STEPHEN SPURDON

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124 Lynmouth Road, Walthamstow, London E17 8AQ.

Who I am:

Experienced freelance journalist/writer specialising in personal finance, investment and economics, consumer issues in general as well as providing social/political comment – covering every style from trade and tech to consumer. Capabilities range across both old and new media as well as marketing copywriting.

What I do:

I write news, articles/features and surveys for newspapers, web sites, consumer magazines and trade press. **See work samples on following pages**.

I also provide services to PRs and their clients such as:

- Ghost-writing
- Advertorials
- Brochures and pamphlets
- Reviews of company web sites and product literature
- I have also participated in media training

Where have I been published?

The Daily Telegraph
THE SUNDAY TIMES
THE INDEPENDENT ON SUNDAY
The Mail ON SUNDAY
THE TIMES
The Sunday Telegraph
THE INDEPENDENT
What Investment
citywire
INVESTORS CHRONICLE
easyJet INFLIGHT
Moneywise

… to name but a few.

*NEW*media work

Blogging

The major project I have been involved with is Six-steps.org – a pensions web log written for Aviva. This involved producing copy on a weekly basis from 2007 to 2009 for a web site intended to stimulate interest in pensions. However, I have also contributed on an occasional basis to other sites.

Search Engine Optimisation Copywriting

I have worked for a new media agency as lead copywriter on a project for a major bank.

Web site copy

I have been involved in the supply of copy for a range of web sites since 1998. These have included:

- MyMoneyDiva
- MoneyeXtra
- Interactive Investor International

Web site consulting

Since 1998 I have been brought in to analyse the editorial content of web sites and provide an overall plan for editorial. Clients here have included:

- MoneyeXtra
- Moneysupermarket
- Interactive Investor International
- KPMG
- UKiNvest
- Assertahome
- United Assurance Group
- MyNewDeal
- IslamIQ.com

WHAT I CHARGE (2014-2015)

Copywriting

This includes supplying copy for financial services brochures, advertising, ghost writing and other commercial financial services literature.

- Brochures/booklets/guides – **Starting at £2,000 per item. Typical fee £5,000.**
- Ghost written article - **minimum fee £500. Typical fee £1,000.**

However, if I am approached to 'do something' and this is not adequately defined (i.e., length, style, subject, etc.,) then I will charge for my part in resolving the matter.

Consultancy

In recent times I have been called in to 'consult' on certain issues such as new products, services or campaigns, by a range of organisations – including financial services web sites. An example is conducting an editorial report on a web site. Here, I would expect to spend two days at the company examining the web site, following which I compile and present a report. **Typical fee: £2,000.** This approach is applied to editorial audits of company literature and public relations material.

RATES vary according to the nature of the work, the difficulty and the time involved:

- **Minimum rates are £500 per 1,000 words.**
- **If I am required to work on-site min. rate is £500 per day.**

CURRENT RATES APPLY UNTIL 31 JULY 2015

WORK SAMPLES FOLLOW

WORK SAMPLES

Investing in stamps, jewels and wines may not escape the downturn, says **Stephen Spurdon**

The art world is no longer a safe haven

PLUNGING stock markets have pushed many investors into alternative assets such as collectable items they hope will hold their value, but are they really recession-busters?

The Royal Institution of Chartered Surveyors' recent Art and Antiques Survey showed a decline in low to mid-range art and antiques in the third quarter of this year, although the super-rich continue to pay for high-end contemporary and rare pieces.

The problem for investors seeking safety in collectables is that, unless they have some degree of expertise, they may be vulnerable to fads, fakes and fraudsters.

For instance, Mike Hall, chief executive of stamp dealer Stanley Gibbons, said that during the boom years of 1975-80 "a lot of lower quality stamps were mis-sold by unscrupulous dealers and their value subsequently collapsed".

Remember that, unlike investments, there is no Financial Services Authority through which to seek redress. Those who take time to look into their markets can do well, though, on everything from books, wine and stamps to jewellery and photography

ART

Rics spokesman Andrew Davies of AXA art insurance says: "There is an urban myth that fine art and antiques are recession-proof. This is wrong. This market lags behind the economic cycle by around a year to 18 months. So people should not rely on it.

"The bottom end of the market is dead. I went to an contemporary art auction last week where there were 283 lots and only 82 lots sold. That is appalling. Those that did not sell were in the £1,000 to £5,000 range."

Jason Butler, a partner at advisers Bloomsbury Wealth Management, is also sceptical, pointing to the knowledge you must attain or pay for to participate in the art market.

He said: "These assets are illiquid and there is no mechanism for providing a return, unlike the yield with bonds and dividends from equities. You may buy at the wrong time and have to wait years to make a

WINE

Fine wines have the advantage of enabling investors to drown their sorrows should prices prove disappointing.

Joss Fowler at wine merchant Berry Bros & Rudd said: "The past 50 years have seen the price for the top 20 Bordeaux chateaux rising around 10%-15% a year."

If you are thinking of collecting wine, Fowler said: "Stick to Bordeaux, the top 20-30 chateaux and the best vintages at current prices." Wine has to be stored in the right

JEWELLERY

Diamonds may be an investor's best friend — as well as a girl's — according to dealers who have seen rare vintage jewels surge in popularity.

Keith Penton, head of jewellery for auctioneer Christie's in London, said "quality, great design and workmanship" are key elements in value and a good place to start would be with "a classic piece such as an art deco diamond bracelet or diamond ear studs, which surpass the rise and fall of fashion trends".

A sale last Tuesday at South Kensington saw lots selling from £50 [...] £30,000, including a Fabergé bro[...] for £3,800, Penton said.

GOLD, SILVER AND PLATINUM JEWELLERY

The Rics survey showed jeweller[...] general being only second after c[...] temporary art in terms of dem[...] although, as with other categor[...] there is greater strength at the [...] end of the market.

NATIONAL NEWSPAPERS

How to turn a profit by playing the cycle

STOCK and commodity markets suffered another rocky week as fears grew that the bank bailout would not stave off a recession, *writes Stephen Spurdon.*

However, there is a glimmer of hope: analysts believe inflation at a 16-year high of 5.2% will soon fall, giving central banks room to slash interest rates.

"There's an old adage that says the markets can stop panicking when the authorities start panicking," said Trevor Greetham at fund manager Fidelity.

"Having been stuck in 'stagflation' since December 2007, our investment clock model, which we use to help time our decisions, has moved into 'reflation' this month as falling inflation pressures have opened the way to global rate cuts."

Jeremy Batstone-Carr of broker Charles Stanley agrees. "We are at a crucial turning point — ultra-high volatility in financial markets is an indicator of a sea-change of investment strategy," he said. "The leaders as we went into this phase will not be leaders when we get to the other side. This includes emerging markets, residential property and mining."

In fact, Greetham has moved from emerging markets to more developed ones such as America as well as increasing holdings in healthcare and global consumer stocks, which have lagged since 2004. "Consumer stocks tend to underperform during a boom and outperform as interest rates fall and consumers' discretionary spending rises," he said.

BONDS

Falling interest rates usually mean a better outlook for bonds. This is because they pay a fixed rate of interest, which becomes more attractive as rates fall.

John Pattullo, co-manager of the Henderson Strategic Bond and Henderson Preference & Bond funds, said: "We think it is 'bonds o'clock' because of the stage in the cycle that we've reached."

If, as Pattullo expects, we see Bank rate at 3% by the end of next year, investors have a great opportunity to lock into current bond fund yields of 8%.

Brian Dennehy of the adviser Dennehy Weller said: "It would not be a surprise to see double-digit returns on bond funds during 2009."

However, some experts are not so sure. Theo Zemek at Axa Investment Managers said: "Chancellor Darling had predicted a £36 billion borrowing requirement for this year and that could go up to £100 billion. Greater supply means a weaker market. Longer-dated bonds look poor value, particularly at this level of inflation."

HEALTHCARE

Greetham has been moving into healthcare and biotech, a traditional defensive sector with stable earnings.

It is down only 1.4% over the past three months, with pharmaceutical groups Astra Zeneca up 4% and Glaxo Smith Kline down 2%.

However, some analysts fear the expiry of patents and influx of generic drugs could hit the sector. You may be better off with biotech stocks such as Synergy Health of Swindon, Wiltshire.

CONSUMER STOCKS

Batstone-Carr advises investors to concentrate on consumer companies that are maintaining their margins. Cadbury Schweppes said last week it was 60% of the way towards reaching cost-saving targets that would boost margins — it announced an 8% rise in chewing-gum prices in America, for example.

He also tipped retailers such as J Sainsbury that have succeeded in expanding their own-brand ranges.

US v EMERGING MARKETS

While most commentators concede that US shares are more defensive than emerging markets in today's climate, a lot depends on your time horizon — over one to two years America looks safer, but in the longer term emerging markets may be a better bet.

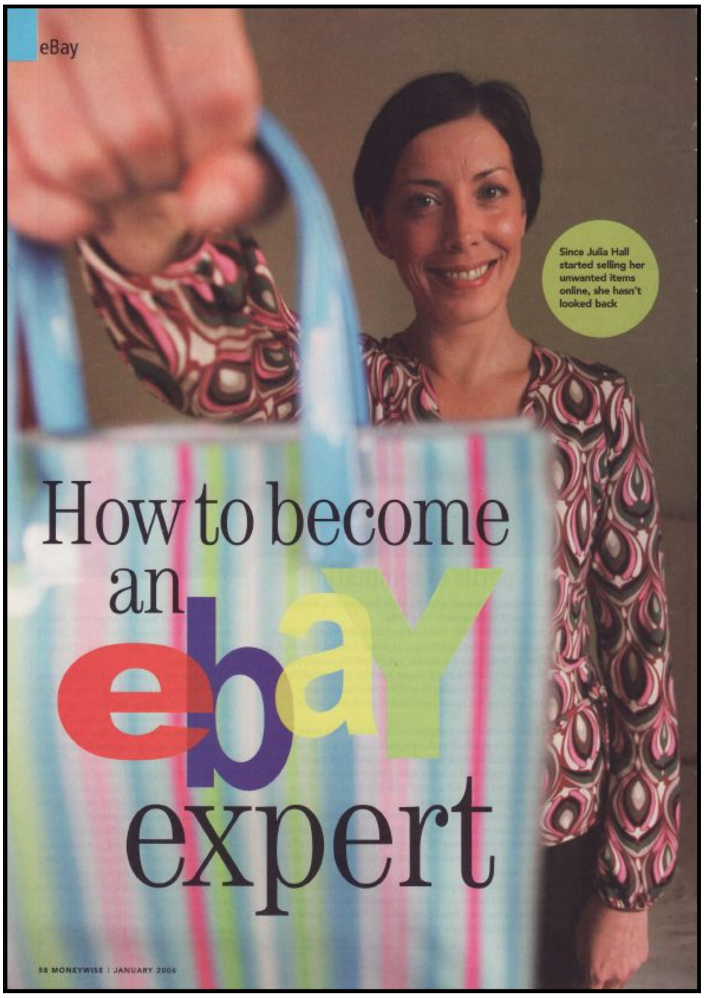
Alan Steel of Alan Steel Asset Management has increased his exposure to the US from about 10% to 35% in the past year. He likes Martin Currie North America, a £490m fund with which has investments in US exporters and tech.

However, Simon Ward of New Star said: "In fact, the fall in emerging markets means they are now looking quite cheap."

The investment cycle: what to buy and when

Two articles for The Sunday Times - on collectables and the economic cycle

CONSUMER MAGAZINES



How to become an ebay expert

Since Julia Hall started selling her unwanted items online, she hasn't looked back

Article for consumer title Moneywise on using eBay to buy and sell...

From a bottle of unused shampoo to barely-worn designer togs, eBay is the place to get rid of your unwanted clutter and earn some welcome cash. Stephen Spurdon gives the lowdown on how to profit from online auctions

Julia Hall and her partner Toby were thinking about doing up their home in Penge, south London, during 2005, so they started with a spring clean. Looking through their home made 32-year-old Julia realise she had a surfeit of 'stuff' she didn't want or need, so in an effort to raise money for the project and free her house from clutter, she turned to the world's online auctioning marketplace eBay.

It's a highly popular option, with 157 million users worldwide. But whether you're doing a general clear-out or finding a new home for less-than-successful Christmas gifts, if you're going to make the most of the site you need to know the inside tips from seasoned users like Julia.

One key is to start by buying one or two small things before you become a seller. Julia says: "I started buying on eBay a year before attempting to sell anything." This has two advantages. Firstly, you will build yourself a feedback score. As long as you treat other users well, they will rate you well, so when you come to sell, and people check out your feedback, they know you are reliable.

Secondly, you will also start to understand how buyers look for items – which will help you list your items for sale. So, for example, eBay is split into product areas, and it's absolutely vital you are listed in the right one.

Then you need to write a description of your item. People search by keywords, so make sure all the attractive words are ➲

How to ebuY

1 Registration Click on the 'Register' link at the top of the page and complete the form. You will be asked to provide an email address and a credit or debit card for verification purposes. You need a user name, which will be become your identity on eBay, and a password. Once you've completed the form you'll receive a confirmation email from eBay, and you'll need to follow the instructions in the email.

2 What are you looking for? You can 'browse'. Go on the home-page and look through the categories, click on the category you fancy and you'll get the full list to look through.

Alternatively if you know what you want, you can 'search'. Type keywords into the search box, or select a search link on the navigation bar for more advanced options.

3 Check what's being sold – and who is selling it Once you find a listing that interests you, click on it to see the details of the item. Ask the seller questions about the item by the email link.

You can check what other eBayers think about the seller by clicking on the 'Feedback' rating beside the Seller's 'User ID', which is a number in brackets.

4 Bid or buy now? Enter the highest price you are prepared to pay and eBay's proxy bidding system will bid on your behalf, in graded amounts (say 50p or £1) that are just enough for you to stay the highest bidder.

In some cases, you may see 'Buy it Now!' on a listing. If this is the case, you can buy the item immediately at the price stated, with no bidding.

5 Flash the cash? After you have won, contact the seller or check the seller's listing or email invoice to find out the preferred method of payment, and where you should send it. The seller will only send the item to you once they have received payment.

If the seller offers PayPal, click on the 'Pay Now' button and complete the 'Checkout' process. PayPal is free for buyers, your card details are never shared with the seller, and it allows you to send payment immediately.

Once the item arrives, check to see it matches the description and is in good condition. If you're pleased with your purchase, leave the seller complimentary feedback and encourage them to do the same for you.

How to eSell

1 Open for business! To open a seller's account, you must register your personal details, as well as your credit or debit card details and bank account information. As you complete the form you will also be asked to choose how you want to pay your eBay fees.

You will be charged a small fee to list. This starts at 15p for a starting or reserve price of up to 99p, and rises to £2 for items of £100 or more. You also pay a selling charge starting at 5.25% of items worth up to £30, rising to £18.53 plus 1.75% of the balance over £600 for items that sell above that value. If you don't sell, there's no charge.

2 Do the research Preparation is key. To get an idea of what to expect to sell for, find similar items that have sold by checking eBay's 'Completed Items' search. This may also show you how to write a successful listing.

3 Fill in the form Click the 'Sell Your Item' form. Write a title using all relevant keywords. Your description needs to provide buyers with information such as brand, age, condition, colour and so on.

Then decide how long you want it listed for – one, three, five, seven or 10 days. Always include a picture. You also have to choose how you would like to accept payment. This can be cheque, credit card, money order or a payment system such as PayPal

4 What to sell it for? If you are auctioning an item, consider starting at a low price and without a reserve. If buyers think they can get a bargain, it will encourage them to start bidding on your item and could lead to higher final sale price.

However, if you want at least a minimum amount, you may be better off with a reserve.

Also, ensure you include all postage and packaging costs in the listing – buyers want to know exactly what they will be paying for your item.

5 Make that sale! Use 'My eBay' to track bids – particularly if you have more than one item for sale or if you are both selling and bidding on several items.

Once the listing ends, it's time to collect payment from the buyer and send the item. Contact the buyer to arrange payment and delivery details – but only post the item once you have received payment.

Finally, leave feedback for your buyer, and encourage them to do the same for you.

in the title. If it's a Dennis the Menace limited edition mug, don't just write 'mug' or you will miss all the Beano fans. Also make sure you are accurate. If, for example, you are describing the colour of a lampshade, don't just put blue – if it's navy blue, mid blue or eggshell blue, put that. And, most importantly, make sure you include a picture of the item itself.

When you describe the item and take the photo of it, be honest. If a dress has a huge tear in the back and you only show the front you are guaranteeing an annoyed buyer, and this will come back to haunt you later through poor feedback. Presentation is everything, however, so your picture must be well-taken, not too dark or light, and against a clean background – not your kitchen floor or a bedspread.

If you're listing more than one item Julia suggests cross-promotion. "Mention another auction listing in each description – that is likely to appeal to the people who are viewing your listed item," she says. "I did this with a Jaeger handbag, Orla Kiely scarf and a Burberry throw. My list of people 'watching' my items tripled overnight after I did this."

You should also think carefully about putting a reserve price on items. Joe Spiteri, part of Paul & Joe Royal Commemoratives, specialists in royal commemorative, political and military china, says: "If we want £1,000 for an item, we'll list it with that as a minimum reserve. However, if we do get that price, we leave it on, as you may well get more."

You'll be asked to include a contact address or number. Email is a good idea, but don't forget to check your account regularly. Failure to respond to a buyer's request within a few hours looks distinctly like you're not bothered, and the buyer may worry that you're going to be equally unhelpful when they come to buy.

Once you're prepared, think carefully about the timing of your listing. Julia says it's a good idea to list the auction on Thursday on a 10-day listing because the item gets two weekends of eBay viewing – which is when it has its maximum traffic.

"The auction will end on a Sunday, which in my experience appears to be the 'hottest' day. This way you tend to get more than your expected final price", says Julia. And make sure you list in the early evening. You will get most interest in the opening and closing hours, and therefore listing at 2am will cut down the traffic considerably.

In some cases your willpower may be tested when someone attempts to put emotional pressure on you. This was something Catherine Campling, a 28-year-old public relations account manager from London, found. She says: "I had a pair of Prada sandals. I had worn them a few times over a year or so, and decided to sell them. I put them up with a £25 reserve. Within a few days I had loads of email sob stories. One woman said that she had been looking for that very pair to complete her wedding outfit and the wedding took place the day before the end of the auction, and would I take £30 and remove it from the auction." Catherine found it hard to refuse this. But she did, and ended up getting £95 for the shoes.

Persist, and you may be surprised at what you can get for your unwanted clutter. Julia listed a bottle of Lush shampoo she had opened but did not want. It sold for £4.41, plus £1 postage and packaging, so the buyer paid £5.41 for something that retails unopened at £6.95. ●

Taxing Issues

Unfortunately, there are tax implications of selling on eBay. A spokesperson from HM Revenue & Customs (HMRC) admitted informally that one-off buying and selling was not something the Revenue was overly concerned about. But they added: "The same tax rules apply to internet trading as to any other form of trading. It's the core function of HMRC to ensure our customers are aware of their responsibilities and account and pay for what they owe, whether it be income tax, capital gains tax (CGT), VAT or any other type of tax. Self Assessment clearly states the taxpayer is legally obliged to declare any gains beyond the individual CGT threshold (£8,500 for 2005/2006) and all taxable business profits. If an individual or business is making taxable supplies over £60,000, they must also be registered for VAT."

Clearly, a lot depends on how frequently you buy or sell on eBay, and whether you buy things specifically to place on an eBay auction. In this case you are a trader running a business – even if you do not realise it – and you must seek advice from an accountant or other tax expert.

The sound of the crowd is growing

Banks are not lending as they should and savers are earning a pittance; at the same time, startups need funding

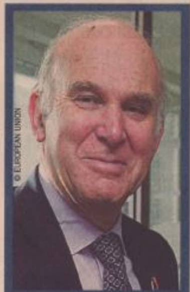
By Stephen Spurdon

BANKS aren't lending and deposits in them earn less than nothing. Meanwhile, countless people want to start businesses and savers and investors ache for a decent return. The answer appears to have come in the form of Crowdfunding which uses the internet to bring these groups together.

This was the subject covered by 'Deep Impact' the first UK crowdfunding conference, held in Hatfield at the University of Hertfordshire's business school on 26 January 2013.

Rapidly-growing form of capital flow has the backing of the Government, legislators and regulators

Julia Meyer, founder of Ariadne Capital



Business Secretary Vince Cable, who appeared in a pre-recorded video, said the Government wanted to encourage crowdfunding and that the regulatory framework was evolving through the Financial Conduct Authority, the new City regulator. Cable's Ministry has shown support for the sector, including crowdfunding organisations Zopa and Funding Circle in its Business Finance Partnership scheme.

This new and rapidly-growing form of capital flow has the backing of the Government, legislators and regulators, as well as an enthusiastic band of investors, entrepreneurs and internet marketing experts such as Barry James who founded and chaired the conference.

Only recently, Crowdcube became the first UK crowdfunding organisation to obtain authorisation from the FSA. But Daniel Rajkumar founder ofrebuildingsocity.com expressed frustration at the pace of authorisation. He favours regulation because he recognises worries about costs and the fact that financial advisers can not recommend something that is not regulated.

Pointing to the changed circumstances now facing people wanting to start a business, Amanda Boyle, ceo of Bloom Venture Catalyst, said she started her first company 20 years ago and "Then it was easy to get money if you had a good business plan. 20 years later it is nigh on impossible." And Darren Westlake, founder and ceo of Crowdcube pointed to the difficulty found in raising money in the venture capital markets for those seeking to raise small amounts as venture capitalists will not bother much below £5m.

But these enthusiasts are far from being starry-eyed about the potential for problems in the sector. For instance, Bill Morrow, ceo of Angels Den said "Kickstarter is getting sued. We are starting to see failures in the system."

As to where crowdfunding might lead, Simon Dixon, founder and ceo of BankToTheFuture.com said what we are seeing is a move away from institutions - such as the stock market - to people: "What happens when the first finance director decides to go crowdfurid rather than go public?"

Following on from Dixon, Julia Meyer, founder of Ariadne Capital, concurred that this development was a sign of fundamental change, saying: "I believe we are all going to entrepreneur country. Society is being fundamentally restructured." The change she perceives is that we are moving towards a network-oriented world where things happen from the bottom up and hence the accent will be on influence rather than control.

She said: "There will be a big change over next 10-20 years, with a move from collective exchange to peer-to-peer exchange. The layer of fat (government) intermediaries in the exchange model has to cease. We are at stage 1.0 in crowdfunding."

Rewarding way to make your business *bloom*

By Stephen Spurdon

SOMEONE starting a business may face the dilemma of needing to attract investment to be able to grow, but they may fear the inevitable loss of control in selling equity stakes. It is your idea and your 'baby' so that loss of control can really hurt.

Rewards mean there is no equity sacrifice. As soon as you start giving away equity you are on a downward slope

But the innovative world of crowdfunding has developed a way around that in the form of the 'rewards' model of raising money. This involves giving investors rewards such as a service or product rather than equity or interest.

One of the strongest advocates of this approach is Amanda Boyle, CEO of Bloom Venture Catalyst (www.bloomvc.com).

Amanda says "The rewards model enables you to start to create your market, find an audience and establish a relationship before the product is used. That is usually a big stumbling point of making sales for businesses." So you effectively create interest in your idea before it is launched – using social media – thus ensuring your business starts with a ready-made marketplace. Rewards, says Amanda, "means there is no equity sacrifice. As soon as you start giving away equity you are on a downward slope."

Visiting the Bloom website you see an open and transparent set of terms and conditions which contrasts starkly with 'City' type fund raising. For instance, Bloom does not charge fees on the amount raised unless the full funding target has been reached. Those making a 'promise' of investment also should be reassured that their money is not collected until businesses meet or exceed their fund raising target.


Cupcake Bouquet is just one of the now thriving businesses backed by Blook VC; it was founded by Antonia Garcia

Cupcake Bouquet (www.cupcakebouquet.co.uk) is just one of the now thriving businesses backed by Bloom VC. The company actually grew out of Radlett, Hertforshire-based former PR executive Antonia Garcia leaving work to raise her three children – during which a passion for baking developed. She made cupcakes presented as bouquets for friends and family and their popularity made her think of turning them into a business. She found the Bloom site inspiring – and it is not hard to think what the 'rewards' were! Now, the successful business has joined with Interflora to ensure orders meet their two day delivery deadline.

TOPICAL ISSUES TACKLED

IFA magazine... for today's discerning financial and investment professional

SHARI'A INVESTMENT

THERE ARE 10,000 MUSLIM MILLIONAIRES IN BRITAIN, SAYS **STEPHEN SPURDON**. BUT THEIR NEEDS HAVE BEEN MET RATHER PATCHILY. UNTIL NOW, THAT IS

It seems a little surprising that Shari'a-compliant investment should have started in the UK only as recently as the 1980s, when the first UK Islamic bank was launched. But then, the growth of the Islamic investment market.

These days we're seeing seen a steady number of Shari'a-compliant offshore fund launches from UK based managers; the launch in 2008 of an Islamic insurance company and a pre-paid MasterCard (no interest, to keep it halal); a new Islamic index in London; and this year's launch of a Sukuk bond (the Shari'a-compliant equivalent of fixed interest corporate bonds). All of these things have helped to place the UK at the forefront of Muslim investment.

Well, that's the theory. But in practice, offshore centres in Europe have also been moving quickly to snaffle their share of a global Shari'a-compliant investment business that *The Economist* magazine estimates at $820 billion. It's probably an advance on the days when UK Muslims sent most of their savings to Pakistan or Bahrain, but there's still work to do.

Careful With Those Stereotypes

But how is the UK influenced by developments in the global Shari'a-compliant investments scene? Let's start by getting a few misconceptions and confusions out of the way.

For a start, it's a mistake to assume that all Muslims have the same priorities or the same needs, and by no means all insist on Shari'a compliance in financial matters. Communities from Bangladesh or Indonesia may see the world quite differently from Arabs or Iranians. And while some national governments, including Pakistan, insist on full Shari'a finance, others such as Bahrain or Dubai may adopt a less stringent approach.

The estimable (and sometimes fallible) Wikipedia has a useful checklist of Shari'a practices at *https://tinyurl.com/mm8drfn*. Well worth a look.

"It is important to remember that there is a distinction between Arab and Islamic," echoes Dr Mehmet Asutay, Director of Durham Centre for Islamic Economics and Finance at Durham Business School. "Not all Arab finance is Shari'a-compliant."

Asutay says, for instance, that some parts of the Arab world are now placing a strong and increasing emphasis on investment in small and medium enterprises (SMEs) and start-ups. "The drive to provide capital for start-up businesses goes back to the Arab spring," he says, "where a lot of the dissatisfaction over high levels of unemployment meant that people took to the streets." But for others, start-up investment is still something that's kept within the family.

Crowdfunding, Asutay says, is becoming increasingly acceptable in the Arab world as a key means to raise capital for start-ups. And yes, that does raise a few questions for Shari'a investors, because of the forms that many crowdfunding vehicles assume. At present there is still no Shari'a-compliant crowdfunding platform in existence, although one is believed to be in development.

No Leverage

Dr Asutay adds that, while Shari'a-compliant investment is growing, the fact that it spurns financialization (leverage of assets) means it may be more robust but that it lacks the pace of modern investment. He adds, "There is little demand [for leveraged investments] in the Middle Eastern centres, because the economies there are so oil-based. But there has been significant investment in real estate - and that can also be seen in London, for instance, where there is substantial Muslim investment in real estate in prime areas."

Priya Oberoi, managing partner at Oberoi Capital Partners, has deep experience in Shari'a-compliant investment - having previously worked as the head of Islamic derivatives and structured products at a major City law firm in multi –jurisdictions.

She agrees that the market in Shari'a-compliant investment had a lull, post-Lehman, but she says that since January things have been picking up considerably. While the Sukuk bond market did not collapse, she says that returns of around 4% left investors wanting more. "There is a lot of Shari'a money out there that is completely untapped," she says. "It's lying around in cash accounts. But conventional products cannot access that money."

How Much Debt Is Too Much?

Seeking to advise some of that money is Simply Sharia – which claims to be the only FCA-recognised financial adviser in the UK that is dedicated to the provision of Shari'a-compliant advisory services. Founder and CEO Faizal Karbani recognises the difficulties involved in adapting what is available to meet the demands of Shari'a.

"There are few companies that have no involvement in interest - which is not allowed under Shari'a, of course" he says. "As such, Shari'a-compliant investment is very much a work in progress, and scholars have had to arrive at an understanding whereby a certain ratio of impurity is tolerated. According to their understanding of scripture, companies with up to one third of the capital financed by debt are acceptable."

Ten Thousand Millionaires

Economies of scale can be a problem for Shari'a-compliant investment. For one thing, the market-place is relatively small, with a UK Muslim population of only about 2.7 million, out of a UK total of 65 million. And for another there's the fact that, having a youthful profile, the Muslim community tends to have a lower than average wealth level. But the Muslim Council of Britain estimates there are 10,000 Muslim millionaires and a growing professional class which is more likely to opt for Shari'a-compliant investment as their disposable income gives them that choice.

At present, however, we'd have to say that the obstacles are still there. One problem so

ISLAMIC FINANCE

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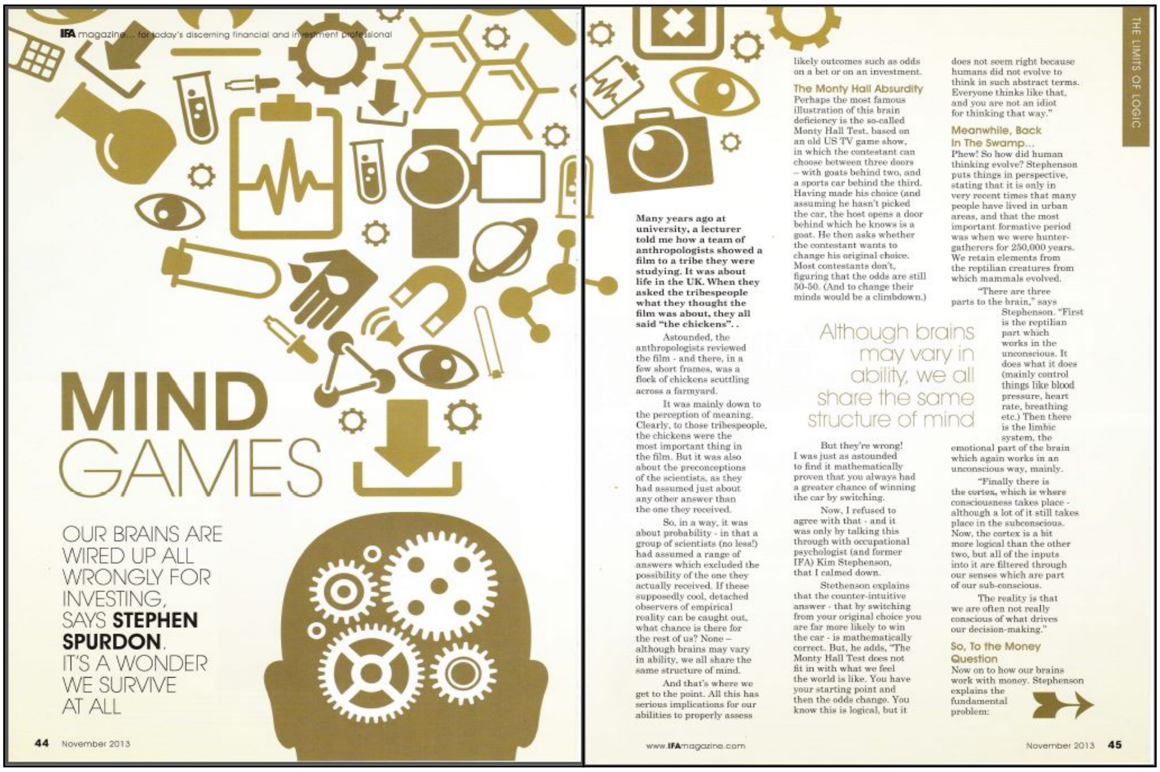

IFA magazine... for today's discerning financial and investment professional

MIND GAMES

OUR BRAINS ARE WIRED UP ALL WRONGLY FOR INVESTING, SAYS **STEPHEN SPURDON**. IT'S A WONDER WE SURVIVE AT ALL

Many years ago at university, a lecturer told me how a team of anthropologists showed a film to a tribe they were studying. It was about life in the UK. When they asked the tribespeople what they thought the film was about, they all said "the chickens"..

Astounded, the anthropologists reviewed the film - and there, in a few short frames, was a flock of chickens scuttling across a farmyard.

It was mainly down to the perception of meaning. Clearly, to those tribespeople, the chickens were the most important thing in the film. But it was also about the preconceptions of the scientists, as they had assumed just about any other answer than the one they received.

So, in a way, it was about probability - in that a group of scientists (no less!) had assumed a range of answers which excluded the possibility of the one they actually received. If these supposedly cool, detached observers of empirical reality can be caught out, what chance is there for the rest of us? None – although brains may vary in ability, we all share the same structure of mind.

And that's where we get to the point. All this has serious implications for our abilities to properly assess likely outcomes such as odds on a bet or on an investment.

The Monty Hall Absurdity

Perhaps the most famous illustration of this brain deficiency is the so-called Monty Hall Test, based on an old US TV game show, in which the contestant can choose between three doors – with goats behind two, and a sports car behind the third. Having made his choice (and assuming he hasn't picked the car, the host opens a door behind which he knows is a goat. He then asks whether the contestant wants to change his original choice. Most contestants don't, figuring that the odds are still 50-50. (And to change their minds would be a climbdown.)

Although brains may vary in ability, we all share the same structure of mind

But they're wrong! I was just as astounded to find it mathematically proven that you always had a greater chance of winning the car by switching.

Now, I refused to agree with that - and it was only by talking this through with occupational psychologist (and former IFA) Kim Stephenson, that I calmed down.

Stethenson explains that the counter-intuitive answer - that by switching from your original choice you are far more likely to win the car - is mathematically correct. But, he adds, "The Monty Hall Test does not fit in with what we feel the world is like. You have your starting point and then the odds change. You know this is logical, but it does not seem right because humans did not evolve to think in such abstract terms. Everyone thinks like that, and you are not an idiot for thinking that way."

Meanwhile, Back In The Swamp...

Phew! So how did human thinking evolve? Stephenson puts things in perspective, stating that it is only in very recent times that many people have lived in urban areas, and that the most important formative period was when we were hunter-gatherers for 250,000 years. We retain elements from the reptilian creatures from which mammals evolved.

"There are three parts to the brain," says Stephenson. "First is the reptilian part which works in the unconscious. It does what it does (mainly control things like blood pressure, heart rate, breathing etc.) Then there is the limbic system, the emotional part of the brain which again works in an unconscious way, mainly.

"Finally there is the cortex, which is where consciousness takes place - although a lot of it still takes place in the subconscious. Now, the cortex is a bit more logical than the other two, but all of the inputs into it are filtered through our senses which are part of our sub-conscious.

The reality is that we are often not really conscious of what drives our decision-making."

So, To the Money Question

Now on to how our brains work with money. Stephenson explains the fundamental problem:

THE LIMITS OF LOGIC

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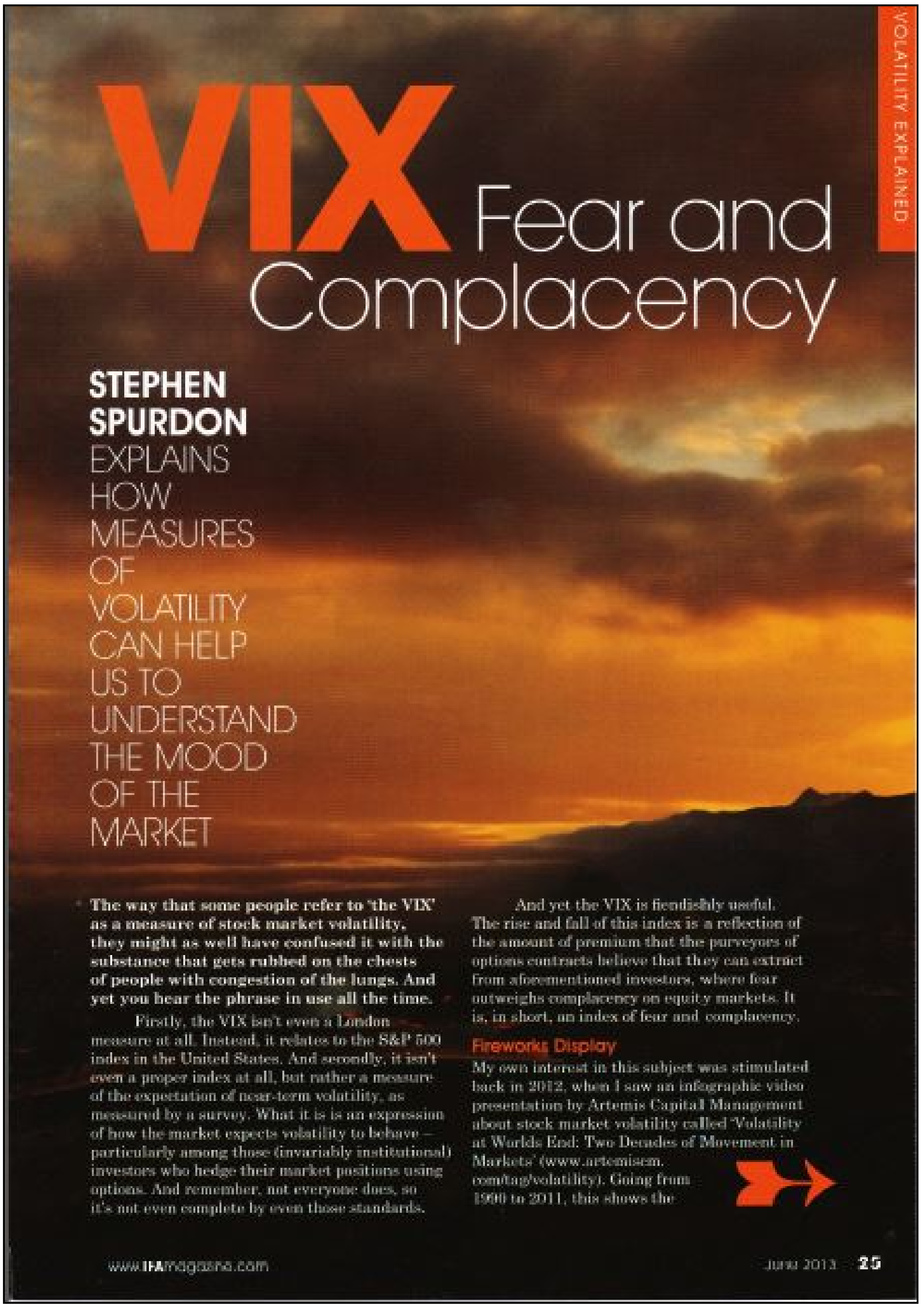
FROM SHARI'A FINANCE TO HOW HUMAN PSYCHOLOGY INFLUENCES HOW WE HANDLE MONEY

TECHNICAL ANALYSIS: PUTTING THE VOLATILITY INDEX INTO PERSPECTIVE FOR IFAS



VOLATILITY EXPLAINED

VIX Fear and Complacency

STEPHEN SPURDON EXPLAINS HOW MEASURES OF VOLATILITY CAN HELP US TO UNDERSTAND THE MOOD OF THE MARKET

The way that some people refer to 'the VIX' as a measure of stock market volatility, they might as well have confused it with the substance that gets rubbed on the chests of people with congestion of the lungs. And yet you hear the phrase in use all the time.

Firstly, the VIX isn't even a London measure at all. Instead, it relates to the S&P 500 index in the United States. And secondly, it isn't even a proper index at all, but rather a measure of the expectation of near-term volatility, as measured by a survey. What it is is an expression of how the market expects volatility to behave – particularly among those (invariably institutional) investors who hedge their market positions using options. And remember, not everyone does, so it's not even complete by even those standards.

And yet the VIX is fiendishly useful. The rise and fall of this index is a reflection of the amount of premium that the purveyors of options contracts believe that they can extract from aforementioned investors, where fear outweighs complacency on equity markets. It is, in short, an index of fear and complacency.

Fireworks Display

My own interest in this subject was stimulated back in 2012, when I saw an infographic video presentation by Artemis Capital Management about stock market volatility called 'Volatility at Worlds End: Two Decades of Movement in Markets' (www.artemiscm.com/tag/volatility). Going from 1990 to 2011, this shows the

AND CUTTING THE 'AFRICA' HYPE TO PIECES....

IFA magazine... for today's discerning financial and investment professional

INTO AFRICA?

At a time when most of the developed world is still digging itself laboriously out of the economic mire left by the credit crunch, growth rates in Africa continue to be startling. Last year's real GDP growth of 4.5% could have shown a clean pair of heels to almost anywhere in the world apart from India and China – and this year's 5% forecasts from the International Monetary Fund and the African Development Bank were made before the financial recovery of this spring had kicked in. The likely outturn will be even better than that.

Many of the countries that I've included in the table opposite have endured vicious civil wars and famine over the last few years. Others, like Zimbabwe, are still too politically risky to contemplate. And there are many troubled northern states – Mali, Somalia, Democratic Republic of Congo – where no likelihood of a viable investable economy exists at present. But look at Angola and Ethiopia, which have both had five consecutive years of double-digit GDP growth, and the potential ought to speak for itself.

So can this economic growth be translated into investment opportunity? By all means, in many cases. But first, a general word of warning. While these growth figures are factual, they don't show what that growth is actually composed of. And this is where we need

STEPHEN SPURDON DONS HIS TRUSTY PITH HELMET IN SEARCH OF INVESTMENT OPPORTUNITIES

34 February 2013 www.IFAmagazine.com

TACKLING PLATFORM RE-REGISTRATION AND HOW THE RETAIL DISTRIBUTION REVIEW HAS AFFECTED IFAS FOR IFA MAGAZINE

DO PIGS FLY?

CAN PLATFORM RE-REGISTRATION BE ACHIEVED BY DECEMBER? NOT ENTIRELY, SAYS **STEPHEN SPURDON**, BUT DON'T PANIC YET

The ability to re-register funds as they are (in specie) from one platform to another is a key element of the RDR regime as it applies to the handling of client assets. It is due to come into force at the end of the year, and at present there are no indications of any change to that timetable.

But there still remains an alarming degree of doubt as to whether or not the entire regulatory regime around in specie re-registration will be in fact in place soon enough for the process to start as planned. And that's bad, because it has led to speculation about a possible delay to implementation.

Who's to blame? Some accuse the FSA of failing to provide the final statements that will presumably fill in all the remaining details that will be required. Others point to the sheer technical difficulty that the industry will inevitably face. And the conspiracy theorists point the finger at major platforms which they accuse of placing obstructions in the path of the FSA – for openly commercial reasons, they say.

A Little History

But we're getting ahead of ourselves here. To see why uncertainties remain, just months away from implementation, and how far the industry is away from being able to implement it, let's go back to the beginning of this process.

The issue dates back to the June 2007 FSA Discussion Paper 07/2 ('Platforms: the Role of Wraps and Fund Supermarkets'), which first raised the matter of removing barriers to the transfer of assets between platforms without the client needing to encash. The FSA noted that the cumbersome process of encashing a holding on one platform, only to reinvest in it on another, put consumers at a disadvantage both in terms of cost and time out of the market. There had to be a better way.

At present, where in specie re-registration is possible at all, the task is performed manually – and the amount of time taken generally depends on how efficient the process is at both ends. The time lag can vary considerably between organisations – from weeks to months.

It was always clear that, if the delay was to be reduced to meet the FSA's demand that it be 'reasonable', it would be imperative to automate the re-registration process. Without automation, even the most efficient organisations could have found processing times and costs increasing exponentially when faced with the anticipated increase in re-registration volumes.

Indeed, the lack of automation has hitherto been one of the key reasons the major fund supermarkets have given for not allowing in specie re-registration of Isa wrapped funds. Their critics, meanwhile, have claimed that this is more a case of a commercial decision to maintain their present market positions, and of allowing their advantage to take precedence over consumer interests.

Seven to Ten Days for Settlement?

Yet, if automated in specie re-registration had been the only consideration, the process could probably have been up and running well before the scheduled date of 31st December 2012. Work done in setting up TISA Exchange (TeX) means that the industry is already a long way down the road toward agreeing a common standard of messaging between nominees for the automation of the process, and toward gaining agreement from all necessary parties for this to take place. The messaging system in question is based on the ISO20022 standard developed by SWIFT (the society for worldwide interbank financial telecommunications) to perform such transactions.

The FSA has determined only that re-registration should take place on a 'reasonable' time-scale, but parameters determined by those developing TeX means that this should be 7-10 days at most. The main problems still waiting to be resolved centre on money, of course – and mainly the treatment of cash rebates.

But the FSA has been dragging its feet. The rebate issue, and various other outstanding matters such as fund information regarding fundholders' voting rights, were supposed to have been resolved in a FSA platform policy document that was originally due for publication in March 2012. But at the time of writing (mid-June) it still hadn't appeared - and I was informed by an FSA spokesperson that it might not be along for another two months. There is, of course, no specific date, but by my reckoning that takes us into August.

Making the Best of It

There's no disguising the anxiety that's currently being expressed in parts of the wrap/platform section of the financial services industry because of this delay. Systems will have to be changed, contracts renegotiated and so forth. And until we see the final small print that'll be a big ask. Yet still the final, immovable deadline for in specie re-registration approaches.

Fortunately, others are hard at work on the task. Stephen Mohan, managing director of operational services at Cofunds, has been at the heart of industry work on in specie re-registration, being chairman of TISA's UK Platform Group which looked into the legal and regulatory aspects.

He says the basic task was to ensure that all liabilities were covered through a mutual contract between nominees and fund managers, which is provided by TeX. His concern now is mostly about the "challenges" coming from the regulators with regard to the uncertainty over treatment of cash rebates, and its stance that platform to platform re-registration is not advised.

Mohan says the reason the regulator took this stance was that it "did not want to set up new rules, so the reliance is on guidance in PERG (the Perimeter Guidance Manual)."

"The original purpose of PERG is to define advice so that you will know when you have to pay VAT for it. The FSA says that in specie re-registration is not a purchase or a sale. But in reality it can often involve purchase or sale. So you have to work out [for yourself] when it is advised or non-advised, and there is no coding within the ISO 20022 message set to let us know if that is the case."

In this he is supported by Hugo Thorman, managing director at Ascentric. "I disagree with the

IT'S STARTING...

RDR HAS LESS THAN 120 DAYS TO GO, SAYS **STEPHEN SPURDON**. HOW'S THE TRANSITION SHAPING UP?

Incredibly, it's been six years since John Tiner, the then chief executive of the Financial Services Authority (FSA), announced the start of a process that his boys had rather clunkily named the Retail Distribution Review (RDR). And we'd be understating the matter if we said that the intervening period has radically altered the entire landscape of the IFA sector – in some instances traumatically, and in others inspirationally.

Some people have cast doubt on the wisdom of driving through such a radical reform, especially in the light of the intervening financial crisis, while others believe the change lays foundations for a more secure future for financial advice. Either way, there's no turning the clock back now.

Over the next two issues of *IFA Magazine* we'll be looking at some of the bigger challenges that still face the sector – the decisions about independence, the technological issue, and the need to beef up client communications as the unpalatable truth about fee-charging puts some customers on the defensive. Next month we'll be examining some of the communication techniques that IFAs are being encouraged to use – many of them unfamiliar, and not a little frightening.

The Exodus That Didn't Happen

But first, let's put some scarce hard numbers onto the page about how many of us are still actually in the business. You won't have forgotten that the doom-mongers were threatening a rout of advisers in the face of the 'threat' posed by RDR – which, they said, would leave independent advice as the sole preserve of the wealthy. Many older advisers, it was claimed, would quit simply because of the 'humiliating' demands for a higher level of professional qualification.

A 2009 report undertaken by Oxera for the FSA reckoned that one in ten advisers would retire early rather than take the necessary qualifications, and that the overall wastage from all RDR-related issues would be about one in five. This wastage, it said, would be most pronounced in small independent firms – some of whom would leave the market while others opted to join networks, either independent or tied.

The FSA is still wary of giving out firm numbers as to the exact IFA shrinkage, but it did provide me with the number of individuals with CF30 authorisation - which of course includes those with functions other than consumer advice, such as corporate finance, and covers both independent and tied advisers. This shows an 8.6% reduction in the four years to 1st August 2012, from 116,465 to 106,425. Not as bad as we might have feared, then.

No Worries

The CF30 figure also contains accountancy and legal firms with advice authorisation. The Institute of Chartered Accountants in England and Wales stated that currently there are 200 authorised firms with direct FSA authorisation, plus another 200 which have authorised subsidiaries. As for the solicitors, Solicitors for Independent Financial Advice (Sifa) says that there are 63 solicitors' firms in England and Wales who are authorised by the FSA – of whom fewer than 50 are conducting IFA business. Sifa reckons this is around half of the number five years ago. Not so good.

What can we learn about the numbers currently leaving the industry? The trend is harder to define than we might expect. Aviva's Adviser Barometer of July 2012 suggested an improving trend – indicating that the number of advisers thinking of leaving before 1 January 2013 had declined dramatically from 37% in January 2009 to only 3.4%. But, as intermediary director Andy Beswick points out, that's because many of the leavers have in fact already upped sticks and gone.

Neil Cunningham, director & general manager at Touchstone Financial Analytics, says that during 2011 more than 800 advisers left the industry each quarter. And yet further evidence from George Higginson, ceo of Sesame Bankhall Group – whose adviser network Sesame has 2,350 individual advisers in 1,300 firms – says that the 2011 decline at SBG was "in the tens". And that since then the organisation has boosted recruitment again, and looks set to exceed its planned intake of 500-600 people.

Even the mighty St James's Place finds that its worries about older partners leaving were groundless. Tony Dunk, marketing director, confirms: "In the first six months of this year our recruitment went so well that we are confident of maintaining the planned growth (5-7%) rate for this year."

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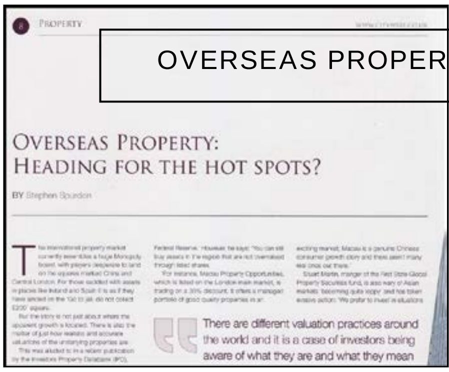

PROPERTY

OVERSEAS PROPERTY: HEADING FOR THE HOT SPOTS?

BY Stephen Spurdon

There are different valuation practices around the world and it is a case of investors being aware of what they are and what they mean

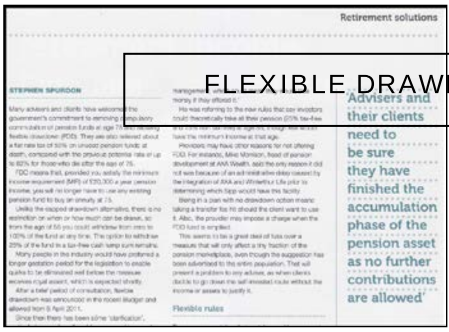
OVERSEAS PROPERTY


Investing for income

STEPHEN SPURDON

Philip Milburn

CORPORATE BOND FUNDS


Retirement solutions

STEPHEN SPURDON

Advisers and their clients need to be sure they have finished the accumulation phase of the pension asset as no further contributions are allowed

FLEXIBLE DRAWDOWN


Multi-asset funds

STEPHEN SPURDON

'Multi-asset strategies range from highly leveraged macro hedge funds to the world's most boring with profits fund'

MULTI-ASSET FUNDS


Exchange traded funds

STEPHEN SPURDON

Yes there is an increasing flow of money going into ETFs. But this just means there is more room for active managers

EXCHANGE TRADED FUNDS

FROM EMERGING MARKETS...

THE NEXT WAVE OF EMERGING MARKETS

With China, India and Latin America firmly on investors' radars, the next generation of global emerging markets are starting to stir

By Stephen Spurdon

After a number of false starts during the past two decades, emerging markets are now considered to be a place for long-term gains rather than a speculative punt.

Lower levels of government and personal debt, improving market regulation, combined with young and growing populations and a more stable political situation, means these countries can go for growth while developed ones merely seek recovery.

But if emerging markets appear to be a one-way bet, that is certainly not the impression any of the top emerging market fund managers seek to give. Ewan Thompson, manager of the Neptune Emerging Markets fund notes a recent change. He says: 'The time for blanket buying is gone. Quarter three was the beginning of this new phase – you had to be more stock specific.'

Apart from the possibility of a correction, there is caution regarding what will happen when the period of fiscal and monetary stimulus ends. For some, this implies a move to more defensive stocks and/or seeking out

Samuel Vecht, co-manager of the BlackRock Emerging Markets fund, believes Hungary is the victim of a misapprehension. 'It has been pooled with countries with serious structural issues such as some of the Balkan and the Baltic states. With Hungary people have mistaken cyclical issues for structural ones. Only recently it recorded its first current account surplus in 14 years,' he says.

As in many other parts of the emerging world, Eastern European consumers are not as overburdened by debt as their developed market counterparts so there is more potential for growth in domestic markets. This is a recurring theme among managers.

For instance, William Sutcliffe, co-manager of Baillie Gifford Emerging Markets Growth fund, says his portfolio is geared into domestic consumption through consumer and financial stocks. 'We think this is a good place because of the potential for growth. The fundamentals are better because of the domestic banks and balance sheets at both company, personal and sovereign levels – and the personal savings rates are high.'

...TO EMERGING RISKS

It pays to be prepared

Miscalculating the risk can lead to huge liabilities as well as loss of face, finds Stephen Spurdon

In retrospect it now seems that no sooner had we all sighed with relief at the fall of the Berlin Wall than a Pandora's box of worrying developments began to emerge.

The past two decades have seen risks that were just over the horizon looming menacingly into view. In some instances, risks appeared to have developed out of the blue, such as the credit crunch, while some that were thought to have been consigned to history have resurfaced.

Tuberculosis, seemingly eliminated in developed Western countries, has made a come-back. And instead of being consigned to the cinema, piracy on the high seas now regularly hits the headlines.

Part of the problem is our perception of risks. We tend to view them as linear in nature but they are a continuum, emerging and developing. Allied to this is media treatment of emerging risks as 'panics', which is a risk in itself as was explained in the Organisation for Economic Cooperation and Development's (OECD) 2003 study *Emerging Systemic Risks in the 21st Century*. This noted that public perception relies on mass media rather than expert opinion and that these media are shifting away from information and towards entertainment.

One only has to review treatment of the Y2K 'bug' and the H1N1 swine flu virus to see the veracity of that observation.

The cost of over-reaction may include the danger of rising public disdain at official announcements. Of course, the media only have to catch a sniff of a story of a new virus with potentially disastrous consequences to run a whole slew of stories and programmes to stir concern with a media-induced panic. Our governments – primed to react to a 24-hour news cycle – feel the need to be seen to do something. Their rush to accommodate public fears may well play into the hands of sceptics.

Climate change may be a case in point here. The near-evangelical tone of some of the political class in the past few years inspired scepticism that appeared to be confirmed by the recent furore over perceived data manipulation by scientists involved in climate change research.

Insurers have to stick to the facts. Getting it wrong does not just lead to a loss of face, but to potentially huge liabilities.

Of all the emerging risks, it is climate change that has had the most attention within the insurance industry. The recently published report *Annual Global Catastrophe and Climate Report – Impact Forecasting 2009* from Aon states: "2009 was the 32nd consecutive year of above average global temperatures."

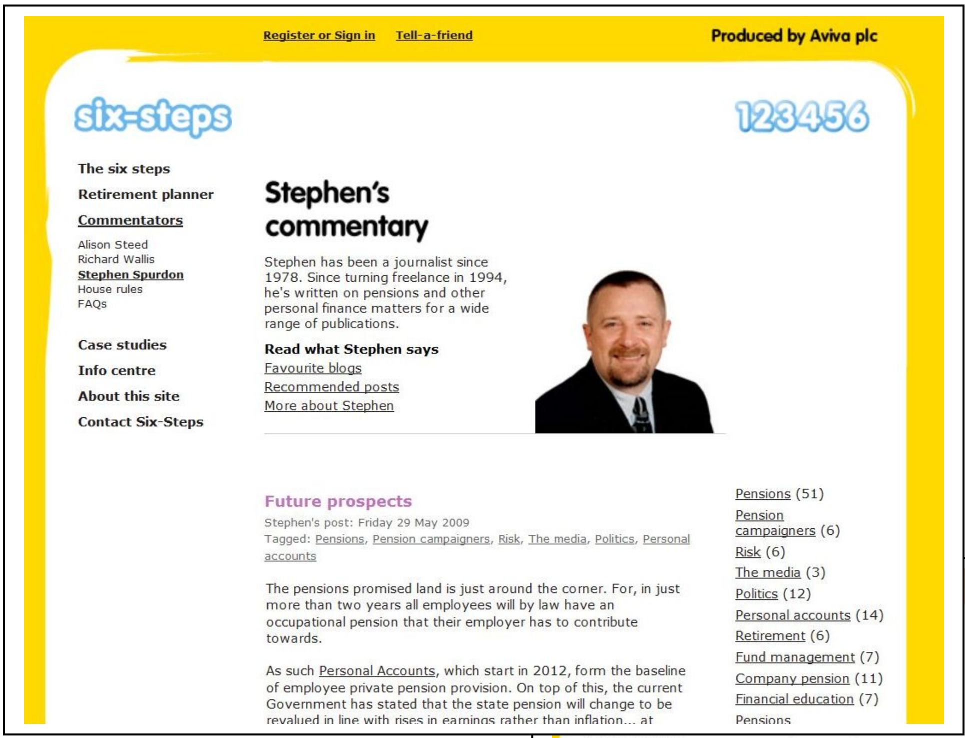
In an apparent contradiction of the trend, losses from weather-related natural disasters appeared to moderate last year compared with recent years. But that is no reason for complacency: "Our statistics clearly show that the loss burden from weather-related natural catastrophes is increasing. A year like 2009, with relatively low losses to date, in no way contradicts this," says Torsten Jeworrek, member of Munich Re's board of management responsible for reinsurance business.

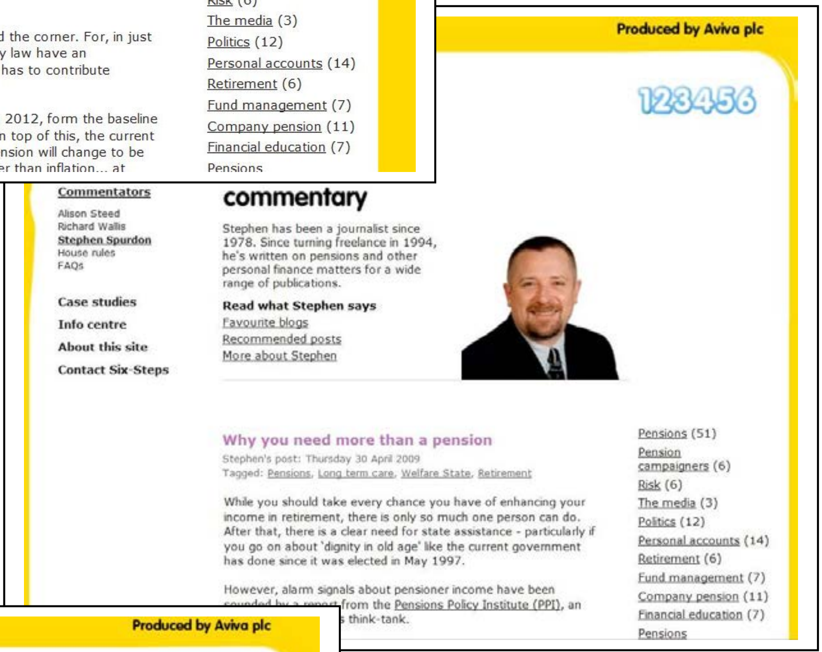
Munich Re's database shows that, globally, the average number of major weather-related catastrophes such as windstorms, floods and droughts is now three times as high as at the beginning of the 1980s. Losses have risen even more, with average increases of 11% per year since 1980. To what extent the increased losses are due to climate change is unclear. According to Munich Re's research overall losses due to weather-related events came to around US$1.6 trillion with insured losses of US$465bn.

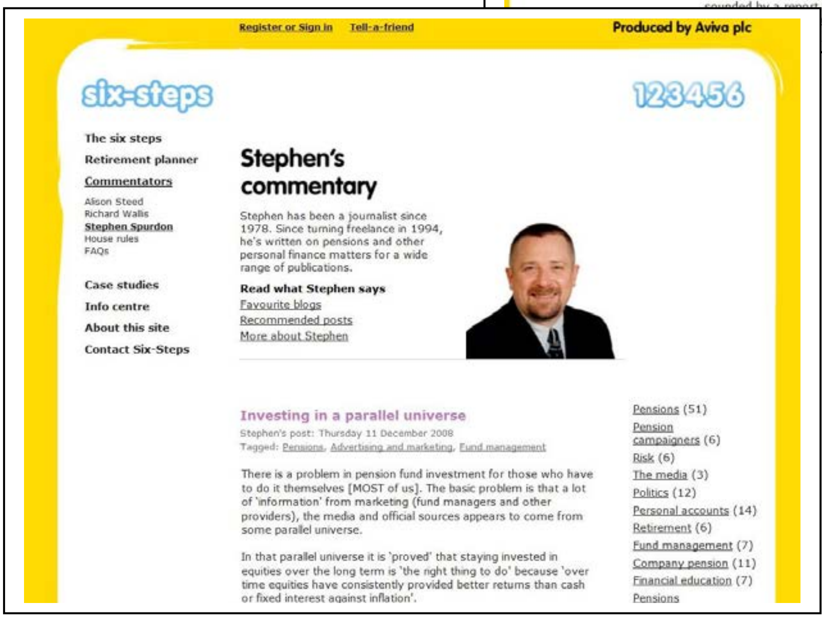
Doug Barnett, head of customer risk management at AXA Insurance, counsels that with emerging risks we can become too focused on big themes. He says:

> "The public may be aware of increased flooding risks. This increased flooding risk drives claims for water damage"
>
> Doug Barnett, head of customer risk management, AXA Insurance

BLOG WRITING







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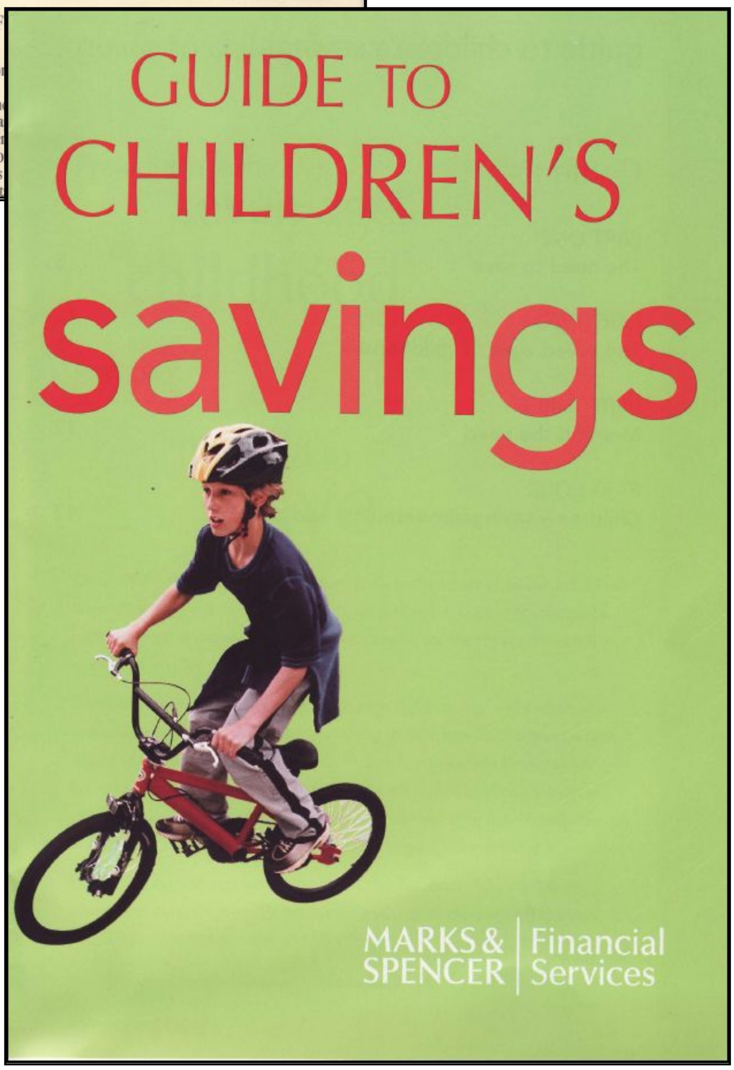

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INSIDE

FLAW SHOW
Gregor Watt finds that pension commentators are divided in their views on the Government's White Paper reforms but some believe that the plans are fundamentally unsound **50**

HEALTHY OUTLOOK
Standard Life Healthcare head of intermediary sales Claire Ginnelly says the private medical insurance sector is proving resilient as consumers demand greater choice for their medical need **52**

PROFILE
Swip head of UK distribution Simon Wombwell was tempted out of a 12-month break to take on the 'fantastic

'We do not know anything about the rigmarole but are running the service through a broker'

BNP sets up life firm

By Stephen Spurdon and Sam Shaw

The British National Party has launched a financial services arm called Albion Life Insurance to help fund its campaigns and electioneering.

Albion, which describes itself as a non-profit organisation, appears to be acting as an introducer to an unnamed broker targeting BNP members with life insurance products but it does not appear on the FSA website.

The link between Albion and the BNP is made explicit on Albion's website, which says: "By taking out a life policy with Albion Life you can help the serious political campaigning work of the BNP."

Albion also sponsors the news section on the home page of the BNP website.

It invites members to make the BNP a beneficiary on the product and cites the threat of Islamic fundamentalism and economic migrants from Eastern Europe as reasons to review existing cover and switch to its policy.

The officers of Albion Life are BNP members, acting as unpaid volunteers, and aim to "secure a robust financial situation for the BNP", indicating that at least some of the commission received will be paid to the party.

Whether the broker is single or multi-tied is unclear but Albion promises its broker will provide quotes from a range of insurers.

Customers are invited to submit their details online to get a quote and asked to specify whether they want life insurance or life insurance with critical-illness cover.

A BNP spokesman says: "We picked up on a figure about the number of people that snuff it each year and thought that there might be a number of members who could use these services. I do not know anything about the rigmarole of financial services but we are running the service through a broker."

Compliance consultant Adam Samuel says: "Under the insurance mediation directive, anyone introducing for insurance purposes must either be regulated or an appointed representative of someone who is.

"If they are introducing for any insurance in the course of business, they are acting illegally in introducing if they are not authorised."

Technology & Technical founder Kim North says: "This flies in the face of treating customers fairly and everything the financial promotions rules are about. There is no status disclosure saying whether they are tied, multi-tied or whole of market."

The Albion site is registered to Steve Blake, who owns an IT consultancy company called Digital Scotland. He has been described as the webmaster of the BNP by anti-fascist organisation Searchlight and is assistant co-ordinator of the BNP in Scotland.

Can tackle big stories for trade titles

September 2007 · MONEY MARKET
CREDIT CARDS 13

Prepay may just make your day

If you have saved up for your holiday and want added ID security abroad, a prepay card could be the ticket

By Stephen Spurdon

Worried about using a card online or abroad because of fears of ID theft and fraud or frustrated that your local supermarket no longer takes cheques? Well, a solution to such problems may have arrived in the form of pre-paid cards where you provide the credit.

The latest in this range is Barclays Travel Money Card, which joins Virgin Money's Pay-As-You-Go MasterCard, Lloyds TSB's Visa Travel Money Card, and the Post Office Visa Travel Money Card.

This all seems simple enough, but each card has an extensive array of terms and charges which can add up to an expensive package. The Barclays card costs nothing to purchase, while the Lloyds TSB card has a £7.50 purchase fee, Virgin Money card costs £9.95 plus £4.95 processing fee for a postal identity check, and the Post Office card costs £10.

Lloyds TSB only allows the card to be loaded in euro or US dollar denominations, but the Post Office and Barclays cards also allow sterling - which is useful if you are going to use the card to shop in the UK. The Virgin Money card is only available in sterling. Maximum and minimum amounts apply when it comes to loading up the card - the following figures are for sterling or equivalent value in foreign currency. At the Post Office £50 to £5,000, Lloyds TSB £1 to £3,000, Barclays £200 to £2,500 and Virgin Money £1 - £3,500.

> "Each card has an extensive array of terms and charges which can add up to an expensive package"

Card use costs range widely. Using a card in an ATM in the UK - over and above any charge made by the ATM operator - is nil with Barclays, £1.50 with Post Office and Lloyds TSB, while Virgin Money charges 2.95pc - which it also charges just for using the card in a shop or restaurant. Abroad, Barclays charges 2pc with a minimum of £1.50, Post Office £2, Lloyds TSB £1.50 and Virgin Money 3.5pc plus 0.5pc international card usage premium - again this is the charge just for using the card. Additionally, if you are taking money out in a currency other than the one in which your card is denominated there are currency conversion charges on top.

Pre-paid cards: How does Barclays stand up to other cards on the market?

As a sting in the tail there are also cancellation/redemption fees to consider if and when you decide you no longer want the card and want to redeem any outstanding funds on it. For Barclays, Lloyds TSB and Post Office this is £5. Virgin Money states that any outstanding money will be returned to you as a cheque but does not mention any redemption charge.

Finally, Virgin Money stated that its card is available to those aged 13-18, allowing children who are not allowed to have a credit card to use these cards to load on pocket money, etc.

Regular articles and a comment column for consumer title Money Market.

CRUNCH WATCH

Financial journalists, soft underbelly of regulation

Stephen Spurdon

SAY you work in financial services marketing. So many rules and regulations to comply with. And then there is the media, whose pesky enquiries are dealt with by your press relations people.

Well, if they prove troublesome you could threaten to withdraw advertising. But frequently, you find that the financial services media are all too ready to sing your tune. You have the example of those journalists described in the marketing literature of advisor firm David M Aaron (Personal Financial Planners) as 'financial experts' who gave good marks to the precipice bonds being advertised for sale in those brochures.

There are also the journalists who co-operated with those selling split capital investment trusts to ensure mentions in the press – evidence of which did not appear in a BBC report on split capitals, according to a person I contacted who participated in the programme and who saw the evidence. Both instances became mis-selling scandals, but not one journalist received any form of legal rebuke for participating in such marketing activities. When I raised this matter with Howard Davies, former head of the FSA, I was told, curtly, 'That is a matter for editors!'

> Both instances became mis-selling scandals, but not one journalist received any form of legal rebuke

Marketing departments rely on that attitude to sneak past regulation and 'get at' the public who trust these supposedly independent commentators. So I was looking forward to some firming up within the new financial services regime in the Financial Services Bill now trundling through parliament. Not a word. Existing regulation of financial journalists is confined to Section 13 of the Press Complaints Commission's 'Editor's code of practice', limited to prohibition of use of inside information, writing about shares they or family own, or dealing in shares they have or intend to write about. Some think making financial journalists take advisor exams is the solution. That would be like allowing only qualified doctors to be medical journalists. You need independence from an industry. Making journalists sit the same exams would ensure the same mind-set as those in the industry they are writing about.

SOMETIMES YOU HAVE TO BE PREPARED [AND ABLE] TO SAY THE THINGS PEOPLE DO NOT WANT YOU TO SAY... (and that includes other 'journalists')

CRUNCH WATCH

Welcome to the wasteland

Stephen Spurdon

THE future economy is a barren plain stretching beyond the horizon – punctuated only by the occasional towering bank.

Yes, four years on from October 2008's fall of Lehmann Bros, that is what awaits us, despite trillions of dollars thrown at the problem. Anyone who thinks I am exaggerating should look at Japan's zombie economy of the past two decades – still flatlining despite huge state cash intervention.

> Four years on from the fall of Lehmann Bros, that is what awaits us despite the huge cash injections

Perhaps the problem is to do with where the money has been thrown: banks and 'financial markets'. Banks just manage or 'make' money, they do not create wealth. After all they are a tertiary 'service' industry – like hairdressing. But former Société Générale banker Will Davies – now of London property company aspect.co.uk - reiterates the mantra that bankers are needed to get us out of our current problems. And how will they do that, Mr Davies, by twiddling around with a few derivatives?

Davies claims it is wrong to expect these "ultra-competitive money makers" to stick to the rules because, "If you took a bunch of more socially responsible individuals and put them into an investment bank they would make huge losses and our financial predicament would be even worse." With the next breath he contradicts himself, stating that all you need is "controls that should be in place to prevent unacceptable levels of risk being taken". But Mr Davies, to such people 'controls' are just an obstacle to get around.

Behind all this is the illusion that generating profits and making money is the same as creating wealth. Banks are a function in production but only that: they create nothing, being there only to service the creation of wealth.

What investment bankers create is concepts. In that they are a bit like money making BritArt conceptual 'artists' of recent times where the establishment of a concept is meant to cow the observer into forgetting anything to do with art. All they had was ideas, with variable skill in their execution and a whole lot of sophistry to beguile observers out of their common sense.

It is a bit like that with investment bankers.

CURRICULUM VITAE

FREELANCE JOURNALISM

National Newspapers:
The Times,
Sunday Times,
Daily Telegraph,
Sunday Telegraph,
Independent,
Independent on Sunday,
Mail on Sunday,
Sunday Mirror.

Commissioning Editor:
The Investors Chronicle Complete Guide to Peps,
The Investors Chronicle Guide to Investment Trusts,
The Investors Chronicle Guide to Personal Pensions,
The Investors Chronicle Guide to Peps/Isas.

Consumer Magazines:
MoneyWise,
Investors Chronicle,
What Investment,
SAGA Investor,
EasyJet Magazine,
Money Market.

Trade Magazines:
IFA Magazine
Citywire Wealth Manager
New Model Adviser
Financial Adviser
Investment Adviser
The Money Business
The Broker
Radio & Electronics Retailer
Central Office of Information
Investment Management Association
Construction News
Insurance Today
Corporate Insurance & Risk
Pensions Age (I edited Pensions Age on a freelance basis for the March and April 1999 issues)
Interviewer
Negotiator
Profitfile
ThirdSector
Mortgage Finance Gazette
Money Marketing
The Journal (Chartered Insurance Institute)
Contributor to The EASDAQ Yearbook 2001, Derivatives 2001 (Futures & Options Association)

Contract Publishing:
Alliance+Leicester Magazine
Money Matters
UK Magazine
The Unity Magazine
NatWest's Home Life
NatWest Corporate Quarterly
Advantage (Sedgwick IFC)
Adviser (Standard Life)
Society (Norwich & Peterborough BS)
Privilege (Lloyds TSB)
Talk Money (Barclays)

Broadcasting: Money Box BBC Radio 4 (tape available).

Web site work: Editor/contributor and consultant to -

MoneyWorld.co.uk,
UK-iNvest,
MoneySupermarket.com
Interactive Investor International
Launch Editor, United Assurance Group web site.
IslamiQ.com,
smove.com (now Assertahome.com)
Team member on TheCrowdfundingCentre.com

I have also worked on MyNewDeal.com and KPMGMoney.com prior to launch as editorial consultant/content provider,
Chase de Vere,
Saga Investor.
MyMoneyDiva
LineOne
Blogger on Aviva's Six-Steps.org pensions web site.

COMMERCIAL WORK

Copywriting for PR's and their clients:

NM Pensions
Nationwide Building Society
Fidelity Investments
NatWest Life
NatWest Investment Services
State Street
Polhill Communications
Framlington Investments
Cater Allen

egg.com
Assoc. of Investment Trust Companies
UNUM
SVM Asset Management
Appeared in a Video for IFAs on behalf of AXA Provincial.
Advertorial series for Halifax ShareBuilder, in the Independent.

Brochures/newsletters:

Edited the UKSCI Report July 2012 for the Institute of Customer Service.
Investment Trusts & Pensions for the Association of Investment Trust Companies.
Brochure advertising the services of Eurotech Security.
Brochure on financial planning for retirement for Guardian Financial Services.
Brochure on Fees versus Commissions for Chartwell Investment Management.
The Killik & Co Guide to Tax Free Investing, Killik & Co stockbrokers.
Savings for Children Marks & Spencer Financial Services.
Launch Editor: Diagnosis newsletter for HealthNow customers.

Search Engine Optimisation Copywriting:

For a major international client of a new media agency.

FREELANCE SUB-EDITING/PRODUCTION

Addison Design
The Partnership Design Group
Burnett Associates
Accountancy Age
Barclays Life
Maris Media
Campden Publishing
Williams Lea Security Printers
The Voice
Jane's Defence Weekly

Inside Business Communications
Robert Fleming Securities
ThirdSector
Media + Marketing Europe (EMAP)
TPD
Mortgage Finance Gazette
Chandler Gooding Ltd
New Moon (*London Jewish News)*
Investors Chronicle

ENDS