



Business Plan 2023/24

Business plans
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Our Business Plan details the work we'll do over the next 12 months to help deliver the commitments in our Strategy.



Introduction

Reducing and preventing serious harm	Setting and testing higher standards	Promoting competition and positive change

We are committed to protecting consumers, enhancing market integrity, and promoting competition in the interest of consumers.

As we continue to see significant and rapid change in financial services, we remain committed to becoming a more assertive, adaptative and innovative regulator. Our work affects firms, consumers and the UK economy.

Last year we published [our Strategy](#) and set out the three themes where we are strengthening our focus and the 13 commitments to support these themes:

- reducing and preventing serious harm
- setting and testing higher standards
- promoting competition and positive change

Together these themes help to create the conditions for financial services to deliver the outcomes we expect, and delivery of these commitments is well underway.

This Business Plan sets out how we'll deliver the second year of our Strategy. Our Annual Report later in the year will report on progress against the activities we set out in our [Business Plan 2022/23](#) and will provide the latest data against our [outcomes and metrics](#).

Our objectives



Our strategic objective is to ensure financial services markets function well.

Our operational objectives are to:

- secure an appropriate degree of protection for consumers
- protect and enhance the integrity of the UK financial system
- promote effective competition in the interests of consumers

We will soon also have a new secondary objective to facilitate the international competitiveness of the UK economy and its growth in the medium to long term. This is being introduced as part of the Financial Services and Markets Bill which is currently going through Parliament.

As a financial services regulator, we have an important role in the continued success of the UK financial services markets and their contribution to the UK economy.

When markets are efficiently and proportionately regulated and firms are able to compete and innovate in a safe, trusted and stable environment, it benefits consumers and investors, and it ensures the UK economy, including financial services, sustains its international competitiveness.

We fully embrace this secondary objective as already significantly in line with our approach. We will further increase our focus on international competitiveness and growth in delivering our primary objectives, while ensuring that there is no compromise on consumer protection, market integrity or competition in the interests of consumers.

Our work includes improving the attractiveness and global reach of our wholesale markets. This includes using the opportunity created by the transfer of retained EU law; sharpening our operational effectiveness through continued improvements to our authorisations processes; and providing opportunities for UK financial services companies to invest, innovate and expand in the UK through, our Sandboxes, Innovation Pathways process, leadership of the Global Financial Innovation Network and TechSprint programmes.

Accountability is a key part of ensuring we as a regulator deliver what is expected of us. We will report each year on how we're delivering our new secondary objective and are developing how best to measure our success. As international competitiveness and growth are affected by wider Government policy (such as tax and labour markets policy), monetary policy and economic conditions, we will focus on measuring those aspects we can influence directly, and which are relevant to our policy decisions and explain where relevant the interactions with other areas of Government policy. We will focus on the key drivers of productivity and will explain how we expect our actions and outputs to facilitate international competitiveness and growth.

The challenges of the year ahead



Over the past year we have seen record levels of volatility. We expect the economic and geopolitical environment to remain highly uncertain over the year ahead.

While there are some positive developments in the UK economy the situation will remain uncertain over the coming year, including a heightened risk of firm failure. Events over recent weeks including the resolution of Silicon Valley Bank UK and interventions in relation to Credit Suisse have underlined this.

Key uncertainties include:

1. **Interest rates and inflation:** Financial market expectations of interest rates in the UK and in other jurisdictions remain volatile as do expectations with respect to inflation.
2. **The risk that unemployment increases more than currently projected:** The OBR now forecasts that the UK will avoid a technical recession in 2023, but expects the economy to contract by 0.2%. While unemployment remains low, the Bank of England's wide range of possible unemployment rate outcomes for the period 2022 Q4 to 2026 Q1 (around 3%-8%) shows there is significant uncertainty.
3. **Potential for further declines in real household disposable incomes:** Higher mortgage rates alongside the broader squeeze on real incomes are reducing consumer budgets. Pressures on real incomes may start to ease as inflation falls, but the effect on real incomes is lagged. This means that even when immediate pressures ease, some households may still have a negative cash flow.
4. **Potential for further market volatility:** Heightened geo-political tensions from the war in Ukraine still pose risks of further periods of market volatility. Markets are also on high alert for any widespread contagion from increasing volatility.

Wholesale markets

Wholesale markets have recovered from the gilts markets volatility and the impact on pension funds in the Autumn of last year and are functioning effectively. We will remain alert to potential problems and be ready to act if necessary, and participants in the wholesale markets may need to take action to manage heightened operational and market risks.

Cost of living and Consumer Duty

Rising interest rates and elevated inflation have contributed to an elevated number of people stretched financially and many consumers face significant financial pressure.

Our role is to make sure firms treat customers fairly, support those in difficulty and give them the information they need to make good decisions. Our work to identify and track early indications of problems is vital to enable us to respond proactively. We will continue to look for joined-up solutions, working closely with a [range of partners](#), other regulators, Government and the devolved administrations, such as in our work with debt advice charities. The Consumer Duty which comes into force on 31 July will play a key role in underpinning this work, including for vulnerable consumers.

Many of the activities that we are already doing across a range of commitments also support those who are vulnerable or financially stretched, including those to support our commitments to Reduce and prevent financial crime and to Put consumers' needs first.

There is also potential for longer term consequences from the current cost of living pressures due to the impacts on consumers, firms and markets, for example in relation to pensions saving. We will work to understand further these consequences this year.

Our focus for 2023/24



Our Strategy is designed to be sufficiently agile to deal with and meet new challenges and opportunities. The markets we regulate are dynamic. Going into the second year of our Strategy, and with finite resources, we will keep prioritising our work to respond to these challenges.

Our people

To support our growing remit and deliver our ambitious Strategy, we have been recruiting the people we need now and for the future.

Our headcount has grown from around 3,800 at the beginning of 2022 to nearly 4,500 at the end of March 2023.

This has included significant increases in resource in: our Authorisations Division to improve operational effectiveness and deliver a more rigorous gateway; and our Enforcement and Market Oversight Division to build capacity and resilience in our case and investigation teams and enable us to act faster against firms causing harm to consumers and/or markets. We have also resourced changes in our perimeter.

We expect to increase our headcount steadily in 2023 to meet a growing remit and to enable us to deliver key aspects of our Strategy, such as the Future Regulatory Framework and in the area of data analytics.

Our locations

We committed in our Business Plan 2022/23 to develop our national presence.

We opened our Leeds office in September 2022, with a specific focus on enhancing our digital and data capabilities. The Leeds office will provide capacity for over 200 colleagues based on hybrid working practices.

With over 175 colleagues now based out of our Edinburgh office, we are on track to double the number of colleagues in Scotland to over 200 as well as maintaining a presence in Cardiff and Belfast.

Data and technology led regulation

The scale of the FCA ambition to become a data-led regulator means that we are making significant progress across a number of data and digital programmes. These include exploiting our investment in cloud technology, implementing new digital capabilities and designing new data solutions required by the front line of the business.

Our ambition this year is to complete a major upgrade to our core regulatory system and improve our intelligence capabilities through the automation of analytics tooling, helping us detect and respond to consumer harms faster.

We are making further investments in cyber security and operational resilience, to ensure our services are secure by design, improving technical stability and efficiency for our staff and regulated firms.

We will reduce firm burden further still by implementing additional data collections improvements through our Transforming Data Collections programme which has already resulted in a reduction in firm burden this year through an improved intuitive form for 20,000 consumer credit firms.

Who we work with

We work closely with a range of different partners. These include consumer groups, trade associations, professional bodies, government departments, and other regulators in the UK and overseas.

We also work with four independent statutory panels when developing our policies and other regulatory decisions. The panels represent the interests of consumers and practitioners, including smaller regulated firms and financial market participants. They play an important role in advising and challenging us and bring experience, support and expertise in identifying risks to the market and to consumers. We also work with a panel on listing related issues and we expect this panel along with a cost benefit assessment panel to become statutory panels later in the year.

Cryptoassets

As proposed by the Treasury, financial promotions relating to certain cryptoassets are being brought within the scope of our regulation. The Treasury issued a consultation on 1 February 2023 on proposals for a broader future regulatory regime for cryptoassets. In preparation for this, we will be investing in additional skills to enable us to deliver on, and make changes to, the systems and procedures needed for the relevant firms, as well as the necessary changes to systems and procedures for the firms who fall within the scope of the Treasury proposals. As of the 3 April 2023, we have registered 41 cryptoasset firms under anti-money laundering rules.

Deferred payment credit (exempt buy-now-pay-later, BNPL)

In 2023/24, following the Treasury's proposed expansion of our regulatory perimeter to include deferred payment credit (exempt buy-now-pay-later, BNPL) products, we will design and begin to implement our approach, including consultation and rulemaking and our plans for authorisation, supervision and enforcement. We will also continue to act to address harm to consumers in advance of our regulation, eg around financial promotions.

Annual funding requirement

The annual funding requirement ensures we have the right level of resources for people, systems and data improvements to deliver on our Strategy and commitments.

We are working in an exceptionally challenging external environment while still delivering against, and in some parts accelerating, our challenging three-year Strategy and taking on significant new responsibilities.

A material increase in funding in cash terms is needed to ensure we can continue to protect consumers from harm, ensure market integrity and foster innovation so our economy can grow. We recognise the rising costs many firms are facing and so we are setting our proposed increase in fees below inflation, including freezing minimum and flat rate fees to ease the pressure the smallest firms and freezing application fees.

Over the past year there have been unexpected external and geopolitical events that have required us to divert resources at short notice. Our resourcing model for the year ahead needs to ensure that we can be agile and flexible with our resources.

Additionally, we need to resource activity for the Future Regulatory Framework, cryptoassets and other scope changes, and our ongoing transformation. As we go into the second year of our Strategy, we will intensify focus on driving efficiency and effectiveness in delivering our outcomes.

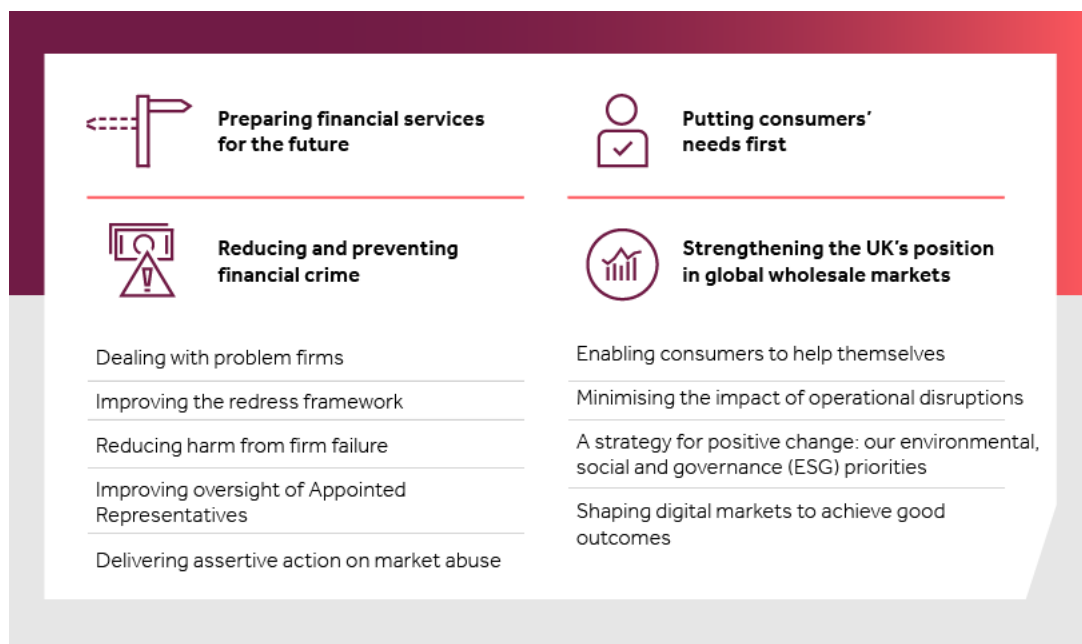
For more details go to [our budget](#).

Fees consultation

We distribute recovery of our costs between fee-payers by putting them in fee-blocks. These group together firms with similar permissions. We allocate costs between fee-blocks to align them broadly with the costs of regulating those activities and each year we adjust the allocations to reflect additional work that we are undertaking with those groups of firms.

Our [Fees Consultation Paper](#) sets out what fees we will be charging over the next financial year.

Prioritising our work



[See our commitments and objectives in full \(PDF\)](#)

We have prioritised our work for 2023/24 to ensure we direct our resources most effectively. While we will continue to deliver across all our commitments at a similar pace as Year 1, we have decided to invest even further in our most critical commitments over the coming year.

We have taken account of the impact of the challenges in the year ahead on the outcomes in our Strategy that we want financial services firms to deliver. And we have factored in the investment and progress we have already made in the first year of our Strategy.

Where additional resources are available, we will focus on these four commitments:

- **Preparing financial services for the future** – working with the Treasury to implement the new regulatory framework so we can address emerging harms more efficiently
- **Putting consumers' needs first** – to improve consumer protection and standards for all consumers and ensure our support for struggling consumers remains a priority
- **Reducing and preventing financial crime** – prioritising this will also help protect consumers to an extent and consumers in vulnerable circumstances specifically, as they may be more susceptible to fraud. This also supports our commitment Putting consumers' needs first
- **Strengthening the UK's position in global wholesale markets** – to help ensure that the UK continues to be seen as one of the leading global markets of choice and strengthen our ability to respond to market volatility

[Preparing financial services for the future](#)

Implementing the outcomes of the Future Regulatory Framework review is a core part of our commitment to prepare financial services for the future. We will work with the Treasury and other regulators on the repeal of retained EU law and replace where appropriate, obligations currently found in that law with Handbook rules. We will adapt these rules so they better suit financial markets in the UK. This is a very significant programme of work, with demanding timetable both for us and market participants over the coming year. It will help ensure that we can continue to advance our operational objectives while encouraging the UK's wider economic growth and international competitiveness in line with our secondary objective.

[Reducing and preventing financial crime](#)

Scams and fraud continue to negatively impact our society. We will continue to invest in the technology we use to gain intelligence to disrupt those committing financial crime earlier, and increasingly prevent harm. We will boost our efforts to proactively identify those intent on committing financial crime trying to enter our perimeter, as well as on fraudsters operating outside our perimeter. We will build further covert capabilities into our systems to identify and disrupt fraudsters. We will also invest in raising standards in authorised firms to improve their abilities to detect and prevent financial crime. This includes a strengthened the gateway, more proactive assessments of regulated firms and more staff focused on investigating and prosecuting offenders.

[Putting consumers' needs first](#)

The Consumer Duty is a significant shift in our expectations of firms and is particularly important as consumers face squeezed incomes and the rising cost of living. We are bolstering our resources to ensure the Consumer Duty is embedded effectively within firms and central to their technology. Alongside the Consumer Duty, we are also planning to allocate additional staff dedicated to working with firms as they support consumers struggling with higher costs of living.

[Strengthening the UK's position in global wholesale markets](#)

We are operating in an environment of significantly elevated market risk globally. We are investing very significantly in our technology and data capabilities, including to address data gaps and ingest data quicker so we can oversee markets effectively. To further enhance the UK's position in global wholesale markets, UK markets need to function effectively and adapt to the changing international context as well as welcome new technology and innovation. For example, this year we will complete upgrades to key systems and continue automating our analytic tools, helping us detect and respond to harms faster. We will also focus on scaling up our systems, tools and applications, reducing costs. We will keep strengthening the security of our infrastructure, including in relation to cyber threats, and continue to make our systems more stable and efficient. We will reduce firm burden further by implementing more improvements to data collections. We are embarking on a series of significant regulatory reforms to support this.

Our Regulatory Programme

This Business Plan does not cover everything we do. The [Regulatory Initiatives Grid](#) from the Financial Services Regulatory Initiatives Forum is updated twice a year and gives details of our planned regulatory programme. We also undertake a significant amount of baseline work, authorising firms, and individuals; supporting consumers who contact us – by whatever means; supporting firms with their queries and overseeing them, including responding to incidents and issues as they arise.

We also update our [Perimeter Report](#) quarterly. This report helps to explain what we do and don't regulate. It describes specific problems we see around our perimeter, explains the ways we are proactively intervening to prevent harm and pre-empting or responding to problems. It also identifies existing gaps in legislation, areas of potential harm and our powers to act against unregulated activities, for example BNPL, crypto and artificial intelligence (AI).

How we'll deliver our commitments



The next sections provide details of our planned work against our commitments, including work already started. We provide details of the outcomes we want to achieve. These outcomes were set over a three-year time horizon in line with our Strategy and so will not change materially in Year 2. Each commitment is linked to [metrics](#) to help measure progress and performance.

Focus 1: Reducing and preventing serious harm





We removed or amended over 8,500 potentially misleading adverts in 2022, 14 times more than 2021.

We aim to protect consumers from fraud and mistreatment and our focus is on protecting consumers from the harm that authorised firms can cause. We do considerable work to reduce and prevent harm caused by unauthorised firms. In response to our Strategy, we've continued to increase scrutiny on firms wanting to offer services to UK customers. During FY2022/23, 23% of firms applying to operate here did not become authorised.

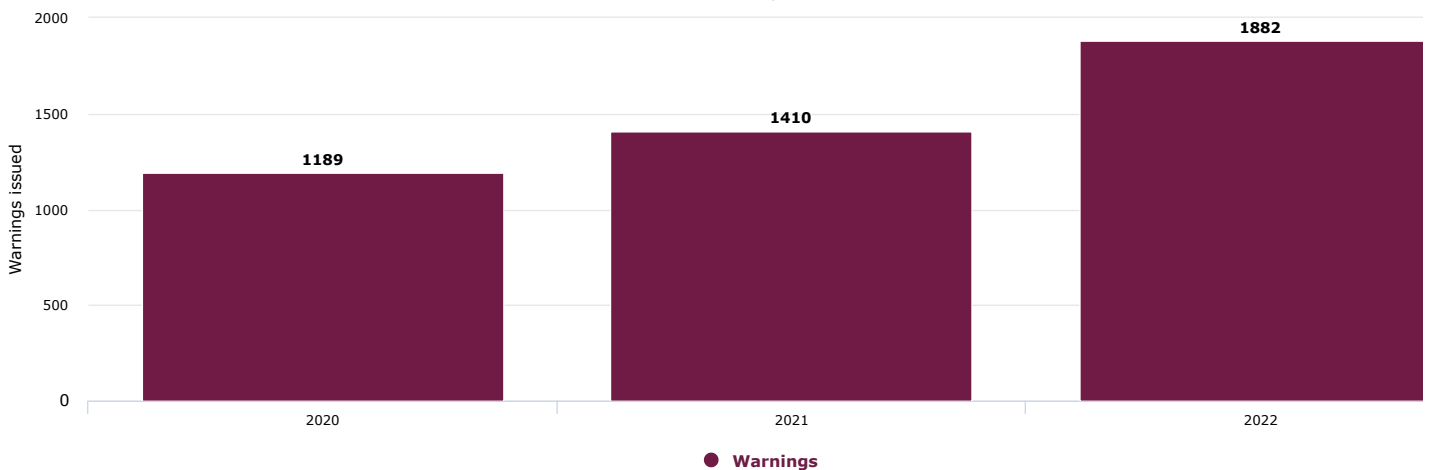
We have issued over 1,800 warnings about potential scam firms during 2022, 400 more than the previous year, and our Consumer Hub has prevented just over £7m being lost to fraudsters.

We are increasingly improving our technologies to identify harm. For example, improving the quality of information we use in our decision-making, from the delivery of Single View supervision dashboards to intelligence interventions.

This section explains the actions we are taking to deliver across our six commitments for reducing misconduct that can cause serious harm.

Number of warnings issued about potential scams 2020 to 2022

Source: FCA financial promotions data



Dealing with problem firms

Firms who don't meet our minimum standards put consumers and markets at risk. To reduce these risks, we are acting faster and identifying consumer harm more proactively. We will continue to develop and enhance data-led and assertive capabilities in our proactive identification of problem firms. We will continue to be less risk averse and take more robust action, sending a strong message of the action we take when we identify harm.

Outcomes we want to achieve

- Consumers and market participants have confidence that financial services firms which fail to meet the Threshold Conditions and/or should otherwise not be regulated, are identified and cancelled quickly.
- Consumers and market participants trust that the FCA intervenes to stop harm to consumers and market integrity quickly.

How we will achieve the outcomes

Key activities we will start in 2023/24

Build on our current risk frameworks to prioritise action against the riskiest firms and those causing harm.

Further enhance proactive and data-led detection of problem firms, intervening quickly against those causing harm to consumers and/or markets.

Key activities we will start in 2023/24

Use our additional resource to increase the number of firms we take action against.

Key activities we will continue during 2023/24

Conduct specific complex Threshold Conditions test cases to identify if current legislation and policy is working. Where they don't, we will look to make changes to help meet our aims.

Continue to identify and cancel firms that do not meet Threshold Conditions quickly and at scale, removing them from the regulated market.

Expand the types of breaches of Threshold Conditions that we take action against.

Improving the redress framework

We want to make sure that consumers can get appropriate and efficient redress when things have gone wrong. Too many firms fail owing redress to consumers. We want to see more consumers get redress from the firm that owes them money so that a smaller proportion of the costs are passed on to other regulated firms. It is encouraging that the Financial Services Compensation Scheme (FSCS) levy has been steadily decreasing in recent years, but we know that there are a number of existing liabilities in the pipeline which mean some costs are likely to have been pushed into the coming year.

Outcomes we want to achieve

- The redress system delivers timely and fair complaint resolution and compensation to consumers.
- Firms that create a redress burden are more likely to bear the associated cost themselves.
- Consumers understand the redress system and how to access it.
- The Claims Management Company (CMC) sector delivers fair value.

How we will achieve the outcomes

Key activities we will start in 2023/24

To achieve a redress system where we can intervene assertively, which resolves complaints quickly and fairly and which consumers know how to access, we will:

- Consult on guidance for firms on redress exercises.
- Review our rules on access to the Financial Ombudsman Service for small and medium sized enterprises.
- Develop proposals to improve complaints reporting. This will help us spot issues earlier, be innovative in how we regulate and help us intervene more assertively

Key activities we will continue during 2023/24

Embed the wider implications framework, launched in January 2022; working with regulatory partners to tackle common issues to prevent harm and ensure the redress system delivers timely and fair resolution.

- Deliver our work ensuring consumers who were given unsuitable advice to transfer out of Defined Benefit (DB) pensions receive timely and fair compensation. This includes continuing to support the implementation of the s404 redress scheme for former members of the British Steel Pension Scheme.

The next steps on the Compensation Framework review to make sure that firms that owe redress are more likely to bear the cost, we will:

- consider whether the compensation limits remain appropriate
- review the funding class thresholds
- conduct research to further our understanding of the impact of FSCS protection on consumer decision-making, confidence and behaviour and to provide evidence about the appropriate scope of coverage.

Reducing harm from firm failure

Firms with weak financial resilience are more likely to fail. Our job is to minimise the harm and loss to customers and markets when they do. While firms will always carry a risk of failing, and it would be inconsistent with our new secondary objective to seek to operate a zero-failure regime, we expect them to be financially resilient and recover quickly from disruptions.

Outcomes we want to achieve

- Firms meet their financial resource requirements so that they can conduct business, wind down and, where applicable, fail without causing significant harm to consumers and market participants.
- Client assets and funds are appropriately held so that if the firm fails, they are returned as quickly, and as whole, as possible.
- Firms subject to financial or other stress which may lead to firm failure are quickly identified and the firm rectifies the situation, winds down solvently or enters insolvency in a way which minimises harm to consumers and market participants.

How we will achieve the outcomes

Key activities we will start in 2023/24

Introduce a new regulatory return requiring 20,000 solo regulated financial services firms to provide a baseline level of information about their financial resilience. This is a key step in embedding a data-led approach that helps us better identify financial and other stresses which may cause firm failure.

Key activities we will continue during 2023/24

Embedding the [Investment Firm Prudential Regime](#). This will include publishing findings from the IFPR implementation and examples of best practice, to help firms better understand their financial resource requirements.

Input into developing FCA policies for cryptoassets. This will help develop standards for financial resilience requirements in an additional sector.

Identify harm and act to reduce it quickly by using data dashboards and other tools to identify emerging issues. This will support our move to being a data-led regulator.

Use our powers more assertively to start relevant insolvency processes to reduce harm from firms.

Identify harm and reduce it proactively and quickly including:

- By planning, analysing and responding to the possible financial impacts of the evolving economic environment on firms, particularly those identified by our improved data.
- Assessment and assurance of financial forecasts and prudential requirements at the point of authorisation.
- Assessing wind down plans ahead of authorisation for higher risk business models.

Monitoring higher risk business models during the first year after authorisation and during periods of high growth.

Improving oversight of Appointed Representatives

Principal firms are responsible for ensuring their Appointed Representatives (ARs) comply with our rules. But many principals do not adequately oversee the activities of their ARs. Consumers are at risk of being mis-led and mis-sold, while misconduct by ARs in the financial sector can undermine market integrity. We have introduced changes via [new rules](#) and guidance to improve principals' oversight of their ARs, increase the information they give us and raise standards across financial services.

Outcomes we want to achieve

- Stronger oversight by principals to reduce harm caused through ARs.

How we will achieve the outcomes

Key activities we will start in 2023/24

Test that firms are properly embedding the new rules across the AR regime.

Increase and improve our engagement with firms and other stakeholders.

Key activities we will continue during 2023/24

Use significantly improved data to better target our resources at the gateway and in supervision. We will use our new gateway forms, new regulatory returns and a dataset covering all ARs from our December 2022 information requirement (which asked principal firms for information about their ARs), as well as deeper analysis of existing data.

Strengthen our scrutiny at the regulatory gateway. This includes more engagement with principal firms as they appoint ARs and robust assessments of authorisation applications by prospective principal firms.

Undertake more assertive supervision of high-risk principals, including greater use of our regulatory tools and appropriate enforcement action.

Support the Treasury's work on the responses to the [Call for Evidence](#) and considering potential legislative changes.

Assess the need for further policy interventions discussed in our consultation ([CP21/34](#)).

Reducing and preventing financial crime

Financial crime remains a significant focus both for the FCA and nationally. We want consumers and market participants to have confidence that the financial services industry is safe. Over the past year we have improved our cross-organisational response to financial crime. We have built strong foundations for effectively tackling financial crime. Over the next year we will build upon these, increasingly using data-led approaches to act quickly to identify and close down weaknesses in the system and disrupt those seeking to cause harm.

However, our efforts to tackle financial crime will only be successful if the response is system-wide, including across public and private partners. Over the next year we will play a key role in driving the financial services sector's contribution to driving down fraud and delivering the Economic Crime Plan 2.

We will continue to work on slowing the growth in both Authorised Push Payment (APP) and investment fraud, a significant milestone given the scale of fraud in the UK. Over the longer term, as the national effort mobilises with the national economic crime strategy to tackle fraud, we aim to achieve a reduction in fraud.

Our work through this commitment has the dual benefit of both reducing and preventing financial crime and also achieving our commitment to enable consumers to help themselves. We are raising consumer awareness of scams and providing consumers with ways to check against our Register. This will help to reduce the volume of fraud (particularly investment fraud) pushed on consumers. We are also taking action where we identify those intent on committing financial crime.

Outcomes we want to achieve

- Slow the growth in investment fraud victims and losses.
- Slow the growth in Authorised Push Payment (APP) fraud cases and losses.
- Reduction in financial crime by lowering the incidence of money laundering through the firms we supervise directly and improving the effectiveness of supervision by professional body supervisors.

How we will achieve the outcomes

Key activities we will start in 2023/24

We will increase our use of data to better identify which firms are more susceptible to receiving the proceeds of fraud and ensure that they are doing more to stop the flow of illegitimate funds in its tracks.

Increase the volume of our proactive assessments of firms' anti-money laundering systems and controls.

Develop further data-led analytical tools to use in our anti-money laundering supervisory work.

Ensure we have effective oversight of firms communicating and approving financial promotions including qualifying cryptoassets when they are brought within the financial promotion perimeter and that firms only do so if they have the relevant competence and expertise.

Key activities we will continue during 2023/24

Reduce the opportunities for fraudsters to seek approval through taking a stronger approach to testing financial crime controls at the gateway.

Build on our approach for effectively supervising the anti-fraud systems and controls of regulated firms through undertaking further assessments to evaluate how they are protecting consumers from fraud and that firms are not being used as enablers of fraud. We will inform firms of the outcome of this work to help improve standards across the industry in tackling fraud.

Use a data-led approach to proactively supervise firms' sanctions systems and controls.

Continue to raise consumer awareness around fraud by running our ScamSmart consumer campaign, focused on the areas of highest priority fraud. The campaign helps consumers spot the warning signs of scams and access tools such as the Warning List – a database of unauthorised firms. The campaign runs across loan-fee fraud, investment and pension fraud.

With additional investment we will continue to expand our intelligence-gathering capabilities and analytics to better spot and track potentially fraudulent activity at scale and reduce the average amount of money lost due to scams.

Continue our strong engagement with partners at both a strategic and tactical level, including the National Economic Crime Centre (NECC).

Continue our work to supervise cryptoassets firms' compliance with the Money Laundering Regulations (MLRs). Improve our capability to intervene where firms risk being used as conduits for illegal activity (for example operating without registration or perpetrating fraud).

Continue to enhance our proactive supervision through the Office for Professional Body Anti-Money Laundering Supervision (OPBAS).

Continue to improve our capabilities to identify, alert and request that platforms take down unauthorised financial promotions, associated websites and social media accounts to see a further step change in disruption here.

With additional funding we will increase the use of our powers to disrupt, pursue and sanction those committing financial crime, fraudsters and their enablers.

Delivering assertive action on market abuse

Market abuse undermines the integrity of the UK financial system, eroding confidence and lowering participation, to everyone's detriment. Firms are a vital first line of defence. They must have the right culture and safeguards in place to spot, report and reduce the risk of market abuse.

We want to continue to build resilience to market abuse across primary and secondary markets, ensure access to inside information is properly controlled and market disclosures are timely and accurate. Our aim is to have robust detection and investigation capability and deliver deterrents through a range of supervisory, civil and criminal sanctions.

Outcomes we want to achieve

- Increased confidence in the integrity of UK markets which maintains high levels of participation across the buy-side and sell-side.
- Timely and accurate disclosure of inside information.
- Financial firms and issuers are more resilient to market abuse, having robust systems and controls, high-quality reporting practices and a strong anti-market abuse culture.
- Criminal, civil and supervisory sanctions are brought to bear on wrongdoers to provide effective deterrents.

How we will achieve the outcomes

Key activities we will start in 2023/24

Significantly improve our capability to detect and prosecute fixed income and commodities market manipulation, through increased data capture, improved analytics, a dedicated non-equity manipulation team and increased enforcement resources.

Coordinated approach across the FCA on very high-risk firms where multiple regulatory failures, including market abuse, undermine market confidence.

In primary markets, continuing our work on timely and accurate market disclosures, augmenting this with an increased focus on prevention and compliance via better education and further work on detecting potentially misleading disclosures.

Further work on transparency of Persons Discharging Management Responsibility (PDMR) dealings and developing a strategy for combatting unlawful disclosure, helping to limit opportunities for insider dealing.

Key activities we will continue during 2023/24

Delivering the Market Surveillance Refresh. Leveraging the market surveillance infrastructure to improve market monitoring across the FCA.

Provide guidance through Technical Notes, which we consult on through our Primary Markets Bulletin publications.

Continue to supervise issuers to ensure they apply these standards.

Key activities we will continue during 2023/24

Increase our capability to influence the development of international data standards.

Focus 2: Setting and testing higher standards



We reminded 3,500 lenders of how they should be supporting borrowers in financial difficulty and told 32 lenders to make changes to the way they treat customers – leading to £29 million being secured in compensation to their customers.



We have made four commitments for improving our rules and standards. These focus on the impact firms' actions have on consumers and markets.

Putting consumers' needs first

This commitment includes key areas of work including the Consumer Duty, a core part of our work on the cost of living, financial inclusion and access to cash. The Consumer Duty sets a higher standard of care that firms must provide to consumers in retail financial markets. With firms focusing on delivering good consumer outcomes, we will all benefit from increased competition and innovation and we should see a reduced need for future regulatory and supervisory action.

Our work on financial inclusion is focused on addressing issues consumers face when accessing the products and services they need. We have also added an outcome to this commitment to reflect the importance of appropriate treatment of consumers struggling with debt due to cost of living pressures. Other elements of our response to cost of living pressures are reflected in existing outcomes and addressed through a number of other business plan commitments, such as reducing and preventing financial crime.

Outcomes we want to achieve

- Consumers are sold products and services that are designed to meet their needs, characteristics and objectives.
- Consumers pay a price for products and services that represents fair value, and poor value products and services are removed from markets.
- Consumers are equipped with the right information to make effective, timely and properly informed decisions about their products and services.
- Consumers receive good customer service.
- Consumers have confidence in financial services markets.
- Firms innovate through the Consumer Duty, supporting the growth of the financial services industry and driving effective competition for customers.
- Appropriate access to financial services is maintained.
- Firms support consumers to sustainably manage their debts.

How we will achieve the outcomes

Key activities we will start in 2023/24

The additional funding assigned to Consumer Duty will allow us to undertake sector-specific supervisory work, focused on the priorities detailed in our [Sector and Portfolio letters](#). Through targeted multi-firm work, for example on fair value and sludge practices, we will identify, assertively supervise and effectively enforce against activities which undermine effective competition and good consumer outcomes.

Review our debt advice rules to ensure they set the right framework for good quality debt advice.

Consult on changes to our mortgage, consumer credit, and overdraft rules to improve outcomes for consumers in financial difficulties, building on guidance introduced during the pandemic.

Design and begin to deliver a robust and proportionate regime for Deferred Payment Credit (DPC) products (currently known as exempt BNPL) as they come into our regulatory perimeter.

The additional funding will also allow us to create an additional Interventions team within Enforcement. This function will be ready from day one of the duty coming into force to enable rapid action where immediate consumer harm is detected. Further investigative resource will also ensure swifter investigation of any potentially serious misconduct discovered.

Once the Financial Services and Markets Bill has received Royal Assent, we will consult on rules to implement a new regulatory regime that supports the future of cash access.

Key activities we will continue during 2023/24

Make the Consumer Duty an integral part of our regulatory approach and mindset at every stage of the regulatory lifecycle - including authorisation, policy development, supervision and enforcement priorities and processes. We will focus initially on the highest priority issues and firms.

Work closely with firms and their trade bodies, consumer organisations and wider stakeholders during the Consumer Duty implementation period to provide support and help identify examples of good and poor practice.

Improve our data monitoring capabilities including:

1. further develop our Consumer Duty data strategy to identify those firms that fail to prepare for and fully implement the Duty
2. design a new suite of regulatory returns for the consumer credit sector

Combine insights on consumers' needs and experiences through our consumer research and partnerships work to help to ensure we are making data-led, evidence-based decisions and help identify areas where we need to take targeted supervisory and enforcement action.

Use our regulatory toolkit, including our powers to enforce consumer protection legislation - eg Consumer Rights Act 2015 - to address harm where we see poor practice.

In response to the rising cost of living, help ensure firms give retail customers in financial difficulty appropriate forbearance and that referrals for debt advice are efficient and effective. We will:

- use data to identify firms which may present the greatest risk of harm and proactively assess their forbearance practices
- publish finalised guidance for insurance firms on support for customers in financial difficulty

Help ensure consumers receive appropriate debt advice. We will:

- publish a feedback statement following our further consultation on new rules that would ban debt packagers from receiving referral fees from debt solution providers, reducing harm from inappropriate debt solutions
- continue our close engagement with debt advice firms, to understand their operations and to test the quality of their advice

The additional funding assigned to this commitment will also enable us to continue our work with regulatory partners and consumer organisations across different sectors to ensure clear signposting to support services and consistent treatment of customers in financial difficulty.

Participate in the Financial Inclusion Policy Forum and work closely with the Government and other bodies to support consumer access to products and services.

Supervise bank branch and ATM closures and conversions to help ensure fair treatment of customers. Provide support to the Government as it develops legislation to protect access to cash.

Enabling consumers to help themselves

Digital services make it faster than ever to engage in financial services or undertake any financial services activity. Consumers need good information to make good decisions - particularly in a challenging economic environment. But this doesn't always happen. Instead, they're often targeted with adverts that are unclear, unfair, misleading or illegally communicated by unauthorised persons.

With increasing use of data and new technology, we're getting faster at finding potential breaches and shutting down misleading promotions. We will continue to focus on making sure firms promote products and services that are suitable for consumers, stopping firms doing unauthorised business and warning consumers about unauthorised activities and scams.

As our perimeter expands, we will continue our work on non-compliant promotions by authorised firms, as well as activity by unauthorised firms which can lead to mis-selling and financial loss. This will reduce the potential for financial loss from scams and of authorised firms mis-selling high-risk non-standard investments.

Our existing and new activities that support the delivery of enabling customer to help themselves also supports our commitment to reduce and prevent financial crime.

Outcomes we want to achieve

- Reduce the potential for consumer financial losses arising from mis-selling of products due to the issuing of non-compliant financial promotions by authorised entities.
- Reduce the potential for consumer financial losses and mis-selling of products due to the issuing of illegal financial promotions by unauthorised entities.
- Reduce the potential for financial loss from scams and the mis-selling of high-risk non-standard investments involving authorised firms.

How we will achieve the outcomes

Key activities we will start in 2023/24

Subject to legislation, this year we will introduce an application gateway for firms that want to approve financial promotions for unauthorised firms. The [FCA Register](#) will include information about firms' ability to approve promotions.

Prepare for our new responsibilities following the extension of the financial promotion perimeter to include promotions of qualifying cryptoassets.

Increase our technological capability to search across social media platforms to continue to identify illegal financial promotions faster and in larger volumes. Work with agencies and 'fin-fluencers' to educate them about their obligations when promoting financial services.

Key activities we will continue during 2023/24

Continue to use new and innovative channels to equip less experienced investors with ways to assess and manage risk. Our [InvestSmart](#) campaign will help them to make well-informed decisions and avoid unaffordable risk.

Intervene quickly and assertively against authorised firms issuing non-compliant financial promotions and against unauthorised firms conducting activity that could lead to mis-selling and financial losses.

Continue to proactively supervise new rule changes when they come into place and take action where we find non-compliance.

Continue work with social media platforms and online search engines to ensure they improve the way they identify and remove illegal content.

Key activities we will continue during 2023/24

The FCA and Ofcom will continue to work together to create a shared understanding of where platforms have obligations under the Online Safety Bill and financial promotions legislation.

A strategy for positive change: our environmental, social and governance (ESG) priorities

The interrelated themes of trust, transparency and transition remain at the core of our work on ESG. As sustainability-related matters become increasingly material to firms' future prospects, we will ensure the industry has the tools and regulatory guardrails to help it deliver for consumers and wider society. The financial sector has an important role to play in helping the transition to a net zero economy and we are keen to support the Government in its ambitions to foster the world's first net-zero financial centre. In the year ahead we will continue to collaborate with all of our stakeholders, including our recently formed [ESG Advisory Committee to the Board](#), to build a supportive regulatory framework that is at the forefront of ESG thinking internationally.

Outcomes we want to achieve

- Trust and consumer protection from mis-leading marketing and disclosure around ESG-related products.
- High-quality climate and wider sustainability-related disclosures to support accurate market pricing, helping consumers and market participants choose sustainable investments and drive fair value.
- Active investor stewardship that positively influences companies' sustainability strategies, supporting a market-led transition to a more sustainable future.

How we will achieve the outcomes

Key activities we will start in 2023/24

We will consult on changes to our Listing Rules to reference the final ISSB standards once IOSCO has endorsed these and they can be used in the UK. This will continue to strengthen the quality of sustainability-related disclosures.

We will provide a Feedback Statement to the [Discussion Paper on ESG governance](#), incentives and competence, including planned next steps.

We will finalise and publish the rules on Sustainability Disclosure Requirements and investment labels, and begin the implementation process. This will strengthen consumer protection and trust in the markets for ESG-related investment products.

We will publish our own net-zero transition plan so that we demonstrate high-quality, transparent disclosure.

Key activities we will continue during 2023/24

Embed ESG considerations across our functions, from how we authorise and supervise firms, to how we use our enforcement and competition tools, to help deliver our desired outcomes. This will help us to better monitor firms and identify where their practices do not meet our expectations, so that we can intervene quickly and take appropriate action.

Actively monitor how effectively firms and listed companies are implementing climate-related financial disclosures. Our ongoing work on sustainability disclosure requirements and investment labels, as well as leading the ongoing development of an effective ESG ecosystem, will support integrity in the markets for ESG-labelled securities and help ensure consumers have the right information to make informed choices about the ESG credentials of firms.

Deliver thought-leadership internationally, eg through our role as co-chair of the IOSCO Sustainable Finance Taskforce's workstream on issuers' sustainability disclosures.

Continue our work with industry and regulators to drive improvements in Diversity and Inclusion (D&I) transparency, and to strengthen investor stewardship through active engagement and exercise of voting rights to support a market-led transition to a more sustainable future.

Minimising the impact of operational disruptions

Operational disruptions can prevent consumers accessing essential financial services, disrupt markets and threaten confidence in the sector. Firms continue to face a high, and growing, level of cyber threats and operational resilience risks, against a complex geopolitical backdrop. Firms should be investing in their resilience given the increasing scale and complexity of both current and future threats.

We're scaling up our efforts to deal with firms who can't meet our new standards on operational resilience, and making it clearer how they should report incidents to us. We are also developing new rules to address the systemic risk that critical third parties present to firms and markets.

Outcomes we want to achieve

- Important business services that firms provide are resilient to operational disruption.

How we will achieve the outcomes

Key activities we will start in 2023/24

Assess how operationally resilient firms are to remaining within their impact tolerances – the maximum tolerable amount of disruption to an important business service – ahead of the 31 March 2025 deadline in our operational resilience policy ([PS21/3](#)). After this point, all relevant firms will need to show they can remain within these tolerances.

Make it clearer to firms how they should report operational incidents to us, including what, when and how they should be reporting. This will improve our understanding of the risk landscape and firm resilience, and strengthen our ability to respond to harm in the sector. We will work with the Transforming Data Collection Programme (TDC) to identify and design different options for reporting incidents which we intend to include in a Consultation Paper which we'll publish in Q4 2023.

Key activities we will continue during 2023/24

Continue, with the Bank of England, Prudential Regulation Authority (PRA) and the Treasury, our work on Critical Third Parties (CTPs) to address systemic resilience risks. Following the publication of our [Discussion Paper](#) in 2022, in 2023 we intend to publish a Consultation Paper on an oversight regime for the supervisory authorities to set resilience standards, a testing approach and enforcement powers for CTPs.

Focus 3: Promoting competition and positive change



We've expanded our Early and High Growth Oversight initiative over the last year to provide support to 300 newly authorised firms, helping to raise standards and promote competition.

We want to use competition as a force for good. We will support UK growth and innovation that serves our society, underpinned by widely recognised and respected high standards.

We continue to be a world leader in innovation. For example, we have supported 133 crypto-related firms through our Innovation services, split across 57 in the Regulatory Sandbox and 76 in Innovation Pathways.

Regarding authorised firms, we have enabled 300 newly authorised or high growth firms to receive greater oversight and support through our Early and high growth oversight function, helping raise standards and promote competition.

We have made three commitments to promote competition and positive change.

This section explains our actions to maintain our high standards to enable innovation and competition in consumers' interests.

Preparing financial services for the future

Implementing the outcomes of the Future Regulatory Framework (FRF) Review is an important change programme for us.

Together with the Treasury and the other regulatory authorities, we will take the opportunity to move to a model where independent regulators are responsible for firm-facing requirements operating within a framework set by Government and Parliament. We will use the new responsibilities in the Financial Services and Markets Bill to progress the orderly replacement of retained EU law with requirements in our Handbook, tailoring provisions as appropriate to better suit UK markets.

In taking forward this work, we will support changes that advance our operational objectives and our new secondary international competitiveness and growth objective. This will help ensure that the UK maintains its position as a preeminent financial centre, and that our standards continue to support access to UK markets while supporting economic growth in the wider economy. This includes taking forward the outcomes from the Wholesale Markets Review (WMR), which amends various parts of the MiFID framework, and Lord Hill's Listing Review to implement a new regime for admissions to trading and public offers.

As we gain new responsibilities from the FRF Review, it is important to be transparent and accountable for how we deliver these. We will work with Parliament in its scrutiny of our work and focus on embedding the enhanced accountability mechanisms and our new secondary objective in the way we work.

We are making an additional investment in this priority in 2023/24, which will be particularly focused on delivering this transfer exercise in line with the Government's [implementation plan announcement](#) in December 2022.

Outcomes we want to achieve

- This commitment supports all our top-line outcomes and creates confidence in financial markets.
- Ensuring orderly replacement of firm-facing requirements in legislation in our Handbook.

How we will achieve the outcomes

Key activities we will start in 2023/24

Prepare for the orderly replacement of further sets of firm-facing provisions in retained EU law with requirements in our Handbook.

Further work to implement the changes to our objectives, regulatory principles and accountability arrangements agreed by Parliament. We will:

- operationalise the new secondary international competitiveness and growth objective and report annually on how we have advanced it
- establish and work with the new Cost Benefit Analysis panel to continue to improve our cost benefit analysis

Key activities we will start in 2023/24

- consult on an updated CBA framework
- consult on the new rule review framework, including how we will carry out reviews
- operationalise the new requirements for engaging parliamentary committees on consultations
- respond to the Chancellor's latest remit letter
- establish and maintain the Listing Authority Advisory Panel (LAAP) as a statutory panel

Key activities we will continue during 2023/24

The orderly replacement of initial sets of firm-facing provisions in retained EU law with requirements in our Handbook. We will work with the Treasury, other regulators, industry, consumer groups and wider stakeholders on the programme outline announced in the Government's Edinburgh reforms.

Implement the changes to our objectives, regulatory principles, and accountability arrangements.

Strengthening the UK's position in global wholesale markets

We want a UK wholesale market which supports both the domestic economy and growth and is open to innovation, underpinned by high standards of market integrity and consumer protection. This will be achieved if the UK continues to be seen as one of the leading global markets of choice for international issuers, intermediaries and investors, when compared to other high-quality markets. As part of our work to promote UK growth and competitiveness, we have already set out our ideas for reforming Listing Rules and secondary market regulation as well as opened discussions on further reform to prospectus and asset management regulation. We will start to bring forward our proposal short and sequenced through 2023/24.

Outcomes we want to achieve

- The regulatory framework is clear, well-understood and trusted by all market participants. Market participants regard the regulatory framework as proportionate both in terms of speed and cost. The framework supports market participants in determining fair value.
- Where outcomes are not being met, this is clearly communicated, and remediation is swiftly undertaken or enforced.
- The UK is regarded by market participants as one of the top markets of choice, with innovation viewed as encouraged and supported and regulation viewed as appropriately evolving to address new opportunities and risks.
- Taken together, our interventions contribute toward sustainable growth in the UK economy.

How we will achieve the outcomes

Key activities we will start in 2023/24

Updating the regulatory framework: Under the new Future Regulatory Framework, we will be focussing on transferring the prioritised files alongside making the identified policy changes.

We therefore expect to bring forward proposals for changes involving MiFID/MiFR, Prospectus Regulation – including a new public offer regime, Securitisation Regulation and Short Selling Regulation.

We will also bring forward proposals on asset management regulation.

We will be seeking industry input throughout this process to ensure that we align any changes with the proposed secondary international competitiveness and growth objective.

Encourage and supporting innovation: We will work with the Bank of England to support the Treasury's objective of having the Financial Market Infrastructure Sandbox to test the use of Distributed Ledger Technology for settlement and trading up and running by the end of 2023.

Supporting evolving markets: We will support industry work on digitalisation and T+1 settlement to further support efficiency and innovation in this market.

We will consider how and where we should enable retail access to capital markets and act where appropriate. We will undertake this work alongside work on disclosure and advice.

The additional funding made available to this strategic commitment will be primarily focussed on strengthening our capability and capacity through people, technology and data to predict and react to market events and developments to make us more responsive to heightened market volatility and events in global markets.

Key activities we will continue during 2023/24

Updating the regulatory framework: Through 2021/22, we set out an ambitious set of policy reforms with two headline projects, Wholesale Market Review and Primary Market Effectiveness. These are multi-year projects with many interrelated strands. We expect to continue to consult and deliver on these projects through 2023/24. This will include:

- concluding our Listing Regime Review and publishing the new regime
- publishing new rules on transparency for equity markets, tick sizes, waivers and trade reporting
- new guidance on the trading venue perimeter
- consultation on the design and implementation of the consolidated tape
- consultations on the commodity position limits regime and on transparency for bonds and derivatives
- amendments to the derivatives reporting framework under UK EMiR to align with international standards and improve data quality
- complete our Wholesale Data Market Study looking at competition in supply of benchmarks, Ccredit ratings data and market data vendor services

Clear communication of expected outcomes: Continue to use Supervisory Portfolio Letters, MarketWatch and Primary Market Bulletins to clarify our expectations to markets and use our supervisory and enforcement power to drive those outcomes where needed.

Supporting evolving markets: Continue to work within international groups to provide thought leadership on international standard setting eg through our recent appointment as Co-Chair of the IOSCO Financial Stability Engagement Group (FSEG). Our work will also include a range of key issues such as sustainable finance, cryptoassets and non-bank financial intermediation.

Key activities we will continue during 2023/24

Continue improving how we authorise firms and approve people. We will operate assertively and robustly to protect consumers and the integrity of markets but also recognise the importance of an efficient application process and the competitiveness of the wider UK economy. This includes increasing capacity and capability, digitising our forms, including data enrichment and validation, and improving our case management system. We will also increase our communications and engagement with industry to improve their understanding of our expectations, as well as the use of our early and high growth oversight to inform our work across Authorisations and Supervision.

Shaping digital markets to achieve good outcomes

The digitalisation of financial services is changing how consumers make decisions and markets operate. Technology in financial services is constantly evolving. In May 2022 our Financial Lives survey found that 88% of UK adults had used online or mobile banking for day-to-day banking activities in the previous 12 months and 11% had an active current account with a digital bank.

To be an effective regulator, we need to better understand the risks and opportunities to capture the considerable benefits to consumers and manage the significant harms. The emergence of Fin Techs and the expansion of Big Tech firms into financial services is also changing the landscape. For example, there are over seven million users of open banking in the UK. Using the transition into open finance, we can proactively shape these digital markets and drive economic growth through our innovation services and developing our regulatory approach to enable safe, inclusive and beneficial innovation for consumers.

In this second year, we will build on our work partnering with other regulators and will focus on how to support consumers to make good decisions in a digital world.

Outcomes we want to achieve

- The development of digital markets and the use of new technologies in financial products and services leads to fair value for consumers.
- The consumer journey for digital financial products and services enables consumers to take decisions in their best interest.

How we will achieve the outcomes

Key activities we will start in 2023/24

We will continue the significant range of activities that we started in 2022/23.

Key activities we will continue during 2023/24

We continue to work with the Government and stakeholders on the new pro-competition regime for digital markets.

We will publish a Feedback Statement to our [DP22/05](#) on Big Tech as part of our proactive work to identify the competition risks and benefits from Big Tech firms' entry and expansion into retail financial services. This will help us develop an effective competition approach for Big Tech firms in UK financial services that is aligned with the wider competition and regulatory landscape in the UK and internationally. We want to ensure we harness the benefits to consumers while reducing the key harms. Our work on Big Tech entry is helping us to support the development of digital markets.

As a member of the Digital Regulation Cooperation Forum (DRCF) we continue to strengthen our engagement with other UK regulators to drive greater regulatory cooperation on digital issues and coherent approaches to regulation for the benefit of people and businesses online. The DRCF 2023/24 workplan will outline our shared priorities for the coming year across the DRCF's threefold goals; to promote coherence, to work collaboratively on areas of common interest and to build the necessary capabilities for digital regulation.

We will publish a Feedback Statement to our [DP22/04](#) on artificial intelligence (AI) in financial services. This discussion will support the development of our regulatory approach to AI.

We will continue to investigate digital consumer journeys across priority areas to ensure consumers are empowered to take decisions in their best interest. This includes the extent and nature of harms relating to sludge, dark patterns and gamification of financial services through analysis of large-scale data and experiments. For example, we may look further at the design features of trading apps and how these interact with consumer decision making

Along with the Treasury, the Competition and Markets Authority (CMA), and the Payment Systems Regulator, we will continue to progress our work through the Joint Regulatory Oversight Committee on the future of UK Open Banking. This includes publishing views and recommendations on the future entity, an activity roadmap in H1 2023 and overseeing the implementation of the new entity. We will also publish a summary of the Open Finance sprint that took place late 2022 and continue to support Government in their smart data proposals, including by considering how the future framework for Open Banking could be scalable for future data sharing options.

Our budget



Our annual budget reflects the cost of the resources we need to carry out our work in 2023/24. The key elements of our budget are:

- the cost of our core operating activities (our Ongoing Regulatory Activity, ORA), the largest element of which is our people. We increasingly manage resources in a flexible and agile approach to enable us to address issues as they arise eg Russia/Ukraine war, cost of living
- the total amount we charge the industry to fund our activities (our Annual Funding Requirement)
- capital expenditure to develop our technology and information systems, and new regulatory and operational requirements

We give additional detail in our annual [fees rates consultation paper](#).

Annual Funding Requirement

£m	2023/24	Actual 2022/23	Change	% Change
ORA budget	664.4	617.4	47.0	7.6%
Scope change	3.7	10.4	(6.7)	(64.4%)
Future Regulatory Framework	12.7	0.0	12.7	-
Consumer Duty	5.3	0.0	5.3	-
Transformation Programme	5.0	10.0	(5.0)	(50.0%)
Consumer Harm Campaign	2.3	2.3	0.0	0.0%
Minimum Fee Adjustment	(9.1)	(9.1)	0.0	0.0%
Adjustment for Appointed Representatives	(0.1)	(0.1)	0.0	0.0%
Total AFR	684.2	630.9	53.3	8.5%

Our AFR for 2023/24 is £684.2m, an increase of 8.5%. Our AFR includes our ORA budget, Future Regulatory Framework, Transformation, our Consumer Harm Campaign, and the costs we need to recover for changes to our regulated activities ie scope change which includes increased responsibilities for the FCA. The actual fees we collect will reflect the AFR net of rebates from financial penalties collected (forecast at £50.3m).

The ORA budget

The ORA budget will help us target resources towards the commitments set out in this business plan and continue to accelerate delivery of our ambitious three-year strategy. The budget comprises a below real terms increase with the base ORA budget increasing by 8.0% (£49.1m). This takes account of cost and demand pressures and ensures we can continue to protect consumers from harm, ensure market integrity and foster innovation. It also includes additional charges to reflect changes to responsibilities for Pre-Paid Funeral Plans (£1.0m), and a reduction in the employer rate of National Insurance (£3.1m). This gives a rebased ORA budget of £664.4m, representing an overall 7.6% increase on last year.

Financial Regulatory Framework

The Government is adapting the UK's framework for financial services regulation, following the UK's withdrawal from the EU. The Future Regulatory Framework (FRF) will transfer some rulemaking responsibilities to the FCA and strengthen accountability, scrutiny and transparency. Implementing the FRF reforms is a key part of our 'Preparing financial services for the future' strategic commitment and to support this programme we expect to invest £12.7m in 2023/24.

Consumer Duty

The Consumer Duty will set higher and clearer standards of consumer protection across financial services and require firms to act to deliver good outcomes for customers. We will invest £5.3m to ensure the Consumer Duty is embedded effectively.

Transformation

Our Transformation focus in 2023/24 will be ensuring that we continue strengthening our processes that lead to improved speed and efficiency of our actions. We will recover at a lower level than 2022/23 and previous years to fund integration of our key change initiatives across divisions as well as enhancements to our Enforcement processes.

Consumer harm campaign

In 2020/21 we sought industry support to undertake a communications and information campaign to tackle areas where we see real risk of consumer harm, building on and supplementing our existing campaign, ScamSmart. We see positive benefits for the entire market from these campaigns. We continue to recover the costs of our InvestSmart Campaign at the same level as 2022/23.

Scope change recovery

In 2023/24 we will recover scope change costs for financial promotions, pre-paid funeral plans, Consumer Duty, cryptoasset Businesses and Pensions Dashboard. The scope change costs are aligned to where the FCA is required to extend the perimeter of its ongoing regulatory activities (ORA).

Capital expenditure

Our capital expenditure budget reflects the ongoing delivery of IT systems and infrastructure development and refresh. The increase in expenditure is driven by investment in external facing systems and internal technology platforms. Capital expenditure is largely funded through the ORA depreciation charge.

£m	2023/24	2022/23
IT systems development and infrastructure	58.0	50.0
Property, plant and equipment	6.1	6.2
Total budget	64.1	56.2

Links

- [1] <https://www.fca.org.uk/publication/corporate/our-strategy-2022-25.pdf>
- [2] <https://www.fca.org.uk/publications/business-plans/2022-23>
- [3] <https://www.fca.org.uk/data/fca-outcomes-metrics>
- [4] <https://www.fca.org.uk/about/how-we-operate/who-work-with>
- [5] <https://www.fca.org.uk/publications/consultation-papers/cp23-7-regulatory-fees-and-levies-policy-proposals-2023-24>
- [6] <https://www.fca.org.uk/publication/documents/bp-full-commitments.pdf>
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