

## Article

# Growing a business while offering a quality service

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The savings and investment world is changing, says Billy Mackay, marketing director of A J Bell, the largest privately owned provider of self administered pensions and stockbroker services in the UK. Gone are the days when savers focused purely on putting together a decent long-term retirement strategy, he believes. Instead, people are being driven by the desire to take a far more holistic approach. “There has been a definite change in philosophy over recent years with an increasing focus on the consolidation of assets and more interest taken in adopting a consistent investment strategy across them all,” he explains.

Advisers are obviously modifying their business models in order to incorporate this type of thinking and A J Bell has been positioning itself at the forefront of these moves in order to help both intermediaries and their clients. “If you look at any client scenario where you have any consolidation of pension assets there is a very high possibility of money being invested in other savings vehicles or tax wrappers such as ISAs and collectives,” explains Mr Mackay. “Why would someone not want to consolidate and have a consistent investment strategy across all their existing assets?”

A J Bell has certainly been quick to recognise such developments and has plans in place to evolve its business and take advantage of this growing market. “We aim to add both ISA and dealing account functionality to our platform in either the third or fourth quarter of this year,” he reveals. “For us it is simply a natural progression.”

While the full details are being kept under wraps for the time being, it is understood that the approach taken will be similar to that adopted by the existing Sippcentre offering that has proved such a hit with advisers and their clients.

“One of the benefits of being a relatively young business is having the ability to make instant decisions based on feedback,” he adds. “We carry out research with advisers and clients every year and it was clear that they wanted ISA and dealing account functionality.”

For a business such as A J Bell it provides a terrific opportunity to continue to grow the business, the starting point is answering the demand from advisers who already have clients with us that have a strong appetite to consider reviewing their assets invested elsewhere. “Then there is attracting new clients with the obvious consolidation opportunities that this brings across multiple tax wrappers,” adds Mr Mackay. “It is an exciting development because there are many clients with accumulated savings where the balance of advantage will point to a move to low cost, online products.”

If potential clients can enjoy the benefits of easy-to-use functionality and a range of investment solutions at an affordable cost, then there is always likely to be a market for the services that a company such as A J Bell can provide, he believes. “Our business model is execution-only and we take no part in the investment decision process,” he adds. “It is the adviser that drives that decision with the client leaving us to focus on facilitating the choices they make.”

The job of industry players such as A J Bell is to make this process as stress-free as possible. It is a task made simpler by the fact that so much money is still held in old style products with outdated charging structures and investment options. “If you look at the popular investment styles and strategies over the past 10 years they have changed dramatically. Many of these older structures will never change their investment range to cater for this change in demand,” he explains.

A J Bell has certainly come a long way since its launch in the mid-1990s. Not only does the flourishing business now boast 300 employees, it has also established itself as the largest independent SIPP provider in the UK. With more than 40,000 SIPP clients and billions of pounds of assets under administration it is already a major player in a fast growing industry, but having a bigger presence is not the long-term objective by any means. “Although we have grown very quickly, we place little importance on being the biggest in the market,” insists Mr Mackay. “We just want to be up there in terms of being the best at what we do, and provide a strong range of, innovative products at cost effective prices, and with a service proposition to match. That will always be our focus.”

The company will never lose sight of the fact it is offering a quality service proposition which means care needs to be taken when they grow the business, he insists, pointing out plenty of other ventures have struggled when dealing with consistent growth. “There have been firms that have expanded very aggressively but then struggled to manage the impact of success over many years,” he says. “We want to grow – but certainly not at the cost of declining standards.”

A J Bell maintains its standards through a combination of factors, the most important of which is its people. When the business started in 1996 there were two people sitting in a room; today there are more than 300 spread across two locations. Although the workforce has grown rapidly, the company still manages to blend the focus of a small, tight-knit team with the business drive of a larger player. It is this combination that Mr Mackay believes has been a crucial component in its success. "We are always keen to ensure that our people are given the opportunity to develop," he says. "If you have good people backed by sound technology you have a fighting chance of growing, retaining service standards and remaining competitive."

Mr Mackay is also very confident on the outlook for SIPPS and believes they have reached the position where they are now an accepted part of the mainstream market, even though greater recognition is required of the different types available. "It will continue to grow because there is a real need for these types of investments to match particular client scenarios," he explains, suggesting it is likely to be divided into niche and mainstream operators. "There will be niche providers distributing to advisers on the back of the fact they will consider a wide range of SIPP investments," he says. "By definition these will typically be more expensive and paper based propositions."

On the mainstream side, where the vast majority of clients and advisers sit, the focus is very much on using collectives, platforms, discretionary portfolio services, and trading in equities. However, these products are evolving in a rather different way. "Technology is making access to online dealing facilities and information easier," he adds. "All of these advances are bringing down the costs associated with dealing, and of the underlying SIPP wrappers."

However, while SIPPS continue to grow in popularity, Mr Mackay believes changes do need to be made to the rules and regulations that support the industry. "We are potentially looking at a change in Government this year and we will be calling for a review of the rules on contributions, incentives and the tax regime for taking benefits. We then need a period of stability," he says. "The Government have continually moved the goal posts with many changes to pension incentives and this is not good for anyone."

The last 18 months have been a prime example with changes in the tax relief rules for higher earners and the introduction of anti-forestalling provisions, which were subsequently tweaked again. "Such changes do not just affect the high earners," he adds. "We have had people phone and cancel applications simply because they lack trust in Government policy and the future direction of the savings environment in the UK and that is not a healthy situation to be in."

Everyone is aware of the chronic under provision for retirement, he points out, with one of the biggest challenges being to look at financial services in general and work out ways of improving saving levels across generations. "People tend to be more comfortable investing money if there is an element of certainty around the environment when it comes to incentives and the tax treatments of assets," he adds. "We have had so many changes since A-Day that there is now a compelling argument to get back to basics and create a simple, easy-to-understand environment for savers in order to give them some degree of stability."

However, whatever happens over the coming months the focus of A J Bell will remain the same. "We have proven our ability in this marketplace over the past 14 years and are just as focused going forward," says Mr Mackay. "Our goal is to further enhance the proposition that we offer to our supporting advisers and clients."

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**Please note this document is intended for trade and national press individuals.**

#### **Notes for Editors**

Pictures available by contacting [kirsty.zollinger@ajbell.co.uk](mailto:kirsty.zollinger@ajbell.co.uk).

Billy Mackay  
Marketing Director  
07525 236 580

Andy Bell  
Chief Executive  
07973 137 272

Kirsty Zollinger  
Sales & Marketing Manager  
0845 40 89 100

[billy.mackay@ajbell.co.uk](mailto:billy.mackay@ajbell.co.uk)

[andy.bell.@ajbell.co.uk](mailto:andy.bell.@ajbell.co.uk)

[kirsty.zollinger@ajbell.co.uk](mailto:kirsty.zollinger@ajbell.co.uk)

A J Bell is continuing to grow rapidly in challenging capital markets. Invesco Perpetual and Midas Capital own 23% and 15% respectively of the share capital, the remainder being owned by Andy Bell and the management team.

Established in 1995, A J Bell specialises in providing administration, trustee and actuarial services for SIPP and SSAS.

A J Bell is now the largest privately owned provider of self administered pensions and institutional stockbroker services in the UK, with in excess of 40,200 individual SIPPs and assets under administration exceeding £11.2bn. It also provides third party SIPP administration services for Barclays Stockbrokers, Halifax Share Dealing, Skandia and E\*Trade.

Our customer proposition - Market leading, low cost, transparent, service, value, choice, leading functionality, integrity, award winning.

Our business - Market leaders, growing, innovative, own intellectual property, profitable, stable, we don't provide advice or investment management.

Research by CoreData Research places Sippcentre alongside Standard Life as advisers' two most preferred SIPPs.



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The companies listed in the adjacent table are all registered in England and Wales at Trafford House, Chester Road, Manchester M32 0RS.

Company	Company Number	VAT Number
A J Bell Holdings Limited	4503206	833 5478 13
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A J Bell Limited	3091664	639 0316 44
A J Bell Securities Limited	2723420	918 4226 21