



**September 2024**

## **Current cash interest rates help over half of advisers attract new clients**

- Transact research shows that of half of advisers (54%) agreed that the current cash interest rate (4.74% p.a.) helps them to attract new clients

Cash interest rates offered by platforms can directly influence advisers' ability to attract new clients, according to recent research from Transact.

A survey of financial advisers that use the Transact platform showed that over half of advisers (54%) agreed or strongly agreed that current cash interest rates help them attract new clients\*.

Transact currently offers a cash interest rate of 4.74% p.a. (as of the end of August), which can be used to offset platform charges as well as help protect savings against inflation. The Transact platform is designed to help advisers deliver and manage medium to long term wealth management plans for their clients, but it is not a short-term cash management solution.

Earlier this year, as part of its work on the Consumer Duty, the Financial Conduct Authority stated that platforms should not skim interest off cash holdings and charge platform fees simultaneously – otherwise known as *double-dipping* – if it stops platforms from providing fair value to customers.

Transact's research shows that avoiding double-dipping can provide cash interest rates that provide fair value and also attract new customers to platforms and advisers. This is an example of the benefits of the Consumer Duty in action.

The Consumer Duty has also led platforms to improve their communication regarding fees. Transact's research points to the importance of transparency in communications, with the majority of advisers (83%) saying they are aware that cash interest charges should be disclosed in client illustrations on costs and charges.

Advisers also reduce customer platform charges by linking portfolios, resulting in lower annual fees. This is a popular option, with 93% of survey respondents saying they have discussed the benefits of tiered discounts for family-linked portfolios with their clients.

**Tom Dunbar, Transact Chief Development Officer, said:**

"We have had an ongoing commitment to transparency around cash interest and do not retain interest from the cash holdings of our clients. This, combined with our leading functionality, personal service and API integrations has attracted more advisers and clients to Transact. In the first quarter of 2024 we saw record new adviser registrations at 499 up 30% and then a net increase of 2,500 clients in the second quarter."

**Notes:**

*\*Transact survey of 227 advisory professionals conducted in August 2024*



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