



# FINANCIAL BROKER MARKET

REFLECTION ON  
2020 & OUTLOOK  
FOR 2021

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# WHEN WILL BUSINESS RETURN TO PRE-PANDEMIC LEVELS?

**46%**

SAY IT  
ALREADY HAS



**7%**

Q2  
2021



**20%**

Q2  
2021



**20%**

Q3  
2021



**7%**

Q4  
2021



**0%**

IT WILL NEVER RETURN  
TO HOW IT WAS



**It is nearly 12 months since the COVID-19 pandemic hit Ireland and changed how business is conducted, with very few industries being left unaffected. As a Recruitment Consultant working closely with the Financial Broker market, I witnessed the disruption the pandemic had on the industry when it came to recruitment. It caused delays and deviations to recruitment processes, with many businesses throwing out any hiring plans they may have had for the year, to focus on more significant and more pressing matters. However, despite these disruptions, there was still plenty of hiring happening in the industry in 2020.**

I was curious to understand the repercussions of Covid-19 on businesses in the Financial Broker market and how the chaos of 2020 has changed business strategy for 2021.

To gain insights, I undertook a survey of Brokers of various sizes across Ireland. I hope my findings will provide some assurance or guidance to others within the industry, or at a minimum be of some interest to those who have found themselves in a similar situation.

#### **2020 Vs. 2019**

In measuring 2020 financial performance with 2019, the survey responses were very mixed. As expected by the disruption of the pandemic, a large proportion of businesses experienced some reduction in income, approximately 40% of those surveyed had reduced earnings of between 15-20% on previous years.

Those businesses that maintained a similar income level to previous years highlighted that they suffered some initial fall off, which they recovered through a more robust Q3 & Q4.

Despite the pandemic challenges, approximately 25% of businesses surveyed reported they experienced growth compared to previous years. However, in some cases, this growth was at a slower rate than previously experienced in the years leading up to 2020.

#### **Negative Impacts**

Being unable to conduct business face-to-face was the most significant factor to impact Brokers in 2020. Due to the difficulties in getting in front of new clients, maintaining existing clients was the main focus.

Operating digitally was essential, but there was a strong view across the board that although video-calls proved successful with existing clients were a relationship already existed, this approach was less successful when trying to win new clients. In an industry where building trust and confidence with a potential client is critical – having the ability to meet face-to-face makes winning new business much more straightforward. The inability to conduct business face-to-face was less of a concern for a small proportion of the companies surveyed who were already successfully operating a phone-based or digital model before the pandemic.

Other primary factors to impact Brokers, included overall market and/or client uncertainty and delays with Products Providers processing new business. The knock-on effects of the inefficiencies with Life Companies and Lenders in processing new business is causing issues across the board.



**AS A RECRUITMENT CONSULTANT WORKING CLOSELY WITH THE FINANCIAL BROKER MARKET, I WITNESSED THE DISRUPTION THE PANDEMIC HAD ON THE INDUSTRY FIRST HAND.**

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HOLLY RAILES  
RECRUITMENT CONSULTANT



# 2021 Outlook

**The overall outlook for 2021 is mixed – the initial shock and adjustments required to continue business have been overcome, and there is an optimistic view of the brokerage market as a whole. The general opinion seems to be that there is still a huge need for individuals to review their personal finances and a large market of individuals who have never received financial advice before.**

**This is supported by the fact that none of the survey participants identified a “lack of clients” as impacting their business in 2020. Encouragingly, more people are seeking to educate themselves in the area of Financial Planning. The events of 2020 may have motivated individuals to assess what private provisions they have in place moving forward.**

In line with the above, there were mixed responses from the survey regarding when Brokers expect business to return to pre-pandemic levels, over 46% thought it already had, with other answers ranging between Q2 of this year and 2022.

## Staffing & Recruitment

“Low Staff Morale” and “Under performing Staff” were not identified at all as harming any of the businesses surveyed, which was fantastic to see.

Remarkably, 60% of companies surveyed increased their staff numbers in 2020. With the remainder either remaining steady or losing staff (due to them leaving on own accord). Only two of the businesses surveyed made redundancies.

On a very positive note, especially from a Recruitment perspective, over 73% of participants predict they will be hiring in 2021.

Every business is different, which has been demonstrated by the varied responses to the survey I undertook. What works for one may not work for another, but adapting quickly to a changing environment is vital. The unavoidable adjustments to how business was and is transacted may have been the shakeup that some more traditional Brokers within the industry needed to keep up with competitors.

One-third of the Brokers who participated in the survey described their business as “Stable”. Two-thirds described their business as “Growing”, demonstrating that despite the last 12 months of change and uncertainty, we can hold confidence in the durability of the financial services industry.

# BIGGEST IMPACTS ON BUSINESS IN 2020

#1 INABILITY TO CONDUCT BUSINESS FACE-TO-FACE

#2 OVERALL MARKET/CLIENT UNCERTAINTY

#3 SYSTEMS NOT IN PLACE ALLOW EFFECTIVE REMOTE WORKING

#4 LACK OF NETWORKING & INDUSTRY EVENTS

#5 REDUCED ADVERTISING OR MARKETING

#6 POOR SERVICE FROM PRODUCT PROVIDERS

#7 LACK OF CLIENTS, LOW STAFF MORALE & UNDER PERFORMING STAFF



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