

Ms Helen Charlton
Chair, Financial Services Consumer Panel

Via email

10 April 2024

Dear Helen

FCA ENGAGEMENT WITH THE FINANCIAL SERVICES CONSUMER PANEL (FSCP) 2024/25

First, we would like to thank you for the FSCP's ongoing support and challenge to the FCA, and, on a more personal note, for your time and effort steering the Panel since you were appointed as Chair. We value enormously the contributions from all our Statutory Panels, which help us to deliver better outcomes for consumers, firms, and markets.

In the current environment we are, now more than ever, cognisant of the FCA's need to prioritise and focus its resources and efforts where they will have the most significant impacts. In light of the Financial Services and Markets Act passed last year, and the need to deliver against our own strategy, the priorities in our business plan for 2024/25, both the Board and ExCo have been reflecting on how the FCA can attain the most valuable input from all of its Panels. We are also mindful that as an independent panel, FSCP should have the freedom to pursue its own priorities.

A central purpose of this letter is therefore to set out the areas that the FCA expects to prioritise when engaging with the FSCP in the year ahead - the timing of this letter should assist the FSCP to set its workplan for 2024/25. We also wish to share with you our views on other relevant matters, such as the Board's interaction with the Panel and with you as Chair.

We are writing in similar terms to the Chairs of our other Statutory Panels.

Prioritisation

At a thematic level, and subject of course to unforeseen events that may arise during the year, the Board and ExCo wish to prioritise engagement with you on the following FCA policy and operational areas:

Highest priority areas

- Putting Consumers Needs First. This commitment covers the Consumer Duty, vulnerability, financial inclusion, and the impact of the increased cost-of-living.
- Implementing the Smarter Regulatory Framework (SRF) and meeting new responsibilities under FSMA 2023. This includes remaining work on the relevant SRF¹ files, as well as wider structural reform such as implementation of the Secondary International Competitiveness and Growth Objective and the Rule Review Framework.

High/Medium priority areas

- Approach to enforcement and the Integrated Regulatory Model work which will look at how cases are identified and progressed across the FCA as well as possible changes to our supervisory model.
- Crypto. We continue to develop our overall approach to crypto regulation.
- Digital markets. This includes our work on AI, BigTech, Open Banking and digital sludge practices.
- Consumer investments and redress, including the Advice Guidance Boundary Review.
- Pensions, including work to develop pensions dashboards and improve consumer engagement.
- Changes to credit regulation. Subject to necessary next steps from HM Treasury, this will include informing our approach to regulating Deferred Payment Credit and engaging with the reform of the Consumer Credit Act.

In doing so, we ask the FSCP to operate, as always, as a “critical friend” to the FCA, providing advice and constructive challenge on current and future reform. We will endeavour to engage with you from an early stage in our work wherever possible, to help inform our thinking before we consult more widely.

We ask the FSCP – and will ask our own teams also – to engage on these topics at a “strategic” level and to gather “on the ground” insights from the consumer perspective, which inform the FCA’s approach to regulation.

¹ For 2024/25 this will include MiFID/MiFIR, PRIIPs, UCITS, safeguarding and the Alternative Investment Fund Managers Directive.

We would welcome your input on cross-sector issues from across the whole Panel; and on more sector-specific issues from a sub-group of members with more direct relevant expertise; and including, where appropriate, from across different panels.

Notwithstanding that many of the above priority areas, are also high priorities for the FSCP, we fully recognise that you, as a Panel which has an independent voice, also have your own additional set of priorities on which you will want to engage with the FCA. This includes alerting us to emerging risks/issues from a consumer perspective.

We will prioritise engagement with the FSCP on the areas set out above. However, where there is capacity to do so, we would also value your input on other relevant issues, as appropriate. The Secretariat, together with Anthony Monaghan as Panel Sponsor Director, will of course work with the FSCP and with relevant FCA teams in delivering on supporting our engagement with each other, as part of the wider support it provides.

Remuneration

As you are aware in November 2023, the People Committee considered remuneration for the FSCP and decided not to alter the current level of fees. The Secretariat will take all necessary steps to support the Panel to maintain sustainable workloads for its members through effective prioritisation.

Engagement with ExCo and the Board

We expect that the FSCP will continue to have access to and engage regularly with the FCA Chair, Board, Chief Executive, and senior executives of the FCA, in line with the terms of reference agreed by the Board. We ask that you continue to submit a regular "Report to the Board" (which will also be considered by ExCo), and that this should focus on the two or three most important strategic themes that you wish to bring to the Board's attention. We will continue to have periodic Board lunches with the Panel Chairs and see your annual report ahead of publication. A member of ExCo will continue to endeavour to attend each of your formal Panel meetings.

In addition, we propose to formalise an annual meeting between the FCA Chair and each of the Panel Chairs, one-to-one, to discuss the work of the Panel. This will be an opportunity to reflect on the previous year's interaction between the FSCP and the FCA, informed by the Board's engagement as outlined above and any Panel effectiveness reviews conducted by either the Panel or the FCA during the year.

Looking forward

We hope that you find this letter helpful in setting out, albeit rather formally, our expectations for our engagement with one another over the coming year, 2024-25. In the meantime, we look forward to continuing the constructive dialogue and close working relationships that we have built up over previous years.

Yours sincerely

Ashley Alder
FCA Chair

Nikhil Rathi
FCA Chief Executive