

News story: CMA launches market investigation into investment consultants

Investment consultants advise many pension funds on investment strategies, asset allocation and fund manager selection. As well as giving advice, some investment consultants also manage investments on behalf of the pension scheme (“fiduciary management”). A number of investment consultants also advise employers on the design of pensions and operate them via in-house “master trust” arrangements.

Following its recent market study into the asset management sector, the Financial Conduct Authority (FCA) [has concluded](#) that it has reasonable grounds to suspect there are features of the sector which prevent, restrict or distort competition.

The FCA estimates that the 12 largest investment consultants advise on around £1.6 trillion of assets. They found:

- signs that the buyers of investment consultancy may not be best placed to judge quality or value for money of the service they receive
- evidence of the biggest firms holding a large share of the market
- barriers to expansion restricting smaller, newer consultants from developing their business
- some potential conflicts of interest relating to the other services offered by a number of firms

The FCA has now referred investment consultancy and fiduciary management services in the UK for examination by the Competition and Markets Authority (CMA). The CMA’s [independent investigation](#) will determine whether there are any adverse effects on competition in this sector. If any are found, it will decide whether – and if so, what – remedial action should be taken to address these.

During its investigation, the CMA will gather a large amount of information on the market, including running a bespoke market survey. It will engage with key participants and it will undertake significant economic analysis before coming to its conclusions.

Requests for information have today been sent to the main companies involved to allow this work to begin. An issues statement setting out the proposed

focus of the investigation and potential remedies – in the event that an adverse effect on competition is found – will also be published shortly, and all responses to this will be welcomed.

Information on how any organisation or individual can submit their views, together with supporting evidence, to the CMA can be found on the [case page](#).

The CMA will shortly appoint independent panel members to the Group and publish a timetable setting out a schedule for the various stages of the investigation. The appointed Group act as the decision makers and are chosen from the CMA's panel members, who come from a variety of backgrounds, including economics, law, accountancy and/or business.

The CMA will conclude the investigation by March 2019.