

Advising on cash – what is in it for financial advisers

Cash has a history of disregard when it comes to advice and management. At face value it may seem unrewarding, but due to the sheer size of the market, there is an opportunity waiting to be seized. Offering a cash solution supports client retention and acquisition, so there is no better time to consider this core part of client wealth.

Here are five reasons to talk about cash:

1. It offers peace of mind and security

With economic uncertainty and market volatility being the only constants, investors are increasingly looking for safety. For the growing number of risk-averse clients in the market, 'emergency funds' can offer the desired peace of mind.

As a result, the certainty of cash has become a more appealing asset for many clients. In fact, an estimated £2.3 trillion is saved by UK businesses and households¹, presenting a huge opportunity for advisers to add value.

2. It helps build trust in the early stages

Cash is the first place to start in building the trust of your clients, and with trust declining in the sector, regaining it is imperative. Having the early on conversations about security will give them reassurance, and support efforts towards developing a reliable and lasting client-base.

With the ability to add value instantly with cash guidance, client acquisition is also made easier.

For clients that hold a cash balance over the FSCS protection limit, ensuring their deposits are entirely covered is not only necessary, but will strengthen your client-adviser relationships.

£2.3 trillion

is saved by UK businesses and households.

Trust in the UK's financial advisory sector has declined to

37%²

45%

of Flagstone clients say protection is the main motivation for using the platform.



3. It allows for holistic, timely, and insight-led advice

Having oversight of your clients' cash often enables advisers to see the full picture of wealth. Only with this knowledge can advisers provide holistic, timely, and insight-led advice.

As the holistic approach becomes a widely recognised method of understanding clients on a deeper level, providing advice on cash is essential to cash flow modelling, achieving specific goals and navigating difficult financial situations.

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4. It is versatile and flexible

Warren Buffet's view of cash as "a call option with no expiration date, an option on every asset class, with no strike price" perfectly conveys its important role in a client's portfolio, and the value inherent in its versatility and optionality.

Like Buffet, many investors will hold sums of cash that can be put to work in a moment's notice. While it may be temporary, there is value in making your clients' cash work as much as possible during the holding period.

£3.2 billion

of interest income could be foregone by SMEs this year due to inertia³.

5. You can still be rewarded when advising on cash

You may not be inundated with returns, but it's worth remembering that your clients – especially high-net-worth – will always hold cash, whether it be for a rainy day or longer-term investment.

Leaving cash to suffer from inertia is not only vulnerable to foregone interest, but also does nothing for a financial adviser's earnings. Not advising on this existing wealth is a missed income opportunity.

Flagstone – the perfect solution for your clients' cash

To find out more about how Flagstone can help grow your business and your clients' wealth, contact **020 3745 8130** or visit www.flagstoneim.com/referrers.

1: The UK's cash deposit market and its sub-groups, Cebr (2019)

2: 2021 Edelman Trust Barometer Trust in Financial Services Global Report

3: Businesses Could Be Earning Up To 20x More Interest On Their Savings