

## Quarterly KPIs: 2015

**As at December 2015**

### Introduction

We are making more information about our performance available by publishing key performance indicators (KPIs).

### Why are we making more information available?

We are committed to:

- behaving as transparently as possible
- providing appropriate information on our regulatory decisions, and
- being open and accessible to the regulated community and the general public

### Scope

We've provided KPIs for:

- authorisations<sup>1</sup>
- variation of permission
- payment services and e-money
- waivers

We publish our service standards on our Performance Account webpages, along with quarterly key performance indicators (KPIs)<sup>2</sup> covering:

- the average processing time (APT) for applications – from the time we receive it to the time the application is determined<sup>3,4</sup>
- how many applications we determine<sup>3</sup>, and
- the distribution of all decisions, i.e. the percentage of applications that have been authorised, registered, granted, withdrawn or refused

We supplement each of these KPIs with analysis and commentary, including context on why applications are refused or withdrawn, and why the APT may have changed.

The APT is influenced by the varying degrees of risk, complexity, completeness and quality of the required information we encounter with each application. It also includes the time that has elapsed while we wait for the applicant to send us the necessary information we ask for.<sup>4</sup>

---

1 Authorisation figures are defined as Applications from firms which were primarily applying for regulated non-consumer credit activities only, but include peer-to-peer lending applications.

2 Where the FCA is the sole decision maker.

3 In the case of Payment Services and E-Money and Authorisations, 'determined' is the earlier of when the application is made 'subject to' or authorised/registered. 'Subject to' is a point in time where the FCA makes a decision to authorise, but with conditions to be met before authorisation can be confirmed. This includes applications that may subsequently be withdrawn, having not met the necessary conditions, or where the application was subsequently retracted. In the case of Waivers applications, we use the term 'complete' to mean when we have decided on the application.

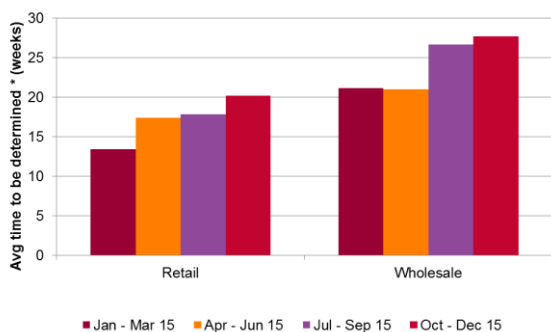
4 The Waivers APT excludes the time that has elapsed while we wait for the necessary information from the applicant.

## Authorisation quarterly KPIs: 2015

**Authorisation: to process a solo-regulated firm application for a Part 4A permission**

The alternative investment fund managers (AIFM) figures are being included as part of the wholesale figures as they are now business as usual.

### 1) Average processing time (APT) \* of determined\*\* applications



#### What the chart is saying:

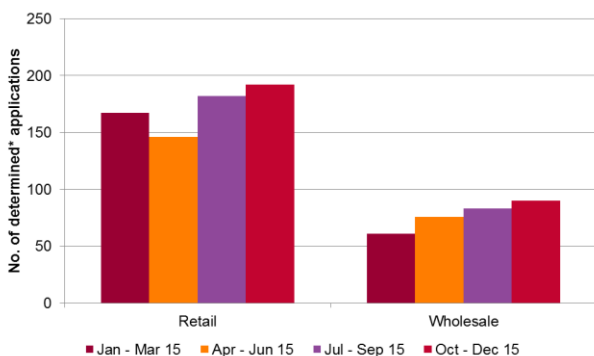
The APT for retail firm type applications continues to increase due to the complexity of the cases being received, specifically from peer-to-peer lenders. We expect this trend to continue whilst we await legislative changes which impact the applications of peer to peer lenders, and our ability to assess these.

The APT for wholesale firm type applications has increased due to the complexity of the applications we are receiving, as well as a significantly increased volume of applications.

The higher volumes we have received has increased the time taken to allocate the applications to case officers which has resulted in higher APTs. We are seeking to address this issue through efficiency gains and by applying additional resources to authorisation processes.

Firm type	Minimum and maximum processing times (weeks)							
	Jan - Mar15		Apr - Jun15		Jul - Sep15		Oct - Dec15	
	Min	Max	Min	Max	Min	Max	Min	Max
Retail	2	51	6	50	5	65	6	52
Wholesale	9	51	0	48	9	51	2	69

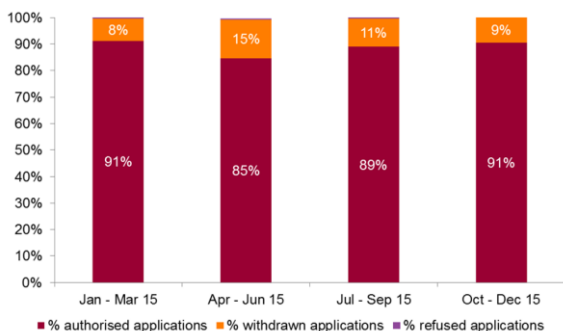
### 2) Volume of determined\*\* applications



#### What the chart is saying:

Although there has been a significant increase in volume of applications received, resulting in longer allocation times, we are determining cases more efficiently. This means we are seeing an increase in the volume of determined applications.

### 3) Distribution of all applications decided



#### What the chart is saying:

There have been no refusals in this quarter. The percentage of withdrawals has decreased.

Firms most commonly withdraw when:

- they face challenge from the FCA, choosing to withdraw rather than risk receiving a refusal decision on their case, or
- they no longer want to pursue authorisation, typically for commercial reasons

\* APT: the processing time of applications on average over a specified period, from the time we receive the application to the time it is determined \*\*. It includes the time that has elapsed while we wait for the necessary information from the applicant.

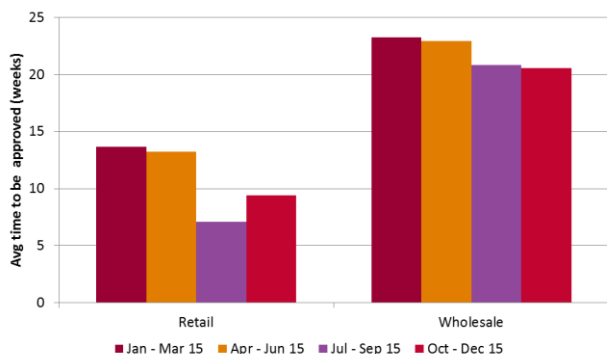
\*\* 'Determined' is the earlier of when the application is made 'subject to' or authorised. 'Subject to' is a point in time where the FCA makes a decision to authorise, but with conditions to be met before authorisation can be confirmed. This includes applications that may subsequently be withdrawn, having not met the necessary conditions or where the application was subsequently retracted.

## Variation of permission quarterly KPIs: 2015

### Variation of permission (VoP): to process an application from a solo-regulated authorised firm for VoP

The AIFM figures are being included as part of the wholesale figures as they are now business as usual.

#### 1) Average processing time (APT) \* of approved applications



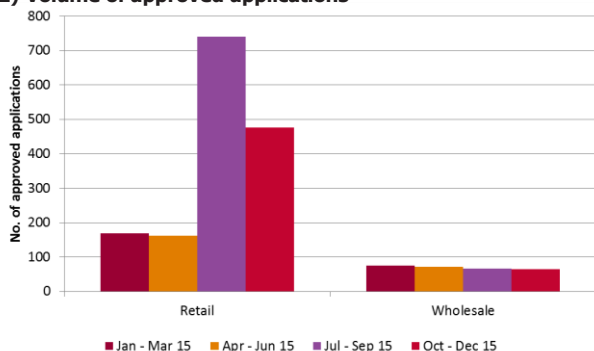
#### What the chart is saying:

As expected the APT in retail applications has increased towards the levels we experienced in the first part of the year. This is due to the increased complexity and volume of applications received.

We continue to see an improvement in the APT for wholesale firm applications and are seeking further process efficiencies for both wholesale and retail type applications.

Firm type	Minimum and maximum processing times (weeks)							
	Jan - Mar 15		Apr - Jun 15		Jul - Sep 15		Oct - Dec 15	
	Min	Max	Min	Max	Min	Max	Min	Max
Retail	0	51	0	52	0	52	0	50
Wholesale	0	48	1	52	0	65	9	49

#### 2) Volume of approved applications

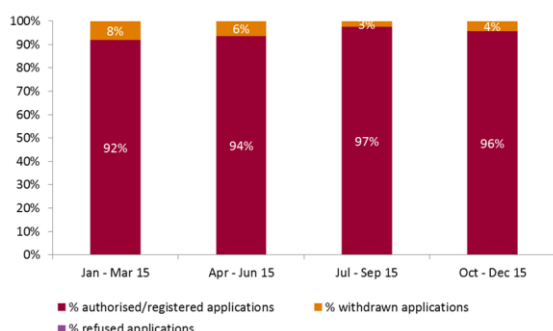


#### What the chart is saying:

The volume of approved applications has decreased in retail firm applications, as we resume to a stable level of volumes being received with increased complexity.

The volume of approved applications remains broadly stable in wholesale firm applications.

#### 3) Distribution of all applications decided



#### What the chart is saying:

We have not refused any applications during this quarter. The number of withdrawals has increased slightly.

Firms most commonly withdraw when:

- they face challenge from the FCA, choosing to withdraw rather than risk receiving a refusal decision on their case, or
- they no longer want to pursue authorisation, typically for commercial reasons

\*APT: the processing time of applications on average over a specified period, from the time we receive the application to the time we approve it. It includes the time that has elapsed while we wait for the necessary information from the applicant.

## Authorisation and variation of permissions appendix:

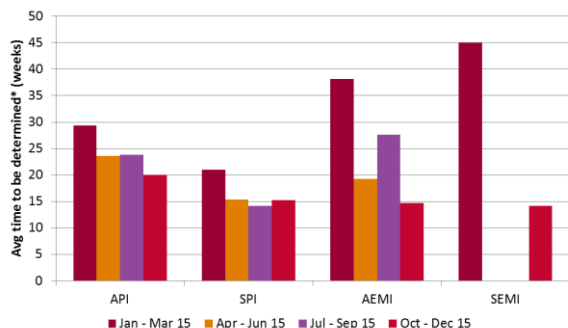
### Glossary of terms

<b>Firm type category</b>	<b>Application type/firm type</b>
Wholesale	Securities and futures (non-complex)
Wholesale	Securities and futures (complex)
Wholesale	Advisers and arrangers of wholesale funds
Wholesale	Investment manager and CIS operator
Wholesale	Home finance provider
Wholesale	Personal pension scheme providers (including SIPPs)
Retail	Investment and non-investment insurance contracts
Retail	Investment, home finance and non-investment insurance contracts
Retail	Investment
Retail	Non-investment insurance contracts
Retail	Home finance and non-investment insurance contracts
Retail	Peer-to-peer lending
AIFM (Alternative Investment Fund Managers) Small Authorisation	Investment manager and CIS operator
AIFM (Alternative Investment Fund Managers) Small Registration (excluding EuSEF and EuVECA)	Investment manager and CIS operator
AIFM (Alternative Investment Fund Managers) Full Scope	Investment manager and CIS operator
Retail/Wholesale	Change of legal status

## Payment services and e-money quarterly KPIs: 2015

### Payment services and e-money: to process a solo-regulated firm application for authorisation or registration

#### 1) Average processing time (APT)\* of determined\*\* applications



#### What the chart is saying:

The APT for authorised payment institutions (APIs) has improved partly as a result of the introduction of a triage function. This has resulted in higher quality complete applications being determined more quickly.

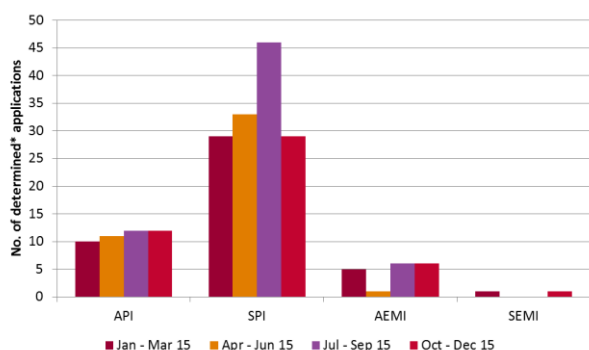
The APT for small payment institutions (SPIs) remains stable.

Due to the generally low volume of e-money applications (AEMIs and SEMIs) we receive and determine in any given period, there can be significant swings in the APT from period to period, as was evident during the past year.

Minimum and maximum processing times (weeks)

Firm type	Jan - Mar 15		Apr - Jun 15		Jul - Sep 15		Oct - Dec 15	
	Min	Max	Min	Max	Min	Max	Min	Max
API	15	51	8	40	11	45	7	40
SPI	8	48	2	45	2	42	5	32
AEMI	18	52	19	19	16	39	7	31
SEMI	45	45	N/A	N/A	N/A	N/A	14	14

#### 2) Volume of determined\*\* applications



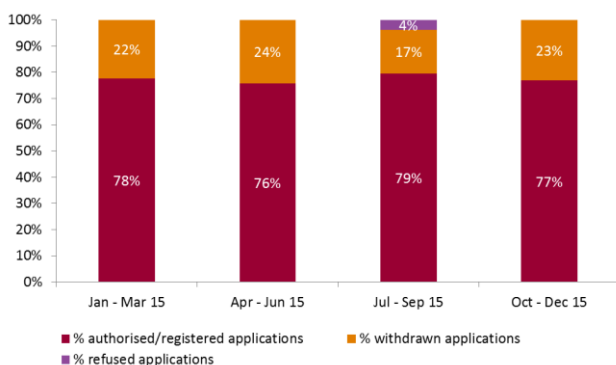
#### What the chart is saying:

The volume of determined API cases has remained stable since the last quarter.

The volume of determined SPI cases has decreased since the last quarter, partly due to a short term reduction in available resources as we work through increased volumes of applications of higher complexity in other areas.

The low volume of e-money applications received affects the number of determined cases for AEMIs and SEMIs. A previous increase in AEMI applications received in the last quarters has been replicated in this quarter and may suggest an upward trend.

#### 3) Distribution of all applications decided



#### What the chart is saying:

There have been no applications refused this quarter.

The percentage of withdrawals remains high. This reflects:

- the number of APIs and AEMIs unable to satisfy conditions for safeguarding of customer funds, and
- the number of SPIs seeking registration without the requisite knowledge and experience

\* APT: the processing time of applications on average over a specified period, from the time we receive the application to the time it is determined\*\*. It includes the time that has elapsed while we wait for the necessary information from the applicant.

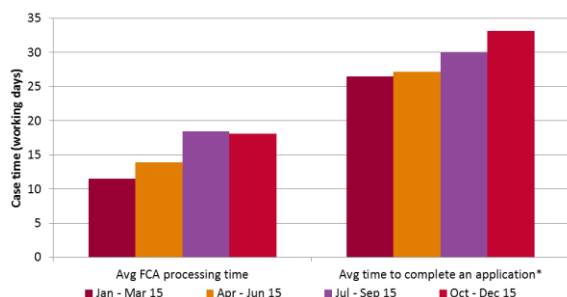
\*\* 'Determined' is the earlier of when the application is made 'subject to' or authorised. 'Subject to' is a point in time where the FCA makes a decision to authorise, but with conditions to be met before authorisation can be confirmed. This includes applications that may subsequently be withdrawn, having not met the necessary conditions or where the application was subsequently retracted.

**Payment services and e-money appendix:  
Glossary of terms**

<b>Firm type category</b>	<b>Application type/firm type</b>
API (Authorised Payment Institution)	Authorisation/merchant acquirer
API (Authorised Payment Institution)	Authorisation/mobile phone operator
API (Authorised Payment Institution)	Authorisation/money remitter
SPI (Small Payment Institution)	Registration/bill payment service provider
SPI (Small Payment Institution)	Registration/money remitter
AEMI (Authorised Electronic Money Institution)	Authorisation/e-money issuer
AEMI (Authorised Electronic Money Institution)	Authorisation/e-money issuer and unrelated PSD
SEMI (Small Electronic Money Institution)	Registration/e-money issuer
SEMI (Small Electronic Money Institution)	Registration/e-money issuer and unrelated PSD

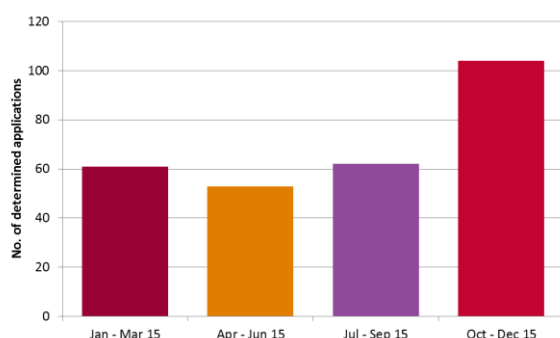
## Waivers quarterly KPIs: 2015

### 1) Time to complete

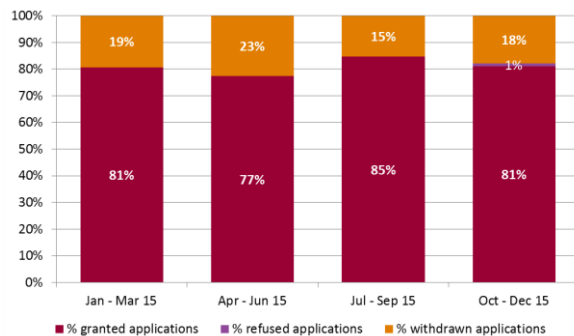


\* this includes lapsed time whilst the FCA waits for more information from applicants.

### 2) Volume of applications



### 3) Application decisions



#### What the charts are saying:

Average case processing times have reduced from 18.5 days in the previous quarter to 18.1 days in the latest quarter while the average time to complete an application has gone from 30 to 33.1 days. This was against a backdrop of a c.75% increase in completed applications from the previous quarter.

We continue to receive a variety of waiver applications from across the source books; however, we have experienced higher volumes with regard to prudential rules, transfer of Client Assets (CASS) rules and Collective Investment Schemes (COLL) rules. Both CASS and COLL applications have included a number of precedent setting cases which have brought the average processing times up. We anticipate that we will continue to receive a consistently high proportion of prudential applications going forward as firms apply for Capital Requirements Regulations (CRR) discretions, in particular in relation to the recognition of interim profits and issuances of Common Equity Tier 1 capital.

#### Definitions of terms

##### Average time to complete an application:

This is the total time taken from when the FCA receives an application to when a decision is made.

##### Average FCA processing time:

In some circumstances, we will not be able to progress work on an application due to reasons out of our control while we wait for information. Average processing time is the time taken to determine an application, less the time elapsed while we wait. Common reasons for us being unable to process a case immediately are:

- incomplete application
- waiting for additional information from an applicant

Included in the above KPIs are waiver applications where the FCA is the sole decision maker

In exceptional circumstances we decide to make a modification available to a selection of firms through our website. These are referred to as 'modifications by consent'. Firms simply inform us they wish to take advantage of the modification as opposed to completing an application form. As the time taken to complete a modification of consent is significantly shorter than our standard application process they are excluded from the above data. Liquidity modifications are also excluded from the data due to the complexity of the decision. While most waivers take 10 to 20 working days to process, in 2013 a liquidity waiver averaged 46 working days to process.