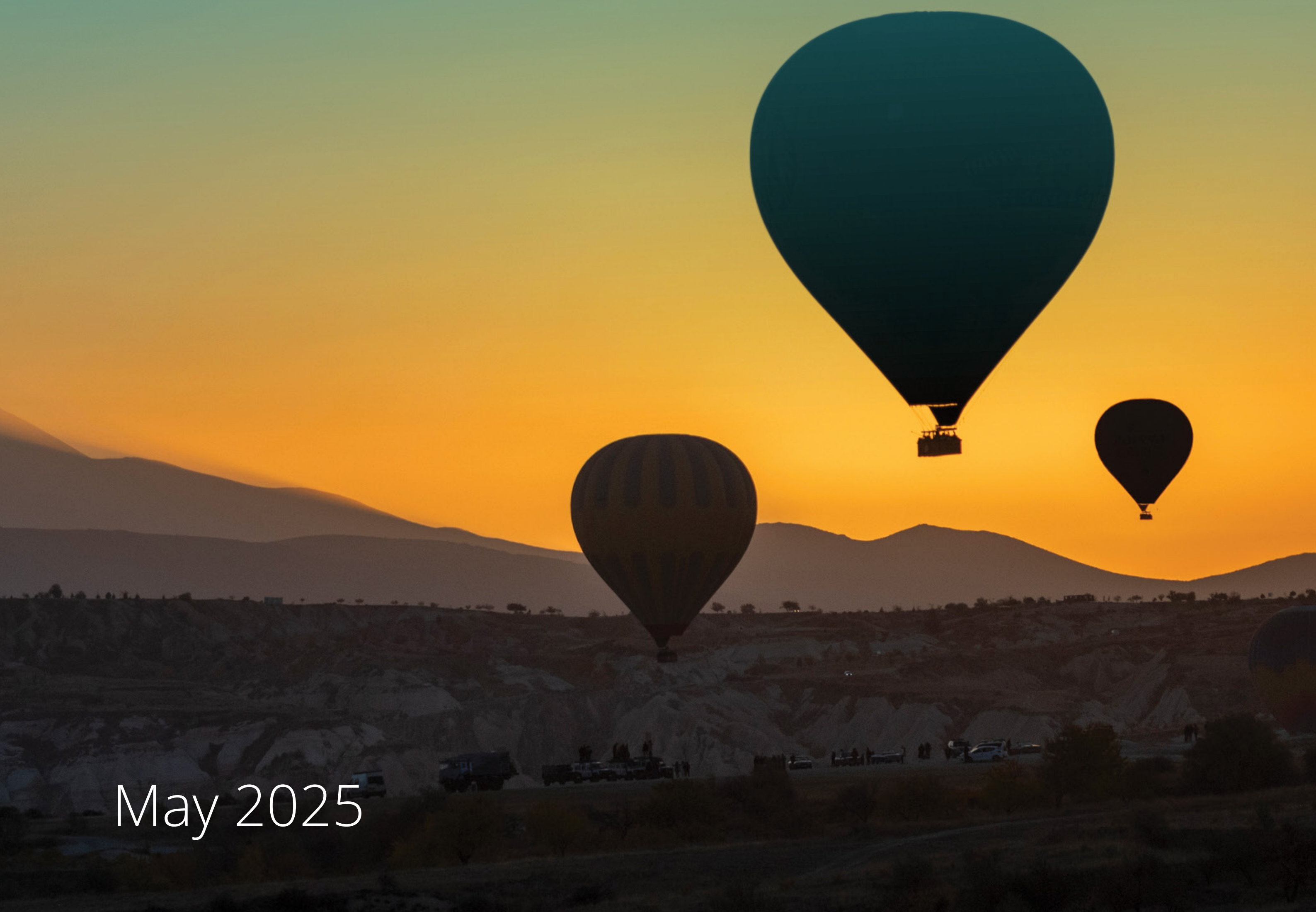
UK PRIVATE BANKING AND WEALTH MANAGEMENT

Harnessing the Sector to Deliver Economic Growth



May 2025

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DISCLAIMER

EXECUTIVE SUMMARY

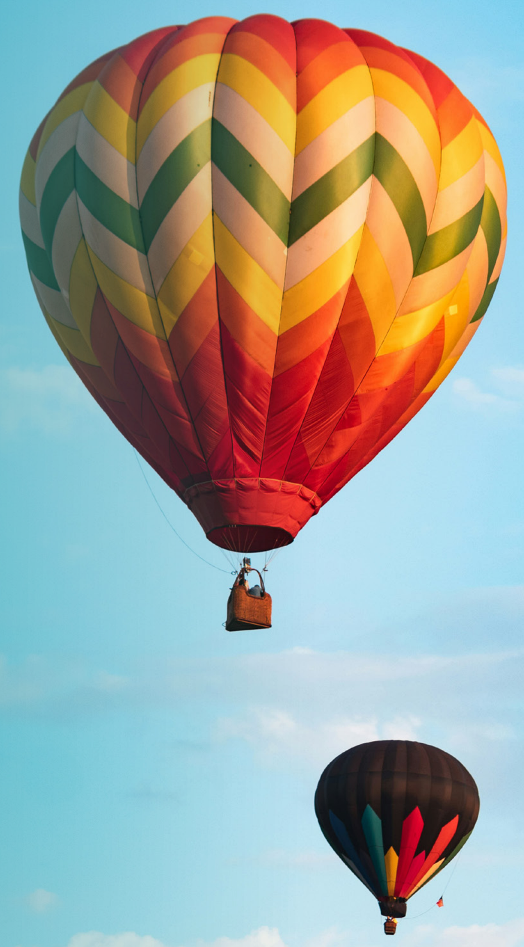
This paper outlines how the private banking and wealth management (PBWM) sector contributes to the UK's economy, and how the Government can further enable the sector to support national growth and drive better financial outcomes for consumers.

Drawing on interviews with Chief Executives and senior leaders from across the PBWM sector and data from PIMFA, UK Finance, and KPMG, the report reflects a broad industry consensus on the sector's current growth opportunities and challenges.

The PBWM sector plays a significant role within the UK economy, supporting both individual financial well-being and broader national economic goals. This sector manages over £1.6tn in assets, employs over 60,000 individuals within the UK, and provides tailored financial support to over 4 million UK clients[1].

The sector has a clear role in supporting the Government's growth agenda, which broadly aims to contribute to increasing the nation's productivity and competitiveness, raising living standards, and providing funding for improving public services.

We welcome the recent initiatives from the Government and regulators in the context of the growth and competitiveness agenda and the strong signal they send. While these initiatives are laying the groundwork for the sector to support the Government's growth agenda, the sector's contribution can be further increased.



1 Data sources referenced in this executive summary are drawn from those cited throughout the paper

To support the Government's focus on growth, this paper identifies four of the most important areas of focus in the context of its upcoming Financial Services Growth and Competitiveness Strategy:

- **Policy and Regulatory Environment:** There is an opportunity to simplify current regulations to make them more predictable, consistent, and supportive. Those interviewed highlighted the benefits of moving towards a more proportionate, stable, and outcomes-based regulatory approach, achieving greater alignment between the Financial Conduct Authority (FCA), Financial Ombudsman Service (FOS) and Financial Services Compensation Scheme (FSCS), and further promoting the sector's positive contribution.
- **Business and Client Outcomes:** The sector is actively innovating to meet client needs and harness new technology such as Artificial Intelligence (AI). With further support to manage compliance costs and strengthen firms' investment capabilities, there is significant potential for growth. The Government can play a key role by supporting incentives that boost investment and broaden retail customer participation in financial markets.
- **Tax and Incentivisation:** There is a strong opportunity to build confidence and long-term investing by providing more certain and predictable tax policies that clearly prioritise investment, retail participation, and competitiveness. This would also better encourage long-term saving and wealth-building, attract global capital, and support early-stage UK business growth.
- **Financial Literacy:** Improving financial literacy can unlock greater engagement with advice and better decision-making. This can involve embedding financial education across the curriculum and promoting public awareness.

By acting in these areas, the Government can further empower the PBWM sector to play a greater role in delivering investment, resilience and prosperity across the UK – driving productivity, boosting tax revenues, and enhancing the country's competitiveness in a global financial landscape.

PIMFA, UK Finance, and KPMG would like to thank the interviewees and their firms for dedicating their time and input to developing this paper.

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INTRODUCTION

This paper outlines how the private banking and wealth management (PBWM) sector contributes to the UK's economy, and how the Government can further enable the sector to support economic growth and drive better financial outcomes for consumers.

Approach and structure of the paper

In developing this paper, we engaged Chief Executives and Board-level representatives from 19 firms that constituted a broad cross-section of the PBWM sector, including wealth managers, financial advisers, financial planners, distributors (including platforms), and private banks. The firms, collectively, represent a significant proportion of the UK advised and retail saving and investing market. References to 'stakeholders' throughout this paper refer to individuals from these firms.

The information we gathered from interviews with each stakeholder has been anonymised and aggregated into the views expressed in this paper. This has been supplemented with additional publicly available data and observations, as well as proprietary research from PIMFA, UK Finance, and KPMG.

The paper is divided into four sections. The first section, *the growth agenda and financial services*, outlines recent Government and regulatory initiatives to promote growth and competitiveness in the UK financial services sector.

The second section, *the role of the PBWM sector*, provides a summary of the sector's position within UK financial services and section three, *stakeholder views on UK growth*, outlines how stakeholders view growth in the context of the PBWM sector.

The fourth section, *supporting the growth agenda*, provides stakeholders' views on opportunities and challenges for growth in the sector and the role of the Government in supporting it. This section is subdivided into four areas, each concluding with suggested asks to the Government that support their growth objective.

THE GROWTH AGENDA AND FINANCIAL SERVICES

Successive UK Governments have consistently emphasised the vital role of financial services in driving economic growth and prosperity.

The overall aim has been to set out a path to a more dynamic, resilient, and forward-looking financial sector that supports long-term UK economic prosperity. As part of this, the FCA and Prudential Regulatory Authority (PRA) now have a new secondary objective of growth and international competitiveness[2].

Over the past few years, the Government and regulators have made several notable interventions, including:

- Announced in December 2022, the Government published the Edinburgh Reforms[3], which were a series of measures aimed at driving growth and competitiveness in the UK financial services sector by modernising regulation, improving investment, and enhancing consumer outcomes.
- In 2023, HM Treasury and the FCA launched the Advice Guidance Boundary Review (AGBR)[4] to explore reforms that could improve access to financial advice and support better consumer financial decision-making.
- In October 2024, the Government published its Industrial Strategy Green Paper[5], setting out its ambition to tackle barriers to growth in the UK's highest potential growth-driving sectors and places, including financial services[6]. A finalised industrial strategy will be published in 2025.
- In November 2024, the Government published a Call For Evidence to inform its Financial Services Growth and Competitiveness Strategy[7], with the aim of identifying targeted plans for the sector. The

2 https://www.fca.org.uk/about/what-we-do/secondary-objective
3 https://www.gov.uk/government/collections/financial-services-the-edinburgh-reforms
4 https://www.fca.org.uk/publications/discussion-papers/dp23-5-advice-guidance-boundary-review-proposals-closing-advice-gap
5 https://www.gov.uk/government/consultations/invest-2035-the-uks-modern-industrial-strategy
6 This industrial strategy is the UK government's proposed 10-year plan for the economy. It aims to deliver the certainty and stability businesses need to invest in the high-growth sectors and drive long-term economic growth
7 https://www.gov.uk/government/calls-for-evidence/financial-services-growth-and-competitiveness-strategy

Government is expected to publish a final version of the strategy in July this year.

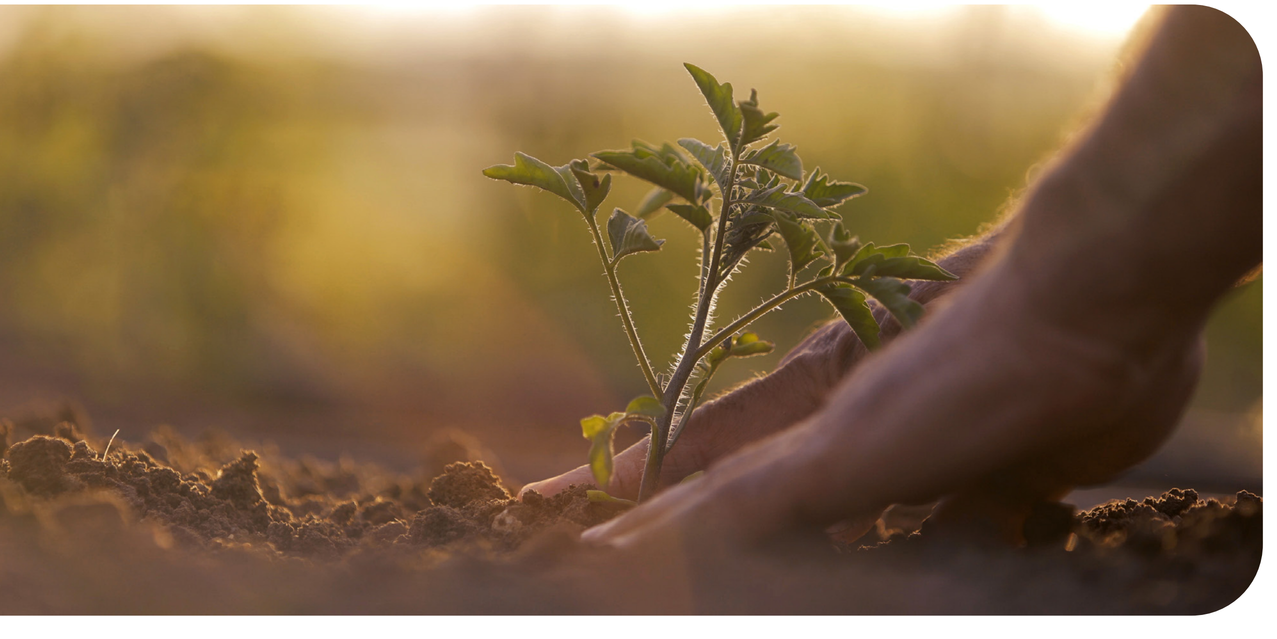
- In March 2025, the Government published a policy paper with a new approach to ensure regulators and regulation support growth[8] and private sector investment (emphasising comparisons to other international financial centres).

- The new five-year FCA strategy[9], also published in March 2025, centres on a vision of deepening trust and rebalancing risk to support growth and improve lives.

There are signs that these developments are starting to have a positive effect. KPMG's Q2 2025 financial services sentiment survey found that 85% of Financial Services Leaders are confident that the Chancellor's plans will boost growth and competitiveness in the sector, compared to 70% in Q1[10].

To that end, stakeholders engaged in this paper recognised the positive measures that the Government and FCA have taken already as described above, and initiatives already underway to simplify and streamline existing rules to lower costs for firms[11]. The Government has also made clear its ambitions to see more retail consumers participate in financial markets and benefit from the long-term financial stability that investing can provide[12], which is welcomed.

The next section of the paper provides a summary of the sector's position within UK financial services and interviewees' perspectives on UK growth.



8 https://www.gov.uk/government/publications/a-new-approach-to-ensure-regulators-and-regulation-support-growth/new-approach-to-ensure-regulators-and-regulation-support-growth-html
9 https://www.fca.org.uk/news/press-releases/fca-launches-5-year-strategy-support-growth-and-improve-lives
10 https://kpmg.com/uk/en/media/press-releases/2025/03/confidence-dips-among-financial-services-chiefs.html
11 For example: https://www.fca.org.uk/news/news-stories/fca-launches-consultation-streamline-rulebook
12 https://qna.files.parliament.uk/qnadailyreports/Written-Questions-Answers-Statements-Daily-Report-Commons-2025-04-07.pdf (see 43511)

THE ROLE OF THE PBWM SECTOR

The PBWM sector helps grow the UK economy by creating jobs, generating tax revenue, and helping people and businesses reach their financial goals and invest money productively.

Private banking is a key part of the UK's financial services industry, managing over £400bn in assets across more than half a million High Net Worth (HNW) and Ultra High Net Worth (UHNW) accounts and employing approximately 20,000 people[13]. Services offered include investment management, estate planning, secured lending, and philanthropy support. Private banks help allocate capital efficiently, support employment, and generate tax revenues, with London remaining as a leading global hub[14]. Although competition from Switzerland, Singapore, and Dubai is rising, the regulatory reforms described above aim to boost the sector's competitiveness, and novel initiatives such as the Berne Financial Services Agreement (BFSA) aim to enhance market access possibilities.

Similarly, wealth management and financial advice firms play a crucial role in helping individuals grow and protect wealth through personal investment management, advice and financial planning. Around 4m UK adults receive financial advice[15], with firms across the sector overseeing over £1.4tn in private retail savings and investments[16]. The sector is expected to expand with an ageing population and a potential intergenerational wealth transfer[17] as well as increased private sector defined contribution (DC) pension assets, which reached over £800bn at the end of 2024[18]. There are about 5,000 firms in the UK providing wealth management and financial advice[19] – 90% small-sized (i.e., five or fewer advisers) – employing approximately 40,000 people[20]. The sector continues

13 The figure of approximately 20,000 individuals employed in the UK Private Banking sector, and 40,000 employed by the Wealth Management and advice sector, is based on proprietary analysis conducted by PIMFA and UK Finance. By comparison, the broader UK banking industry employed over 280,000 individuals as of 2025.
14 https://www.theglobalcity.uk/wealth-management
15 https://www.fca.org.uk/publication/financial-lives/fls-2022-consumer-investments-financial-advice.pdf
16 https://www.theglobalcity.uk/wealth-management
17 https://www.theguardian.com/inequality/2024/nov/16/middle-class-millennials-set-to-gain-most-from-unprecedented-wealth-transfer
18 https://www.ons.gov.uk/economy/investmentspensionsandtrusts/bulletins/fundedoccupationalpensionschemesintheuk/apriltoseptember2024
19 https://nextwealth.co.uk/wp-content/uploads/2024/09/NextWealth_FABB-2024_Report-1.pdf
20 https://nextwealth.co.uk/research/financial-advice-business-benchmarks-report-2024/

to evolve amidst interest from private equity and is undergoing consolidation as firms seek economies of scale and innovative approaches to grow, though niche smaller businesses remain attractive to clients.

This combined PBWM sector serves a broad client base, from mass affluent to UHNW individuals, families, businesses, and charities, offering personalised, long-term financial planning. Financial advisers strengthen UK financial resilience by encouraging saving, investing, and informed decision-making, and help ensure tax compliance.

The PBWM sector also plays an important role in the context of philanthropy, enabling the funding of important causes and encouraging entrepreneurship. For example, the UK's 100 most prominent philanthropists collectively donated £3.2 billion in 2024[21]. However, giving levels remain inconsistent, with significant untapped potential, and many organisations are reliant on this funding in an increasingly challenging economic environment.

Overall, PBWM firms contribute significantly to economic growth, accounting for approximately £8 billion (or 7%) of the £110 billion in annual tax revenues from UK financial services[22]. While London remains the sector's primary hub, expertise is growing right across the UK, particularly in Scotland, the South East, South West, and the North West. Demand for UK-based PBWM services is increasing, driven by rising global wealth, especially from Europe, Asia, and the Middle East.

21 https://fundraising.co.uk/2024/05/17/giving-by-100-most-philanthropic-uk-rich-listers-down-200mn-in-a-year
22 £8bn annual tax receipts is based on a proprietary UK Finance and PIMFA approximation of the PBWM sector contribution from within Financial Services overall: https://www.theglobalcity.uk/PositiveWebsite/media/Research-reports/The-Total-Tax-Contribution-of-UK-based-financial-and-related-professional-services-2023.pdf

STAKEHOLDER VIEWS ON UK GROWTH

Stakeholders identified UK growth as a key enabler of wealth creation, innovation, and investment into the sector, underpinned by technology adoption, and broadening market access.

Overall, UK growth was seen as contributing to a more stable and forward-looking economic environment where individuals and businesses across the UK are better incentivised, able, and confident in their ability to grow their wealth and build their financial resilience, reducing reliance on the state, particularly on healthcare and other services in later life. In turn, this higher growth environment will create and allow for a range of broader opportunities for firms and clients in the PBWM sector, such as new investment opportunities or new products and services to adapt to changing consumer needs. Higher levels of assets under management (AUM) within the sector, or financial capital, will allow firms and clients to increase investment opportunities. Similarly, growth will create opportunities for firms, such as hiring more advisers, expanding product and service offerings, improving client services, and investing in new technologies and digital services to enhance the client experience.

There are other strategic options for achieving growth – for some, that is emphasising increasing market share by hiring more advisers and onboarding new clients, while others may focus more on deepening existing client relationships, enhancing the service offerings available, and their differentiation in the market.

The role of technology

Stakeholders stressed that growth is not just about the opportunities for firms and clients but also about fostering innovation and ensuring the UK remains a competitive financial and advanced technology hub.

New technology was seen as an important enabler and driver of increased UK growth. Firms integrating AI and digital tools to improve their operations have the potential to provide more personalised services to clients and to attract a broader customer base, benefiting a wider client demographic. New technology will, therefore, allow firms to deepen existing client relationships, increase efficiency through more automation, and enhance service offerings available to existing and new clients.

Market access arrangements and investment

Improved market access between the UK and other jurisdictions was also seen as a further driver of increased growth, attracting greater levels of international investment. This would enable the UK to leverage its unique position as a leading international financial centre, where many firms use the UK as a base to not only provide financial services up and down the country, but throughout the world as well. Key to this is the central time zone and physical location of the UK, the rule of law, political stability, the education system, skills and infrastructure. Growth would see more international activity take place in the UK and an increase in the level of investment from overseas, including emerging markets.

Similarly, stakeholders noted that UK growth would also result in attracting more foreign direct investment in UK assets, either via venture capital and private equity investments (particularly key for the development of domestic technology startups and innovation) or existing public markets. There have been several efforts from the FCA to revive UK public markets, as well as the 2024 overhaul of the Listing Regime, new proposed frameworks for private assets such as PISCES[23] and the creation of the Long-Term Asset Fund (LTAF) vehicle[24].

A broad range of topics were discussed and considered in developing this paper, though some, such as sustainable finance, were not prioritised by stakeholders in the context of growth and competitiveness.

The next section of the paper explores these challenges for the PBWM sector and how the Government can help address them to deliver the growth objectives sought.

23 https://www.fca.org.uk/publications/consultation-papers/cp24-29-private-intermittent-securities-and-capital-exchange-system
24 https://www.fca.org.uk/publication/policy/ps21-14.pdf

SUPPORTING THE GROWTH AGENDA

Based on discussions while developing this paper, we identified four key areas where government support could significantly enhance the PBWM sector and UK growth. Each section highlights the opportunities, challenges, specific asks of the Government, and additional stakeholder recommendations.

POLICY AND REGULATORY ENVIRONMENT

Providing clarity, stability and certainty

There have been several welcome initiatives from the FCA and UK authorities to provide more transparency around their areas of focus and to better signpost upcoming policy developments and their timing. However, stakeholders reported that more could be done to increase policy and regulatory clarity and predictability. For example, although the FCA publishes a 'regulatory initiatives grid', the grid itself and the publications it signposts are often delayed, impacting firms' ability to plan effectively and hindering firms' ability to focus on and push forward innovation.

In addition, stakeholders consistently highlighted how regulatory approval processes, such as change-of-control reviews and the time required to complete them, delay their plans. Delays to approving authorisations, such as a variation in permission for a new product, can lead to sunk costs while the firm needs to wait for the approval, or a lost investment opportunity for current or prospective customers from not being able to reach the market. However, stakeholders engaged in this paper recognised the improvements that the FCA has made in this area, and a much more consistent trend of applications being approved within statutory deadlines[25]. Similarly, stakeholders welcomed Government proposals for paid-for 'fast lanes' and 'minded to approve' notices to speed up regulatory approvals[26].

25 https://www.fca.org.uk/publication/data/authorisations-operating-service-metrics-2024-25-q1.pdf
26 https://www.gov.uk/government/publications/a-new-approach-to-ensure-regulators-and-regulation-support-growth/new-approach-to-ensure-regulators-and-regulation-support-growth-html

The need for cautious interpretation of multiple regulatory requirements, such as the Consumer Duty, can hinder new product development. While Consumer Duty is viewed as an overall positive for firms directly serving retail clients, it has resulted in more rigorous expectations on firms, which slow time to market, such as enhanced evidencing and governance and sign-off needed across each of the four outcomes and increased testing and evidence of outcomes. A pragmatic supervisory approach to Consumer Duty is required to allow firms to exercise greater professional judgement, respond to clients' needs more dynamically, and adopt change with greater confidence.

Further, stakeholders raised concerns that the Consumer Duty is sometimes seen as being used as an instrument of price regulation (i.e. focusing not just on outcomes but specific price points), driving firms to take fewer risks at the expense of being perceived as an 'outlier' by the regulator and potentially crowding out innovation and driving unintended outcomes. On this point, some stakeholders fear that a narrow focus on 'value for money' could lead to unintended consequences, such as the overuse of passive funds at the expense of potentially better-performing, actively managed strategies, which could result in better consumer outcomes.

Reporting and data requests

Stakeholders highlighted concerns with the volume of regulatory data requests, particularly where this is not matched by meaningful insight or feedback in return. This included significant ad-hoc information requests in addition to the regular returns that need to be completed. The opportunity cost of this data burden is considerable and diverts resources away from productive investment in services, people, and client engagement, especially for medium and smaller firms. This is a particular challenge for members who report to multiple international regulators.

A PIMFA 2024 survey[27] on regulatory data collection showed that the average firm spends 140 hours (or 17.5 days) on the annual FCA wealth data survey alone, yet 45% of firms had limited understanding of how all the data would be used by the regulator or the value of the time invested. More positively, it appears the FCA is now taking tentative steps on removing unnecessary reporting requirements[28].

Recent regulatory interventions, such as a discussion paper on improving the UK transaction reporting regime[29] and proposals to eliminate certain regulatory data submissions[30], were welcomed as positive ways to improve efficiency and reduce the costs and burden of the data firms need to provide. Overall, however, stakeholders welcomed this simplification but stressed that any changes must be balanced against the time and costs for firms, having spent many years implementing the current regulatory reporting regime and technology and continuing to make improvements. More explicit guidance, not major reporting changes, was, therefore, also seen as a way to improve compliance without adding burdens.

Tailored regulatory expectations

Rather than being enabled to deliver good consumer outcomes, stakeholders often feel they are forced to follow rigid regulatory requirements regardless of their governance, culture and business model. The current regime is also seen as disproportionately burdensome, creating barriers to entry, especially for smaller firms that lack dedicated regulatory resources but still aspire to meet high standards. In the fund management space, there are encouraging signs that the FCA is looking to better support smaller firms[31].

27 https://www.pimfa.co.uk/shared/pimfa-feedback-on-the-fca-2023-wealth-data-survey/
28 https://www.fca.org.uk/news/news-stories/fca-reduces-firm-burden-16000-firms
39 https://www.fca.org.uk/publications/discussion-papers/dp24-2-improving-uk-transaction-reporting-regime
30 https://www.fca.org.uk/publications/consultation-papers/cp25-8-data-decommissioning-removing-reporting-notification-requirements
31 https://www.fca.org.uk/publications/calls-input/future-regulation-alternative-fund-managers

Compensation and redress

Crucially, there was broad consensus that the UK's redress and compensation architecture should be reviewed and reformed. The FOS is viewed by some as acting as a quasi-regulator at times, issuing some decisions with broader implications for the market, which can appear to be misaligned with FCA guidance and standards.

This has contributed to a culture of fear and risk aversion in some firms, where they hesitate to innovate or launch new products out of concern that they may be retrospectively penalised, stifling growth and discouraging entrepreneurialism. As such, stakeholders strongly welcomed the Government's new approach to ensure that regulators and regulation support growth[32] and the Economic Secretary to the Treasury's commitment to reviewing whether the FOS is fulfilling its role as a truly impartial arbiter.

However, this must lead to urgent reform of the wider redress architecture, with clearer boundaries of responsibility, increased coordination across the FCA, FOS, and FSCS, and a sharper focus on promoting innovation alongside consumer protection. Absent this, recent examples of supervisory interventions were seen by participants as having an outsized impact on diminishing trust in the market (e.g., the ongoing advice services review[33]). Stakeholders also drew attention to the Wider Implications Framework (WIF), and increasing its effectiveness and transparency as an existing forum for cross-regulatory body engagement[34].

Therefore, these urgent reforms should include ensuring that FOS decisions can be reviewed via an alternative mechanism that doesn't require a judicial review, such as referral to Tribunal, and also ensuring alignment with wider authorities as needed (e.g. the approach to Claims Management Companies between the FCA, Solicitor's Regulatory Authority (SRA) and the Law Society of Scotland). In addition, stakeholders noted the importance of the FSCS in providing consumer protection in the event of firms in the sector failing, and the confidence this provides individuals to save and invest. However, it was noted that more could be done to ensure that the firms responsible for consumer harm bear the costs of compensation, which is both a direct cost for firms and, by effect, an indirect cost borne by customers themselves. A 'polluter pays' approach, for example, where more regulatory fines are used to fund the levy, would help to reduce the current subsidy burden on firms, which can instead be used to invest in the business and its people. Recent initiatives by the regulator to address this issue have been welcomed, but concerns remain that 'bad actors', often not sufficiently capitalised, can continue to operate in the current regime in ways that leave well-run firms paying for failures[35].

Understanding and promoting the sector

Strengthening sector relationships with targeted feedback, possible secondments to build shared knowledge, and dedicated regulatory contacts, especially for small and medium-sized firms, were seen as positive ways to enhance the regulator's understanding of the sector. Stakeholders engaged for this paper saw these as positive ways to build deeper industry knowledge and market practitioners within the regulatory environment. There was also growing concern about the broader imbalance in public perception of the financial services sector overall, something that could be addressed by increased positive messaging from regulators or the Government.
While misconduct rightly attracts attention, little is acknowledged of the sector's day-to-day contribution to household and national financial resilience, including tax receipts. This imbalance risks discouraging investment and undermining the public's confidence in financial advice. Building on this point, it was clear that the Government must constantly reinforce its ongoing support of the UK's

32 https://www.gov.uk/government/publications/a-new-approach-to-ensure-regulators-and-regulation-support-growth/new-approach-to-ensure-regulators-and-regulation-support-growth-html
33 https://www.fca.org.uk/news/statements/requests-information-firms-delivery-ongoing-advice-services-consumer-duty
34 https://www.fca.org.uk/about/wider-implications-framework
35 https://www.ftadviser.com/regulation/2024/03/22/pimfa-raises-significant-concerns-over-fca-s-polluter-pays-framework/

position as a world-leading financial centre. Post-Brexit, the UK continues to have the opportunity to redefine its global financial proposition. This requires better promotion of the UK's comparative advantages, clearer market access ambitions, and closer alignment between Government, regulators, and industry leaders. Without this, London (and the UK) as a financial services centre risks falling behind international competitors, not just because of regulatory challenges but also due to a loss of global investor confidence. The FCA has taken steps to expand its international presence to facilitate greater exports and inward investment[36], and stakeholders welcomed recent government initiatives to support Small and Medium-sized Enterprises (SMEs), such as export roadshows, as a positive example of this need for financial services[37]. Regulatory divergence from the EU should also be minimised unless it delivers meaningful benefits – otherwise it simply introduces additional costs for cross-border firms.

Bolstering UK capital markets

Some stakeholders emphasised the need for strength in related financial services sectors and the wider ecosystem, such as UK public equity markets, stating that the UK equity market needs to be more robust and diversified, with improved liquidity for early-stage companies to prevent them from seeking funding overseas.

The FCA has progressed work to improve the competitiveness of the UK's listing regime with a package of measures introduced in July 2024 that included replacing the UK standard and premium listing share categories with a single category[38]. It has also adapted certain MiFID II rules on investment research, once again permitting asset managers to make bundled research and execution payments[39], whilst maintaining payment optionality.

Further forthcoming policy developments from the FCA are anticipated to make it easier for retail investors to access primary markets. Clear messaging on the risks and rewards of investing in primary (and secondary) markets, including clear messaging on liquidity considerations, is essential.

36 https://www.fca.org.uk/news/press-releases/fca-establishes-presence-united-states-and-asia-pacific
37 https://www.gov.uk/government/news/national-roadshow-kicks-off-to-get-businesses-exporting-and-grow-the-economy
38 https://www.fca.org.uk/news/press-releases/fca-overhauls-listing-rules-boost-growth-and-innovation-uk-stock-markets
39 https://www.fca.org.uk/publication/policy/ps24-9.pdf

To support UK growth, the Government should provide a predictable, simple, and proportionate policy and regulatory environment that promotes long-term investment, better coordination, more appropriately balanced regulatory objectives, and promotion of the sector domestically and internationally.

ACTIONS AND APPROACHES WE HEARD FROM STAKEHOLDERS:

- Improve coordination across regulators to ensure primary and secondary objectives, such as consumer protection and growth, are better aligned to support a balanced, and more effective regulatory environment.
- Deploy more policy sprints, such as the recent work on targeted support[40], to increase regulator and industry collaboration on practical matters that deliver the FCA's objectives.
- Reform the redress framework by clarifying the relevant law, regulations and roles, including an alternative to judicial review, such as a tribunal referral, to enhance fairness and accountability.
- Increase the use of secondments from the regulator into the PBWM industry and dedicated contacts for firms to support more proportionate, informed, and practical supervision across the sector.
- Actively promote UK financial services globally through trade missions and aligning messaging across Government to highlight the sector's role in growth and resilience.

40 vhttps://www.fca.org.uk/news/news-stories/fca-concludes-consumer-investment-policy-sprint

BUSINESS AND CLIENT OUTOMES

The PBWM sector is evolving to meet changing investor needs and embrace innovation, but its impact on growth is held back by regulatory burdens that are costly to implement, weak investment incentives, and a limited investment culture in the UK.

The PBWM sector is evolving at pace, driven not only by regulatory pressures or market volatility but by a sustained commitment to growth through organic client acquisition, targeted mergers and acquisitions (M&A), and the development of more client-centric offerings for evolving demographics. Many firms are also exploring opportunities to improve efficiency and scale through technology, particularly AI, while expanding into underserved segments and international markets.

Diverted costs to regulatory change

Stakeholders engaged for this paper emphasised that mandated regulatory change continues to consume a disproportionate share of firms' resources, diverting time, capital, and expertise from business and technological transformation and product and proposition innovation to compliance. The March 2025 KPMG Regulatory Barometer shows that regulatory pressure continues to be very high[41], whilst a KPMG sentiment survey showed that over 40% of financial services leaders who were engaged cited regulatory pressure as being one of the biggest challenges facing their firms[42].

UK financial services firms' compliance costs continue to rise annually, driven by regulatory demands, the need to invest to keep pace with technology, and a growing focus on financial crime[43]. For the PBWM sector in 2024, the total cost base to manage regulation and the need to invest in modernising legacy IT systems was estimated as £2.8bn for private banks and £1.8bn for wealth managers[44]. The burden is particularly acute for smaller firms, which often lack the scale to absorb the costs of change while also investing in technology or business improvements, such as new online and digital services for clients.

Addressing the 'advice gap'

Stakeholders recognised the clear existence of a financial advice gap in the UK (the gap between people that would benefit from advice and those who can afford it). There are a multitude of reasons for this, and while alternatives and options to help address this exist, such as digital or robo-offerings, they often lack the personalisation needed to be impactful. Confusion between advice and guidance, plus low financial confidence and literacy, explored later in this paper, further discourages engagement. In this regard, scaling products and services to a broader demographic of clients in the market is a growth opportunity for firms and their customers if it can be done from a commercial perspective. For example, extending products and services to more retail or mass affluent client segments alongside the sector's focus on HNW and UHNW. Scale and a more flexible regulatory approach have the potential to open up the benefits of financial advice and planning to a wider population where there is a clear need.

However, delivering regulated advice remains uneconomical for many firms below a certain client asset threshold due to the high costs involved in providing personalised services and advice. These are derived from the need for one-on-one consultations and research, and, more importantly, the high cost of compliance (i.e. requirements on suitability checks, record-keeping, ongoing reviews and disclosure). These limitations become more impactful as peoples' future needs at lower levels of wealth become more complex. This is particularly the case in the context of the transition to DC pensions for most working adults and the need to proactively manage their long-term savings and make informed choices in the context of pension freedoms. As outlined in the previous section, these constraints in the current regulatory environment reduce firms' confidence and ability to invest in new products and services. Instead of focusing on value-adding initiatives, many firms default to risk-averse approaches, limiting innovation and the ability to serve broader and unaddressed market segments.

The FCA's AGBR[45] is an example of the regulator taking a proactive and consultative approach to addressing the advice gap. By exploring new models such as 'targeted support', the FCA aims to enable firms to offer more meaningful help to consumers without triggering the full regulatory obligations of financial advice. Stakeholders engaged in this paper noted that this has the potential to transform wealth management and advice propositions and facilitate further innovation, enabling firms to engage with the broader retail or mass affluent client segments. The AGBR underscores the FCA's willingness to innovate while also illustrating the delicate balance required to improve access to financial help without creating new risks. Beyond AGBR, continuing to explore options for 'simplified advice' was also seen as a way to offer a cost-effective, scalable way to bridge the advice gap, enabling firms to serve clients with straightforward needs while maintaining regulatory protection[46].

Cross-border access

Stakeholders with cross-border operations commented on the Berne Financial Services Agreement (BFSA) between the UK and Switzerland[47]. They were positive about the future market access possibilities, commercial opportunities, and the signal of openness to the industry and other jurisdictions regarding what can be achieved. However, a relatively small number of stakeholders suggested that that there may be an uneven playing field, whereby some Swiss firms' qualification requirements for advisers may not match expectations from UK firms. Increasingly, UK firms' clients are expecting their advisers to have attained the highest qualification possible, and the agreement does provide for authorities in each jurisdiction to refuse recognition under certain conditions[48].

In addition, in a different context, some stakeholders perceived the FCA's rules regarding the classification of sophisticated retail clients and rules related to accessing them as unduly onerous compared to other European jurisdictions, such as Switzerland. Stakeholders discussed the idea of introducing a semi-professional client category in the UK to facilitate greater investment opportunities and risk diversification for their customers. This would broaden investor access to more opportunities while maintaining appropriate customer protections. Clear eligibility criteria – such as having previously received financial advice and/or meeting a minimum net worth threshold – would ensure safeguards remain in place. This new category would better reflect the range of investor types in the market and help tailor regulatory guidance more effectively.

Technology and innovation

Stakeholders recognised the opportunities presented by new technology for a wide range of potential future use cases, such as improving operational efficiency and resilience, more effective compliance and data management, and, crucially, offering a more holistic experience for customers and clients. Some firms are leveraging open banking technologies to integrate multiple accounts, enable a more seamless user experience, and meet their customers' changing needs.

41 https://kpmg.com/xx/en/our-insights/regulatory-insights/regulatory-barometer-march-2025.html
42 https://kpmg.com/uk/en/media/press-releases/2024/12/governments-growth-plans.html
43 https://www.oxfordeconomics.com/wp-content/uploads/2023/03/True-Cost-of-Compliance-2023-Report.pdf
44 https://www.ft.com/content/fc38385e-81f5-4311-972e-ca08a8dfaa9b

45 https://www.fca.org.uk/news/news-stories/fca-concludes-consumer-investment-policy-sprint
46 https://www.pimfa.co.uk/wp-content/uploads/2023/02/PIMFA-Simplified-Advice-Report-Up-the-Ladder-FINAL.pdf
47 https://assets.publishing.service.gov.uk/media/658172b7fc07f3000d8d444d/UK-Switzerland_FS_MRA.pdf
48 https://assets.publishing.service.gov.uk/media/6489c02f103ca60013039f22/uk-switzerland-rpq-explanatory_memorandum.pdf

Technology, such as AI, offers a promising route to deliver lower-cost and scalable products and services, particularly in being able to provide more 'hybrid' client interactions and support (i.e. where clients are interacting with both technology and humans at different points and needs in their financial journey). However, firms are at an early stage of adopting tools such as AI due to the need for investment, consideration and mitigation of the risks involved, and to allow time for the technology to mature, be developed and tested in a safe manner. Stakeholders highlighted that AI will likely provide very considerable opportunities for firms and clients in the future and, therefore, support UK growth. The UK government has taken some positive steps in this regard, such as establishing a Regulatory Innovation Office (RIO), which is intended to help accelerate the approval process for emerging technologies, such as AI[49].

However, at this early stage, any future policy proposals or interventions must ensure they do not limit the space firms' need to explore and test these opportunities with AI safely. Further, the Government should also look to ensure that early-stage UK companies that are seeking to develop new technologies are also afforded an environment and incentives to innovate.

Similarly, but also reinforcing earlier points made in the previous section, many firms are hesitant to innovate due to fears of future regulatory or FOS repercussions. Until such concerns are addressed, innovation will remain stifled or, at best, slow to be adopted. The FCA's 'sandbox'[50] and recently launched 'AI Lab'[51] offer opportunities for support and testing specific product ideas in the short term, at least. The potential benefits of the FCA's AI Lab could be limited by PRA requirements from an operational resilience perspective, so a coordinated regulatory approach in this space would be required to maximise the value of AI-related innovation.

A particular area where innovation could deliver benefits would be to allow investors greater choice when it comes to selecting their funds and to enable them to consolidate their holdings.

Onboarding clients and switching providers

Despite several industry initiatives and regulatory intervention, slow transfer times between firms continue to be a source of frustration and a drag on competition and industry efficiency. While the industry must improve, Government and regulators could play more of a role in market-wide change and efficiencies, such as supporting efforts towards common standards (e.g. switching frameworks for investment accounts or pensions, similar to retail banking current accounts).

Expansion into private assets

Aligned with the UK authorities' push for greater investment in productive finance, a small number of firms in the sector are exploring how they can bring private asset exposure to their retail clients in a controlled and compliant manner via traditional distribution channels. This could include the inclusion of private assets in discretionary portfolios or adjusting existing fund offerings to broaden the range of eligible assets they may invest in, including in LTAFs[52] following the FCA's recent changes to permit greater flexibility[53]. Greater clarity on the FCA's expectations regarding topics like suitability, liquidity management, and valuation would benefit these firms.

Some stakeholders commented that the promotion and distribution of private assets remains unnecessarily difficult – and in some cases the regulatory framework around their promotion is more prohibitive than for more speculative assets such as cryptoassets.

49 https://questions-statements.parliament.uk/written-statements/detail/2024-10-08/hcws111
50 https://www.fca.org.uk/firms/innovation/regulatory-sandbox
51 https://www.fca.org.uk/firms/innovation/ai-lab
52 https://www.fca.org.uk/news/press-releases/fca-authorises-first-long-term-asset-fund
53 https://www.fca.org.uk/publication/handbook/handbook-notice-125.pdf

Balancing growth and risk

Stakeholders strongly agreed that the UK needs a better balance of risk and reward to stimulate investing and saving. While protecting retail clients is vital, the current environment is seen as too rigid to increase access to markets and products that offer growth potential but remain underutilised. Along with the issues stemming from the policy and regulatory environment discussed previously, issues related to consumer understanding and financial literacy were also seen as important, which are explored in the next section.

Further, while initiatives for individuals to save and invest, like the 'British ISA', were well-intentioned, they have lacked commercial appeal and were ultimately not adopted due to industry resistance and a perception that the Government is interfering in asset allocation[54]. Stakeholders expressed concern that measures like proposed changes to Cash ISAs risk disincentivising saving or complicating arrangements, just when encouragement and simplicity are needed[55]. Policy measures, such as additional ISA wrappers focused on UK equities or increased allocation to private market vehicles such as the LTAF, must be designed to attract capital rather than compel it.

Client disclosures

Stakeholders drew attention to the prescriptive and onerous requirements for customer disclosure and reporting as a case example of barriers in the current environment. Mandatory risk warnings and information that must be sent to clients should be adapted to support more engaging communication and incentivise investing. The Government and regulator's focus on changing the current UK disclosure regime is therefore welcome.

The regulator is developing a new simplified framework for 'Consumer Composite Investments' (CCIs) in consultation with the industry[56]. However, stakeholders shared their uncertainty about how the new regime will fit with existing rules under MiFID, and that it may not go far enough in simplifying key issues such as overly complex and hard-to-understand cost and risk calculations or product comparisons, and the role distributors will play in needing to adapt product summaries – especially given the scale of regulatory change that will be needed. Consumers could end up receiving even more information, not less, which may lead to confusion.

Recent further proposals to make the new CCI regime more aligned with existing rules are therefore welcome in this context[57]. Simplifying engagement through improved disclosures would allow more people to invest confidently.

54 https://www.ft.com/content/64cd3caf-c36a-4e51-8e19-d430f3324d77
55 https://citywire.com/new-model-adviser/news/city-minister-gov-t-wants-to-boost-investing-culture-with-isa-reforms/a2464350
56 https://www.fca.org.uk/publications/consultation-papers/cp24-30-new-product-information-framework-consumer-composite-investments
57 https://www.fca.org.uk/publications/consultation-papers/cp25-9-further-proposals-product-information-consumer-composite-investments

To support UK growth, the Government should continue to reduce compliance burdens, support innovation and new technology investment, widen market access to people, and improve the information they receive to understand and make investment decisions.

ACTIONS AND APPROACHES WE HEARD FROM STAKEHOLDERS:

- Introduce a semi-professional client category to expand investor access, based on clear criteria like receiving prior financial advice or meeting a minimum net worth, while maintaining appropriate protections.
- Provide for further incentives to boost retail participation in UK investments to drive stronger domestic capital flows.
- Ensure the CCI reforms achieve meaningful improvements in the context of the scale of regulatory change needed, including clarifying links with the MiFID requirements, transaction cost expectations, and distributor obligations.
- Increase the range of products that are ISA eligible – given that the FCA has already implemented controls around their distribution (for example, permitting LTAFs to be held in an ordinary stocks and shares ISA).
- Continue the focus on transfer times to help ensure confidence in the industry and good customer outcomes.

TAXATION AND INCENTIVISATION

The UK tax system is highly complex and unpredictable, undermining investor confidence, discouraging business creation, and limiting the PBWM sector's ability to support long-term wealth building and economic growth.

Certainty and simplification

Stakeholders widely saw the UK tax environment as relatively complex and indicated that it would benefit from greater stability and a more defined long-term strategic direction. While the system contains powerful incentives, such as ISAs and reliefs for early-stage investment, policy volatility and administrative burdens often undermine these[58].

At a national level, the UK Finance 2024 banking sector tax report also highlighted that there is now a notable difference in the total tax rate in the UK compared to other European countries[59], which should be considered in terms of international competitiveness. A main reason is the variation in the UK's use of the bank corporation tax surcharge and bank levy, unlike the EU, where the Single Resolution Fund has already met its target.

A more certain, simplified, and growth-focused tax regime is therefore needed to support long-term savings, attract capital, and encourage innovation and entrepreneurship. For example, persistent speculation and frequent changes around pensions, inheritance tax (IHT), and the ISA regime have created uncertainty and confusion among firms and their clients alike. Many firms observed spikes in client outflows around both the Autumn 2024 Budget and 2025 Spring Statement, driven not by poor fundamentals but by fear and speculation about what might change next.

Further examples cited by stakeholders included the recent changes to Business Asset Disposal Relief (BADR) as a negative signal to those building businesses in the UK. Whilst policies such as Enterprise Investment Schemes (EIS) and Venture Capital Trusts (VCT) continue to be viewed positively for driving growth, recent changes such as the inclusion of AIM businesses within IHT were viewed as having the opposite effect, despite their proven ability to drive growth through targeted capital allocation[60].

This volatile operating environment risks diminishing the UK's reputation as a safe and attractive destination for investment and wealth accumulation, especially among more internationally mobile clients who may opt for other jurisdictions perceived as more stable or welcoming of investors and wealth.

More broadly, there are some areas where tax reporting could be facilitated. For example, there are specific challenges relating to the reporting of gains from Excluded Indexed Securities, given that the data needed to identify these gains may not always be available. Similarly, it can be difficult to find up-to-date information on offshore funds. HM Revenue & Customs (HMRC) provides a list of UK reporting funds on its website, but it is not always complete and up to date, which can lead to gaps in the confirmation of a reporting fund's UK tax status.

To ease the tax reporting process, it would be helpful if HMRC could provide a more complete and timely list. In addition, it would be helpful if HMRC kept a publicly accessible record of Excluded Indexed Securities in the same way it does for offshore reporting funds.

Roadmap and signposting

In October 2024, the government published a Corporate Tax Roadmap that summarises its commitment to a 25% corporation tax cap and enhanced R&D relief, among

58 There have been 240 tax policy changes announced in the years 2022 – 2024 at an estimated net cost of £875m to HMRC and £913m cost to business over the next few years. Source – The cost to the tax system, Public Accounts Committee HC 640m 2024/25

59 https://www.ukfinance.org.uk/news-and-insight/press-release/uk-finance-publishes-its-2024-banking-sector-tax-report

60 In the October 2024 Budget, the UK government reduced inheritance tax relief on AIM-listed shares from 100% to 50%, effective April 2026

other proposals[61]. It also plans further consultations to simplify tax administration and clarify investment rules, aiming to boost business certainty, investment, and long-term growth.

While stakeholders recognised the Corporate Tax Roadmap and the economic challenges that required the Government to raise taxation at the recent Autumn Budget, the challenges raised above are significant barriers to growth. Regular changes or speculation around tax changes make long-term planning difficult. The Corporate Tax Roadmap should look to go further to reflect these concerns and expanded to also cover the impacts around personal taxation (i.e. savings, investments, pensions) and areas such as VAT treatment and the rising administrative burdens imposed by HMRC on financial services[62]. The resulting uncertainty has impacted investor confidence and created a greater risk of individuals disengaging from long-term saving and investing or making harmful impulsive decisions. It was felt that the PBWM sector and financial services overall would benefit from working with Government to regain the reputation for a proportionate jurisdiction that provides certainty for people's long-term savings, investments, and pensions.

Stamp duty on UK equities

A Stamp Duty Reserve Tax (SDRT)[63] is charged when investors buy shares of UK-listed companies, which is typically 0.5% of the transaction value. Stakeholders engaged for this paper viewed this direct cost to purchasing UK shares as discouraging investment, which particularly impacts smaller retail participants (i.e. as a proportion of the money they have to invest)[64]. However, it is an issue for all investors and an ongoing concern for UK growth as other jurisdictions, such as the USA or Germany, offer tax-free or lower-tax equivalent trading environments, making UK equities less attractive to people here in the UK.

As a result, it deters investment, reduces liquidity for UK companies and weakens the competitiveness of UK markets. Removing the charge was seen as a targeted tax incentive that would help increase UK investment and growth. Whilst this would reduce tax for the government in the short term, it is also a way for the government to raise tax receipts in the long term due to enhanced economic activity[65].

Further, a dividend franking regime, used in countries like France or Australia[66], reduces double taxation where corporate tax is already paid on dividends. Combining this with removing Stamp Duty would further increase investor returns and UK equity market competitiveness.

International and entrepreneurship considerations

Discussions with stakeholders highlighted the need to support early-stage high-growth investment and entrepreneurs, with a particular consideration for international clients and capital. Recent policy changes to the UK's non-domiciled residence regime were seen as inadvertently resulting in greater levels of capital and talent moving offshore and eroding the UK's appeal to entrepreneurs and global investors. For example, stakeholders noted that some of their clients had low confidence that UK policy will provide a stable environment for growing businesses and have left, with many citing tax unpredictability as the primary reason.

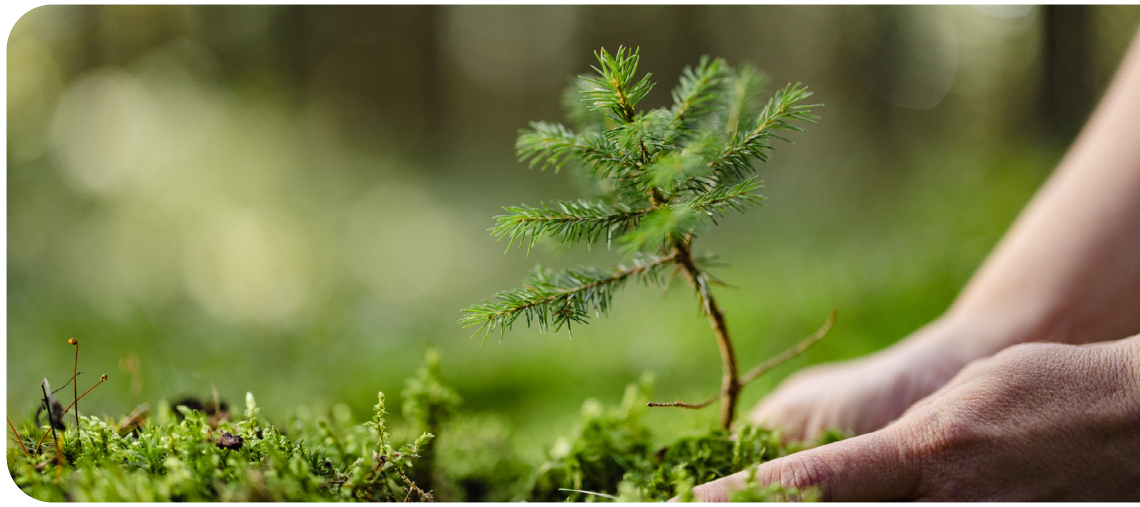
In considering the future of the current tax regime for non-domiciled individuals, the Government should be aware of the 'opportunity costs' from a lower number of non-domiciled residents and the potential impact on the broader financial services sector.

61 https://www.gov.uk/government/publications/corporate-tax-roadmap-2024
62 https://www.ft.com/content/8f133290-7584-4269-b2bb-0b7338190bc5
63 0.5% Stamp Duty Reserve Tax (SDRT) is automatically charged when you buy UK shares electronically. Stamp Duty (the original form) is also charged at the same rate for any physical, i.e. paper, share purchases.
64 https://www.pimfa.co.uk/wp-content/uploads/2024/07/PIMFA-Agenda-Digital-July-2024.pdf
65 https://www.peelhunt.com/news-insights/articles/stamp-out-stamp-duty/
66 https://www.ato.gov.au/businesses-and-organisations/not-for-profit-organisations/your-organisation/investments-credits-and-refunds/franking-credits

To support UK growth, the Government should establish a more certain and proportionate tax framework that prioritises investment, retail participation, and competitiveness. This should include the removal of Stamp Duty on shares, a phased withdrawal of the bank levy and surcharge, a review of financial services VAT and a drive to reduce administrative burdens.

ACTIONS AND APPROACHES WE HEARD FROM STAKEHOLDERS:

- Establish a proportionate, certain tax regime that provides investor trust, supports long-term savings, and expands targeted reliefs (i.e. Enterprise Investment Schemes (EIS) and Venture Capital Trusts (VCT)) to drive UK business creation and early-stage investment.
- Make the UK's approach to bank taxation globally competitive by updating the Corporate Tax Roadmap 2024 to include a timeline to phase out the bank corporation tax surcharge and the bank levy.
- Remove the 0.5% Stamp Duty on UK equities to enhance market competitiveness, attract more retail investment, and support long-term domestic economic growth.



FINANCIAL LITERACY

A lack of financial education in the UK limits peoples' ability to make informed decisions, engage with financial services, and build long-term wealth. While advice is key, regulatory uncertainty restricts the PBWM sector's ability to help close this gap.

Consumer understanding

Stakeholders highlighted critical gaps in financial education and awareness across the UK across all ages and demographics. These gaps were viewed as impeding individuals from making informed financial decisions, engaging with financial services, and achieving long-term financial resilience. This issue impacts UK growth by limiting financial well-being and wealth creation, leading to missed opportunities for savings and investment and increasing reliance on state resources.

This educational deficit is particularly evident in the underutilisation of financial products, such as stocks and shares ISAs, and some customers' overreliance on cash savings. This could potentially result in individuals finding it more challenging to meet their financial goals. With low levels of financial literacy, many individuals will lack confidence in managing their finances. Concepts like owning shares or funds, which are seen as critical to long-term financial well-being, are poorly understood and under-promoted.

Stakeholders also expressed concern that younger generations are increasingly reliant on social media platforms such as TikTok and YouTube and so-called 'finfluencers' to inform their investment decision-making, e.g. the attraction to crypto assets without fully understanding the risks. Previous PIMFA research highlighted from a survey that 75% of people under the age of 45 had bought or considered buying a financial product on the advice of social media or a 'finfluencer'[67]. This increases the risk of individuals acting on misinformation, making poor decisions and adversely affecting the long-term perception and relationship with financial services and investments. While regulatory efforts to clamp down have been welcomed, the view of stakeholders is that more focus is needed to prevent a growing number of typically younger people from facing financial harm. This is also a topic of discussion in the House of Commons.[68]

Financial education

Early financial education and support at key life stages, such as starting work, buying a home, or preparing for retirement, will play an important role in supporting UK growth. The PBWM sector plays a vital role in this regard, such as by providing internal education programs to prepare younger family members for inheriting wealth or by providing free access to guides, blogs and videos on topics from explaining products like ISAs or how to prepare for retirement. However, whilst industry initiatives have a role to play, the ultimate responsibility lies with the Department of Education.

There was a shared view amongst stakeholders that national-level solutions, supported by or in collaboration with the industry, must focus on embedding financial education into the school curriculum and that educational institutions and teachers are supported to deliver it effectively. Whilst financial education was added to the UK national curriculum over 10 years ago[69], it has suffered from not being universally included in teaching on core subjects, and for institutions not required to follow the curriculum, it may not have been included at all. The Government's Curriculum and Assessment Review[70] presents an ideal opportunity for delivering the critical step change required in financial education delivery in schools. In addition, it is welcome that in its latest five-year strategy, the FCA committed to supporting the Government as it develops a financial inclusion strategy[71] .

Education in the workplace

Beyond financial education at school level, stakeholders engaged in this paper recognised the need to deliver more accessible support that meets individuals' needs at later and different life stages. This was further reinforced by the growth in the number of younger individuals using informal sources like social media, as discussed previously. More regular financial check-ins or reviews at key ages – such as 30, 40, and 50 – can offer further practical opportunities to encourage proactive planning and reduce the likelihood of financial insecurity later in life. The Government's 'Midlife MOT'[72] is a positive example where tools and resources can assist individuals, primarily those aged 45 to 65, in planning for their future across work, health, and financial matters. Firms within the PBWM sector have also implemented similar approaches and services for employees, providing financial education sessions to support their staff's financial well-being.

Barriers to change

From discussions with stakeholders on this topic, it was shared that many individuals believe financial advice is unaffordable or unnecessary until they reach a certain threshold. However, regulation and commercial constraints have created a system where personalised financial advice is often uneconomical to the retail or mass affluent market. For example, the regulatory obligations and the impact on the cost to serve prevent firms from being able to provide cost-effective support to individuals at lower levels of wealth, and the risks from retrospective action from the Ombudsman, as discussed earlier, serve to prevent this further. This underscores a critical insight that regulation, while vital, must evolve to encourage innovation without compromising protection for consumers. As discussed above, proposals for 'targeted support' are therefore welcome in this context.

Ultimately, improving financial literacy and financial advice and guidance is fundamental to empowering individuals, reducing future government dependency, and driving economic growth. By prioritising financial education, the UK can build a more financially resilient society and increase the value of investing for personal wealth creation and contribute to UK growth.

67 https://www.pimfa.co.uk/shared-public/pimfa-under-40-leadership-committee-report-2023/
68 https://committees.parliament.uk/event/24060/formal-meeting-oral-evidence-session/
69 https://www.ft.com/content/dd401e78-7ae0-4e0d-83b1-ce16cb468fa0?

70 https://www.gov.uk/government/groups/curriculum-and-assessment-review
71 https://www.fca.org.uk/publication/corporate/our-strategy-2025-30.pdf
72 https://jobhelp.campaign.gov.uk/midlifemot/home-page/

To support UK growth, the Government should embed financial education into the curriculum across all school types and key stages and continue to promote and develop initiatives for adults.

ACTIONS AND APPROACHES WE HEARD FROM STAKEHOLDERS:

- Ensure that financial education is mandated within the primary and secondary school curriculums through dedicated lessons or by integrating it more thoroughly into existing subjects.
- Develop a structured financial education roadmap that builds lifelong capability through progressive and targeted age-appropriate learning from childhood to adulthood, avoiding reliance on one-off interventions.
- Convene industry and educator collaboration to improve financial literacy through shared expertise and resources to ensure a more financially capable population.
- Increase awareness campaigns targeting young people about the risks of following unregulated financial advice from social media.

CONCLUSION

This paper outlines how the PBWM sector contributes to the UK's economy, and how the Government can further enable the sector to support economic growth and drive better financial outcomes for consumers.

It has identified four areas where this support is required – across the policy and regulatory environment, business and client outcomes, taxation and incentivisation, and financial literacy.

It is critical that the Government and regulators continue to progress their recent and upcoming initiatives to facilitate the growth and competitiveness of the PBWM industry. But further action is needed. We hope the observations and recommendations raised in this paper are therefore useful in that context.

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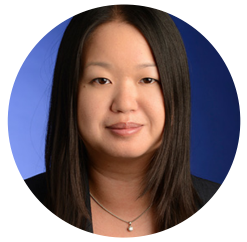

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GLOSSARY

ACRONYM/TERM	DEFINITION
AGBR (Advice Guidance Boundary Review)	The UK regulatory review to clarify the boundary between financial advice and guidance
AI (Artificial Intelligence)	Technology that enables machines to mimic human intelligence, reasoning, and problem-solving
AIM (Alternative Investment Market)	The UK equity, or stock market, for smaller, growing companies
AML (Anti-Money Laundering)	Regulations and procedures to prevent illegal funds from entering the financial system
AUM (Assets Under Management)	The total market value of investments that a financial institution manages on behalf of clients
Active Management	A strategy involving frequent buying and selling of assets to outperform the market
CGT (Capital Gains Tax)	A tax on the profit when you sell an asset that has increased in value
BADR (Business Asset Disposal Relief)	A UK tax relief that allows individuals to pay a reduced rate of Capital Gains Tax (CGT) when selling all or part of a business
Client Segmentation	Categorising clients based on wealth, goals, or needs to deliver tailored financial services
Consumer Duty	A regulatory framework requiring firms to deliver good outcomes for retail clients across products and services
DC (Defined Contribution)	A pension plan where contributions are defined, but retirement benefits depend on investment performance
EIS (Enterprise Investment Scheme Income Tax Relief)	A UK government incentive designed to encourage investment in early-stage, high-risk companies
Equity Markets	Equity markets, also known as stock markets, are where shares (equities) are issued, bought, and sold
FCA (Financial Conduct Authority)	The UK regulatory body that oversees financial markets
FOS (Financial Ombudsman Service)	The UK independent body that settles disputes between consumers and financial businesses
FSCS (Financial Services Compensation Scheme)	The UK statutory compensation scheme for customers of authorised financial services firms
Financial Advice	Providing a personal recommendation to an individual regarding their financial assets
Financial Literacy	The ability to understand and effectively use various financial skills
Financial Resilience	An individual or a firms capacity to absorb financial shocks and loss
GDP (Gross Domestic Product)	The total monetary value of all goods and services produced within a country over a specific period
HNW (High-Net-Worth)	Individuals with a high amount of investable assets, typically over £1 million
IHT (Inheritance Tax)	A tax on the estate (the property, money and possessions) of someone who has died
ISA	A tax-free savings or investment account available to UK residents
LTAF (Long-Term Asset Fund)	A type of investment fund designed to facilitate investment in illiquid assets such as infrastructure
Mass Affluent	Individuals with investable assets to require advice but below high-net-worth thresholds, typically over £100k
Onboarding	The process of bringing a new client into a firm includes verification and risk assessment procedures
PISCES (The Private Intermittent Securities and Capital Exchange System)	A UK trading platform designed to facilitate the intermittent trading of shares in private companies
Passive Funds	Investment funds that aim to replicate the performance of a specific index or benchmark
Pension Freedoms	UK reforms allowing individuals more flexibility in how they access their pension pots from the age of 55
Polluter Pays	A principle where firms responsible for causing harm bear the costs of compensation
Redress Framework	The system through which consumers receive compensation, including bodies like FOS and FSCS
Regulatory Sandbox	An FCA initiative allowing firms to test new products or services in a controlled environment
SRA (Solicitors Regulation Authority)	The UK independent regulatory body for solicitors in England and Wales
UHNW (Ultra-High-Net-Worth)	Individuals with investable assets typically over £50 million
VCT (Venture Capital Trust)	A UK-listed investment company designed to encourage investment in small, high-growth businesses
Venture Capital	A type of private equity financing provided to early-stage, high-potential startups

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About PIMFA

The Personal Investment Management & Financial Advice Association (PIMFA) is the trade association for firms that provide wealth management, investment services and financial advice.

Our members offer a range of financial solutions, including financial advice, portfolio management, and investment and execution services. They assist individuals, families, charities, pension funds, trusts, and companies. Our sector manages £1.65 trillion in private savings and investments and employs over 63,000 people.

Further information is available at:
www.pimfa.co.uk

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Representing 300 firms,
we are a centre of trust, expertise and collaboration at the heart of financial services. Championing a thriving sector and building a better society. The financial services industry plays a vital and often underappreciated role in enabling individuals, families and communities to achieve their ambitions in a safe and sustainable way – through home ownership, starting a new business or saving for retirement.

The sector is fundamental to people's lives, and we are proud to promote the work it is doing to support customers and businesses up and down the country. Whether it is through innovating for the future, driving economic growth, helping struggling customers amid increases in the cost of living, fighting economic crime or working to finance the net zero transition – the industry is having an overwhelmingly positive effect on the lives of people across the UK and improving the society we live in.

Further information is available at:
www.ukfinance.org.uk

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