

Using research to help protect consumers

FSRA releases 2023 study on financial advice

Following its [2022 Consumer Research Study](#), that provided insights on consumer engagement with regulated financial services, FSRA launched a round of research in January 2023 to better understand how consumers engage with their financial advisor and their preferred method for paying for the services they receive.

Findings from this research will inform FSRA's regulatory efforts and shape policy projects. As a principles-based, outcomes-focused and consumer-centered regulator, these insights will assist FSRA in identifying key opportunities to respond to the needs of and risks to Ontario consumers, for example, as they relate to vulnerable consumers' access to financial advice.

In this new research, FSRA used the term "financial advice" to increase accessibility of the survey, allowing survey participants to respond based on their experience receiving advice on a broad range of products. The term "financial advice" is also generally better understood than complex insurance products such as "individual variable insurance contracts" and "segregated funds." The term "financial advisor" was used in the survey as it is generally understood by consumers to be an individual that provides recommendations on investing and retirement planning.

Key takeaways

The most common source of financial advice is word of mouth.

Only about a third of respondents work with a professional/consultant such as a financial advisor or planner to get their financial advice.

Those who are highly vulnerable are less likely to work with a professional. They are also more likely to say they do not get financial advice compared to others.

About two thirds agree that they believe they have the knowledge to make their own financial decisions and are confident in their abilities to do so.

Less than half of those who are vulnerable responded that they believe they have the knowledge to make their own financial decisions.

Most respondents currently pay for their financial advice from an advisor indirectly and this is also the most preferred method.

Those who are highly vulnerable are more likely to say they are currently paying directly out of pocket. However, their most preferred method of payment is dependent on the amount they are investing.

The full report [2022 Consumer Research: Financial Advice](#) outlines the results of the survey.

Putting our research to work

FSRA has been working on nationally coordinated projects related to insurance compensation arrangements with the Canadian Council of Insurance Regulators (CCIR) and the Canadian Insurance Services Regulatory Organizations (CISRO). These projects include the final [Incentive Management Guidance](#).

FSRA conducted this survey to support its participation in these CCIR and CISRO policy projects to better understand how consumers prefer to pay for financial advice. For example, the survey found that most respondents agree that the costs for receiving advice from an advisor should be based on the amount of time and effort they use.

The research also provides a better understanding of experiences of vulnerable consumers in the sector. Based on the research findings, it appears vulnerable groups are less likely to work with a financial professional even though they have a need for financial advice. They also do not believe they have the same knowledge and confidence to make their own financial decisions compared to less vulnerable groups. FSRA believes these vulnerable consumers should have access to financial advice and will continue to look at ways to remove potential barriers and challenges preventing vulnerable groups from accessing financial advice.

These findings will also help inform FSRA's future consumer education campaigns to provide Ontarians with the information they need to make decisions when seeking financial advice in the sectors FSRA regulates.