



Targeted Support

A New Beginning



Foreword and acknowledgements

This paper is the result of a collaborative effort to anticipate the profound impact of the new Targeted Support regime on the UK distribution landscape.

We extend our deepest thanks to the industry leaders who generously contributed their time, insights, and expertise to our Targeted Support roundtable discussions held in September 2025. This research is fundamentally informed by their views on the critical challenges and opportunities ahead.

The valuable perspectives shared by these thought leaders spanning wealth management, digital banking, platform technology, and workplace pensions were vital in shaping the analysis presented in this document. It's their collective wisdom that positions this paper not merely as commentary, but as a practical guide for the industry's next chapter.

Chris Atkinson, Benchmark Capital

Ciaran Casey, AIB life

Emma Tilt, HSBC

Georgie Edwards, TPT Retirement Solutions

Helena Wardle, Money Means

Joe Harris, Alpha FMC

Natalie Kempster, Purposeful Group

Nick Johnson, Natwest

Ollie Plant, Wealth Management Executive

Ryan Lane, Quilter

Scott Johnston, Vanguard

Introduction

The introduction of targeted support has the potential to be the most significant change to the distribution landscape in a generation, but we're only going to realise this if we grab the opportunity.

The recent past has seen a polarisation between financial advice (based on a personal recommendation being made to the customer) and everything else, which is primarily based on the provision of information and stops well short of a personal recommendation. Targeted support aims to fill that substantial gap.

There will be a new regulated regime requiring firms to be approved to provide targeted support.

This alone makes it a significant change, but how consequential targeted support will turn out to be remains to be seen. Much will depend on the final regulations and how firms choose to use targeted support within their product distribution strategy.

Some see targeted support as revolutionising the distribution landscape and significantly closing the so-called advice gap. Others see it being a damp squib, a valiant attempt to make a difference that ultimately turns out to be unsuccessful. Reality, of course, will be somewhere in between the two, but towards which end of the spectrum?

This paper aims to identify how targeted support could be transformational and the principal factors that will contribute to its success. It's informed by a roundtable discussion held by EV in September 2025, which was attended by industry leaders, and a number of industry views are specifically referenced in this paper.

Background

The FCA consulted on targeted support in June 2025, indicating that the finalised rules would be published by the end of the year. The FCA acknowledges that the 'advice gap' is real. They believe targeted support will enable firms to better support consumers and will therefore help to fill the advice gap.

Targeted support will allow firms to make specific suggestions designed for groups or cohorts of consumers with common characteristics.

It'll allow firms to direct people to products that could deliver better outcomes for them (or at least not worst outcomes).

The potential use cases are vast, including guidance on the benefits of investing versus cash savings, evaluating retirement income options, and suggesting optimal pension contribution rates for a desired lifestyle. Furthermore, its scope could extend beyond investments to areas like identifying protection needs or helping a customer weigh up

whether they should pay down their mortgage or increase their pension savings.

The FCA has recognised that it's crucial that the provision of targeted support is regulated differently to existing forms of advice, with a bespoke set of conduct standards set out in FCA rules. And so, a new specified activity of targeted support will be created. This will establish targeted support as a new service, different to existing forms of advice.

In terms of identifying groups of consumers with common characteristics, the FCA's position is that it won't be prescriptive on segmentation. The guidance that the FCA has drafted in connection with providing a client with a suggestion states that a firm should, where appropriate, signpost the client to tools or modellers that could assist the client in understanding the implications of the suggestion.

Critical success factors

Far too often, when new opportunities such as this arise, the industry has created technology solutions and adopted an approach of 'build it and they will come'. This has very rarely proven successful. However good the product or the service is, this is not a market in which a product or service will generate its own demand.

Targeted support won't just effortlessly fit into the existing distribution landscape.

Consideration needs to be given to re-engineering the whole financial planning and advice experience. There must be a better way of delivering financial advice and guidance on an industry level.

Critical to the success of targeted support will be:

- Engaging with consumers in a targeted, effective, and meaningful way to ensure they move past good intentions and take meaningful action.
- The use of appropriate segmentation to identify groups of consumers with common characteristics, managing the fine balance between collecting necessary data points and the risk of consumer detriment.

- The intelligent use of technology to ensure targeted support is viewed as part of a seamless continuum alongside guidance, hybrid, and traditional advice, and not in isolation.
- Identifying the most effective distribution channels and market segments that are both commercially viable and capable of making the biggest difference to underserved consumers.
- Embracing the application of the FCA's Consumer Duty as the overarching framework to focus on good customer outcomes and provide the freedom to innovate.
- Developing a mature data management strategy that ensures accurate segmentation by effectively integrating and processing high-quality data, and focusing specifically on identifying the most valuable data points required to deliver compliant, compelling, and effective targeted support suggestions.

Consumer engagement

We mustn't forget that in this rapidly changing world, human behaviours are human behaviours; they're unlikely to change radically in the near future. Consumers need reassurance that they are making sound financial decisions in order to take action.

While the old adage that our products and services are sold but not bought might seem a little trite, it's supported by the ever-growing evidence base of behavioural economics.

We must never forget that success is not just about creating good intentions in consumers, it's about consumers then going on to take meaningful action.

Leveraging social proof and automation

To maximise the conversion from good intentions to meaningful action, firms should leverage the power of their data to frame suggestions based on the "people like you" concept. By presenting a targeted support suggestion alongside an indication of what others in their cohort have done, firms can create a powerful Amazon style nudge.

While there is a significant difference in risk between an investment and a media recommendation, the operational objective is the same – to reduce friction. This automated offering should function like a Netflix or Spotify recommendation engine,

continuously processing data to serve up highly relevant suggestions, rather than waiting for the consumer to actively seek them out. This approach removes decision fatigue and positions the suggestion as an expected, value-added part of the service, ultimately helping the consumer overcome inertia. Critically these suggestions will remain subject to FCA guidance requiring signposting to modellers to understand implications and must be supported by dependable technology and robust calculation engines to guarantee accuracy and compliance.

Driving action with frictionless execution

We must never forget that success is not just about creating good intentions in consumers, it is about consumers then going on to take meaningful action. And herein lies the reason why targeted support has the potential to be such a powerful force – it will allow specific suggestions to be made to consumers on actions they should be taking.

For targeted support to help close the advice gap, major financial institutions need to be direct in their communications, providing clear suggestions and designing the process to minimise friction, making it the easiest path for clients to adopt the suggestion and act on it. Used effectively, this is a potential game-changer compared to the current regulatory regime, which either avoids making product suggestions or requires the consumer to undertake a lengthy process and to provide copious information to obtain a product recommendation.

For targeted support to be successful, the mechanism for taking action must be engineered for low friction adoption and maximum convenience.

This requires streamlining the journey to feel like an effortless, next-step experience. The critical factor is that the path to action, while simple, must follow the client's use of a modeller or tool to understand the implications of the suggestion. The final step in the process, therefore, must not involve a lengthy application or complex form. Instead, the service needs to be designed to allow the client to simply accept the suggestion, making the act of saying "yes" the easiest path, which is critical to ensure meaningful action is taken.

It's very welcome that FCA guidance will indicate customers should, where appropriate, be signposted to tools or modellers that could assist them in understanding the implications of the suggestion. This mandatory step of demonstrating implications is key to achieving both the regulatory compliance of Consumer Duty and the operational ambition of frictionless execution.

Targeted support as an 'alert'

The FCA has also suggested that targeted support could be a precursor to advice. This gives a clue to possibly the best way to consider using targeted support – as an alert. It's a way to grab consumers' attention to an issue and then signpost them to a way of relating a targeted support suggestion to their particular circumstances.

Thus, targeted support would be best delivered as a two-step process involving consumer segmentation and the provision of a comprehensive modeller so that consumers could see the impact of a suggested course of action on their financial futures. But this needs to be engineered in a way that does not leave customers to their own devices, as this would significantly reduce the chances of them actually taking meaningful action.

Success in engagement isn't just about the how (modellers and segmentation) but also the when.

Personalisation is as much about timely intervention as it is about relevant information. Using sophisticated data models to determine the optimal moment to engage a consumer, such as sending a proactive alert when market fluctuations might impact their portfolio or when a life event is detected, will be key to driving action. Targeted support, delivered as a timely 'alert', is perfectly placed to seize these moments of consumer attention.

Positioning targeted support as a proactive "alert" should be modelled after Google Maps or Waze; a system that provides a real-time, path correction to avoid a negative outcome. Firms must ensure this targeted communication remains a cohort level suggestion and does not become overly individualised, a key risk the FCA has highlighted.

The suggestion should not just confirm a problem; it should deliver the appropriate segment suggestion at a contextual moment. For example, the alert should appear at a contextual moment (like the detection of a significant income change) and immediately offer a frictionless mechanism to correct the path: "Based on customers in your segment, we suggest you increase your pension contribution. Click here to use our modeller and see the impact on your retirement goal". This approach achieves timely relevance without relying on specific personal transactions to define the content of the suggestion.

Ongoing targeted support

While much of the commentary surrounding targeted support focuses on the use cases outlined in the regulator's consultation paper, these tend to assume a single, point-in-time journey.

Consideration must be given to the ongoing responsibilities of an organisation in the provision of such support.

Rather than simply identifying the required rate of contribution to achieve a certain lifestyle in retirement and facilitating as seamless an execution journey as possible, to ensure a continued positive outcome for the consumer, organisations will be required to:

- Ensure that the consumer hasn't reverted to previous contribution rates following an increase.
- Monitor a consumer's retirement goals and assess the adequacy of contribution rates with these in mind.
- Continue to segment customers and identify those who would benefit from targeted support.

We must be mindful that circumstances change and that to provide the support consumers require, there is a requirement for regular analysis of customer data and, when engaging, the acknowledgement of any previous action taken in order to further personalise the journey.

Industry concerns on engagement

The industry view reiterated this point of concern around motivating customers to engage, believing that simply providing a product won't make a difference if the customer doesn't take action. It's felt that a fundamental shift is needed and, allied to this, building trust is paramount.

"Could see Targeted Support failing due to lack of engagement"

"Want to get customers invested but just giving a product won't make any difference if they're not engaged to take action"

"Customers need motivation to take action"

"Human interaction will be best to keep people taking action"

Segmentation

The FCA has been clear that it won't be prescriptive on segmentation. It has simply stated that: "consumer segments should not be too broad, such that a firm cannot define a suitable ready-made suggestion for the segment. Firms should also not build segments that are overly individualised to avoid misleading consumers into believing that they have received individualised advice".

Analysis to date indicates that, in order to ensure that recommendations made will lead to better outcomes for consumers, many data points are needed. This presents a dilemma as more questions are asked of consumers, and the resulting segments become smaller and more specific.

A number of firms voiced nervousness around this, fearing that collecting too much information on a customer creates a perceived regulatory obligation to act upon it, potentially leading to personal advice and increased regulatory risk. A firms approach to

segmentation will be a key differentiator so that suggestions made seem relevant and compelling to the consumer.

However, the rise of multiple relationships (e.g. customers holding multiple pension pots from different employers) creates the risk of misleading or overlapping communications. It is conceivable that a single individual could receive the same alert from four different providers stating, "You've only got £20k in your pension. Our records show you might struggle in retirement", creating confusion and damaging trust.

Experimentation and consumer research will be needed to refine the segmentation and message. An intelligent segmentation model, which carefully manages the balance between the data points needed and the risk of consumer detriment, will become a pre-requisite for success.

Technology and the distribution continuum

While the opportunity presented by targeted support is clear, the underlying technology challenge is substantial. For many incumbents, implementing targeted support will involve integrating legacy systems and multiple separate databases across different business lines. Successfully segmenting customers and delivering timely, relevant alerts will rely heavily on robust marketing technology platforms and data infrastructure.

The industry must leverage the sophistication of existing digital advice solutions, or scale back their complexity, to create a viable and seamless targeted support journey that is both compliant and cost effective. It's a given that technology will be a key enabler to the provision of targeted support.

But it would be a mistake to consider targeted support in isolation. The distribution landscape will consist of four principal areas: guidance; targeted support; hybrid advice (streamlined advice delivered online with support from regulated advisers); and traditional advice. These should not be considered as discrete options or channels but as a continuum.

The traditional organisational structure of distribution channels needs to be disrupted as it will negatively impact the potential success of targeted support. To capitalise on the opportunity presented by the arrival of targeted support, the whole financial planning and advice experience should be re-engineered, and not just each component in isolation.

This also fits with the industry view of how targeted support, as a proposition, sits within the spectrum of guidance and advice. Many see it not as a substitute for holistic financial advice but as a stepping stone. Targeted support is also capable of identifying for customers potential problems they didn't know they had, such as holding too much money in a savings account.

"Targeted Support is a pathway to advice to get more value from the interaction"

Perception and regulatory clarity

For the industry, the distinction between guidance and advice remains a challenge given that customers often cannot tell the difference. A suggestion given under targeted support may be perceived as a personal recommendation, and this has obvious regulatory implications.

“Customers must not see Targeted Support as personalised advice... It’s subjective whether what has been provided is seen as regulated advice or not”

While the industry has historically been preoccupied with philosophical debates around whether a client perceives they have received “advice”, a more pragmatic perspective is needed. This issue should ultimately boil down to the commercial relationship. If the suggestions are free to the client, they are essentially being sold a product. This commercial reality is absolutely fine within the new targeted support regime and provides a clearer boundary than simply trying to manage subjective consumer perception, which has been an old compliance department distraction.

The role of artificial intelligence

In considering technology, we mustn’t forget to mention artificial intelligence (AI). Certainly apps – empowered by AI with personalised content, alerts, and meaningful daily updates – have an important role to play. But let’s not assume that apps by themselves will drive the taking of meaningful action.

“Apps alone will not give consumers the reassurance that they’re taking the right financial decision.”

An integrated approach with the ability for consumers to move between options according to their need for support in a way that feels natural and fluid should be a product provider’s “holy grail”.

Distribution and marketing

Significant opportunities for offering targeted support exist across a number of major distribution channels, including workplace providers, banks, and retail investment platforms. There are many consumer needs that targeted support has the potential to address – for example decisions to invest cash, increasing pension contributions, evaluating options at retirement, and managing income in retirement. The industry view is somewhat divided on scope. Restricting the scope to a single need is seen as limiting, whereas making it extensive risks ‘knowing too much’ about a customer, which could lead to the advice being a personal recommendation (with the regulatory connotations that go with that).

“The bank can know too much about a customer”

“Particularly if you know too much about the customer it ends up being personalised advice”

EV’s view is that it’s important to think of targeted support as essentially an “alert” and, therefore, it should be focused on one need if it’s going to be compelling and galvanise the consumer to take action.

Evaluating each of these opportunities from a commercial perspective will require a clear grasp of the likely volumes of businesses generated, which will depend on the level of engagement generated by the targeted support communication and the size of the segment.

“Looking to test and learn and small steps as the numbers are expected to be low to start with”

The industry view was that the workplace sector, in particular, was a major opportunity due to the large number of customers and often relatively low-value pots of money. On the other hand, targeted support was seen as less relevant for wealth managers and advice firms given that their clients would typically be looking for personal recommendations and a significant level of human interaction.

“Targeted Support is less relevant to advice firms. The customer base is a cohort they’d looking to viably serve at some point with interest but digital banks are likely to be in prime position”

A potential issue raised by the industry relates to data minimisation rules and direct marketing regulations, the challenge being knowing how to use customer data effectively without overstepping regulatory boundaries. Also, with many clients opting out of communications, the number of potential customers who will take action could be small, impacting on the commercial viability.

“The commercial aspect is hard once a large proportion of clients have opted out of comms. Only 15% according to FCA will make a change, so the numbers start large and end up small”.

Consumer Duty

The FCA has taken an approach which places a heavy reliance on the Consumer Duty rather than putting in place prescriptive rules. While this is welcome in terms of creating the freedom to innovate, it naturally introduces an increased level of uncertainty and regulatory risk.

Keeping Consumer Duty clearly in mind during the development of a robust business case for a targeted support proposition, which requires both the careful design of communications coupled with consumer testing, should help to substantially mitigate risk.

Conclusion

At the moment, the jury is out on whether targeted support will be a game changer. It certainly has the potential to be. But targeted support will fail to achieve this potential unless it is embraced as a catalyst for change.

Consumer Duty requires product providers to put the consumer's interests at the centre of their business planning and targeted support offers the means to do precisely this. Using targeted support to focus consumers' attention on a need and a suggested solution could be the start of a triaged support process where the consumer can be provided with the right level of help to have the confidence to take action.

The industry recognises that the targeted support regime represents a fundamental moment for the industry. While the way forward is not without its challenges, the potential to serve millions of underserved customers is seen to be vast.

The industry view was united in believing that there needs to be a focus on the human element and on building trust. There's a consensus that success will be built on a 'test and learn' approach that leverages technology to deliver a seamless, value-driven service. As the distribution landscape shifts it seems clear that opportunities will abound for the industry. And EV stands ready to fully support these exciting developments with its range of products and services.



The Newbury Office

EV, Benyon House, Newbury Business Park,
Newbury, RG14 2PZ

📞 01635 881180 ✉ contact@ev.uk

The London Office

EV, Argyll Club, Room 1.07, 288
Bishopsgate, London, EC2M 4QP

✉ contact@ev.uk www.ev.uk

