Money Management Financial Planner of the Year 1997/98*, Patrick has been a long-time advocate for integrating health, wealth and happiness in the planning process.

His current work focuses on bridging behavioural science, regulation and technology to expand access to quality financial planning. Through his new venture, **Sustain Momentum Ltd**, Patrick is developing frameworks that apply artificial intelligence and human coaching to deliver the early, non-regulated stages of the financial-planning journey efficiently and at scale—helping people achieve clarity, confidence and balance in their financial lives.

For media or collaboration enquiries, contact:

patrick.murphy@sustain-momentum.com

VIII. References & Appendix

All data and references current as of November 2025. Sources include publicly available research, regulatory publications, and proprietary industry studies used with attribution.

---

1. Academic and Industry Research

1. Vanguard (2025). *The Value of Personalised Advice in the UK* and *Advisor Alpha: Quantifying the Value of Advice (2025 Edition).*
2. Dimensional Fund Advisors (2025). *Global Investor Study – Key Takeaways.*
3. Morningstar (2024–2025). *Adviser–Client Alignment and Value Studies.*
4. EY (2025). *Global Wealth Research Report.*
5. Accenture (2024). *The New State of Advice.*
6. Russell Investments (2025). *Value of an Adviser Study.*
7. Cerulli Associates (2002). *FPA Principal Member Study.*
8. Fidelity International / Financial Times (2025). *UK Investors' Sources of Guidance.*
9. Behavioural Insights Team (2023). *Improving Consumer Decision-Making in Retirement and Investment Choices.*

---

2. UK Regulatory Publications

10. Financial Conduct Authority (FCA) (2022). *Consumer Duty: Final Rules and Guidance (PS22/9).*
11. Financial Conduct Authority (FCA) (2023). *Consumer Duty Implementation Update (PS23/6).*
12. Financial Conduct Authority (FCA) (2023). *Financial Lives Survey 2022 – Key Findings.*
13. Financial Conduct Authority & HM Treasury (2025). *Advice–Guidance Boundary Review Consultation Paper (CP25/1).*
14. Financial Conduct Authority (FCA) (2024). *TechSprint on Digital Disclosure – Summary of Outcomes.*
15. Financial Conduct Authority (FCA) (2025). *Consumer Duty Supervision Priorities 2024/25.*

---

3. Market Research and Demographic Data

16. The Lang Cat (2025). *Advice Gap Report.*

17. Personal Finance Society (PFS) & Chartered Institute for Securities and Investment (CISI) (2024–2025). *Adviser Demographic Data Reports.*
18. OECD / INFE (2023). *Financial Literacy and Inclusion Survey.*

---

4. International Regulatory Frameworks

19. European Commission (2023). *Retail Investment Strategy (COM/2023/279)* and *Digital Operational Resilience Act (EU 2022/2554).*
20. U.S. Securities and Exchange Commission (1940; updated 2019). *Investment Advisers Act of 1940* and *Regulation Best Interest (Reg BI).*
21. Australian Securities and Investments Commission (ASIC) (2021). *Regulatory Guide 255: Providing Digital Financial Product Advice to Retail Clients.*
22. Monetary Authority of Singapore (MAS) (2023). *Guidelines on Provision of Digital Advisory Services.*
23. Hong Kong Securities and Futures Commission (SFC) (2024). *Guidelines on Online Distribution and Advisory Platforms.*

---

5. Behavioural and Technological Studies

24. Behavioural Insights Team & FCA (2023). *Applying Behavioural Economics to Consumer Comprehension.*
25. Accenture (2024). *State of Advice and AI Integration in Financial Services.*
26. EY (2025). *The Human–Technology Interface in Wealth Management.*
27. FCA (2024). *Digital Disclosure TechSprint Outcomes.*
28. OECD (2024). *Artificial Intelligence in Financial Markets: Principles for Responsible Innovation.*

---

6. Supplementary Sources and Data Points

29. Which? / Schroders (2025). *UK Adviser Access and Fee Benchmarking Survey.*
30. FCA / PFS (2024). *Adviser Age and Succession Planning Statistics.*
31. Russell Investments (2025). *Behavioural Coaching and Client Retention Data.*
32. Fidelity International (2025). *Investor Decision Pathways and Digital Adoption Report.*

Appendix Notes

- Monetary and demographic figures cited in the main report are based on FCA and ONS data available as of Q3 2025.
- References to projected implementation timelines for *Targeted Support* (TS) reflect the FCA/HM Treasury consultation outcomes published June–October 2025.
- All behavioural science terminology aligns with FCA and Behavioural Insights Team frameworks on *Consumer Understanding* and *Support* outcomes under Consumer Duty.
- Global regulatory comparisons are summarised from publicly available legislative texts and verified industry commentaries current to September 2025.