



**Financial Services in Europe
FECIF YEARBOOK 2007
Part 3
Statistics**

September 2007

TABLE OF CONTENTS

1	INTRODUCTION.....	4
2	WHO ARE THE EU INTERMEDIARIES?	6
2.1	BASIC DATA.....	6
2.2	OTHER PROFESSIONALS PROVIDING FINANCIAL ADVICE	7
2.3	INVESTMENT PHILOSOPHY	7
3	HOW TO QUALIFY EU INTERMEDIARIES?	8
4	EU INTERMEDIARIES' ASSOCIATIONS.....	10
5	EU SURVEY ON CONSUMERS' REQUIREMENTS (2006)	11
5	HOW REGULATION APPLIES WITHIN THE EU	13

European Federation of Financial Advisers & Financial Intermediaries (FECIF) is the unique grouping of national trade associations in Europe, representing approximately 300,000 intermediaries across Europe.

Editorial Committee:

*Vincent J. Derudder, Secretary General
Aldo Varena, Deputy Secretary General
Marta Gellová, Board Member
Pierre Christodoulidis, Board Member*

1 INTRODUCTION

Firstly, some data about the EU:

Country	Population (million)	Disposable income (€)	Gross saving rate (%)	Financial saving rate (%)	Debt ratio over disposable income (%)
Germany	82.4	17,694	16.4	8	104.7
United kingdom	60.3	19,239	5.2	-2	116.1
Italy	58.1	15,497	15.8	7.2	34.2
Spain	40.3	11,125	10.6	2.2	82
France	60.4	16,609	16.7	8.8	60.4
Netherlands	16.3	15,020	14.6	1.2	188.4
Belgium	10.3	16,208	16.4	13.1	60.7

(Source: *Le Figaro*)

According to the most recent statistics, European intermediaries can be divided in four categories:

- insurance and/or banking-investment tied agents 23%
- insurance and/or banking-investment multi tied agents 53%
- insurance and/or banking-investment brokers 18%
- financial planners (family office managers, etc.) 6%

The approximate breakdown is estimated to be:

Country	Rates
Germany	65% tied – 25% multi tied – 8% brokers – 2% FP
Great Britain	50% tied – 35% multi tied – 10% brokers – 5% FP
Italy	40% tied - 35% multi tied – 15% brokers – 10% FP
Spain	50% tied – 35% multi tied – 9% brokers – 1%FP
Switzerland	30% tied – 40% multi tied – 20% brokers – 10% FP
Austria	50% tied – 35% multi tied – 9% brokers – 1% FP
France	40% tied – 35% multi tied – 20% brokers – 5% FP
Luxembourg	10% tied – 40% multi tied – 30% brokers – 20% FP
Greece	60% tied – 30% multi tied – 9% brokers – 1% FP
Baltic states	60% tied – 30% multi tied – 9% brokers – 1% FP
Netherlands	20% tied – 40% multi tied – 30% brokers – 10% FP
Belgium	40% tied – 30% multi tied – 25% brokers – 5% FP
Poland	60% tied – 30% multi tied – 9% brokers – 1% FP
Scandinavian Countries	50% tied – 30% multi tied – 10% brokers – 10% FP
Ireland	20% tied – 40% multi tied – 30% brokers – 10% FP
Cyprus	20% tied – 40% multi tied – 30% brokers – 10% FP
Portugal	60% tied – 30% multi tied – 9% brokers – 1% FP
Czech Republic	20% tied – 70% multi tied – 7% brokers – 3% FP

Intermediaries retained between 20% and 56% of the investment market (distribution of insurance products and services, investment funds, mortgage, etc.) in the major European member states:

United Kingdom	56%
Benelux	51%
Germany	36%
Scandinavian Countries	35%
Italy	34%
Spain	30%
Poland	25%
Czech Republic	20%
Switzerland	20%

A majority of the European intermediaries are compensated on a commission-basis. Only few intermediaries are remunerated on a fee-basis:

- United Kingdom 7%
- The Netherlands 5%
- Germany, Belgium, Spain 3%

Intermediaries have collected worldwide more than US\$ 300 billion worth of fees on the “mass affluent” individual customer segment with liquid assets between €100,000 and €1 million.

The European intermediary community includes approximately over 600,000 private individuals exercising this profession as a main occupation (representing approximately 20,000 legal entities), and about 300,000 are members of national professional associations (56 at today’s count).

Country	Number of intermediary (est.)
Germany	400,000
Czech Republic	50,000
Great Britain	45,000
Italy	35,000
Austria	35,000
Spain	20,000
Switzerland	10,000
Belgium	9,000
France	4,000
Luxembourg	3,000
Greece	3,000
Baltic states	3,000
Netherlands	3,000
Poland	3,000
Scandinavian Countries	3,000
Misc. (Ireland, Cyprus, Portugal)	2,500
Total	629,500

2 WHO ARE THE EU INTERMEDIARIES?

2.1 BASIC DATA

Table 1 – Professional background of financial intermediaries:

➤ Banking sector	41%
➤ Insurance sector	30%
➤ Other professionals	12%
➤ First job	10%
➤ Misc.	7%

Table 2 - Age

➤ Under 45	48%
➤ 45 to 55	32%
➤ Over 56	20%

Table 3 – Gender

➤ Male	75%
➤ Female	25%

Table 4 – Annual income

➤ > € 30,000	12%
➤ > € 50,000	32%
➤ > €100,000	25%
➤ > €200,000	11%
➤ > €300,000	10%
➤ > €400,000	10%

Table 5 – Level of business placed annually on behalf of clients

➤ > €1,000,000	51%
➤ > €2,000,000	27%
➤ > €5,000,000	12%
➤ > €7,000,000	10%

Table 6 – Origin of clients

➤ Referrals	65%
➤ Advertising	25%
➤ Other	10%

Table 7 – Number of clients

➤ > 100	51%
➤ > 200	33%
➤ > 500	16%

2.2 OTHER PROFESSIONALS PROVIDING FINANCIAL ADVICE

Country	Estimated number of lawyers, accountants, etc. providing financial advice
Germany	200,000
United Kingdom	50,000
Italy	5,000
France	20,000
Spain	10,000
The Netherlands	5,000
Switzerland	5,000
Scandinavian countries	3,500
Belgium	2,000
Luxembourg	2,000
Austria	2,000
Portugal	1,500
Greece	1,000
Ireland	1,000
Total	308,000

2.3 INVESTMENT PHILOSOPHY

Typical proportion of clients' portfolios allocation:

- Equities - mini 30% to maxi 50%,
- Bonds - mini 30% to maxi 50%,
- Cash - mini 10% to maxi 30%,
- Property - mini 20% to maxi 40%,
- Hedge funds - less than 5%,
- Private equity - less than 1%

3 HOW TO QUALIFY EU INTERMEDIARIES?

What is an independent intermediary?

There are two elements to appreciate if an intermediary is truly independent i.e. in a position to advise his (or her) potential client in total objectivity, neutrality and impartiality.

- His (or her) financial status,
- His (or her) commercial status.

(a). Financial status

If the intermediary is remunerated on a salary basis by a product provider, he (or she) cannot claim being independent as obviously there is a relation of subordination between the product provider and the intermediary.

Similarly, if the product provider controls more than 10% (EU legal definition of a controlling participation – see IMD art.12.1 § c & d) of the intermediary's business or if the intermediary controls more than 10% of the product provider's capital, in both circumstances, the intermediary cannot claim being independent.

(b). Commercial status

If the intermediary is acting as an exclusive agent for one or more product providers, he (or she) cannot claim, being independent as obviously there is a relation of subordination created by the exclusive agency agreement between the product provider and the intermediary.

To the contrary, if the intermediary is in a position to select for his (or her) client whatever product and/or service it feels fit and proper to recommend, then the intermediary can be considered as being independent.

What the EU legislation says?

This is the information that any intermediary authorized to do business within the European Union has to provide to his potential client:

- His identity and address,
- The register in which he has been included and the means for verifying that he has been registered,
- Whether he has a holding, direct or indirect, representing more than 10 % of the voting rights or of the capital in a given product and/or service provider,
- Whether a given product and/or service provider or parent company of a given product and/or service provider has a holding, direct or indirect, representing more than 10 % of the voting rights or of the capital in the intermediary's business,

- The procedures allowing customers and other interested parties to register complaints about intermediaries and, if appropriate, about the out-of-court complaint and redress procedures.

In addition, an intermediary shall inform the customer, concerning the proposal that is provided, whether:

- He gives advice based on the obligation to provide a fair analysis, or
- He is under a contractual obligation to conduct mediation business exclusively with one or more product and/or service providers. In that case, he shall, at the customer's request provide the names of those product and/or service providers, or
- He is not under a contractual obligation to conduct mediation business exclusively with one or more product and/or service providers and does not give advice based on the obligation to provide a fair analysis. In that case, he shall, at the customer's request provide the names of the product and/or service providers with which he may and does conduct business.

In those cases where information is to be provided solely at the customer's request, the customer shall be informed that he has the right to request such information.

When the intermediary informs the customer that he gives his advice on the basis of a fair analysis, he is obliged to give that advice on the basis of an analysis of a sufficiently large number of products and/or services available on the market, to enable him to make a recommendation, in accordance with professional criteria, regarding which product and/or service would be adequate to meet the customer's needs.

Prior to the conclusion of any specific transaction, the intermediary shall at least specify, in particular on the basis of information provided by the customer, the demands and the needs of that customer as well as the underlying reasons for any advice given to the customer on a given product and/or service. These details shall be modulated according to the complexity of the transaction being proposed.

4 EU INTERMEDIARIES' ASSOCIATIONS

Country	Trade associations	Number of members (individuals)
Germany	VOTUM	120,000
	DFP-EFFP	1,500
	AfW	26,000
	FIFA	5,000
Great Britain	PFS	23,000
	AIFA	18,000
	IFP	2,000
	APCIMS (1)	22,000
	IFA-Union	3,000
Italy	ANASF	15,000
	PFIA	1,200
Spain	AIF	5,000
	APAIF	3,000
	ANAF	150
	EFPA	2,900
Czech Rep.	AFIZ	8,200
Greece	HIBA	1,800
	PhAIA	1,750
	ChP	3,000
France	APECI	1,400
	ANACOFI	300
	ANCDGP	800
	CNCEF	700
	CCEF	500
Switzerland	GSCGI	1,200
	RAS	1,000
Poland	ZMiD	1,320
	Pol-ZZ	7,500
The Netherlands	NIBE-SVV	1,800
	ANH	3,400
Luxembourg	ALPP	1,574
	OLCA	250
Belgium	BzB	961
	FPFP vzw	15
	FvF	800
	FEPRABEL	650
	FEDAFIN	275
Austria	WKO-Vienna	1,246
Scandinavian Countries	UUJHsv	650
Ireland	IBA	300
Portugal	APS	1,000
Cyprus	CIFSA	250
Total		290,391

5 EU SURVEY ON CONSUMERS' REQUIREMENTS (2006)

- **What do you expect from an investment product?**
 - 45% - An instrument that guarantees a capital or annuity for my retirement age
 - 34% - A way to build wealth to improve my quality of life
 - 32% - An instrument for the transfer of capital to my children (or any other heir)
 - 28% - A security in case of problem in my life (health, loss of job, etc.)

- **What do you consider as the most important aspect of an investment product?**
 - 34% - The guarantee of my capital
 - 25% - The return on my money
 - 21% - The tax treatment

- **How important is the management of your wealth as part of your day-to-day life?**
 - 34% - Very important
 - 28% - Important
 - 12% - Not so important
 - 5% - Not important

- **Who do you think most consumers trust to manage their wealth?**
 - 35% - A professional independent intermediary
 - 28% - Themselves
 - 25% - A financial institution
 - 18% - A member of my family
 - 3% - A government body

- **Why did you trust a professional independent intermediary to manage your wealth?**
 - 41% - His professionalism
 - 25% - The personal relationship
 - 24% - His neutrality
 - 22% - His availability

- **What is the main source of information do you rely on?**
 - 40% - My family or a friend
 - 31% - The specialised press
 - 19% - The radio, television, Internet and/or the general press
 - 10% - Advertising

- **Who would you trust the most to provide you with accurate information?**
 - 57% - A professional independent intermediary
 - 22% - A member of my family or a friend
 - 18% - My lawyer or my accountant
 - 3% - The financial institutions

- **What is the type of remuneration you feel is the most appropriate?**
 - ❑ 59% - A fee based on the ROI
 - ❑ 21% - A commission on the funds invested
 - ❑ 20% - A hourly fee based on the work done

- **Who should pay the remuneration of the intermediaries?**
 - ❑ 65% - The financial institutions
 - ❑ 35% - The consumer

- **Who would you trust the most to regulate the distribution of financial services?**
 - ❑ 61% - An independent body made of representatives of the consumers and of the industry
 - ❑ 25% - A government body
 - ❑ 14% - The industry itself

- **Who would you trust the most to handle claims?**
 - ❑ 48% - An independent body made of representative of the consumers and of the industry
 - ❑ 32% - The court
 - ❑ 12% - A government body
 - ❑ 8% - The industry itself

5 HOW REGULATION APPLIES WITHIN THE EU

Country	Level of co-operation with the industry	Spirit of transposition	Level of costs	Level of compliance	Comments
Germany	Medium	High	Low	Low	Not a priority
Czech Rep.	High	High	Low	Low	Open mind
Poland	Low	High	Low	Low	Anti-EU attitude Local association(s) non efficient
Belgium	High	High	Low	Low	Open mind
Austria	High	High	Low	Low	Open mind
Ireland	High	High	Low	Low	Open mind
Great Britain	Medium	None	High	High	Anti-EU attitude
Spain	Medium	None	Medium	Medium	National protectionism Biased in favour of banks & other large institutions
Greece	Low	None	High	High	National protectionism Biased in favour of banks & other large institutions
France	High	None	High	High	National protectionism Biased in favour of banks & other large institutions
The Netherlands	Low	None	High	High	Biased in favour of banks & other large institutions
Luxembourg	Low	None	Low	High	Over regulated because of fear of looking like an offshore centre...
Scandinavian Countries	Low	None	High	High	Biased in favour of banks & other large institutions
Portugal	Low	None	Low	Low	Biased in favour of banks & other large institutions
Cyprus	High	None	Low	Low	Open mind
Switzerland	High	N/A	High	Low	Self regulation