

# Platform Service Review 2024

February 2024

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# Introduction

**Defaqto undertakes an annual satisfaction survey among financial advisers to establish the service levels of providers of wealth and protection products. This paper sets out the results for the platform market.**

The online survey took place between August and September 2023 and canvassed the opinions of 281 financial advisers measuring their satisfaction levels for 11 categories of service:

**Platform provider strength and brand** – The awareness, reputation and appeal of a brand to clients; the provider's financial strength and stability

**Transition and implementation** – Availability and quality of technical help and training in platform adoption; ease of business integration and compatibility with existing back-office systems

**New business administration** – Applications are processed accurately within agreed timescales; systems and processes to move existing clients' investment portfolios 'on platform' are efficient

**Existing business administration** – Provider responds quickly and accurately to enquiries; switches, redemptions, income payments, transfers, re-registrations and withdrawals are processed accurately and within agreed timescales; reports, statements, valuations and contract notes are accurate and delivered when expected

**Pension freedom servicing** – New at-retirement pension plans are set up quickly and efficiently; transfers on or off the platform, requests for ad hoc or regular income payments, switching and cash management are dealt with accurately

**Provider's staff** – Advisers can access staff easily when needed; staff are helpful, competent and able to understand and deal with adviser problems

**Platform design and management** – Sufficient tax wrapper options, asset types and investment vehicles, including third-party managed solutions, such as model portfolios, are provided to meet client needs; product literature, brochures and other materials for adviser and client use are high quality, clear, fair and not misleading

**Reporting** – Online portfolio reporting, trading activity and investment reports are clearly laid out and accurate; the facility to white label or personalise regular reporting is available and easy to use; business reporting on client activity, transaction progress and remuneration is clear, concise and comprehensive

**Adviser charge administration** – Adviser charges are paid promptly and accurately; adviser charge facilities are sufficiently flexible to accommodate required remuneration

**Online services and ebusiness** – Up-to-date portfolio information, valuations, transaction history, contract notes, Capital Gains Tax (CGT) reports are available to the adviser and/or client; capability to complete online transactions for new business and increments is available and easy to use; website content is clear and comprehensive; functionality and navigation is intuitive and logical

**Technical assistance** – IT support is easily accessible and responds quickly to problems; technical assistance on tax, investments, trusts and/or product functionality is easily accessible, accurate and helpful

# Methodology

First, we asked advisers to tell us how important the 11 service disciplines are to their businesses using a five-point scale from 'not at all important' through to 'very important'. From this we calculated a mean score out of five to determine the importance of each individual aspect of service.

Next, we identified which platforms are being used regularly by advisers and asked them to rank them in order of preference.

Finally, we measured the advisers' satisfaction levels with the preferred platform providers, again using a five-point scale ranging from 'very dissatisfied' through to 'very satisfied'.

For the providers that qualify, we combine the 'satisfied' and 'very satisfied' responses to determine the 'total satisfaction score' for each individual aspect of service. These are weighted by the importance of each category and then aggregated to determine one overall satisfaction index for each preferred platform.

The satisfaction indices by category are available within Defaqto Engage (Centra for SimplyBiz users), our financial planning software solution. They are also the basis of Defaqto's Gold and Silver service ratings.

# Key findings

- The study was conducted between August and September 2023 employing online fieldwork techniques; it measured the relative importance of 11 satisfaction categories and identified the advisers' preferred platform providers.
- The study measured how satisfied the advisers are with their preferred platforms and identified where expectations were being met by cross-matching ranked importance with ranked satisfaction.
- On average, 19% of advisers place all their business on platform, and 54% place between 75% and 99% of their business on platform.
- On average, advisers are recommending 2.89 platforms. Aviva is the most recommended platform, and Quilter, AJ Bell Investcentre, Transact and Fidelity Adviser solutions account for 26% or more of adviser recommendations.
- The platform market is largely dominated by Aviva, Quilter, AJ Bell, Fidelity and Transact, with in excess of 20% of advisers placing these platforms in their top three preferred platforms.
- 34% of advisers said they had changed their main platform provider in the last 12 months, significantly more than in previous years. This has increased again from last year's 28% with advisers still being impacted by mergers, takeovers and technology updates plus the impact of Consumer Duty.
- **New business administration** and **Existing business administration** were first and second for importance, as they were in the previous year's study. **Technical assistance** and **Adviser charge administration** were the categories regarded as least important relatively speaking.
- All satisfaction scores fell by, on average, seven percentage points. The top five categories for importance suffered the most with weighted satisfaction scores being as much as 10 percentage points lower than in 2022.
- 7IM and Parmenion achieved the greatest number of top three positions for satisfaction, with a good showing from Quilter and Wealthtime.
- A cross-match of ranked importance and ranked satisfaction demonstrates that the industry is meeting or exceeding expectations for only four out of the 11 categories of service. Most concerning is that the categories ranked top three for importance fell below adviser expectations by upwards of three percentage points of satisfaction.

# Platform usage

**Q** Thinking about your investment business specifically, approximately what is the percentage in value terms of new business that is placed 'on platform'?

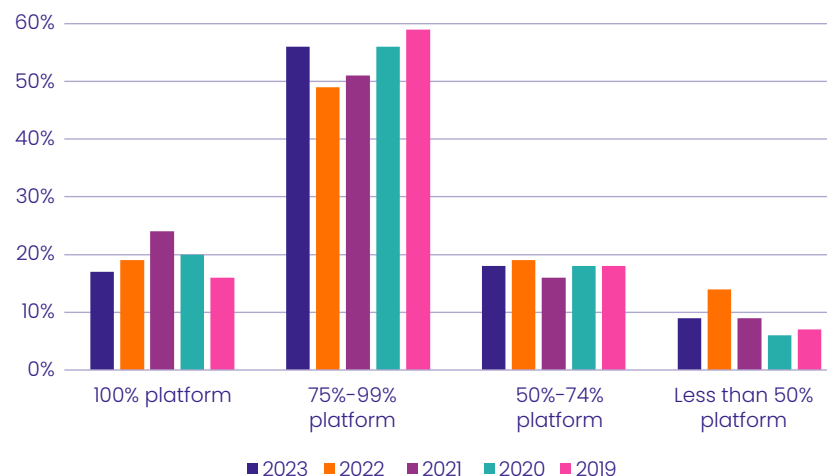
Table 1 sets out the results for 2022 and 2023.

**Table 1: Percentage of 'on platform' new business, 2023 and 2022**

New business	Respondents 2023	Respondents 2022
100% platform	17%	19%
75–99% platform	56%	49%
50–74% platform	18%	19%
Less than 50% platform	9%	14%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Slight fluctuations from year to year belie a pretty constant platform usage by advisers, as illustrated in Chart 1.

**Chart 1: Percentage of 'on platform' new business, 2019–2023**



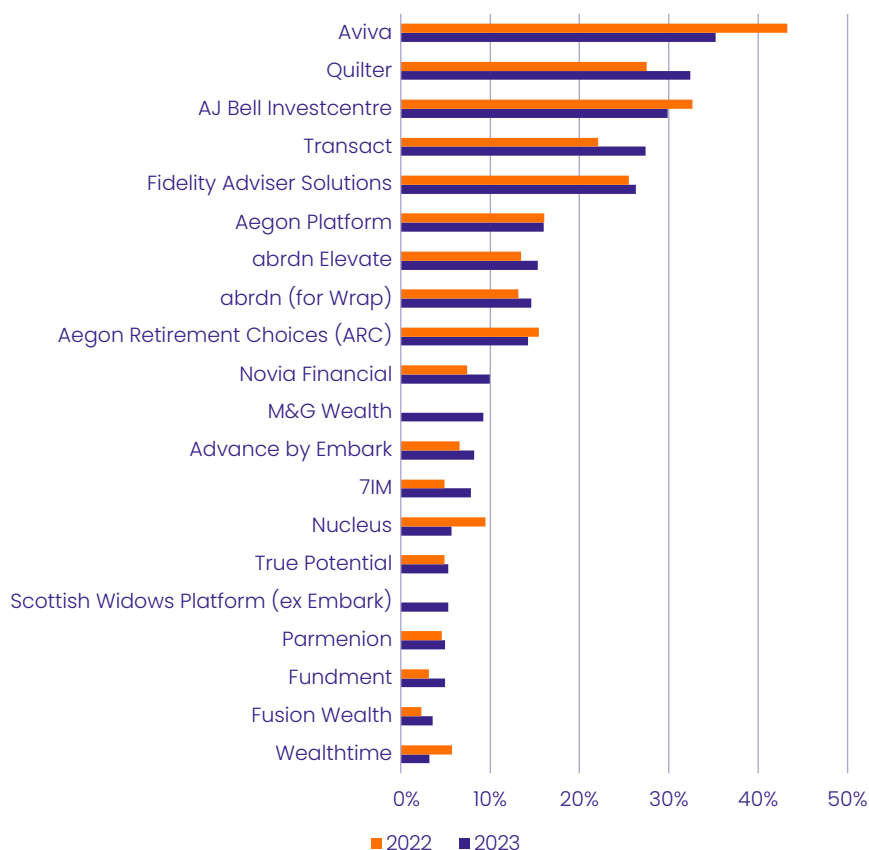
On average, over time, 19% of advisers put 100% of their business on platform, but among those that don't, 54% do so for 75% or more of their business. Those placing less than 50% of their business on platform are typically less than 10% of advisers.

We may conclude that platforms are and will remain an important structure for delivering financial advice in the intermediated sector. However, advisers are starting to question whether an in-house solution powered by technology providers that offer custodian services might be a better option for their clients.

# Platform providers

## Q Which of the following platforms have you placed business with in the last 12 months?

Chart 2: Individual platforms recommended in the past 12 months



As shown in Chart 2, Aviva is the most recommended platform, as it was last year, but with reduced support this time.

Quilter, AJ Bell Investcentre, Transact and Fidelity Adviser solutions account for 26% or more of adviser recommendations.

These top five platforms are the same as last year, but Quilter has overtaken AJ Bell, and Transact has overtaken Fidelity Adviser Solutions.

On average, advisers are recommending 2.89 platforms. This is encouraging because the FCA specifically warns against ‘shoehorning’ clients into centralised investment propositions that may be unsuitable for them, but, it seems, financial advisers have at least two options available to their clients.

# Preferred providers

Where advisers said they recommend more than one platform, we asked them to rank the providers they use in order of preference.

Table 2 shows the percentage of top three preferences by provider.

**Table 2: Advisers' top three providers**

Provider	First or only choice	Second choice	Third choice	Total (rounded)	Provider	First or only choice	Second choice	Third choice	Total (rounded)
Quilter	16%	7%	3%	27%	Fundment	3%	1%	1%	5%
Aviva	13%	10%	6%	29%	abrhn (for Wrap)	3%	4%	3%	10%
AJ Bell Investcentre	10%	8%	7%	26%	Aegon Retirement Choices (ARC)	3%	4%	3%	10%
Fidelity Adviser Solutions	10%	6%	5%	21%	M&G Wealth	3%	1%	2%	6%
Transact	9%	9%	5%	22%	True Potential	2%	1%	1%	5%
abrhn Elevate	5%	2%	3%	9%	Advance by Embark	2%	2%	1%	6%
Aegon Platform	4%	4%	3%	11%	Parmenion	2%	2%	0%	4%
Novia Financial	4%	2%	2%	9%	Wealthtime	2%	1%	0%	3%
7IM	3%	3%	1%	7%	Fusion Wealth	1%	1%	0%	3%
Nucleus	3%	2%	1%	6%	Scottish Widows Platform (ex Embark)	1%	2%	1%	4%



## Preferred providers (continued)

Aviva achieved the greatest number of top three preference positions with 29% of advisers placing the firm in their top three, but Quilter returned the greatest number of first or only choices.

The platform market is largely dominated by Aviva, Quilter, A J Bell, Fidelity and Transact, with in excess of 20% of advisers placing these platforms in their top three.

However, firms should not be complacent. Advisers can and do change their preferred platforms, not least because of poor service, and this time a greater number of advisers told us that they had changed one of their preferred providers in the last 12 months. We have also just seen the start of Consumer Duty, which may have an impact in future of these decisions for the adviser and their client.

Table 3 shows the answer to this question over the last six years.

**Table 3: Percentage of respondents who have changed their preferred platform year on year**

2023	2022	2021	2020	2019	2018
34%	28%	19%	25%	27%	25%

# Importance

## Q Which of the following aspects are important when it comes to the service provided by platform providers?

In this study, the preferred platforms were measured against 11 aspects of service weighted according to the level of importance that advisers attach to each of them.

We asked the respondents to say how important each aspect of service is to their business, ranging from 1 'not at all important' to 5 'very important'. From the range of responses, we are able to calculate an average score and rank the aspects of service in order of importance; see Table 4.

**Table 4: Ranked importance**

Satisfaction category	2023	2022
New business administration	4.74 (1)	4.68 (1)
Existing business administration	4.68 (2)	4.65 (2)
Online services and ebusiness	4.56 (=3)	4.58 (4)
Transition and implementation	4.56 (=3)	4.52 (5)
Pension freedom servicing	4.54 (=5)	4.62 (3)
Platform design and management	4.54 (=5)	4.43 (8)
Provider's staff	4.48 (7)	4.44 (7)
Reporting	4.45 (8)	4.37 (10)
Platform provider strength and brand	4.42 (9)	4.48 (6)
Technical assistance	4.37 (10)	4.38 (9)
Adviser charge administration	4.31 (11)	4.27 (11)

**New business administration** was, by far, ranked the most important category to advisers with a score of 4.74 out of five. **Existing business administration** was ranked second with a score of 4.68 out of five. These top two administration categories were unchanged since last time.

**Technical assistance** and **Adviser charge administration** were the categories regarded as least important with scores of 4.37 and 4.31 out of five respectively.

There is increased focus this time on **Platform design and management**, which jumped up to equal fifth position from eighth. **Reporting** and **Transition and implementation** also improved their ranking and, taken together, these movements may well imply a greater focus on platform functionality.

The biggest drop in ranked position was **Platform provider strength and brand**, moving from sixth to ninth.

# Satisfaction

Satisfaction is calculated with reference to scores awarded to the platforms for each of the 11 aspects of service in the range 1 – 5, where 1 equates to ‘very dissatisfied’ and 5 equates to ‘very satisfied’.

Table 5 shows the satisfaction indices for each service category for the industry as a whole. The indices are weighted by the importance scores the advisers gave each category.

**Table 5: Weighted satisfaction by category and order by ranked importance**

Satisfactory category	Importance	Weighted satisfaction 2023	Weighted satisfaction 2022
New business administration	1	76%	84%
Existing business administration	2	73%	83%
Online services and ebusiness	3	73%	83%
Transition and implementation	3	69%	78%
Pension freedom servicing	5	70%	80%
Platform design and management	5	69%	75%
Provider’s staff	7	70%	75%
Reporting	8	67%	73%
Platform provider strength and brand	9	74%	81%
Technical assistance	10	62%	66%
Adviser charge administration	11	71%	75%
<b>Overall</b>	<b>-</b>	<b>70%</b>	<b>78%</b>

All satisfaction scores fell this time by, on average, seven percentage points. The top five categories for importance suffered the most – *New business administration, Existing business administration, Online services and ebusiness, Transition and implementation* and *Pension freedom servicing* – with weighted satisfaction scores being as much as ten percentage points lower than in 2022.

The ongoing mergers and acquisitions plus technology updates are still impacting the overall satisfaction of advisers in many areas. The administration of new and existing business and the ease of transacting this online are a daily challenge for advisers, so platform technology needs to function well and integrate with each adviser’s own systems.

# Best performing providers

Based on the weighted satisfaction indices for each platform, we can identify the top performers in each of the 11 categories of service.

Those placed first, second and third for performance are show in Table 6.

**Table 6: Best performing platforms by category**

Satisfactory category	1st place	2nd place	3rd place
Platform provider strength and brand	7IM	Aviva	AJ Bell Investcentre
Transition and implementation	Parmenion	7IM	Quilter
New business administration	Parmenion	7IM	Quilter
Existing business administration	Parmenion	7IM	Wealthtime Quilter
Pension freedom servicing	7IM Scottish Widows Platform (ex Embark)	Wealthtime	Novia Financial Transact
Provider's staff	Parmenion	7IM	Fundment True Potential

Satisfactory category	1st place	2nd place	3rd place
Platform design and management	Fundment	7IM	Parmenion
Reporting	7IM	Quilter	abrdn Elevate
Adviser charge administration	Parmenion Scottish Widows Platform (ex Embark)	True Potential Transact	Aegon Platform Wealthtime
Online services and ebusiness	Parmenion	Nucleus Novia Financial	Aviva
Technical assistance	Wealthtime	7IM	Nucleus abrdn Elevate

## Best performing providers (continued)

7IM achieved the most top three places for performance polling first place for three of the categories and second place for a further six. Parmenion achieved the greatest number of first place positions (six) with seven top three places in all.

Quilter and Wealthtime also did well with four top three places apiece. Scottish Widows Platform, previously known as Embark, was placed joint first for **Pension freedom servicing** and **Adviser charge administration** and Fundment achieved the first-place position for **Platform design and management**.

# Expectations

Ranked order of unweighted satisfaction plotted against ranked order of importance demonstrates where expectations are being met.

The cross-match of ranked unweighted satisfaction with ranked importance, shown in Chart 3, shows where expectations are being met or where the industry is falling short.

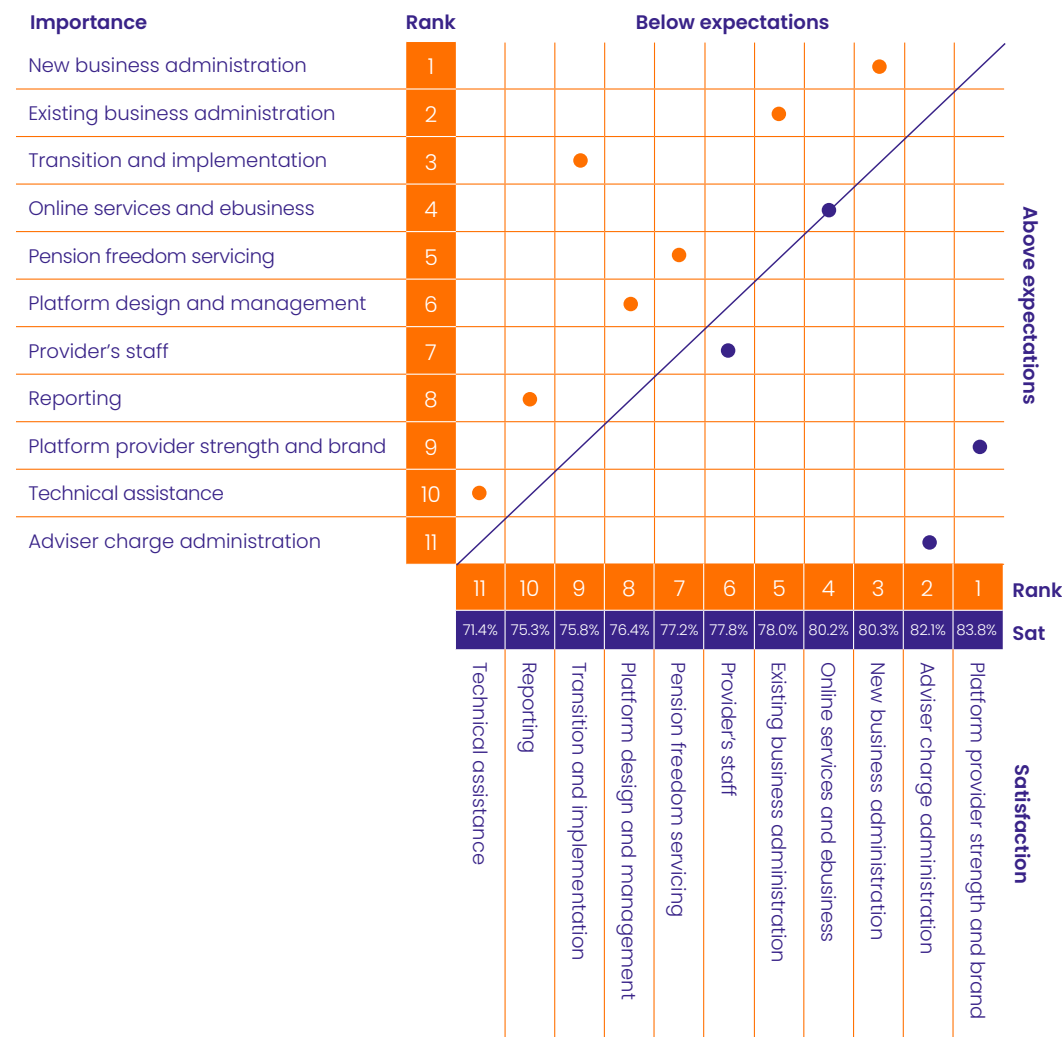
The chart shows that the industry is meeting or exceeding expectations for only 4 out of the 11 categories of service.

Most concerning is that the categories ranked top three for importance – **New business administration**, **Existing business administration** and **Transition and implementation** – fell below adviser expectations by upwards of three percentage points of satisfaction.

Conversely, the ranked order of performance of the industry for **Provider strength and brand** and **Adviser charge administration** exceeded the relative importance accorded those categories.

The platform industry should consider where best resources should be directed to support their adviser partners. Consumer Duty also needs to be fully implemented by platforms, as these regulations are being tested by the FCA to ensure platforms are demonstrating they are meeting the four outcomes of products and services: fit for purpose, price and value, consumer understanding and consumer support. The impact of interest rates on cash accounts has also affected advisers' current and future view of platforms and their thoughts on the providers' strength and brand.

Chart 3: Expectations – cross-match of satisfaction versus importance



# Service and due diligence

The results and insights in this document have been collated from a survey among financial advisers and reflect the service and levels of satisfaction those advisers have experienced.

While there is not a direct relationship with the service experience of consumers, there should be a good correlation for clients of adviser firms. It stands to reason that where the adviser is receiving good service, they can be more confident and better equipped to meet client requirements.

This high-level commentary is supported by the detailed scores for each provider listed by service satisfaction category in Defaqto Engage (Centra for SimplyBiz users). We do not anticipate that advisers use service scores as the sole measure of suitability, but rather that service scores may feature as one of a number of selection criteria. Advisers should continue to conduct their own research and document their findings before recommending any suitable solutions.

# Defaqto Engage

Defaqto Engage (Centra from SimplyBiz) is our financial planning software solution enabling advisers to manage their financial planning process all in one place.

Our software contains a wealth of product and proposition information to help advisers select a product that is suitable for their clients' needs and evidence their due diligence for compliance purposes. You can see more at [defaqto.com/advisers/solutions/engage](https://defaqto.com/advisers/solutions/engage)

The satisfaction results, by category, are available within Engage (Centra for SimplyBiz users). Advisers can use the individual category satisfaction scores (for example, new business services, existing business administration, online services) during the research process, as one of a number of selection criteria. They can also be added to comparison tables.

Advisers should note that not all providers are rated. To qualify for a Service Rating, providers must receive a minimum number of responses from advisers. So, using any service results in the filtering process may exclude providers offering potentially suitable client solutions from the research output.



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