

# Financial Planning Growth Index Report

February 2025



## Methodology

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**This report is based on a survey conducted from October to November 2024, with a sample of respondents in senior positions at 200 financial planning firms of various sizes. The sample was derived from the L.E.K. database. A structured questionnaire was used to collect data on industry trends, challenges, and opportunities. Statistical analysis of the responses provided key insights into the current and future outlooks of the financial planning sector.**



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# Foreword

## Bronswe Cheung and Michael Stimpson

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**We are delighted to present the findings of our first survey of the Financial Planning sector.**

Both our organisations have a wealth of experience and insight, continuously enriched by a wide array of data and daily contact with peers and colleagues in the industry. L.E.K., as one of the UK's foremost strategy consultancies with a special interest in all aspects of financial services, and the Saltus Partnership Programme, with an outstanding track record of resolving practical problems faced by financial planning companies, have a powerful, complementary perspective.

We share our expertise and insights because of our belief that a rising tide lifts all boats.

The focus of this survey is on growth. Like our respondents, we are optimistic about the long term prospects for our industry. We don't doubt that there are choppy waters ahead and this work reveals concerns relating to regulation as well as the economic environment. It is also clear that although there is considerable interest and investment in the benefit of technology there is no clear consensus yet on how the potentially most powerful tool – Artificial Intelligence - will land.

Despite those uncertainties, what shines through this work is the talent, intelligence, empathy and commitment to do the hard yards well on behalf of clients that has always and always will be a hallmark of this sector.

We are very grateful to our respondents who took the trouble to record their views, and we very much hope you enjoy this report.

**Bronswe Cheung**

Partner, Co-Lead of Wealth Management, L.E.K.

**Michael Stimpson**

Managing Director, Saltus Partnership Programme

# Executive Summary

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**This inaugural Financial Planning Growth Index report provides a comprehensive overview of the current state and future outlook of the financial planning industry. It highlights key developments, challenges, and priorities for firms as they navigate a complex operating environment – with a particular emphasis on growth. Despite this backdrop, our respondents are confident that they can tackle these challenges and make the most of the opportunities that await them in the next 12 months and beyond.**

## Confidence and growth prospects

Firms are optimistic about the upcoming year, with 47% of respondents confident about increasing revenues and many expecting increases in Assets Under Management (AUM). Specifically, 42% anticipate a 5-10% rise in AUM. Organic growth is the main factor behind this improved business performance, with client referrals (32%) identified as the leading contributor. Regarding other growth drivers, 26% of the sample expect investment performance to be the major contributor. Larger firms are more likely to emphasise inorganic growth drivers, with 18% of firms with AUM between £300m-£1bn+ identifying acquisitions as the primary source of growth.

## Industry challenges

Regulatory compliance is a top concern, with 29% of firms citing this as their principal worry. This is followed by 20% of respondents citing political intervention and 19% citing rising costs. Despite these challenges, financial planning businesses are undaunted, with 33% feeling well prepared and nearly half of respondents feeling moderately prepared for bumps in the road ahead.

## Technology

Investment in technology is rising, a consequence of respondents having understood and responding to its fundamental importance, with 46% prioritising upgrades of existing systems and 36% focusing on implementing new financial planning tools. This reflects respondents' views of the importance of client portals and finding efficiencies in the back office.

## Embracing artificial intelligence

Firms increasingly see artificial intelligence (AI) as having the potential to improve customer experience and efficiency. Over a quarter (26%) believe AI could simplify the advice process, and 21% expect it to enhance compliance efforts. AI is expected by our respondents to have a significant impact on the financial planning industry within the next 3-5 years.

## Strategic priorities

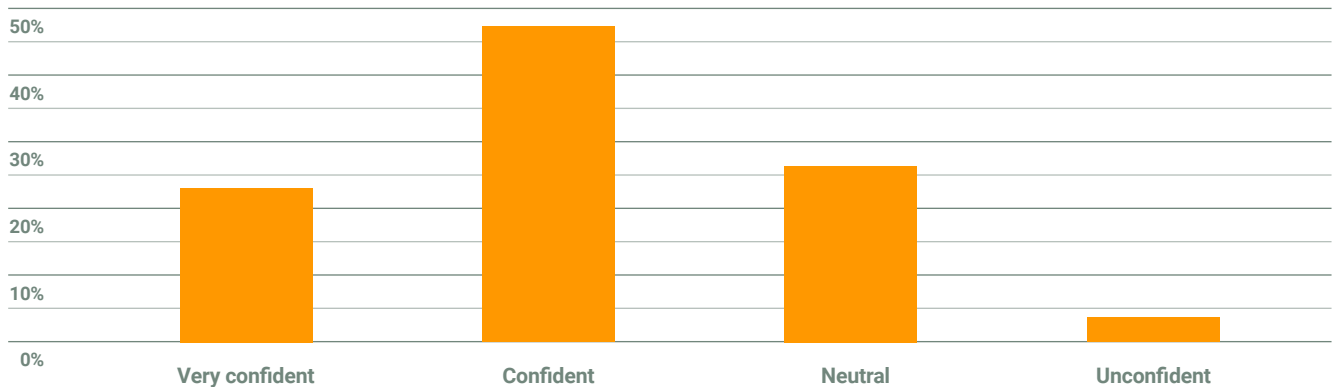
Financial planning firms are conscious of changing client demands. Retirement planning is a primary focus for 31% of firms in line with where they see demand coming from existing and prospective clients. However, to sustain profitability, firms are emphasising operational efficiencies (22%) at the same time as enhancing customer experience (20%) over the next three years. By focusing on optimising operations, firms aim to deliver on two objectives: to serve clients better and to maintain their profitability.

## Chapter One Confidence returning to the sector

### Overall companies have a positive growth outlook on the year ahead.

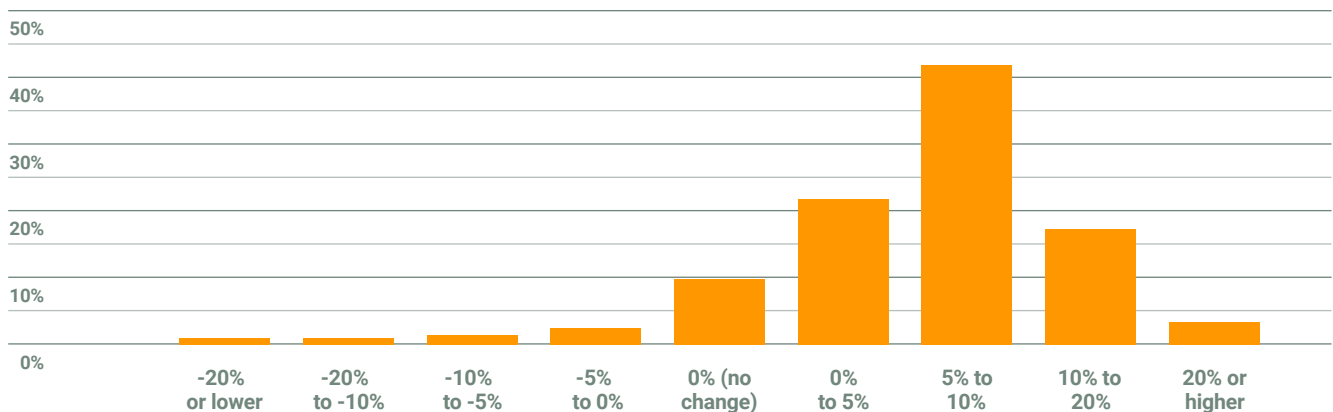
The sector is feeling good about the next twelve months, with 47% of companies feeling confident about increasing revenue and 23% feeling very confident. Levels of confidence remain broadly consistent across the industry regardless of size of financial planning business (as measured by Assets Under Management (AUM)).

Thinking about your business, how confident or unconfident, are you about increasing revenue over the next 12 months?



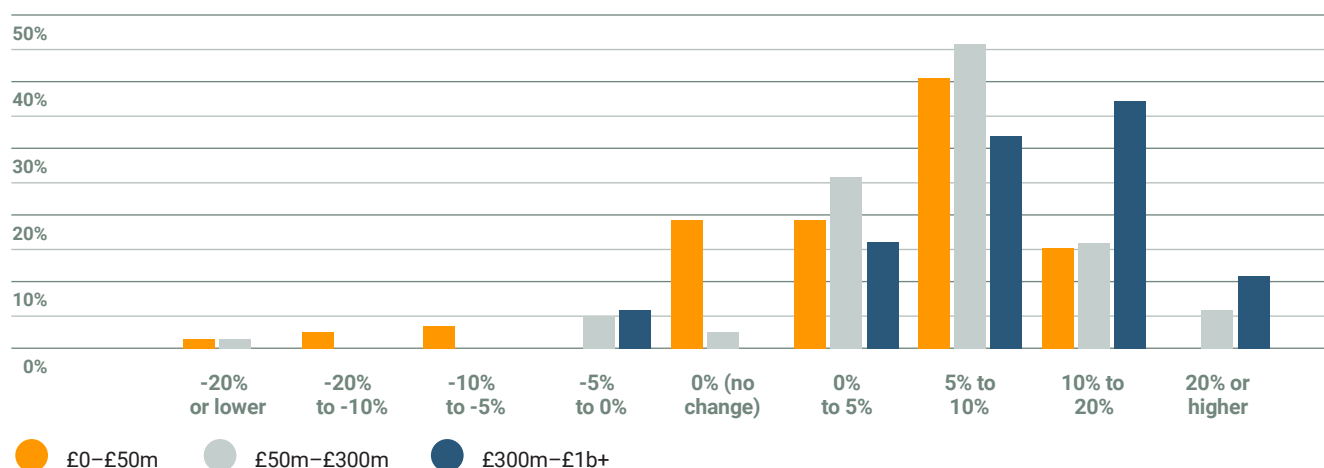
When it comes to the expected growth in AUM, our respondents have varying views about the coming year. Projections largely remain positive, with 42% of companies expecting this measure to increase by 5-10% in the next 12 months and 22% expecting it to increase by 0-5%.

Over the next 12 months, how fast do you expect your business's AUM to increase?



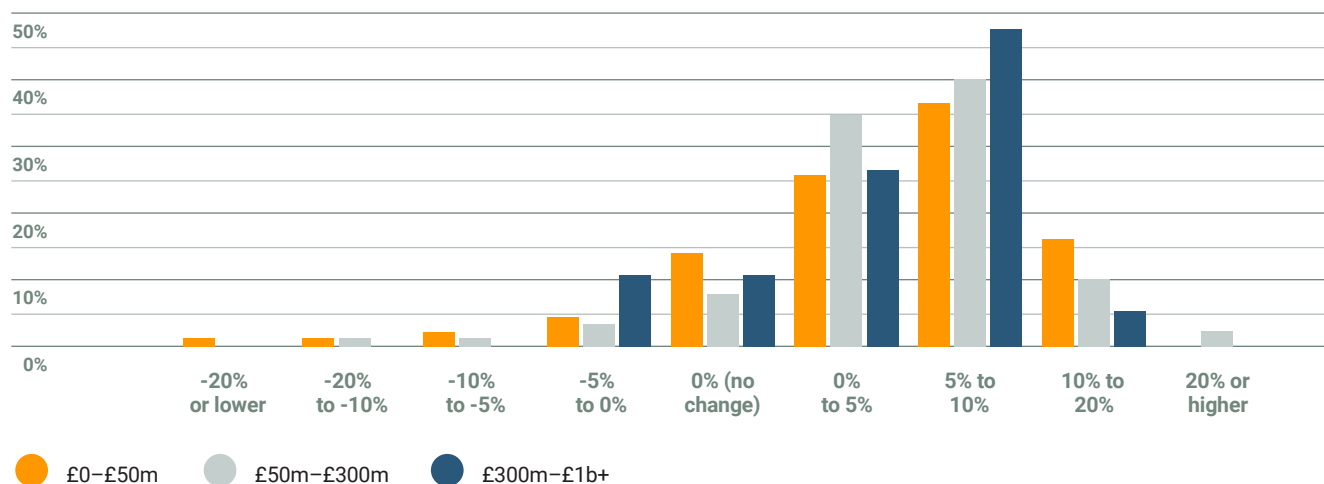
Projected AUM increases varied slightly based on firm size. Larger financial planning firms were more likely to forecast higher growth, with 37% of firms with AUM between £300m-£1bn+ expecting an increase of 10-20%, compared to 16% of firms with AUM between £50m-£300m and 15% of firms with AUM below £50m.

#### Expected AUM increase over the next 12 months, by firm size



When considering the financial planning sector as a whole, sentiment remains positive. Notably, firms of all sizes view a sector increase of 5-10% as the most likely scenario with 47% of large firms, 40% of mid-sized firms, and 36% of small firms landing on this estimate. Whilst smaller firms tended toward being more pessimistic compared to larger firms, they overall remain hopeful.

#### How fast financial planners expect the AUM of the financial planning sector as a whole to increase over the next 12 months, by firm size



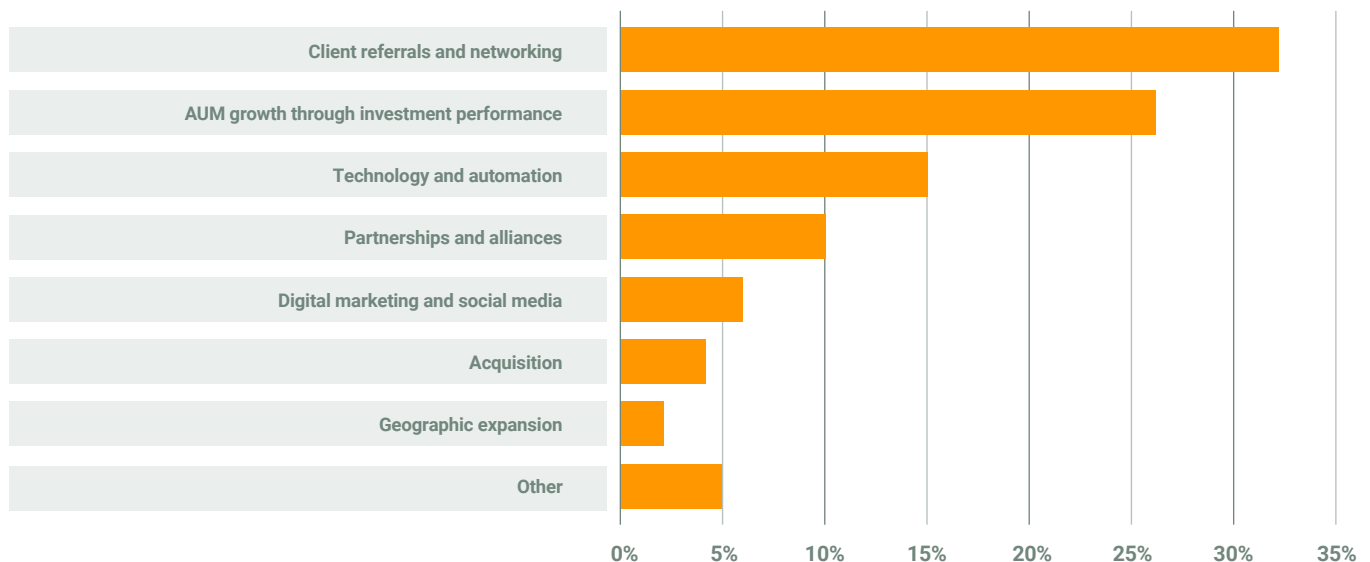
## Chapter Two Sources of growth for financial planning businesses

### Business performance will be driven primarily by organic growth.

Understanding the key drivers of growth is essential for firms aiming to thrive. For 40% of respondents, organic growth is the top source of business performance.

Firms are generally optimistic about their growth prospects. The majority of respondents highlighted organic growth as the primary area for expansion, with 32% citing client referrals and networking as the leading avenues. Digital marketing was noted by 6% and geographic expansion was identified by 2%.

#### Which of the following will drive your growth objectives?



For smaller to mid-sized firms, digital marketing, client referrals, geographic expansion, and other organic growth is proportionally more important than for the sample in total.

Larger firms are more inclined to pursue inorganic growth strategies. Overall, 26% of respondents identified investment performance and 4% identified acquisitions as a key growth objective. However, a clear trend emerges when examining this by firm size. 18% of larger firms prioritise acquisitions, compared to just 5% for those between £50-300 million and 1% of firms with AUM below £50 million. This suggests a strategic shift in priorities with big firms seeking expansion through acquisitions.



A horizontal bar chart comparing eight growth strategies across three AUM ranges. The x-axis represents the percentage of respondents from 0% to 35% in 5% increments. The y-axis lists the growth strategies. For each strategy, there are three bars: orange for £0-£50m, grey for £50m-£300m, and dark blue for £300m-£1b+.

Growth Strategy	£0-£50m (%)	£50m-£300m (%)	£300m-£1b+ (%)
Partnerships and alliances	10	11	5
Geographic expansion	1	3	0
Acquisition	2	5	18
Technology and automation	15	17	11
Client referrals and networking	33	32	32
Digital marketing and social media	8	4	5
AUM growth through investment performance	28	25	23
Other	5	4	7

Listening Skills Service People Skills Analytical Focus  
Flexibility Patience Client Needs Efficiency Commitment  
Adaptability Genuine Flexible Communication  
Regulatory Knowledge Empathy  
Communication Skills Understanding Organised Open  
Leadership Technology Experience Trust Drive Resilience  
Integrity Planning Hard Work Compliance Time Management

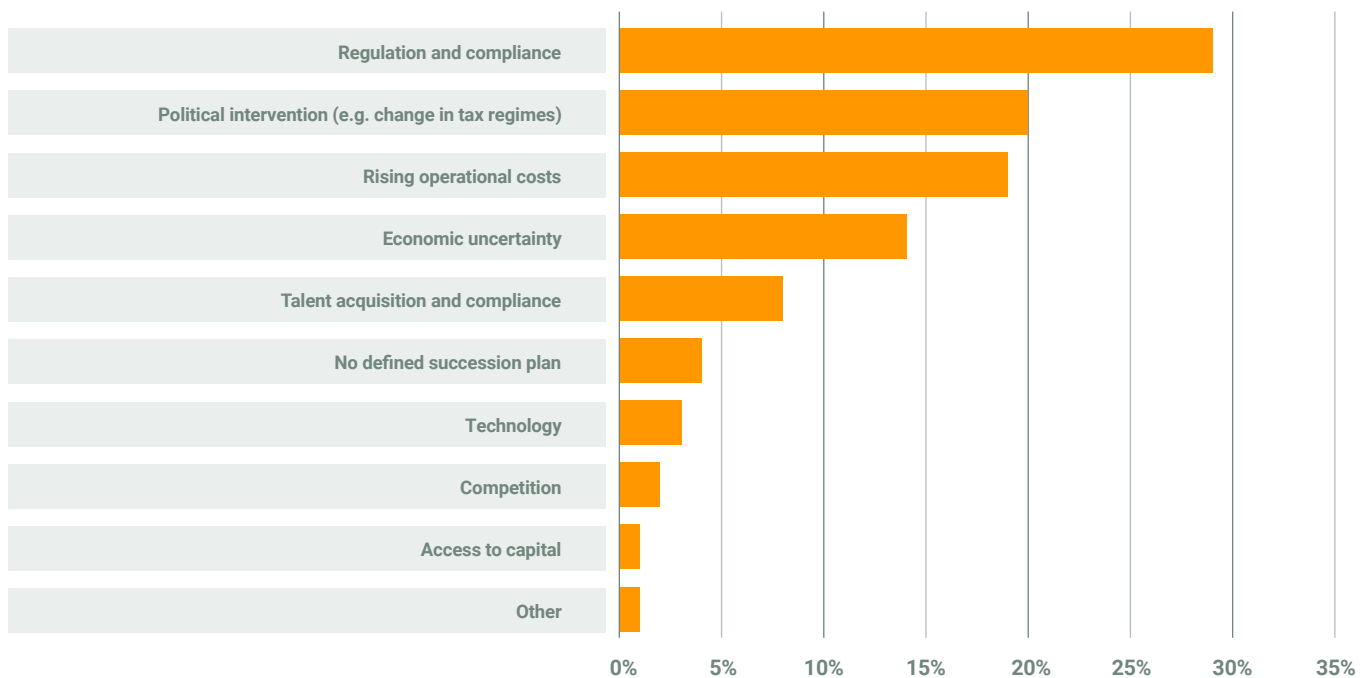
## Chapter Three Industry challenges

### Managing the regulatory load remains a top priority for advisers, but they are finding ways to navigate it.

Understanding market challenges is essential for firms aiming to refine their future strategies. These can be categorised into external and market challenges. Unsurprisingly, external forces constitute the stiffest of the challenges identified by respondents.

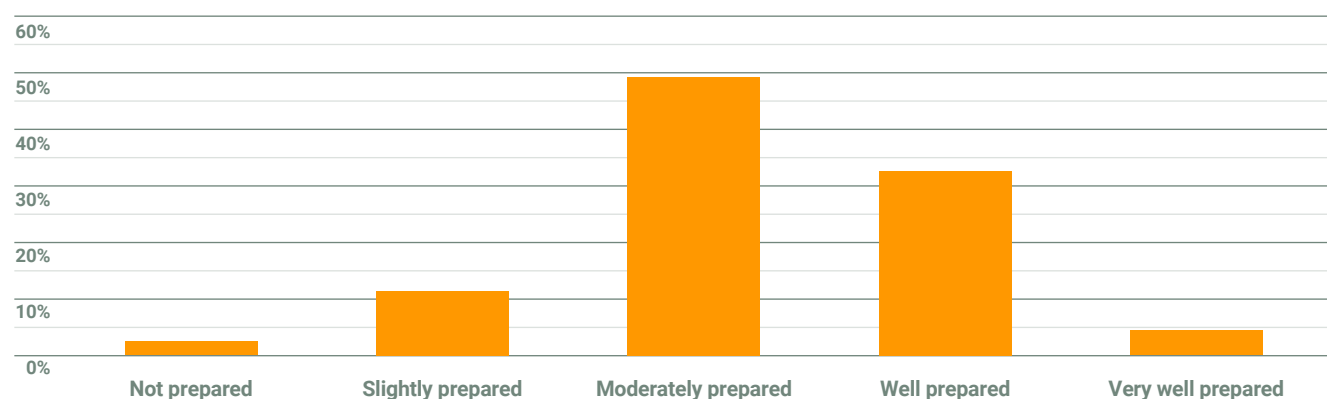
Externally, firms face shifting regulatory frameworks and political dynamics. 29% of respondents cite regulation and compliance as their primary concerns (reflecting, likely, the ongoing enforcement of Consumer Duty), with political intervention at 20%. Additionally, 14% view economic uncertainty as a considerable challenge. Considering market challenges, 19% of respondents cited rising operational costs and 8% cited talent acquisition as concerns. Respondents largely agreed on the challenges confronting the industry, irrespective of firm size.

#### What financial planners see as the principal challenges for future growth



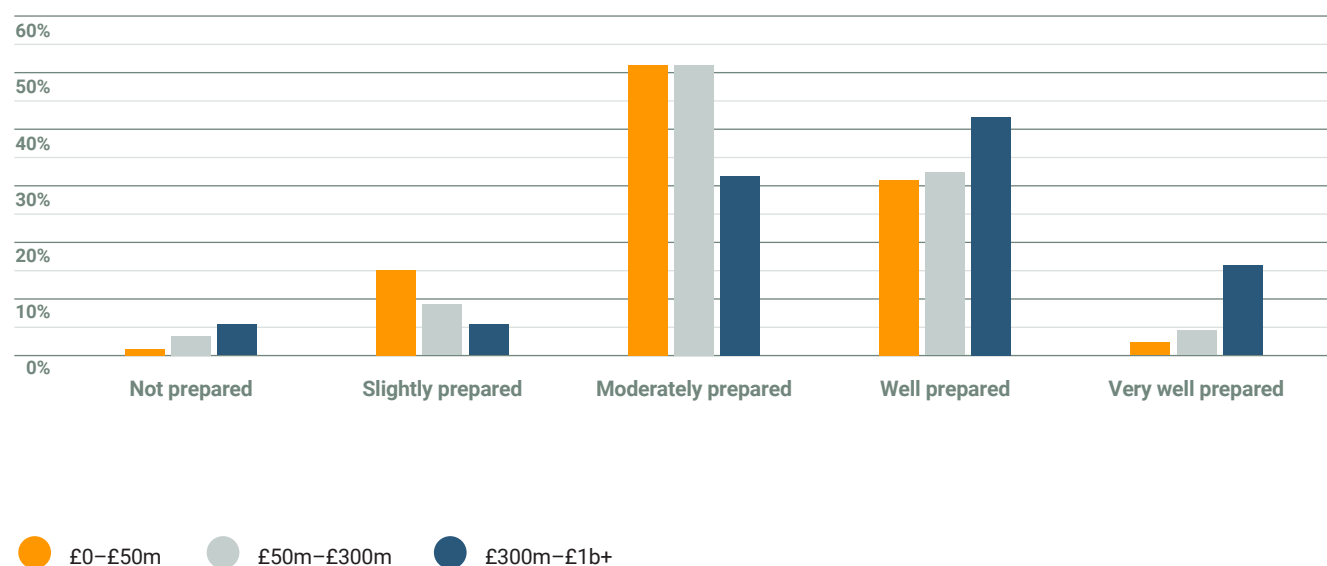
Encouragingly, despite these challenges, the financial planning industry believes it is in a good position to deal with this environment. 33% feel well prepared and nearly half of firms (49%) feel moderately prepared to face future challenges.

#### How well prepared is your firm to handle these challenges?



As firms assess their readiness for future challenges, slight differences emerge between smaller and mid-sized firms and their larger counterparts. Notably, larger firms show a higher level of preparedness, with 16% considering themselves very well prepared, compared to 4% of mid-sized firms and 2% of smaller firms.

#### Firm preparedness to handle challenges, by firm size

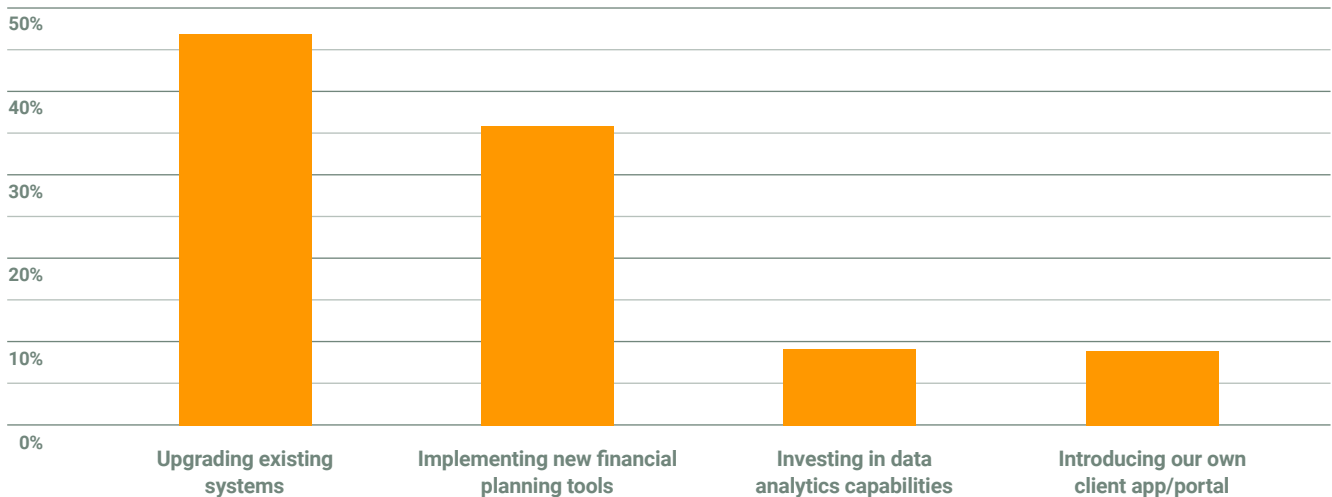


## Chapter Four Technology

### Technology investment is on the rise across all financial planning firms.

Financial planning firms are placing greater emphasis on improving their technology. Over the next 1-3 years, upgrading existing systems (46%) and implementing new financial planning tools (36%) are the top priorities. This focus underscores the growing recognition amongst respondents that having effective technology is no longer a key differentiator but the price of doing business, as well as being the means to preserve profitability.

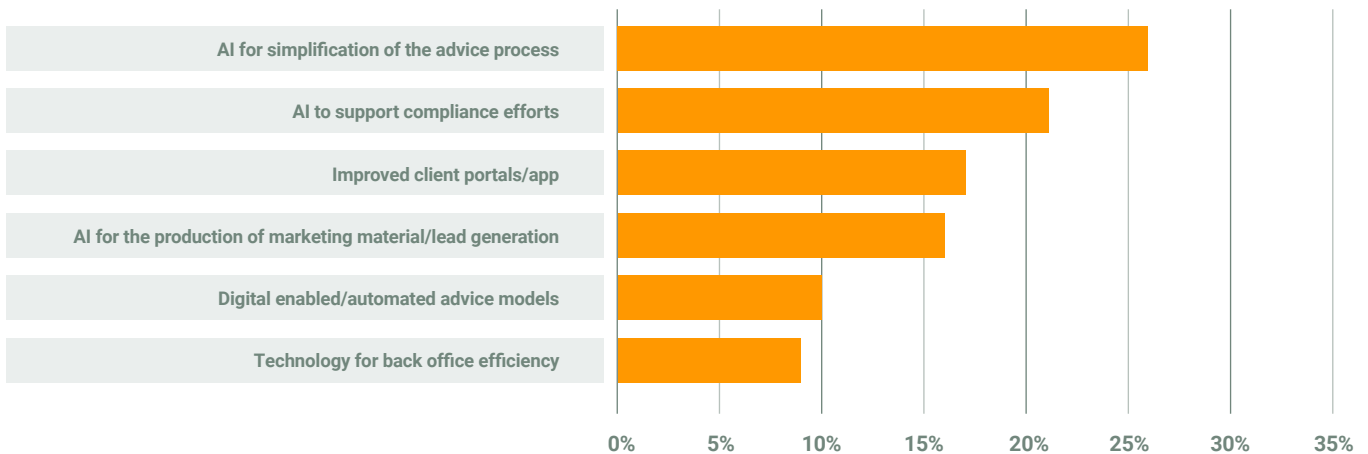
What technology investments does your firm plan to make in the next 1-3 years?



Our respondents are aware of rapid technological change and have identified a number of different areas where that change is having the most impact. 17% of firms believe that better client portals are essential for the industry's future, whilst 16% think that technology for improving back office efficiency is similarly important. Furthermore, 15% of firms consider technology and automation as key drivers for growth. There is no consensus amongst our respondents on any singular technology having a commanding impact.

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### Technological advancements financial planners believe will have a significant impact on the industry in the next 3-5 years

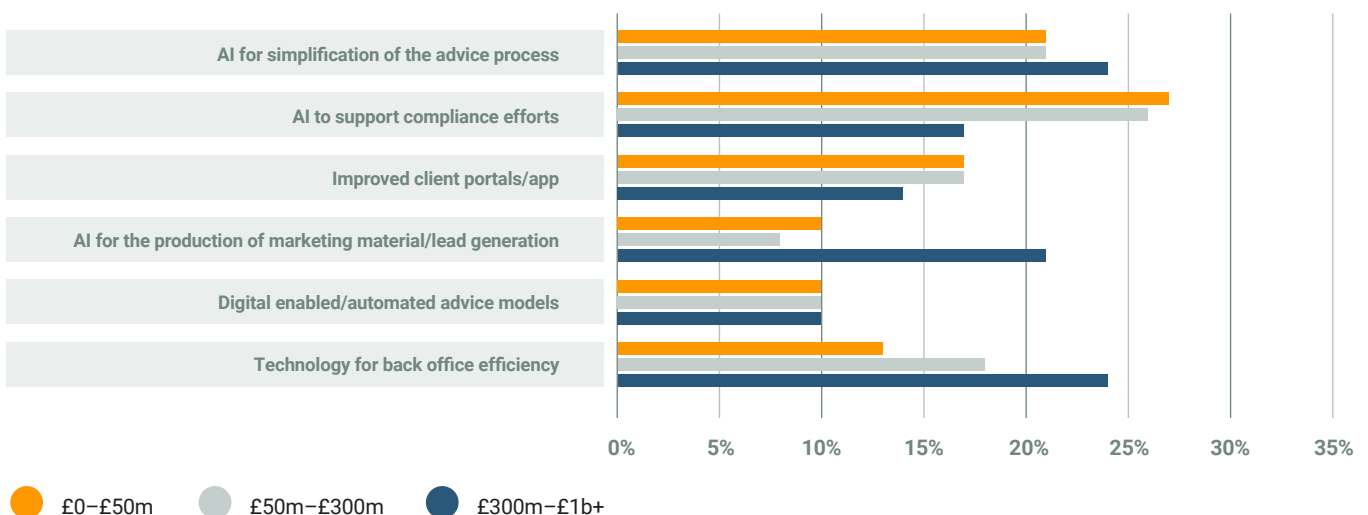


However, technological priorities vary amongst firms depending on their size. Smaller firms are focused on streamlining processes and enhancing efficiencies to remain competitive with limited resources. This is apparent through respondents' emphasis on technology supporting the simplification of the advice process (27%) and compliance efforts (21%). Mid-sized firms also have a similar set of priorities, reflecting a need to balance growth with operational effectiveness.

In contrast, larger firms demonstrate an interest in technology to support innovation and deliver cutting-edge client services. This is highlighted by respondents' focus on technology for back office efficiency (24%) and marketing efforts (21%).

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### Technological advancements financial planners believe will have a significant impact on the industry in the next 3-5 years, by firm size



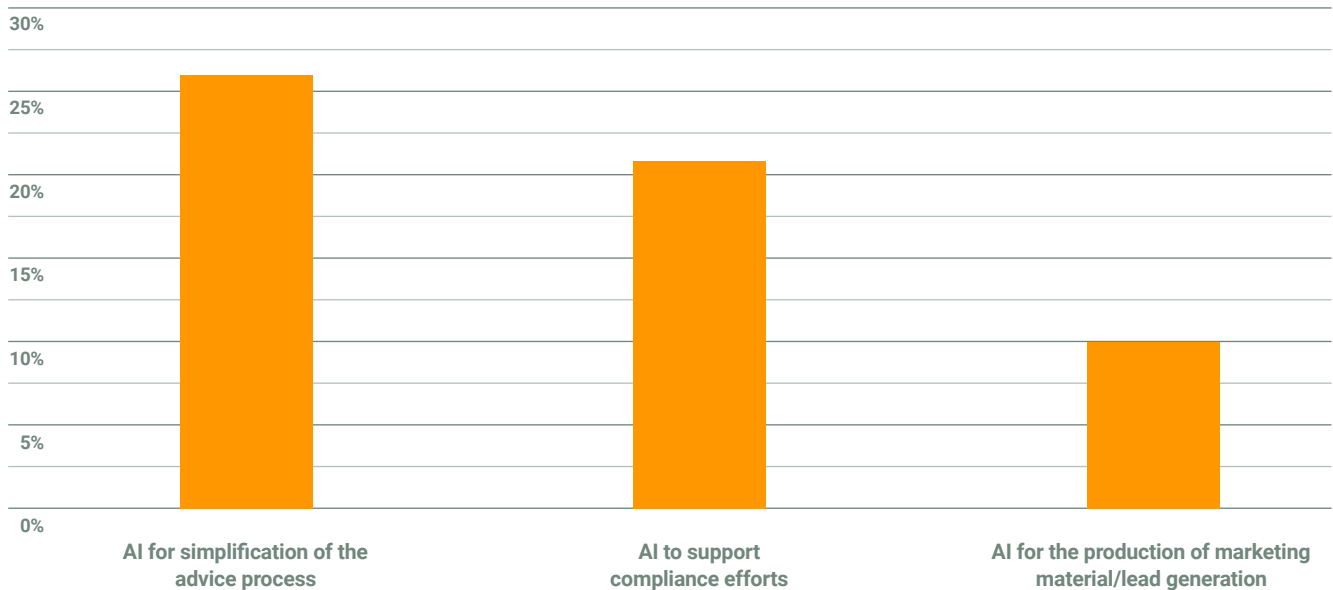
## Chapter Five Is Artificial Intelligence the new frontier?

### Firms believe artificial intelligence (AI) will have a significant impact on the industry in the next 3-5 years.

Improving customer experience has become a top priority for the financial planning industry, and many firms are looking to AI as a potential part of the solution.

Over a quarter (26%) of respondents anticipate that AI could significantly simplify the advice process, whilst 21% see it possibly improving compliance efforts, especially in larger firms. Potentially, AI could have a widespread impact across the whole range of a firm's activities. A smaller segment of the industry (10%) envisions AI could support in the production of marketing materials and lead generation. It is evident firms are eager to enhance technology investment across the board, with the focus likely shifting towards exploring how AI can effectively complement existing operations.

#### Where will AI create the most value in the financial planning industry?

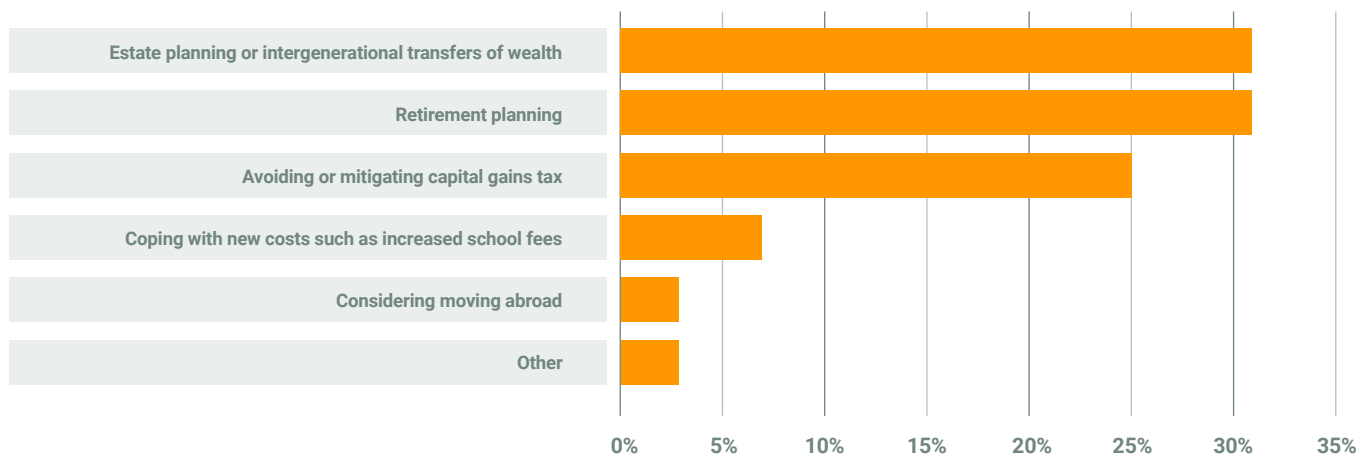


## Chapter Six Looking to the future

### Financial planning leaders are finding their feet in navigating an increasingly complex operating environment.

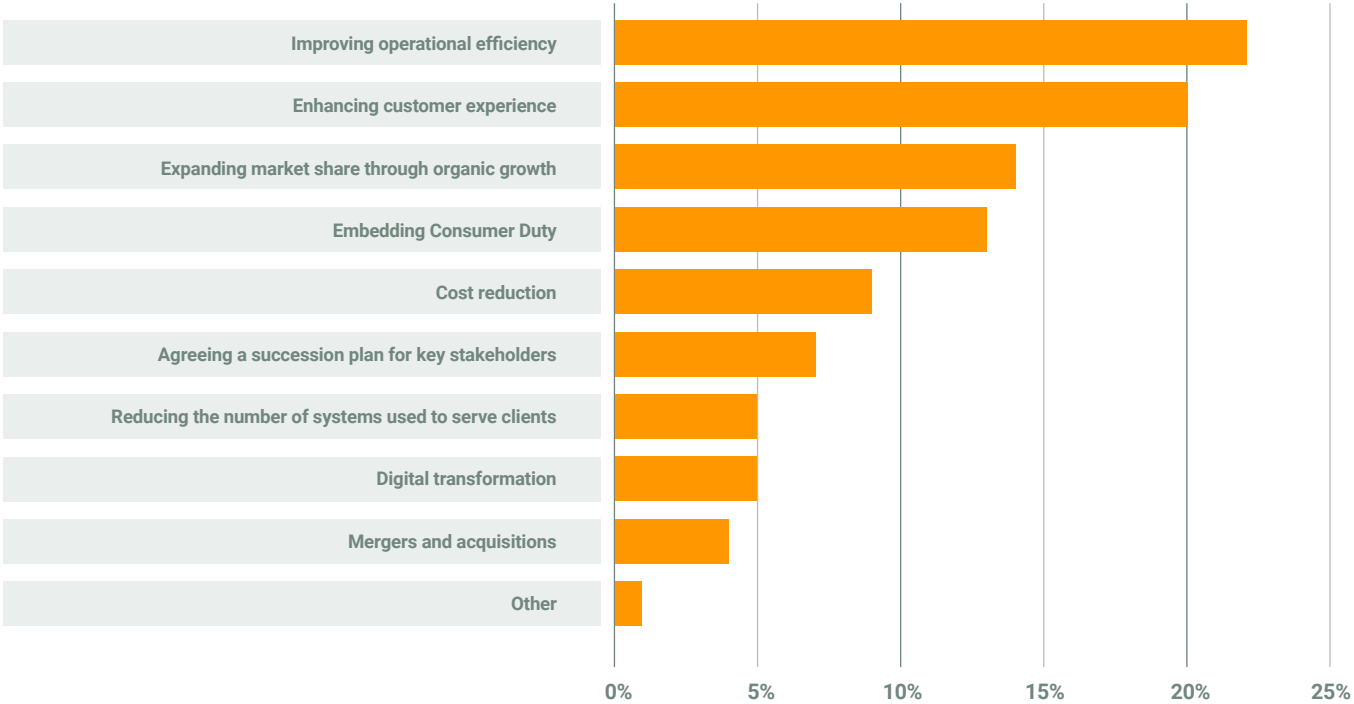
The financial planning landscape is evolving rapidly, but the client remains at the core of respondents' strategies. Respondents are aware and responsive to changing client demands. Currently, retirement planning is cited as the top priority for clients by 31% of firms. This is matched by estate planning and intergenerational wealth transfers which respondents report concern 31% of clients. The other major category facing clients cited by financial planning firms is capital gains tax mitigation, identified by 25% of the sample as a critical issue.

#### What are client priorities?



Financial planning firms are considering what they need to do to respond to client demands. In terms of their own activities, firms have identified two key business priorities for the next three years: improving operational efficiencies (22%) and enhancing the customer experience (20%). By focusing in these areas, firms seek to improve their operations and deliver better service to clients, whilst protecting their margins.

What are your firm’s top three business priorities for the next 1-3 years?

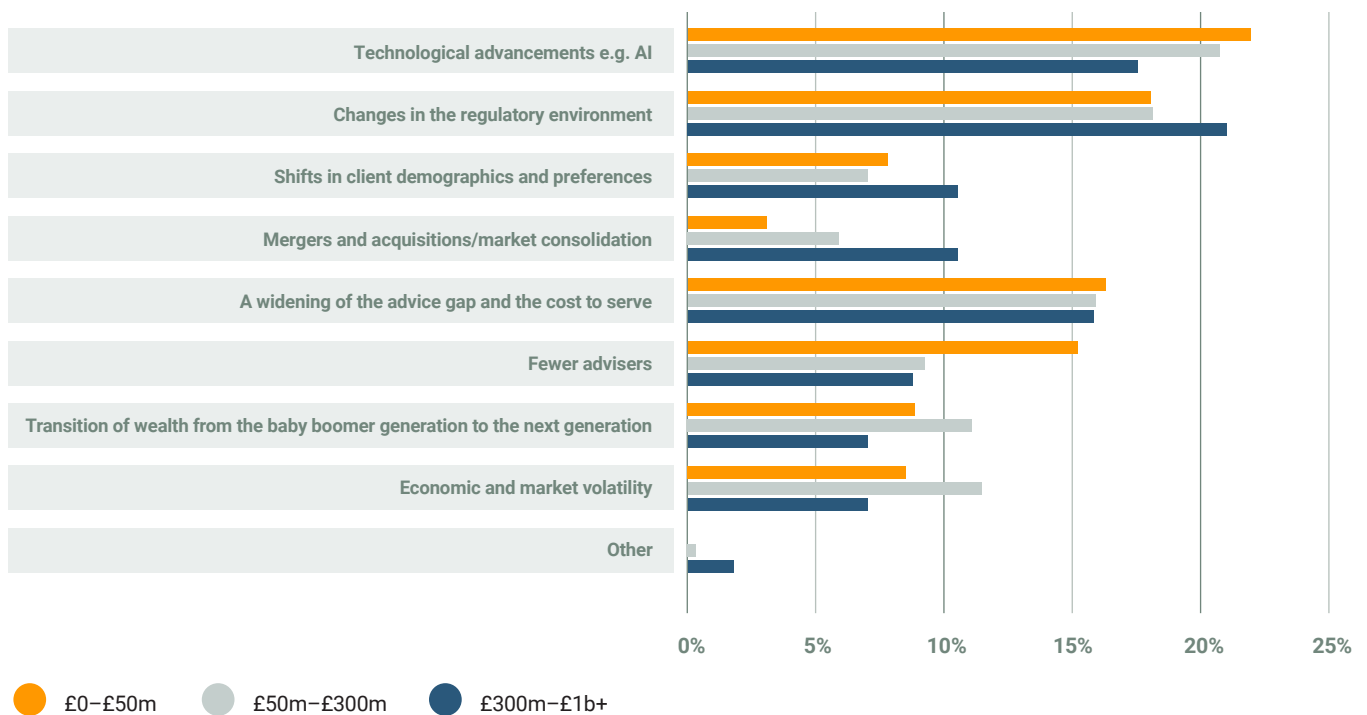


Looking ahead to the next 3-5 years, financial planners foresee several key factors that will significantly impact the industry. Respondents highlight the evolving regulatory environment as a major concern, especially amongst larger firms, with 21% identifying regulatory changes as a notable challenge. Furthermore, respondents identify that transitioning wealth from baby boomers (10%) and shifting client demographics (11%) are poised to reshape industry priorities. A widening advice gap, recognised by 16% of firms across all sizes, signifies that many potential clients are underserved, creating both a challenge and an opportunity for financial planners.



Additionally, the concern over fewer advisers resonates with all firms but is particularly pronounced amongst smaller firms, where 15% cite this as an emerging trend. This shortage highlights a potential challenge in the industry, as the diminishing number of advisers could strain service delivery and limit the capacity to meet growing client demands. It also makes succession planning more difficult. Financial planners must not only innovate in their service offerings but also consider strategies for attracting and retaining talent.

#### What firms believe will have the most significant impact on the industry in the next 3-5 years by firm size



# Conclusion

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**The financial planning sector remains optimistic, even as firms contend with regulatory pressures, rising costs, and evolving client demands. To seize growth opportunities, firms must embed adaptability into their strategies by streamlining operations, attracting top talent, and innovating to meet changing expectations.**

The outlook is promising, with growth largely driven by organic strategies such as client referrals and investment performance. Larger firms, meanwhile, are leveraging acquisitions to capitalise on their scale and resources, reflecting a decisive approach to expansion.

Technology, particularly AI, is emerging as a transformative force, enabling greater efficiency and enhanced customer experience. This focus on operational excellence and client-centricity signals a strategic shift towards sustained profitability and long-term drive to create better client value.

Ultimately, success will hinge on the ability to execute with precision. Firms that embrace operational rigour whilst maintaining a forward-looking perspective will not only navigate complexity but also secure a leadership position in this evolving landscape.

To discuss any detail contained within this report, please contact the Saltus Partnership Programme.

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# Meet the experts

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## Michael Stimpson

Mike is the Managing Director of the Saltus Partnership Programme. He has been working with financial planning businesses throughout his career, initially as an investment manager and more recently while launching the Saltus Partnership Programme.

Mike is passionate about the positive force financial planning can make to people's lives and is determined to partner with the right financial planners, help them grow and make sure they have more time to look after their clients.



## Nick Heath

Nick is Head of the Saltus Partnership Programme Relationship Team.

With over 20 years of experience in adviser facing roles at SGAM, 7IM, and YOU, Nick has a deep understanding of the challenges faced by advice businesses and is focussed on finding solutions that help them maximise their potential.

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## L.E.K.



## Bronswe Cheung

Bronswe is a Partner in L.E.K.'s London Wealth Management Practice and has been working with UK and European wealth managers in the past decade. His work covers growth strategy, operating model design, Consumer Duty assessment and pricing review.

Having seen first-hand the different advice and consolidation models in the market, he is excited to see increasing diversification in the industry.



## Yi Zhu

Yi is a Senior Engagement Manager in L.E.K.'s London Wealth Management Practice, with over six years of experience in the sector.

He has significant experience across the wealth management value chain, with a particular passion for using data to drive better decision making.

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