



Practitioner Panel Survey

2019 Report

July 2019

Foreword

Each year, in conjunction with the FCA Practitioner Panel, the FCA asks regulated firms of all sizes to provide direct and anonymous feedback on its work. This annual survey provides important information to help the FCA achieve its objectives.

Between January and March 2019, 2,888 firms completed the survey; an increase in response rate to 29% of firms, up from 26% last year. We are grateful to everyone who took the time to complete the survey, particularly as, for many firms, this coincided with planning for the UK's departure from the EU.

In the survey, we ask firms for feedback on how well the FCA is achieving its three operational objectives:

- securing an appropriate degree of protection for consumers
- protecting and enhancing the integrity of the UK's financial system
- promoting effective competition in the interests of customers

This year, scores against the first two of these objectives have risen slightly. In relation to the third objective, the confidence of the larger fixed portfolio firms increased, but the overall score for all firms decreased from 72 to 70%, although there had been a significant rise the previous year, following the publication of the FCA's Approach to Competition in 2018.

Firms are still largely satisfied with their relationship with the regulator. The overall score for satisfaction was again 7.6 out of 10 this year, following a steady increase from 5.9 in 2013, when the FCA was

established. In addition, firms gave the FCA an overall rating of 7.2 out of 10, a slight increase on 7.1 last year.

We also need to recognise the differences between the larger fixed portfolio firms and the flexible portfolio firms. Overall, fixed firms responded with lower scores for satisfaction and effectiveness, compared with flexible firms. There are also significant differences between sectors; retail lending firms gave the highest scores for satisfaction, while the pensions and retirement income sector were least satisfied. Retail lending also gave the highest scores for effectiveness, alongside retail banking, but retail investments gave the lowest.

The survey results also revealed specific areas for improvement. In particular:

Information requests: the FCA needs to ensure the costs of providing information imposed on firms are proportionate to the benefits achieved. There was a substantial increase in the proportion of fixed firms who said the number of information requests are greater than seems necessary. This is an issue both the Practitioner Panel and the Smaller Business Practitioner Panel have raised, highlighting both the volume of requests and these associated costs to firms.

Trust in supervision: flexible firms have overall higher satisfaction scores than fixed firms, but they are less likely to agree that the FCA staff with whom they come into contact have sufficient experience and are appropriately qualified. There has also been a substantial increase in the number of

fixed firms which do not believe that supervisors have sufficient knowledge to understand their firm. Since carrying out the survey, the FCA has clarified its approach to supervision and will evaluate the impact of this work and any changes to firm views in the next survey.

Andrew Bailey
Chief Executive, FCA

As with every year, we have received invaluable feedback which we will take on board. The FCA looks forward to working to address the issues raised with continuing input from the Panels throughout the upcoming year.

Anne Richards
Chair, FCA Practitioner Panel

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1. Executive summary

The FCA and Practitioner Panel Survey allows firms regulated by the FCA to give their views on the regulator's performance.

The latest wave of the survey was conducted by Kantar Public on behalf of the FCA and the Panel. Fieldwork took place between January and March 2019. In total, 2,888 firms completed the survey; a response rate of 29%. The results for consumer credit firms are based on responses from 148 firms and are presented separately.

Objectives

Firms were asked how confident they felt that the FCA's oversight of the industry will deliver on its strategic and operational objectives.

Overall, firms were slightly more likely this year to be confident that the FCA can meet its strategic objective of ensuring that financial markets function well (88% of firms, compared with 86% in 2018). However, Fixed portfolio firms are less likely to be confident that the FCA is meeting this objective (88% in 2019, compared with 96% in 2018).

Between 2018 and 2019 there has been no substantial change in Flexible portfolio firms' perceptions of the FCA's performance across all its operational objectives:

- securing an appropriate degree of protection for consumers
- protecting and enhancing the integrity of the UK financial system
- promoting effective competition in the interests of consumers in the financial markets

Again, Fixed firms show a fall in confidence in the FCA's performance in securing consumer protection (89%, down from 94% in 2018) and

protecting the integrity of the financial system (90%, down from 96% in 2018). Confidence in the FCA's ability to promote effective competition is largely unchanged (71% in 2019, compared with 73% in 2018).

The industry as a whole continues to express lower levels of confidence in the FCA's ability to deliver on its third objective of promoting competition.

Satisfaction and effectiveness

Firms were asked to rate their satisfaction with the relationship they have with the FCA, and how effective the FCA has been in regulating the financial services industry in the last year. Overall, the survey shows that most firms are generally satisfied with the regulatory relationship and believe that the FCA is an effective regulator. Satisfaction is unchanged from 2018, with a mean score of 7.6 out of 10. The effectiveness score has risen slightly, from 7.1 to 7.2 out of 10.

Satisfaction among Fixed firms has fallen since 2018, from 7.3 to 6.9, while the effectiveness score has remained relatively stable (6.8 in 2019, compared with 6.9 in 2018).

Drivers of satisfaction and effectiveness

Interrogating the data shows the factors that are important in driving levels of satisfaction with the FCA and perceptions of its effectiveness.

This analysis identified two main priorities for improvement, where performance is lower in the areas that firms identify as important. These two priority areas were:

- the FCA acting proportionately so that the costs imposed on firms are proportionate to the benefits they gain
- the FCA being effective in facilitating innovation within UK financial services

Withdrawal from the EU ('Brexit')

Almost all Fixed firms (97%) have accessed FCA guidance about preparation for the UK's withdrawal from the EU. Half of Flexible firms have done so (50%). Among those who have accessed guidance, 77% of Fixed firms and 73% of Flexible firms found it helpful.

When asked what guidance or support they would most like from the FCA during any transition period following the UK's withdrawal from the EU, the most common responses from both Fixed and Flexible firms were:

- clear guidance on changes to regulatory requirements
- regular updates from the FCA, and
- tailored guidance for each sector

Trust

Continuing the trend over the last two years, most firms (81%) reported that their level of trust in the FCA had stayed the same over the previous 12 months. Overall, 12% of firms said that their trust had increased, a slight fall from the 15% reported in 2018. Seven per cent of firms reported a decrease in trust, the same proportion as in 2018.

Fixed firms reported a significant drop in trust. Just under two in ten (17%) said that their trust in the FCA had reduced over the last 12 months, compared with just 4% in 2018.

Among Flexible firms, attitudes towards FCA staff are largely unchanged from 2018. However, Fixed firms are less likely than in 2018 to agree that their supervisors have sufficient experience, exercise good judgement and are knowledgeable about FCA rules and requirements.

However, Fixed firms were positive about the knowledge of their supervisors, the consistency of their approach and whether they had the necessary skills to undertake the role.

Contact and communication

The improvements firms would most like to see made to FCA communications were to simplify communications (56%), improve the Handbook's

usability (55%), and targeted communications for different types of firms (52%). These three improvements have been the most commonly cited every year since 2016.

The proportion of firms who are aware of/ have read the Mission was largely unchanged since 2018. Most firms had engaged with the Mission in some way. Just over a third of firms (36%) said that either the respondent themselves (25%) or someone else in the firm (10%) had read the Mission. A third said they had read the summary (33%), while fewer than two in ten (19%) were aware of the Mission but had not read it. One in ten firms (10%) said they were not aware of the Mission at all.

One third of firms (33%) said either the respondent themselves (21%) or someone else in the firm (12%) had read the FCA's Sector Views published in January 2019; Three in ten (30%) had read a summary, while a further two in ten (21%) were aware of it but had not read it. Over one in ten (14%) were not aware of it at all.

Understanding of regulation and regulatory burden

Most firms (63%) felt the level of requests for information to be about right. Two in ten (20%) felt there were a lot but for understandable reasons and 14% felt there were more than necessary. These figures are very similar to those reported in 2018.

The proportion of Fixed firms viewing the number of requests as about right has remained relatively stable over the last three years (26% in 2019, compared with 25% in 2018 and 28% in 2017). But the proportion who feel the number of requests is more than seems necessary has risen substantially, from 14% in 2017 to 41% in 2019.

There was widespread support for the idea that strong regulation is for the benefit of the financial services industry as a whole, with more than eight in ten firms (86%) agreeing. A similar proportion (80%) agreed that the work of the FCA enhances the reputation of the UK as a financial centre. These aspects also enjoyed the highest levels of

support in 2018, with similar proportions of firms agreeing (83% and 78% respectively).

There has been a significant increase in the proportion of Fixed firms agreeing that the FCA is effective in facilitating innovation within UK financial services (from 32% in 2018 to 51% in 2019). However, Fixed firms were less likely than in 2018 to agree that FCA regulation is predictable (61%, compared with 66% in 2018).

While for Flexible firms the type and scale of impact is generally unchanged since 2018, the impact of regulation on Fixed firms has changed considerably over the last 12 months.

Fixed firms are much more likely than 12 months ago to report improvements to the firm's culture as a direct result of regulation (64%, compared with 49% in 2018). A quarter (24%) have increased the price of a product (down from 33%), one in ten (11%) have chosen not to launch products (down from 20%), and just 5% have withdrawn a product or service (down from 17%).

However, there has been an increase in the proportion of Fixed firms reporting increased resource requirements (84%, up from 77% in 2018), needing to move activities overseas (33%, up from 8% in 2018) and being placed at a disadvantage compared to competitors abroad (33%, up from 23%).

Governance and Culture

Overall, 8 in 10 firms (81%) agreed that the industry understands the FCA's enforcement procedure has real and meaningful consequences for firms and individuals who don't follow the rules. Seven in ten (71%) agreed that FCA enforcement action in their sector(s) is effective at reinforcing the FCA's expectations. There has been a significant fall in

the proportion of Fixed firms agreeing with this statement, from 88% in 2018 to 74% this year.

All firms were asked whether they had seen any communication or had any conversations with the FCA about their firm's culture over the last 12 months. As shown in Figure 7.2, there was a stark difference between Fixed and Flexible firms.

Nine in ten Fixed firms (92%) had seen communication or had conversations with the FCA around their firm's culture over the last 12 months, compared with just three in ten Flexible firms (28%).

Among those who had seen a communication or had a conversation with the FCA about firm culture, both Fixed and Flexible firms gave a positive response to this communication. Just under nine in ten said they found it helpful, at least to some extent (88% and 89% respectively).

Fixed and Flexible firms were less similar in terms of the reported impact of communication/conversations about firm culture. Nine in ten Fixed firms (87%) said that they had taken action as a result of communication with or from the FCA about their firm's culture, compared with two thirds of Flexible firms (66%).

Six in ten Fixed firms (61%) were subject to the Senior Managers and Certification Regime (SM&CR) at the time of completing the survey, compared with a third of Flexible firms (31%).

All firms that were not subject to SM&CR were asked whether they were aware of the new requirements due to be introduced on 9 December 2019. Almost all Fixed firms in this group (96%) said that they were aware of these new requirements, while eight in ten Flexible firms in this group (80%) said that they were aware.



2. Performance of the FCA as a regulator

This chapter explores perceptions of the FCA's performance as a regulator against its objectives. It also covers firms' perceptions of the regulator's effectiveness and satisfaction with their relationship with the FCA.

2.1 FCA Performance against objectives

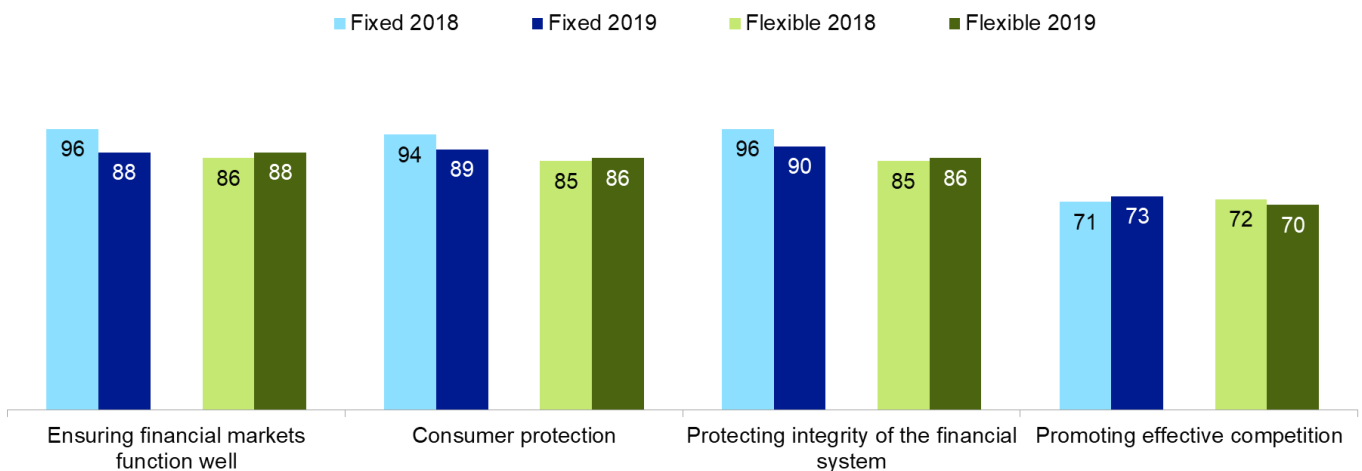
Firms were asked how confident they felt that the FCA's oversight of the industry will deliver on its objectives, including the single strategic objective of ensuring financial markets function well and the three operational objectives.

Overall, the vast majority of firms (88%) were confident that the FCA was delivering on its strategic objective of ensuring financial markets function well. This represents a slight increase from 86% in 2018. Almost nine in ten fixed firms (88%) agreed, down from 96% in 2018. This compares with 88% of flexible firms. As in 2018, levels of confidence were slightly lower in the Retail Investments sector (81%).

Across all firms, confidence in the FCA's performance against its three strategic objectives has been relatively stable between 2018 and 2019. Overall, 86% of firms were confident that the FCA was securing an appropriate degree of protection for consumers, 87% were confident that it was protecting and enhancing the integrity of the UK financial system and 70% were confident that it was promoting effective competition in the interests of consumers.

Confidence tended to be slightly higher among Fixed firms compared with Flexible firms (Fig. 2.1).

Figure 2.1 – Level of confidence in the FCA's performance against objectives (% very/ fairly confident)



Base: All Firms: Fixed (2018: 65; 2019: 71) Flexible (2018: 2,548; 2019: 2,817)

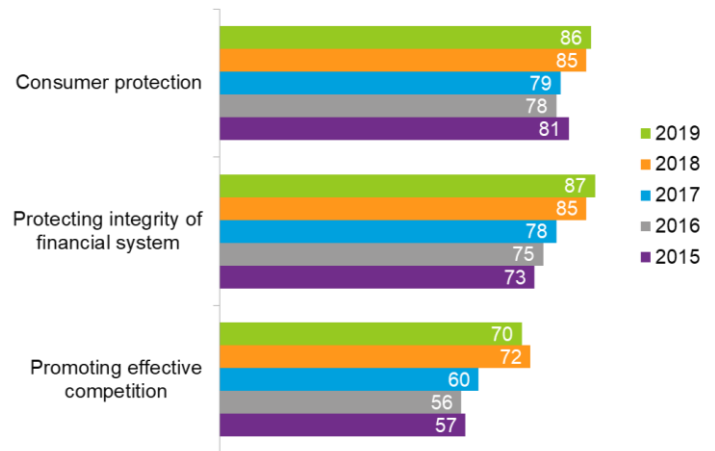
However, levels of confidence among Fixed firms have fallen slightly between 2018 and 2019 across all objectives, apart from for promoting effective competition which has seen a small increase.

Previous waves of the survey have highlighted the need for the FCA to improve performance against the third operational objective ‘promoting effective competition in the interest of consumers’. Confidence has been lower here compared with the other objectives (Fig. 2.2). Performance in this area has been relatively stable in the last year (70% of firms reported being very/fairly confident compared with 72% in 2018) following a steady improvement from 57% in 2015.

Across all objectives, the proportion of firms reporting higher levels of confidence was lower in the Retail Investments sector. Confidence was also lower in the Pensions and Retirement income sector for the FCA’s performance in protecting the integrity of the financial system and promoting effective competition (82% and 64%, compared with 86% and 70% of all firms respectively).

To better understand how firms perceive the FCA’s efforts to promote effective competition, the 2019 survey included a new question. Firms were shown a series of measures the FCA takes as part of its work to promote effective competition, and were asked whether they feel the emphasis placed on

Figure 2.2 – Level of confidence in the FCA’s performance against objectives – year on year
(% very/fairly confident)

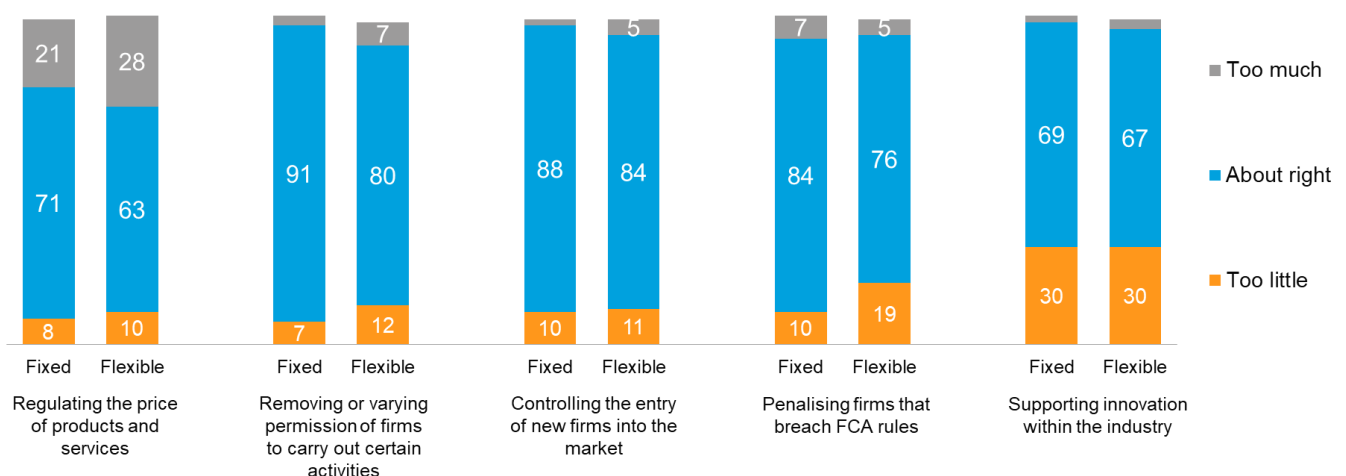


Base: All firms: 2019 (2,888); 2018 (2,613); 2017 (2,230); 2016 (3,357); 2015 (4,055)

each measure by the FCA is too much, too little, or about right (Fig. 2.3).

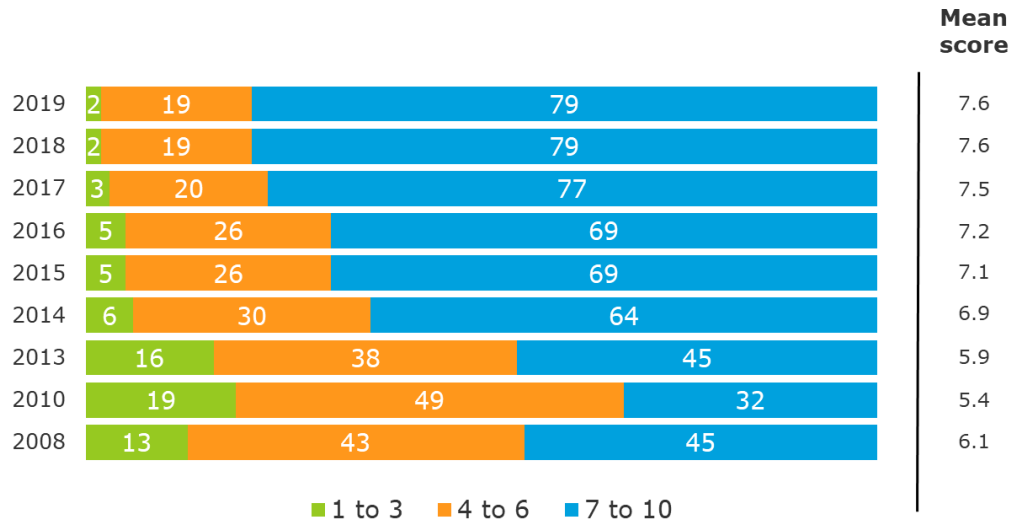
Compared with the other measures, firms were much more likely to say that the FCA is doing too much in the area of regulating the price of products and services. Two in ten Fixed firms (21%) said that the FCA is doing too much in this area, as did more than a quarter of Flexible firms (28%). By contrast, three in ten Fixed and Flexible firms (30%) felt that the FCA is doing too little to support innovation within the industry.

Figure 2.3 – Firms’ views towards the emphasis the FCA places on different areas as part of work to promote effective competition



Base: All firms: Fixed (71); Flexible (2,817)

Figure 2.4 – Satisfaction with relationship with the FCA (2008-2019)



Base: All firms: 2019 (2,888); 2018 (2,613); 2017 (2,230); 2016 (3,357); 2015 (4,055); 2014 (3,146); 2013 (1,470); 2010 (4,187); 2008 (4,407)

2.2 Satisfaction with relationship with the FCA

Firms were asked to rate their satisfaction with the relationship they have with the FCA on a scale of 1 to 10, with 1 being extremely dissatisfied and 10 being extremely satisfied (Fig. 2.4).

Overall, over three quarters of firms (79%) gave a high satisfaction score (7 to 10). The mean score was 7.6, representing no change from 2018.

Satisfaction levels were slightly lower among fixed firms compared with flexible firms (6.9 compared with 7.6). In 2018, satisfaction among Fixed firms increased from 6.9 to 7.3. However, in 2019

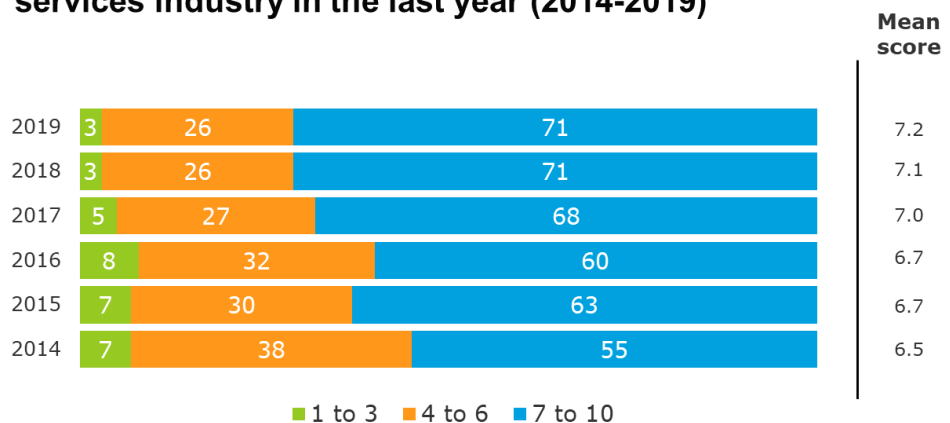
satisfaction levels among Fixed firms returned to the 2017 level of 6.9.

Satisfaction with the relationship with the FCA was lowest in the Pensions and retirement income sector with only 64% of firms reporting high levels of satisfaction compared with 79% of firms overall.

2.3 Effectiveness of the FCA in regulating the financial services industry in last year

Firms were asked how effective the FCA has been in regulating the financial services industry in the last year (again using a 10-point scale with 1 being not at all effective and 10 being extremely effective) (Fig. 2.5).

Figure 2.5 – Effectiveness of the FCA in regulating the financial services industry in the last year (2014-2019)



Base: All firms: 2019 (2,888); 2018 (2,613); 2017 (2,230); 2016 (3,357); 2015 (4,055); 2014 (3,146)

Between 2018 and 2019, firms' rating of the effectiveness of the FCA in regulating the industry has increased slightly from 7.1 to 7.2. This continues the trend of improvement in this area since 2016.

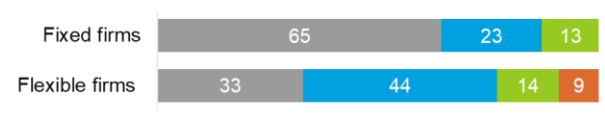
As with satisfaction scores, the Fixed firms gave a lower score on average than Flexible firms (6.8 compared with 7.2). Fixed firms' rating of the FCA's effectiveness has returned to 2017 levels, after a slight increase to 6.9 in 2018.

Perceptions of the FCA's effectiveness were lowest in the Retail Investments and pension and retirement income sectors (6.7 and 6.9 respectively).

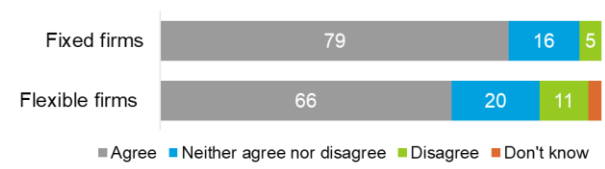
Two new questions were added for 2019, asking firms whether they think the FCA is working effectively to tackle cybercrime and financial crime (Fig. 2.6). Fixed firms were much more likely than Flexible firms to agree that the FCA is working effectively in these areas. Two thirds of Fixed firms (65%) agreed that the FCA is working effectively to help firms manage the threat from cybercrime. This compares with a third of Flexible firms (33%), and eight in ten Fixed firms (79%), who agreed that the

Figure 2.6 – Agreement with statements about cyber/ financial crime

The FCA is working effectively with firms to help manage the threat from cyber crime



The FCA is working effectively to combat financial crime and market abuse



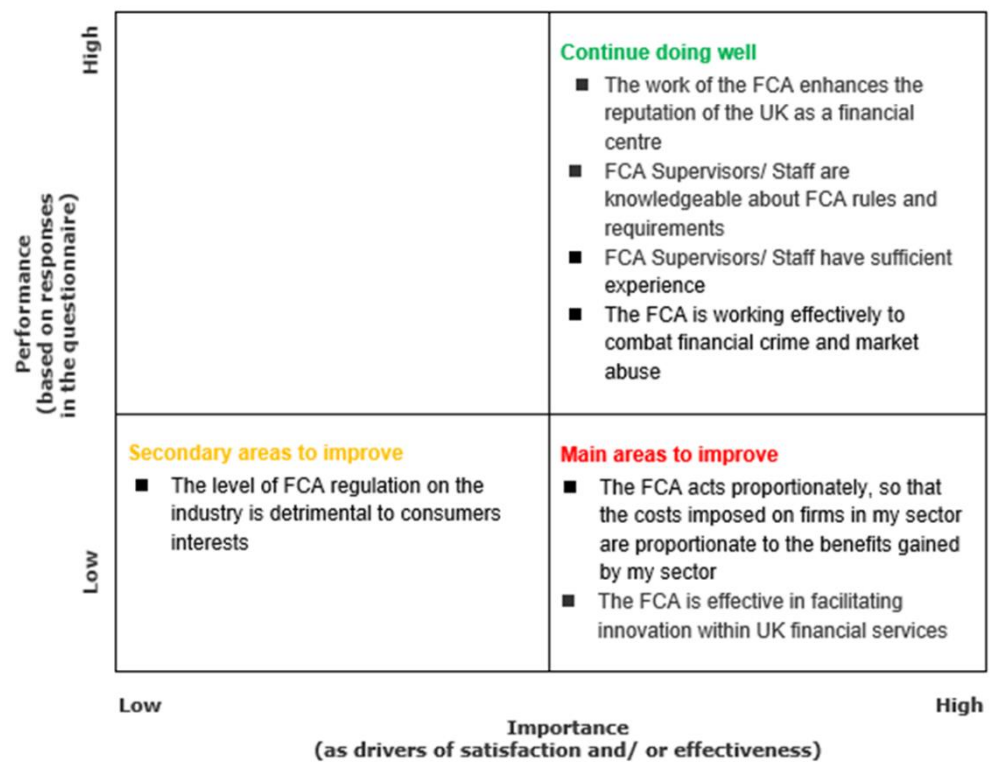
Base: All firms: Fixed (71); Flexible (2,817)

FCA is working effectively to combat financial crime and market abuse (compared with two thirds of Flexible firms (66%).

2.4 Drivers of satisfaction and effectiveness

Further exploring the data shows the factors that are important in driving levels of satisfaction with the FCA and perceptions of effectiveness. Figure 2.6 plots the FCA's performance for each factor

Figure 2.7 – Key driver analysis: key areas to improve



with the level of importance in driving satisfaction and effectiveness.

Factors included in the 'Continue doing well' quadrant are those areas which were highly important in driving satisfaction and effectiveness and where FCA performance received a high rating.

Overall performance levels across these areas were relatively high. So, while some are identified for improvement, this improvement would build on a relatively good position. The priorities for improvement are shown under 'Main areas to improve'. These factors were shown to be important but were given lower performance ratings.

The two priority areas for improvement were:

- the FCA acts proportionately so that the costs imposed on firms in my sector are proportionate to the benefits gained by my sector
- the FCA is effective in facilitating innovation within UK financial services

Secondary areas to improve are those areas where performance was lower but less important to firms.

The secondary areas to improve were:

- the level of FCA regulation on the industry is detrimental to consumers' interests

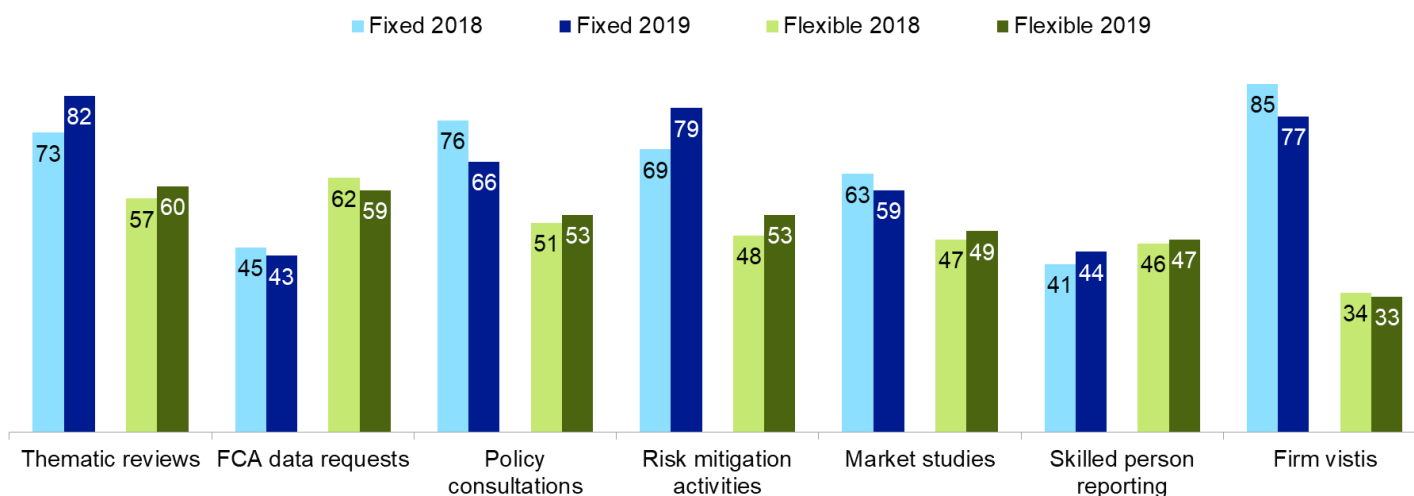
One area that appears to be increasingly important to firms is for the FCA to focus on working effectively to target financial crime and market abuse. This is currently an area where firms score the FCA fairly highly but open text comments from firms suggest that this is an important area for them.

2.5 FCA processes

Firms were asked to what extent they agreed or disagreed that a number of different FCA processes were working effectively (Fig. 2.8). Firms who did not feel a process applied to them could record a response of 'not applicable'. These answers have been removed from the analysis.

Fixed firms were most likely to agree that thematic reviews were working effectively (79%), followed by risk mitigation activities (79%) and firms visits (77%). Flexible firms were also most likely to agree that thematic reviews are working effectively (60%), followed by data requests (59%).

Figure 2.8 – Extent to which agree that FCA’s processes are working effectively (% strongly/ slightly agree)



Base: All Firms: Fixed (2018: 65; 2019: 71) Flexible (2018: 2,548; 2019: 2,817)



3. Withdrawal from the EU ('Brexit')

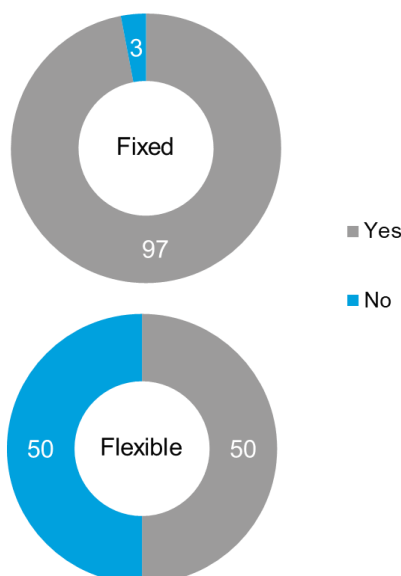
The 2019 survey was a particularly opportune time to seek feedback from firms about their preparations for the UK's withdrawal from the EU, and specifically the FCA's role in those preparations. Responses were collected from firms between January and March 2019, the period leading up to the original withdrawal date of 29 March 2019. In one sense, this provided a timely opportunity, since this was a time when firms might be expected to be placing substantial focus and resources on this issue. However, the rapidly changing political situation during this period, and the uncertainty that this created in firms around precise timing of the UK's withdrawal, is likely to have prompted different views from firms at different times.

The withdrawal date was postponed in the final week of fieldwork, so most responding firms answered on the basis that the UK would leave the EU on 29 March. However, the fieldwork period spanned eight weeks (from late January to late March), so the context in which firms responded would clearly be very different depending on when they responded.

3.1 FCA guidance on Brexit

All firms were asked whether they had accessed FCA guidance published on its website or in Regulation round-up about preparation for the UK's withdrawal from the EU. The difference in response between Fixed and Flexible firms was stark (Fig. 3.1). Almost all Fixed firms (97%) said that they had accessed FCA guidance in this area, compared with just half of Flexible firms (50%).

Figure 3.1 – Whether accessed guidance the FCA has published on its website or in Regulation round-up about preparation for the UK's withdrawal from the EU



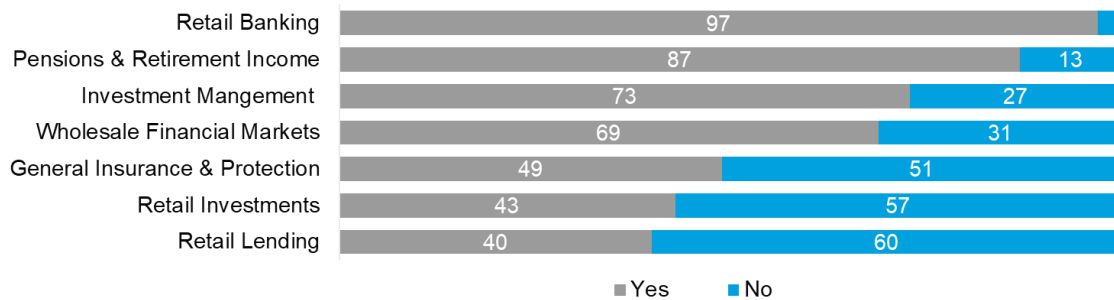
Base: All firms: Fixed (71); Flexible (2,817)

There were also some notable differences across sectors (Fig. 3.2). Almost all Retail Banking firms (97%) had accessed FCA Brexit guidance, making firms in this sector the most likely to have done so. Most firms had accessed guidance in the Pensions & Retirement Income (87%), Investment Management (73%) and Wholesale Financial Markets (69%) sectors. However, firms in other sectors were much less likely to have accessed guidance. Fewer than half of firms in the General Insurance & Protection (49%), Retail Investments (43%) and Retail Lending (40%) sectors said that they had accessed guidance.



Figure 3.2 – Whether accessed guidance the FCA has published about preparation for the UK’s withdrawal from the EU

- by Sector



Base: All firms: Retail Banking (36); Pensions & Retirement Income (39); Investment Management (360); Wholesale Financial Markets (282); General Insurance & Protection (544); Retail Investments (1,220); Retail Lending (407)

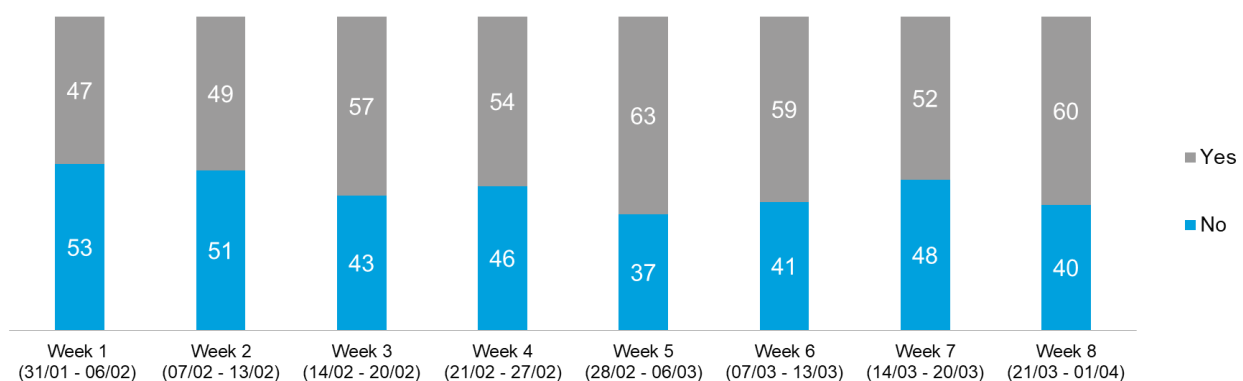
As discussed, a firm’s response to this question may well depend on the point during the fieldwork period at which they responded. The results in Figure 3.3 seem to bear this out. These figures split out the total sample of firms into 8 groups, determined by which week in the fieldwork period the response was received. As shown, the proportion of firms saying that they had accessed FCA guidance around preparing for the UK’s withdrawal from the EU was lowest in the early part of the fieldwork period (Weeks 1 and 2) This covers the period 31 January to 13 February, and make up the majority of responses to the survey overall (64% of all responses were received in the first two weeks).

The proportion of firms saying that they had accessed guidance increased substantially in later weeks. Among firms responding between Weeks 5 and 8, almost six in ten (59%) said that they had accessed guidance. This covers the period 28 February to 1 March, the timeframe immediately before the original withdrawal date. So it is reasonable to assume that at least some of the early-responding firms who had not accessed guidance at the time of responding had done so by the time fieldwork closed.

Firms who had accessed guidance from the FCA were asked to what extent this guidance had helped them to prepare for the UK’s withdrawal

Figure 3.3 – Whether accessed guidance the FCA has published about preparation for the UK’s withdrawal from the EU

- by Date of response



Base: All firms: Week 1 (1,464); Week 2 (371); Week 3 (145); Week 4 (342); Week 5 (60); Week 6 (148); Week 7 (84); Week 8 (274)



from the EU (Fig. 3.4). Most firms felt that the guidance had been helpful, with around three quarters of Fixed firms (77%) and Flexible firms (73%) saying that it had helped, to at least some extent. There was, however, a sizable minority of Fixed and Flexible firms saying that the guidance had not helped very much, or not helped at all (23% and 28% respectively).

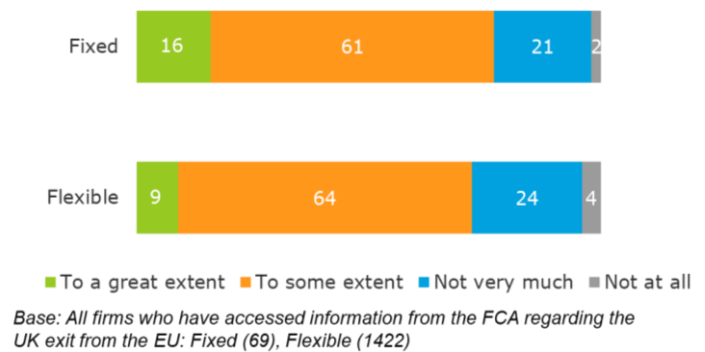
3.2 Priorities for transition period

Regardless of whether or not they had accessed FCA guidance on this topic, all firms were asked an open question about what guidance or support they would most like from the FCA during any transition period following the UK’s withdrawal from the EU (Fig. 3.5).

The most common response was clarity of guidance from the FCA. Four in ten Fixed firms (37%) and three in ten Flexible firms (31%) said they would like clear guidance on changes to regulatory requirements. Others asked for regular FCA updates (mentioned by 14% of Fixed firms and 15% of Flexible firms) and tailored guidance for each sector (mentioned by 16% of Fixed firms and 14% of Flexible firms).

There are some key differences between Fixed and Flexible firms. Although only a small proportion of firms, it is notable that 7% of Flexible firms said that they don’t expect to be affected by the UK’s withdrawal from the EU. Within this group, there are no substantial differences across sectors. The

Figure 3.4 – Extent to which guidance and communications from the FCA has helped firms to prepare for the UK’s withdrawal from the EU

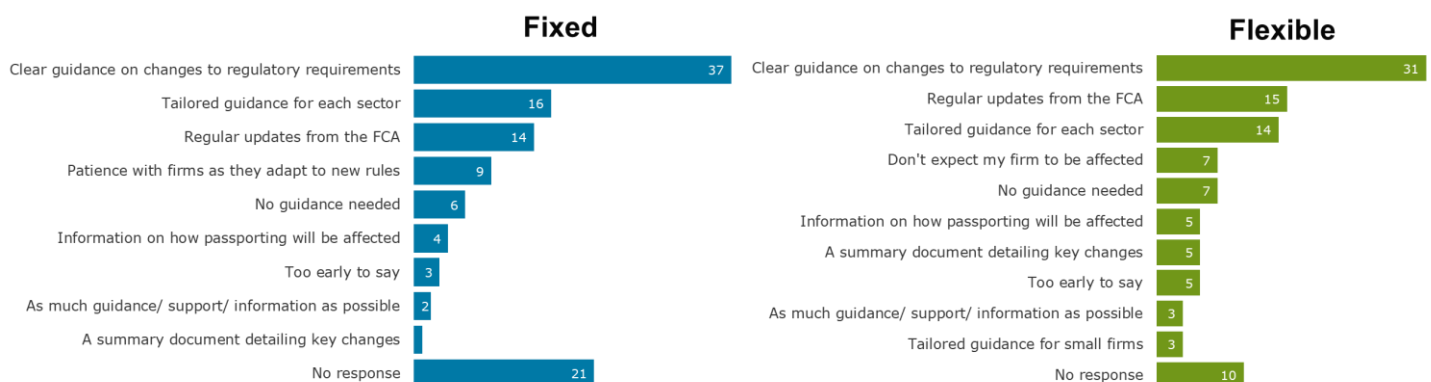


proportion of firms giving this response range from 4% of Whole Financial Market firms to 9% of General Insurance & Protection firms. Perhaps unsurprisingly, firms who have not accessed FCA guidance on preparing for Brexit are more likely to give this response than firms who have (11% and 4% respectively).

A small proportion of both Fixed firms and Flexible firms said that they did not need any guidance from the FCA (6% and 7% respectively).

One response unique to Fixed firms is the need for the FCA to have patience while firms adapt to any new rules as a result of the UK leaving the EU. 9% of Fixed firms mentioned this.

Figure 3.5 – What guidance or support would you most like to receive from the FCA during any transition period following the UK’s withdrawal from the EU?



Base: All firms: Fixed (71); Flexible (2,817)



4. Trust

4.1 Overall trust in the FCA

Previous waves of the survey have explored the issue of firms' trust in the regulator in some detail. Every year has shown that most firms' level of trust in the FCA had not changed in the previous 12 months.

The 2019 survey also asked firms whether their trust in the FCA had increased, decreased, or stayed the same in the last 12 months (Fig. 4.1).

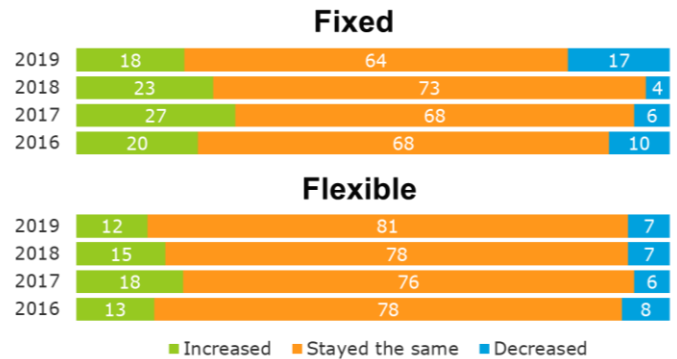
Continuing the trend seen over in previous years, most Flexible firms (81%) reported that their level of trust in the FCA had stayed the same over the last 12 months, with one in ten (12%) saying that their trust had increased and just 7% saying their trust had decreased.

A somewhat different picture emerges for Fixed firms. While a majority (64%) say that their level of trust has stayed the same, this is a significant fall compared with 2018 (when the equivalent figure was 73%). Driving this fall was a rise in the proportion of Fixed firms saying that their trust in the FCA has decreased over the last 12 months, from just 4% in 2018 to 17% this year (the highest proportion recorded to date on the survey). The small number of Fixed firms prohibits any detailed analysis of firms whose trust has decreased.

There were also some interesting differences in how trust has changed across sectors (Fig. 4.2). Retail Banking firms were the most likely to report an increase in trust (36%), followed by Pensions & Retirement Income firms (26%). The latter should be particularly encouraging to the FCA, as firms in the Pensions sector have, in recent years, been more critical of the FCA and regulation in general when compared to firms in other sectors.

At the end of the survey all firms were asked what one thing they would like to see the FCA doing

Figure 4.1 – How firms' level of trust in the FCA has changed over the last 12 months



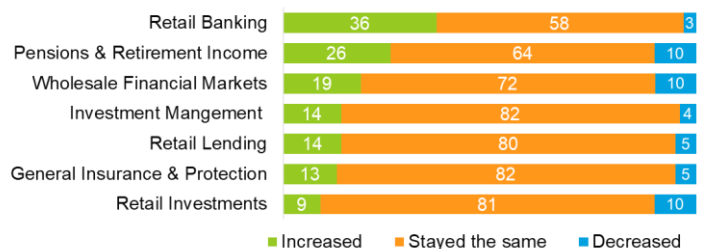
Base: All firms: Fixed (2019: 71; 2018: 65; 2017: 74; 2016: 62); Flexible (2019: 2,817; 2018: 2,548; 2017: 2,156; 2016: 3,295)

more or less of, or doing differently/ better. Firms whose trust had decreased were more likely to have the following messages compared with firm's whose trust had increased:

- take more decisive action against firms involved in wrongdoing (25% vs. 11%)
- stop treating all firms in the same way (22% vs. 10%)
- regulation is excessive, should be reduced (13% vs. 5%)

Figure 4.2 – How firms' level of trust in the FCA has changed over the last 12 months

- By Sector



Base: All firms: Retail Banking (36); Pensions & Retirement Income (39); Wholesale Financial Markets (282); Investment Management (360); Retail Lending (407); General Insurance & Protection (544); Retail Investments (1,220)

Addressing these areas may help the FCA to enhance trust among firms who say their trust has decreased.

4.2 Trust in FCA supervisors/ staff

Firms were asked to what extent they agreed with a number of statements about FCA staff and supervisors. Results are presented separately for Fixed and Flexible firms, reflecting the differences in the way they interact with the FCA. Figure 4.3 shows, among Fixed firms:

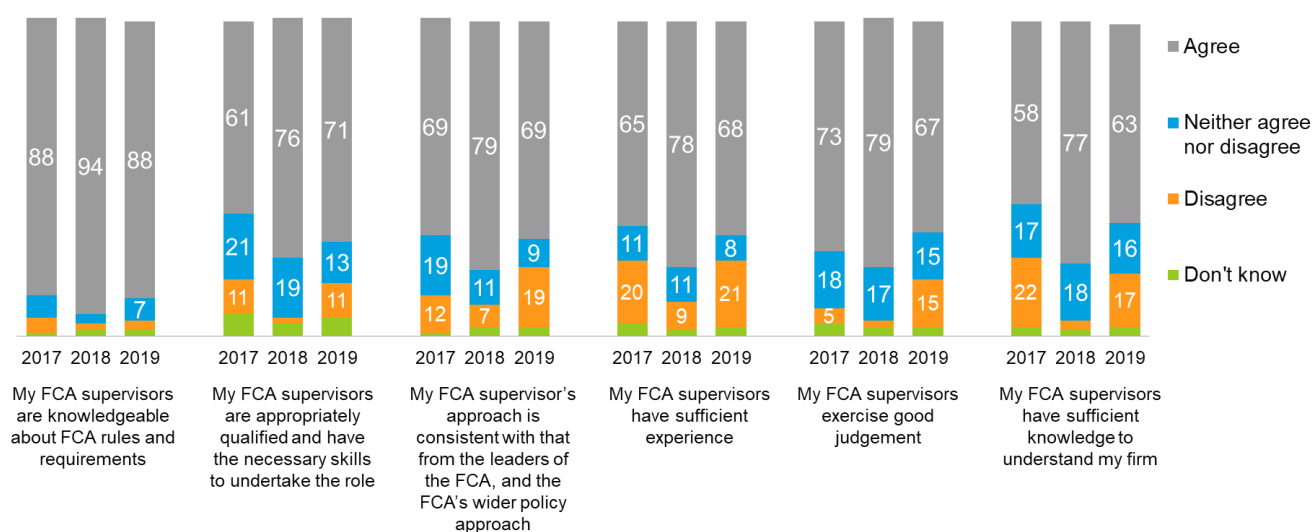
- 88% agreed that FCA supervisors are knowledgeable about FCA rules and requirements
- 71% agreed that FCA supervisors are appropriately qualified and have the necessary skills to undertake the role
- 69% agreed that FCA supervisor's approach is consistent with that from the leaders of the FCA, and the FCA's wider policy approach
- 68% agreed that FCA supervisors have sufficient experience
- 67% agreed that FCA supervisors exercise good judgement, and

- 63% agreed that FCA supervisors have sufficient knowledge to understand their firm

Agreement levels have fallen for all aspects of supervisor performance over the last 12 months, suggesting that Fixed firms are generally less content with their supervisors than in 2018. However, agreement levels are broadly in line with those of 2017 (as shown in Figure 4.3). This further supports the point made in Chapter 2 (for satisfaction and effectiveness scores) that 2018 appears to be something of an outlier as far as Fixed firms are concerned.

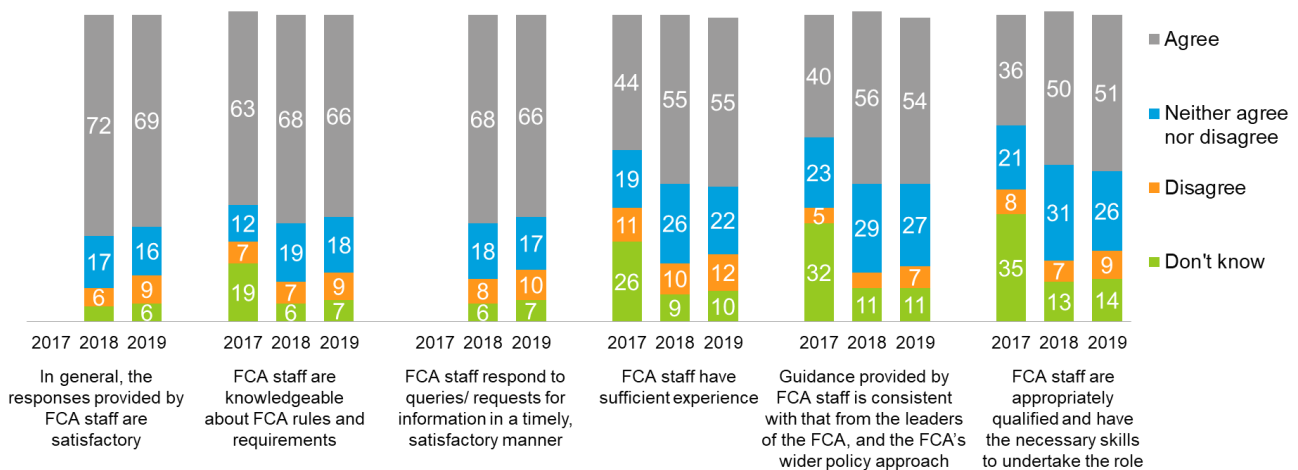
Flexible firms were asked about their level of agreement with some of the same statements, but in relation to FCA staff (since Flexible firms are not assigned to a named supervisor). Some different/amended statements were also included to better match the interaction these firms are likely to have with FCA staff, such as with the FCA Contact Centre (Fig. 4.4).

Figure 4.3 – Agreement with statements about FCA supervisors (Fixed firms)



Base: All Fixed firms: 2017 (74); 2018 (65); 2019 (71)

Figure 4.4 – Agreement with statements about FCA staff (Flexible firms)



Base: All Flexible firms: (2017: 2,156; 2018: 2,548; 2019: 2,817)

When compared with Fixed firms’ attitudes towards their supervisors, Flexible firms were generally less positive about FCA staff. These firms were most likely to agree that in general, the responses provided by FCA staff are satisfactory (69%) are knowledgeable about FCA rules and requirements (66%), and respond to queries/ requests for information in a timely, satisfactory manner (66%).

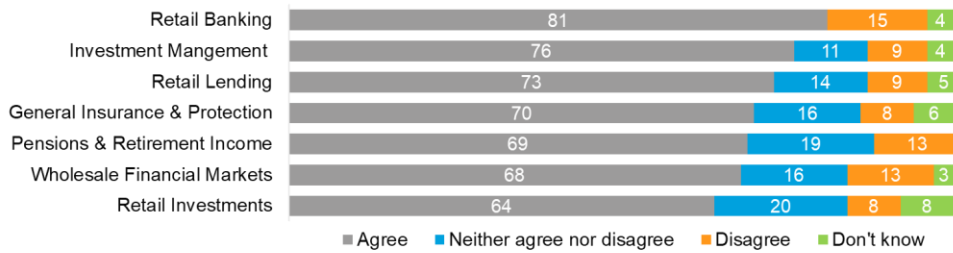
Across all statements, results were very similar to those of 2018.

There is clear variation in firms’ views of FCA staff across different sectors (Fig. 4.5). Investment Management and Retail Lending firms were consistently more positive than firms in other sectors. Conversely, firms in the Retail Investments sectors were the least likely to agree with a number of statements about FCA staff. However, a large proportion of firms in this sector answered ‘Neither agree nor disagree’ or ‘Don’t know’ to these questions, suggesting a relatively low level of engagement with FCA staff compared to firms in other sectors.

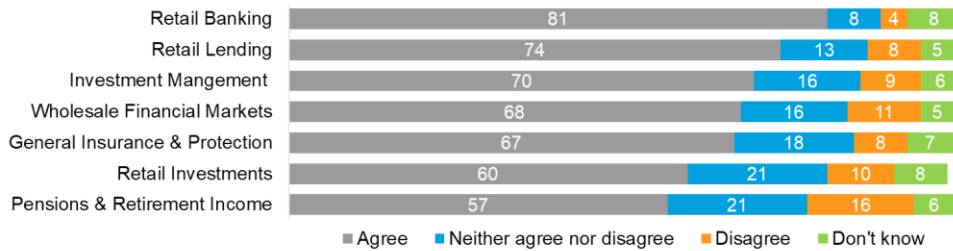
Pensions & Retirement Income firms had a relatively low opinion of FCA staff. They were the most likely to disagree that FCA staff respond to queries/ requests for information in a timely manner (19%), that FCA staff are knowledgeable about FCA rules and requirements (16%), that FCA staff are appropriately qualified and have the necessary skills to undertake the role (16%). They were also most likely to disagree that the guidance provided by FCA staff is consistent with that from the FCA’s leaders and the FCA’s wider policy approach. In addition, two in ten Pensions firms (22%) disagreed that FCA staff have sufficient experience, with only Retail Banking firms (27%) expressing a higher level of disagreement. As observed elsewhere in this report, Pensions firms have, in recent waves of the survey, shown generally lower levels of satisfaction with the FCA. The attitudes reported towards FCA staff indicate that the FCA still has work to do to improve the relationship with these firms.

Figure 4.5 – Agreement with statements about FCA staff (Flexible firms) - by Sector

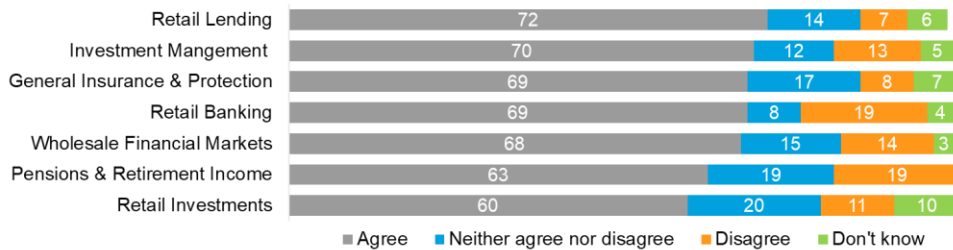
In general, the responses provided by FCA staff are satisfactory



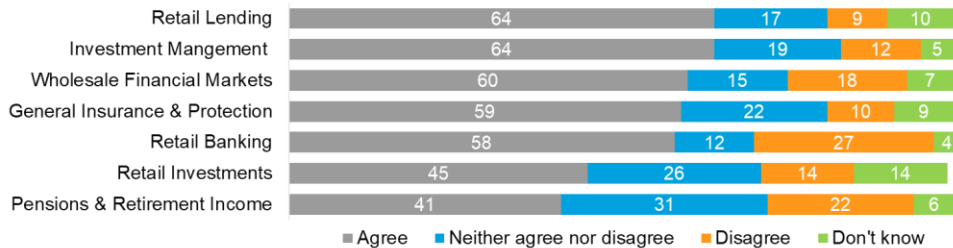
FCA staff are knowledgeable about FCA rules and requirements



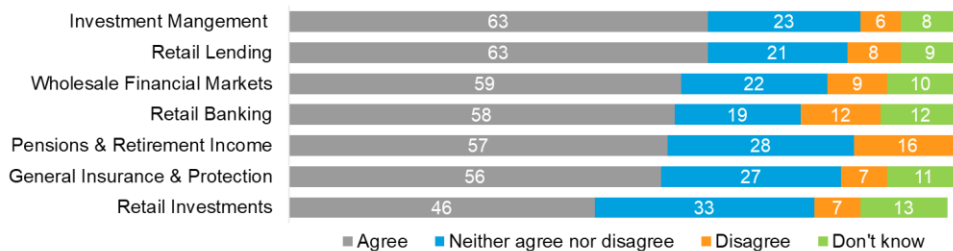
FCA staff respond to queries/ requests for information in a timely manner



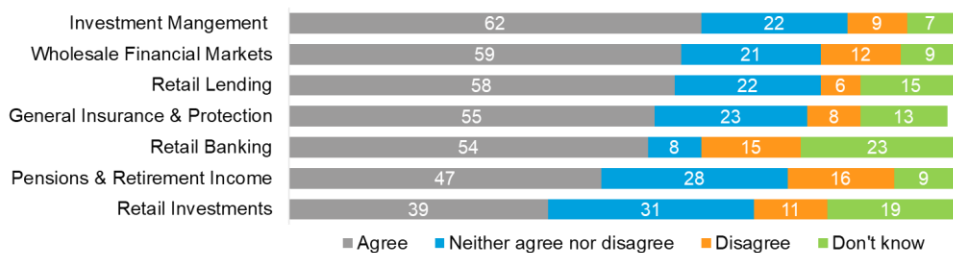
FCA staff have sufficient experience



Guidance provided by FCA staff is consistent with that from the leaders of the FCA and the FCA's wider policy approach



FCA staff are appropriately qualified and have the necessary skills to undertake the role



Base: All Flexible firms: Retail Banking (26); Investment Management (343); Retail Lending (405); General Insurance & Protection (529); Pensions & Retirement Income (32); Wholesale Financial Markets (264); Retail Investments (1,218)



5. Communication and Engagement

Firms were asked about the extent to which the regulator is communicating effectively with them. The results show that the level of contact differs depending on the type of firm. Results are generally consistent with those seen in 2018.

5.1 Frequency of contact with the FCA

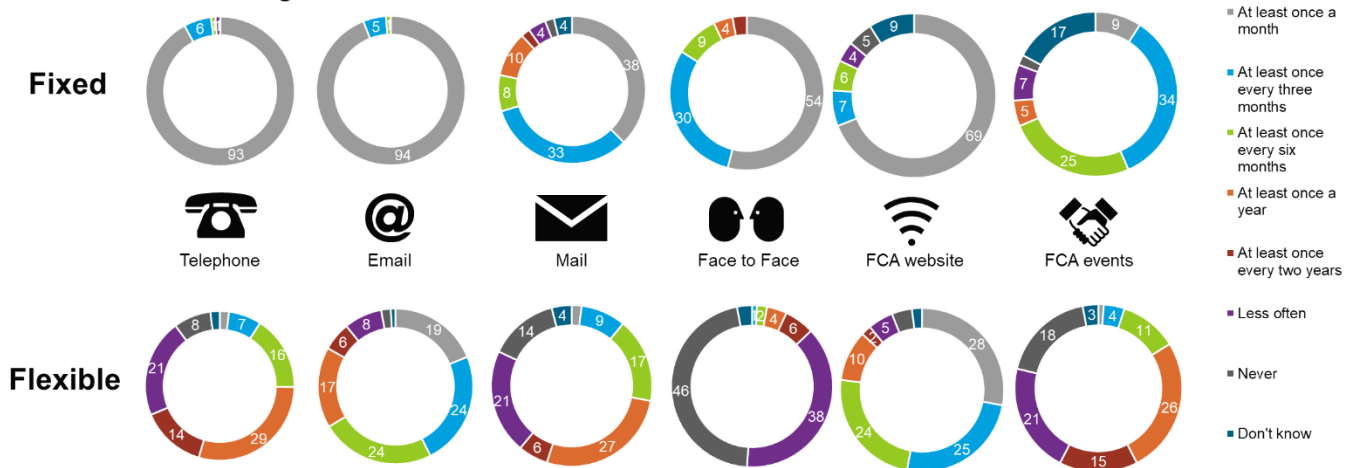
Firms were asked how regularly they had contact with the FCA through a range of sources; telephone, e-mail, mail, face to face contact, the FCA website, and FCA events (Fig. 5.1). Overall, Flexible firms' levels of contact were much lower than Fixed firms. Flexible firms were much less likely than Fixed firms to say that they had contact with the FCA in any way at least once a month (38% and 97% respectively). These results are in line with those seen in 2018, when four in ten Flexible firms (39%) had contact with the FCA in any way at least once a month, compared with almost all Fixed firms (98%).

Fixed firms were most likely to have had contact with the FCA via e-mail (94%) or telephone (92%). This differs from Flexible firms who contacted the FCA via e-mail (18%) and telephone (2%) much

less regularly. Flexible firms were most likely to have contact with the FCA through the FCA website, with three in ten (28%) of them using the website once a month, and a quarter (25%) once every three months.

As seen in previous years, Flexible firms were significantly less likely than Fixed firms to have had contact with the FCA in person. A fifth of Flexible firms (19%) have never attended an FCA event. Additionally, almost half of Flexible firms (46%) have never had face-to-face contact with the FCA, a slight increase compared with 2018 (42%). There is no evidence to suggest Flexible firms are dissatisfied with their level of contact, but these results suggest the FCA may need to do more work to engage more directly with Flexible firms.

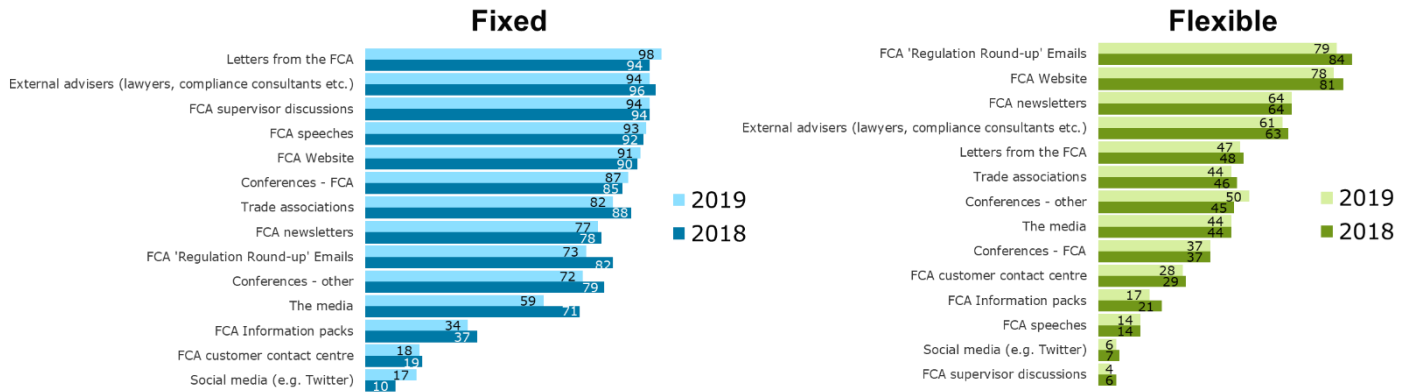
Figure 5.1 – How regularly would you say your firm has had contact with the FCA through each of the following methods?



Base: All firms: Fixed (71); Flexible (2,817)



Figure 5.2 – Information sources used to learn about regulation and the FCA



Base: All firms: Fixed (2019: 71; 2018: 65); Flexible (2019: 2,817; 2018: 2,548)

There was some variation across sectors in overall levels of contact with the FCA. Retail banking firms had the most regular contact, with almost nine in ten (89%) reporting contact with the FCA at least once a month. Firms in the General insurance & Protection (35%), Retail Lending (37%) and Retail Investment (38%) sectors were the least likely to have had any contact with the FCA at least once a month.

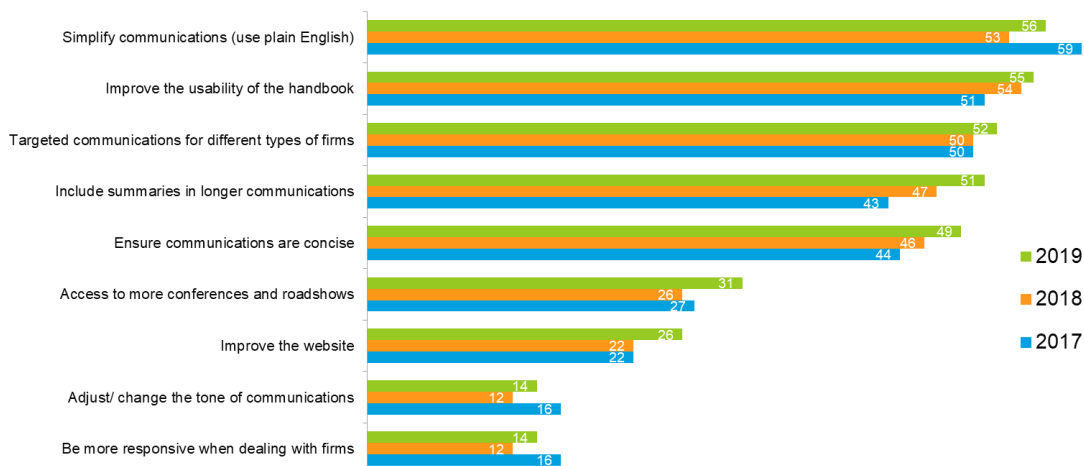
Firms were also asked about the sources they used to learn about the FCA (Fig. 5.2). Among Flexible firms, FCA 'Regulation round-up' (79%) and the FCA website (78%) were the most commonly cited sources, as in 2017 and 2018. However, there has been a slight fall in the proportion of firms using each source compared to 2018 (84% and 81% respectively).

There was also an increase in the proportion of Flexible firms that learnt about regulation and the FCA through conferences not run by the FCA (50%, compared to 45% in 2018). There is a large

degree of variation across sectors in the use of conferences not run by the FCA, with Retail Investment firms (64%) the most likely to have used them and General Insurance & Protection sector the least likely (38%).

The most common source cited by Fixed firms was letters from the FCA (98%), an increase from 2018 (94%). Other commonly cited sources were external advisers (94%), supervisor discussions (94%), FCA speeches (93%) and the FCA website (91%). After an increase between 2017 (75%) and 2018 (82%), the proportion of Fixed firms using FCA 'Regulation round-up' emails fell this year, with just under three quarter (73%) doing so. Interestingly, two in ten Fixed firms (18%) reported using social media as a source of information, an increase from one in ten (10%) in 2018. With social media increasingly embraced as a communication tool in many industries, these results suggest that the largest firms within financial services are also adopting this approach.

Figure 5.3 – Ways would like to see the FCA improve communications



Base: All firms: 2019 (2,888); 2018 (2,613); 2017 (2,230)



5.2 Improving Communications

Firms were asked about how the FCA could best improve their communications (Fig. 5.3). The most commonly cited suggestions remained the same as in previous years: simplifying communications (56%), improving the usability of the Handbook (55%), and targeted communications for different types of firms (52%).

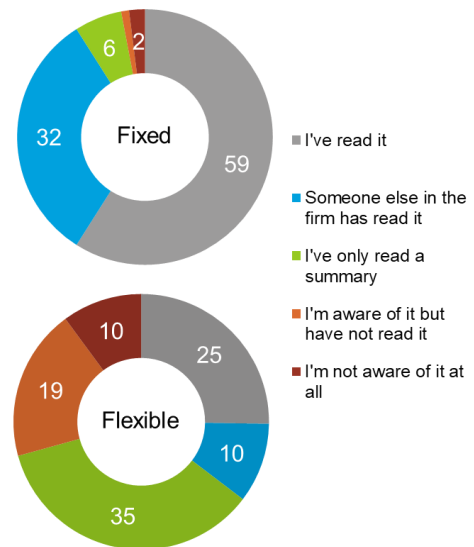
The priorities for Fixed firms have changed slightly since 2018. There has been an increase in the proportion of Fixed firms who want the FCA to improve the Handbook’s usability (62%, up from 52% in 2018) and include summaries of longer communications (57%, up from 43% in 2018). The proportion of Fixed firms who want the FCA to target communications to different types of firms (55%) remained unchanged since 2018.

5.3 The FCA Mission

In 2017, the FCA published its Mission, setting out a framework for the way it will make decisions about regulation and so serve the public interest. In 2018 and 2019, firms were asked the extent to which they had engaged with the Mission (Fig. 5.4), and if they had, what their views on the document were (Fig. 5.5).

The proportion of firms who have engaged with the Mission was largely unchanged since 2018. Most firms had engaged with the Mission in some way. Just over a third of firms (36%) said either the

Figure 5.4 – Extent to which firms have engaged with the Mission

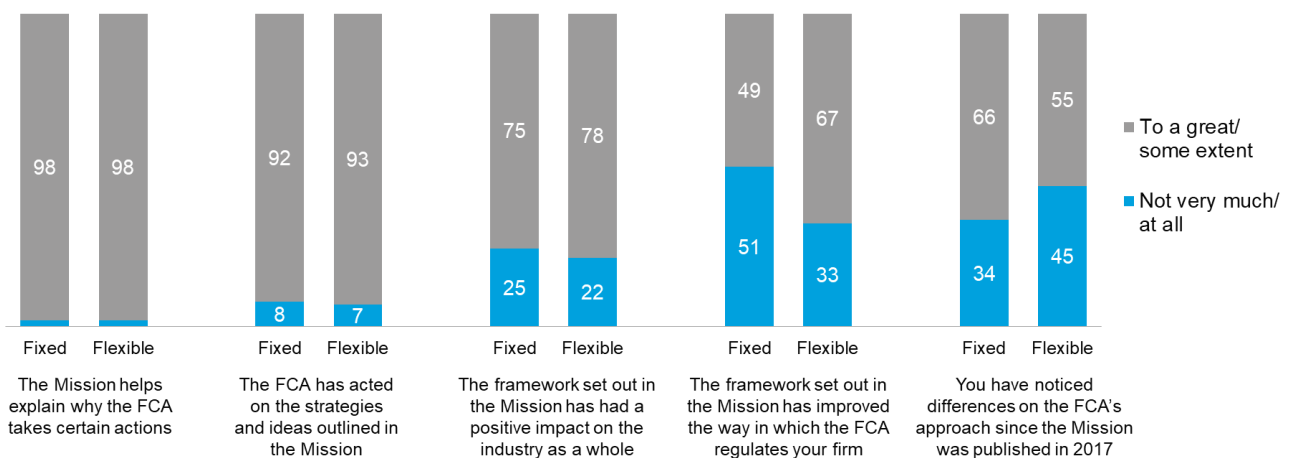


Base: All firms: Fixed (71); Flexible (2,817)

respondent themselves (25%) or someone else in the firm (10%) had read the Mission. A third said they had read the summary (33%), while fewer than two in ten (19%) were aware of the Mission but had not read it. One in ten firms (10%) said they were not aware of the Mission at all.

As in 2018, awareness and engagement of the Mission was higher among Fixed firms than Flexible firms. Nine in ten of Fixed firms (91%) said either the respondent themselves (59%) or someone else in the firm (32%) had read the

Figure 5.5 – Extent to which feel statements about the Mission are true



Base: All firms: Fixed (71); Flexible (2,817)



Mission. A further 6% had read a summary. Two per cent of Fixed firms were not aware of the Mission at all.

There was a large degree of variation across sectors in their engagement with the Mission, ranging from Retail Banking firms (89% of whom had read the Mission) to Retail Investment firms (28% of whom had read the Mission). Firms in the Wholesale Financial Markets and Retail Lending sectors were the most likely not to be aware of the Mission at all (12% each).

Firms that have read the Mission were then shown four different statements and asked to what extent they felt each statement was true. Almost all Fixed firms (98%) and Flexible firms (97%) felt at least to some extent that the Mission helps to explain why the FCA takes certain actions. Over nine in ten Fixed firms (92%) and Flexible firms (93%) also felt that the FCA has acted on the strategies and ideas outlined in the Mission. Fixed and Flexible firms gave different views on the extent to which they have noticed differences in the FCA's approach since the Mission was first published, with Fixed firms more likely than flexible firms to feel this was the case (66% and 55% respectively). Conversely, Fixed firms were less likely than Flexible firms to feel that the framework set out in the Mission improved the way in which the FCA regulates their firm (49% and 67% respectively).

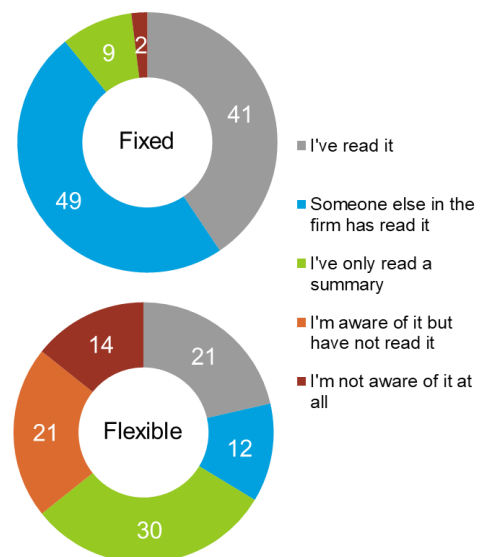
5.4 FCA Sector Views

The FCA published its latest Sector Views in January 2019. The Views provide an annual analysis of the changing financial landscape, and the resulting impact on consumers and market effectiveness. This year's survey asked firms about their level of engagement with the FCA's Sector Views (Fig. 5.6).

One third of firms (33%) had read the Sector Views; whether the respondent themselves (21%) or someone else in the firm (12%). Three in ten (30%) had read a summary, with a further two in ten (21%) aware of it but having not read it. Over one in ten (14%) were not aware of it at all.

As seen with the FCA Mission, Fixed firms were more likely than Flexible firms to have read the Sector Views. Nine in ten Fixed firms (89%) reported having read them; whether the respondent themselves (41%) or someone else in the firm (49%). Only a third of Flexible firms (32%) had read the sector views; whether the respondent themselves (21%) or someone else in the firm (11%).

Figure 5.6 – Extent to which firms have engaged with Sector Views



Base: All firms: Fixed (71); Flexible (2,817)



6. Understanding of regulation and regulatory burden

This chapter explores how well firms understand regulation and the ways in which they engage with and are affected by regulatory requirements.

6.1 Information requests

Firms were asked how they felt about the number of data requests from the FCA. The majority of firms (63%) felt the level of requests to be about right, two in ten (20%) felt there were a lot but for understandable reasons and 14% felt there were more than seemed necessary. These figures are very similar to those reported in 2018.

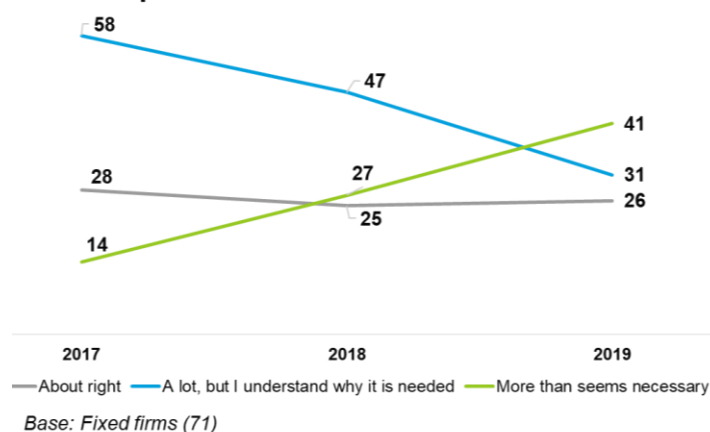
However, the results for Fixed firms show a very clear trend (Fig. 6.1). The proportion of Fixed firms viewing the number of requests as about right has remained relatively stable over the last three years (26% in 2019, compared with 25% in 2018 and 28% in 2017). But the proportion who feel the number of requests is more than seems necessary has risen substantially, from 14% in 2017 to 41% in 2019.

Firms were also asked how they felt about the amount of information they are required to provide to their customers as a result of regulation. Here, firms' views were fairly evenly split.

Overall, three in ten firms (29%) felt that the amount of information they were required to provide to their customers was about right, just under four in ten (37%) felt it was a lot, but understandably so and a third (33%) felt it was unnecessarily high.

Fixed firms were more likely to feel that the amount of information required was a lot but for understandable reasons (46% compared with 37% of flexible firms).

Figure 6.1 – Fixed firms' views on the number of data requests received from the FCA



6.2 Dual regulation

Firms regulated by both the FCA and the Prudential Regulation Authority (i.e. dual regulated firms) were asked their level of agreement with two statements about dual regulation (Fig. 6.2).

Overall, firms had a good understanding of the dual regulation process, and a positive view of how the regulators administer this. More than nine in ten firms (92%) agreed that their firm has a clear understanding of the distinction between the FCA's regulatory objectives and those of the PRA, while seven in ten (70%) agreed that the FCA and PRA are appropriately coordinated in their supervision, taking into account their respective regulatory objectives.

Fixed firms were slightly less positive than they were 12 months ago. Just under nine in ten Fixed firms (87%) agreed that their firm has a clear understanding of the distinction between the FCA's regulatory objectives and those of the PRA (compared with 93% in 2018), while just over six in ten (63%) agreed that the FCA and PRA are appropriately coordinated in their supervision,

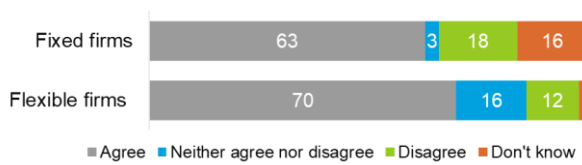


Figure 6.2 – Agreement with statements about dual regulation

My firm has a clear understanding of the distinction between the FCA's regulatory objectives and those of the Prudential Regulation Authority (PRA)



The FCA and PRA are appropriately co-ordinated in their supervision of our firm taking into account their respective regulatory objectives



Base: All dual regulated firms: Fixed (41); Flexible (129)

compared with 67% in 2018. Driving this change appears to be a higher degree of uncertainty around dual regulation, with the proportion of Fixed firms answering 'Don't know' being notably higher in 2019 than in 2018 (16% and 4% respectively).

6.3 Attitudes towards regulation

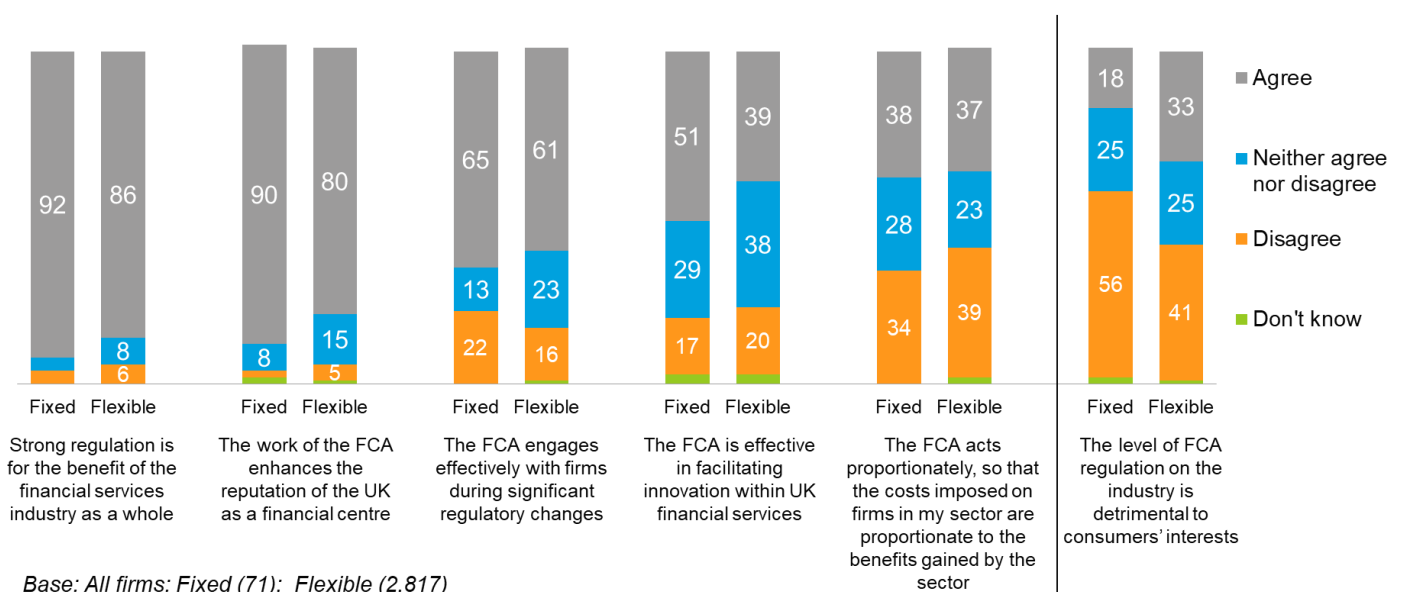
Firms were asked to consider financial regulation as it relates to the industry as a whole and their own firm (Fig. 6.3).

There was widespread support for the idea that strong regulation is for the benefit of the financial services industry as a whole, with more than eight in ten firms (86%) agreeing. A similar proportion (80%) agreed that the work of the FCA enhances the reputation of the UK as a financial centre. These aspects also enjoyed the highest levels of support in 2018, with similar proportions of firms agreeing (83% and 78% respectively).

Agreement levels were significantly lower for other aspects of regulation. Just under four in ten firms (39%) agreed that the FCA is effective in facilitating innovation within UK financial services. A similar proportion (37%) agreed that the costs imposed on firms by the FCA are proportionate to the benefits gained.

There are some clear areas of difference in the views of Fixed and Flexible firms. Just over half of Fixed firms (51%) agreed that the FCA is effective in facilitating innovation within the UK financial services industry, a significantly higher proportion than Flexible firms (39%). Fixed firms were also less likely to agree that the level of FCA regulation on the industry is detrimental to consumers' interests (18%) when compared with Flexible firms (33%).

Figure 6.3 – Agreement with statements about FCA regulation



Base: All firms: Fixed (71); Flexible (2,817)



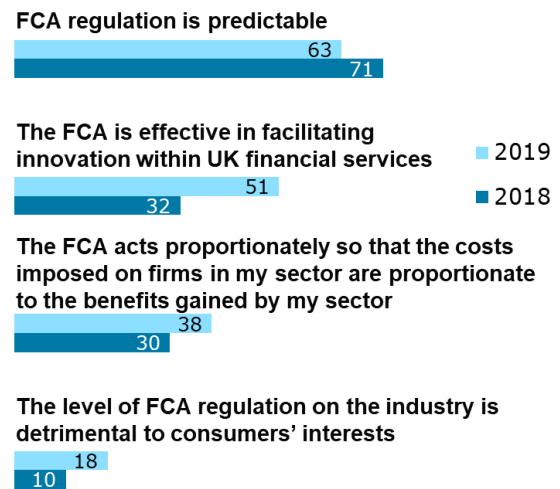
While views on the impact of regulation were largely unchanged since 2018, there has been a shift in attitudes on several aspects over the last 12 months (Figs. 6.4 and 6.5).

Fixed firms are less likely to see FCA regulation as being predictable, with just under two thirds (63%) agreeing this year, compared with seven in ten (71%) in 2018. They are also more likely than in 2018 to agree that the level of FCA regulation on the industry is detrimental to consumers' interests (18% vs. 10%). However, there are also more positive changes. There has been a substantial increase in the proportion of Fixed firms agreeing that the FCA is effective in facilitating innovation within UK financial services, from 32% in 2018 to 51% this year. Similarly, Fixed firms are more likely to agree that the costs the FCA imposes on firms are proportionate to the benefits gained (38% in 2019, compared with 30% in 2018).

Among Flexible firms, there has been a slight fall in the proportion of firms agreeing that FCA regulation is predictable (from 48% to 42%), mirroring the change seen among Fixed firms. Flexible firms are also less likely than in 2018 to agree that the FCA engages effectively with firms during significant regulatory changes (61% in 2019, compared with 66% in 2018). Perhaps unsurprisingly, firms that had accessed FCA guidance about preparing for Brexit were more likely than those that hadn't to agree with this statement (69% and 53% respectively).

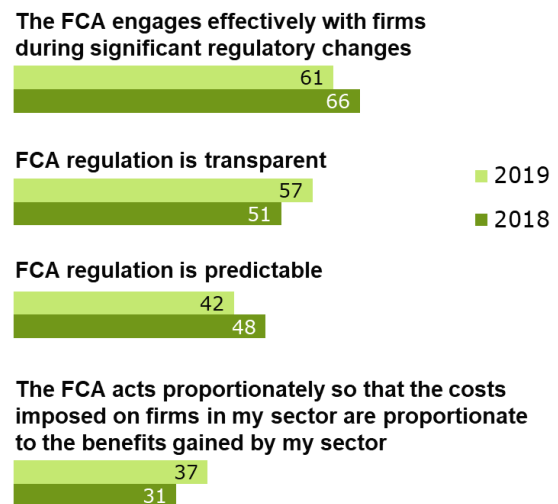
More positively, when compared with 2018 Flexible firms were more likely to agree that FCA regulation is transparent (57% in 2019, compared with 51% in 2018) and that the costs imposed on firms by the FCA are proportionate to the benefits gained (37% in 2019, compare with 31% in 2018). On costs being proportionate to the benefits gained, there was still a relatively high proportion of firms disagreeing (39%), as was the case in 2018 (when 38% of Flexible firms disagreed). Although some progress has been made in this area, it is clearly still a concern for a substantial minority of firms.

Figure 6.4 – Agreement with statements about FCA regulation (Fixed firms)



Base: All Fixed firms: 2019 (71); 2018 (65);

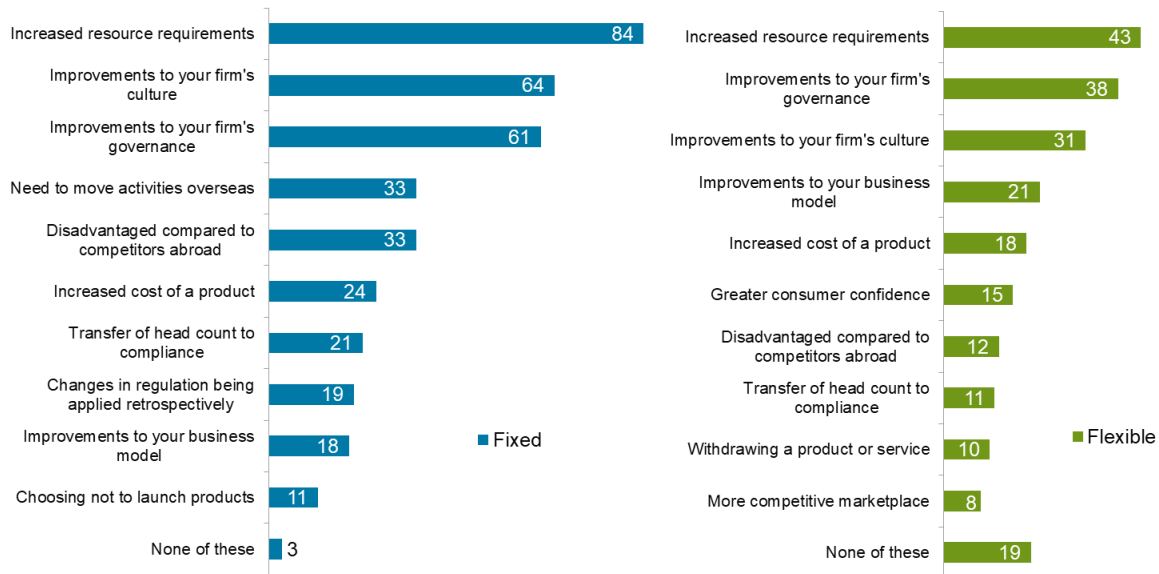
Figure 6.5 – Agreement with statements about FCA regulation (Flexible firms)



Base: All Flexible firms: 2019 (2,817); 2018 (2,548)



Figure 6.6 – Direct effects of regulation experienced by firms over the last year



Base: All firms: Fixed (71); Flexible (2,817)

6.4 Impact of regulation

Firms were asked to state the ways in which regulation had had a direct impact on their business (Fig. 6.6). Overall, the results were very similar to those in 2018.

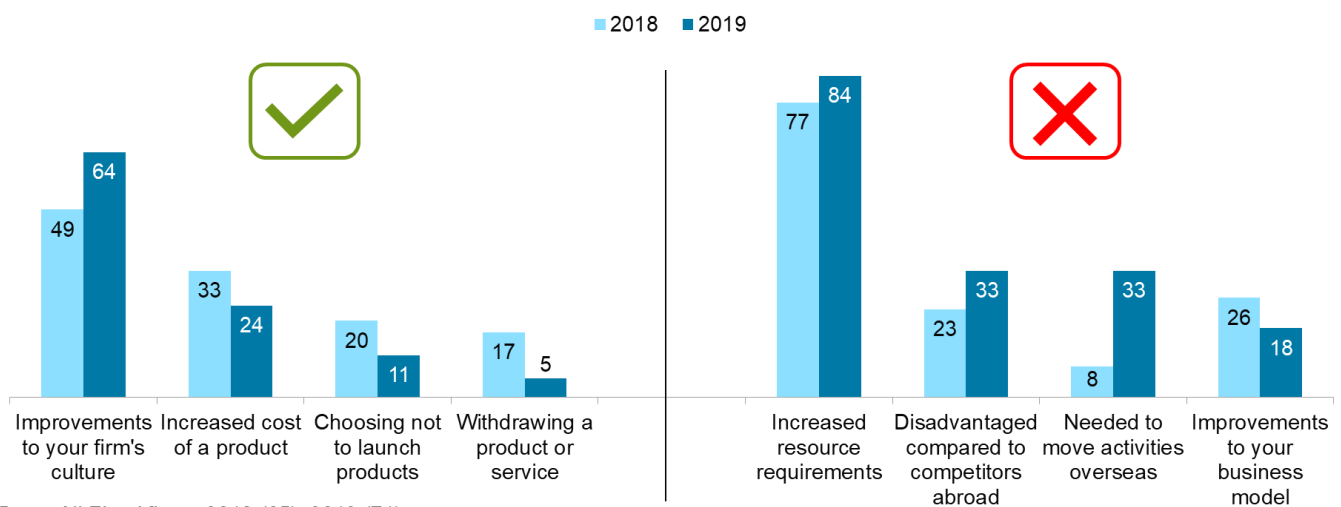
The most frequently cited impact was increased resource requirements (for 43% of firms), followed by improvements to the firm's governance (38%) and culture (32%).

While for Flexible firms the type and scale of impact is generally unchanged since 2018, the impact of regulation on Fixed firms has changed

considerably over the last 12 months (Fig. 6.7). The picture that emerges for Fixed firms is mixed, with evidence of both positive and negative changes since 2018.

On the positive side, Fixed firms are much more likely than 12 months ago to report improvements to the firm's culture as a direct result of regulation (64%, compared with 49% in 2018). There are also fewer Fixed firms having taken action that might adversely affect consumers. A quarter (24%) have increased the price of a product (down from 33%), one in ten (11%) have chosen not to launch

Figure 6.7 – Direct effects of regulation experienced by over the last year (Fixed firms)



Base: All Fixed firms: 2018 (65); 2019 (71)



products (down from 20%), and just 5% have withdrawn a product or service (down from 17%).

For what firms might regard as more negative impacts of regulation, the key changes since 2018 involve more operational considerations. There has been an increase in the proportion of Fixed firms reporting increased resource requirements (84%, up from 77% in 2018), and being placed at a disadvantage compared to competitors abroad (33%, up from 23%). There has also been a fall in the proportion of Fixed firms reporting improvements to their business model as a result of regulation (18%, down from 26%).

The most notable change for Fixed firms was the proportion saying that they had to move activities overseas as a direct result of regulation.

This year a third of Fixed firms (33%) reported having done so over the last year, a significant increase from 2018 when the equivalent figure was just 8%. This year's result is, by some distance, the highest figure yet recorded on the survey, compared with 1% of Fixed firms in 2017 and 14% in 2016. This finding should also be understood within the context of the UK's potential withdrawal from the EU.



7. Governance and Culture

7.1 Attitudes to enforcement

Firms were shown two statements about enforcement and asked to indicate their level of agreement with each one (Fig. 7.1).

Eight in ten firms (81%) agreed that the FCA's enforcement procedure is understood by the industry to have real and meaningful consequences for firms and individuals who don't follow the rules. Seven in ten (71%) agreed that FCA enforcement action in their sector(s) is effective at reinforcing the FCA's expectations.

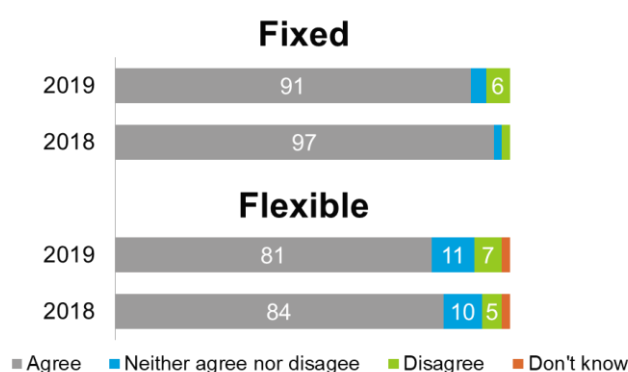
Fixed firms were more likely than Flexible firms to agree that the FCA's enforcement procedure is understood by the industry to have real and meaningful consequences for firms and individuals who don't follow the rules (91% vs. 81%). However, there has been a significant fall in agreement levels among Fixed firms since 2018, when almost all agreed (97%).

The proportion of Fixed firms agreeing that FCA enforcement action in their sector(s) is effective at reinforcing the FCA's expectations has also fallen significantly, from nine in ten (88%) in 2018 to three quarters (74%) this year. In this regard, the views of Fixed firms are now much more closely aligned with those of Flexible firms (of which 71% agreed with this statement) than previously.

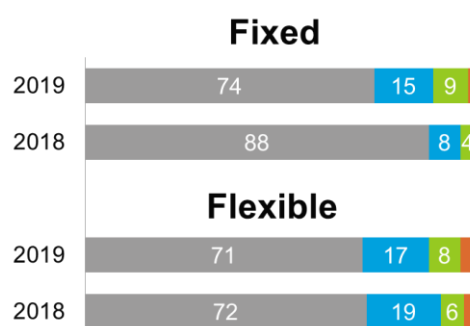
Difference of opinion on these statements across sectors followed a similar pattern as in 2018. With the exception of Pensions & Retirement Income and Retail Investments, more than eight in ten firms in all sectors agreed that the FCA's enforcement procedure is understood by the industry to have real and meaningful consequences and more than seven in ten agreed that FCA enforcement action in their sector(s) is effective at reinforcing the FCA's expectations. Agreement with both statements was lower among Pensions firms and

Figure 7.1 – Agreement with statements about enforcement

The FCA's enforcement procedure is understood by the industry to have real and meaningful consequences for firms and individuals who don't follow the rules



FCA enforcement action in your sector(s) is effective at reinforcing the FCA's expectations



Base: All firms: Fixed (2019: 71; 2018: 65) Flexible (2019: 2,817; 2018: 2,548)

Retail Investments firms: Eight in ten Pensions firms (80%) and three quarters of Retail Investments firms (75%) agreed that the FCA's enforcement procedure is understood by the industry to have real and meaningful consequences, while two thirds of Pensions firms (65%) and Retail Investments (65%) agreed that FCA enforcement action in their sector(s) is effective at reinforcing the FCA's expectations.



7.2 Communication on Culture

One of the FCA’s aims is to foster a culture of governance within the industry, where firms identify and rectify problems themselves. The FCA work with firms to help ensure their systems and controls, governance and culture enable them to comply fully with the regulator’s rules.

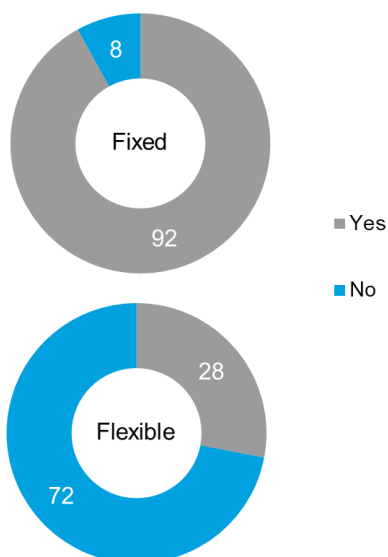
To better understand how much firms are engaging with these efforts, the 2019 survey included some new questions about the FCA’s communication on culture.

All firms were asked whether they had seen any communication or had any conversations with the FCA about their firm’s culture over the last 12 months. As shown in Figure 7.2, there was a clear difference between Fixed and Flexible firms. Nine in ten Fixed firms (92%) had seen a communication or had these conversations with the FCA, compared with just three in ten Flexible firms (28%).

All firms who had seen a communication or had conversations with the FCA around firm culture were asked the extent to which they found this communication helpful (Fig. 7.3). Both Fixed and Flexible firms expressed a positive response to this communication, with just under nine in ten saying they found it helpful, at least to some extent (88% and 89% respectively).

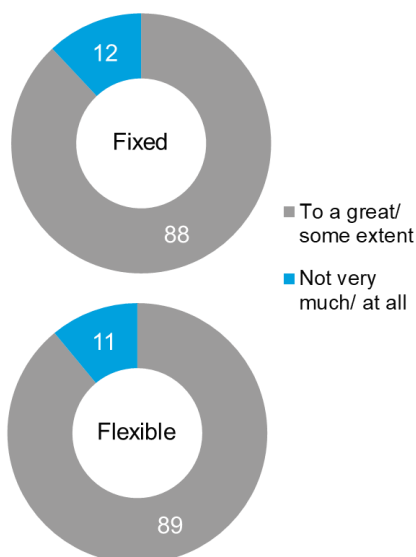
Fixed and Flexible firms were less similar in terms of the reported impact of communication/conversations around firm culture (Fig. 7.4). Nine in ten Fixed firms (87%) said that they had taken action as a result of communication with or from the FCA about their firm’s culture, compared with two thirds of Flexible firms (66%).

Figure 7.2 – Whether seen any communication or had conversations with the FCA around firm’s culture



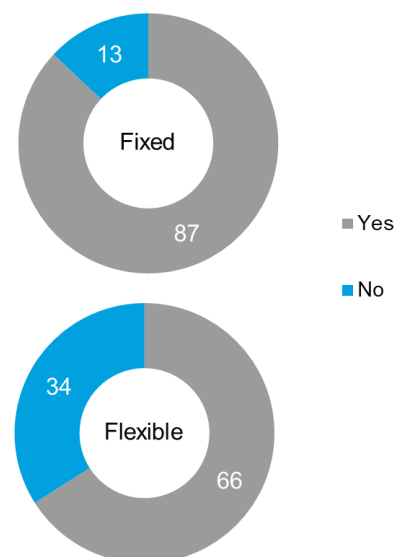
Base: All firms: Fixed (71); Flexible (2,817)

Figure 7.3 – Extent to which found the FCA’s communication around firm culture helpful



Base: All firms that have seen communication from FCA around culture: Fixed (65); Flexible (832)

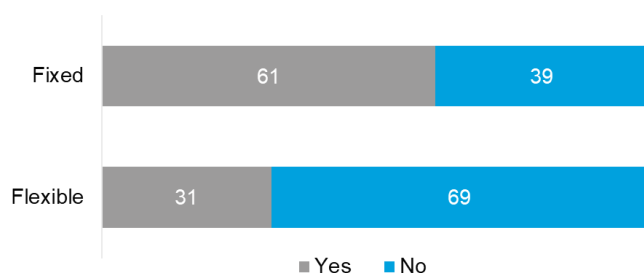
Figure 7.4 – Whether taken any action as a result of communication with or from the FCA concerning firm’s culture



Base: All firms that have seen communication from FCA around culture: Fixed (65); Flexible (832)

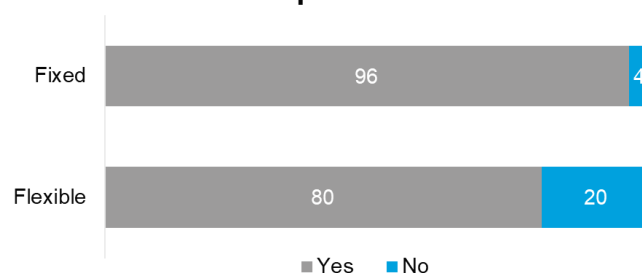


Figure 7.5 – Whether firm is currently subject to the Senior Managers and Certification Regime



Base: All firms: Fixed (71); Flexible (2,817)

Figure 7.6 – Whether aware of the new requirements that will be introduced on 9 December 2019 as part of the SM&CR



Base: All firms that are not currently subject to the SM&CR: Fixed (27); Flexible (2,055)

7.3 Senior Managers and Certification Regime

Another new area of interest for the 2019 survey is the Senior Managers and Certification Regime (SM&CR). Parliament passed legislation in December 2013, leading to the FCA and PRA applying the SM&CR to the banking sector. The SM&CR replaced the Approved Persons Regime and is intended to reduce harm to consumers and strengthen market integrity by making individuals more accountable for their conduct and competence. Parliament made further changes to legislation in May 2016, requiring the FCA to extend the regime to all FSMA authorised firms. On 9 December 2019, it will be extended further to cover all firms the FCA regulates.

Six in ten (61%) Fixed firms were subject to the SM&CR at the time of completing the survey, compared with a third of Flexible firms (31%).

All firms that were not subject to SM&CR were asked whether they were aware of the new requirements due to be introduced on 9 December 2019. Almost all Fixed firms in this group (96%) said that they were aware of these new requirements, while eight in ten Flexible firms in this group (80%) said that they were aware.

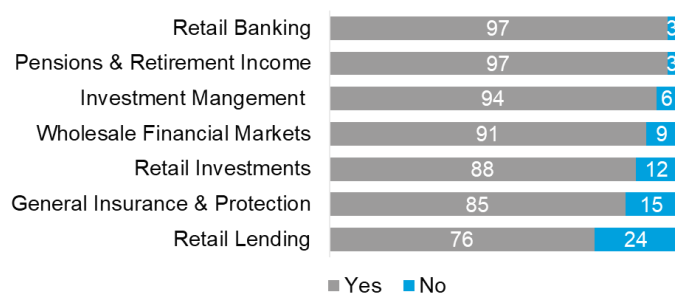
Although a majority of firms in all sectors said they were aware of the new requirements, awareness was clearly higher in some sectors than others (Fig. 7.7). Almost all Retail Banking and Pensions & Retirement Income firms (97%) said that they were aware of the new requirements. The sector with the lowest level of awareness was Retail Lending. Three quarters of all Retail Lending firm (76%) said

that they were aware of the new requirements, with a quarter (24%) saying that they were not. Other sectors with relatively low levels of awareness were General Insurance & Protection (85%) and Retail Investments (88%). These results suggest that the FCA may need to focus attention on firms in these sectors to help them prepare for the new requirements in advance of December 2019.

Firms who were either subject to or aware of the SM&CR were then asked their level of agreement with several statements about the impact (or expected impact, for those aware of but not currently subject to it) of the SM&CR on their firm (Fig. 7.8).

Figure 7.7 – Whether aware of the new requirements that will be introduced on 9th December 2019 as part of the SM&CR

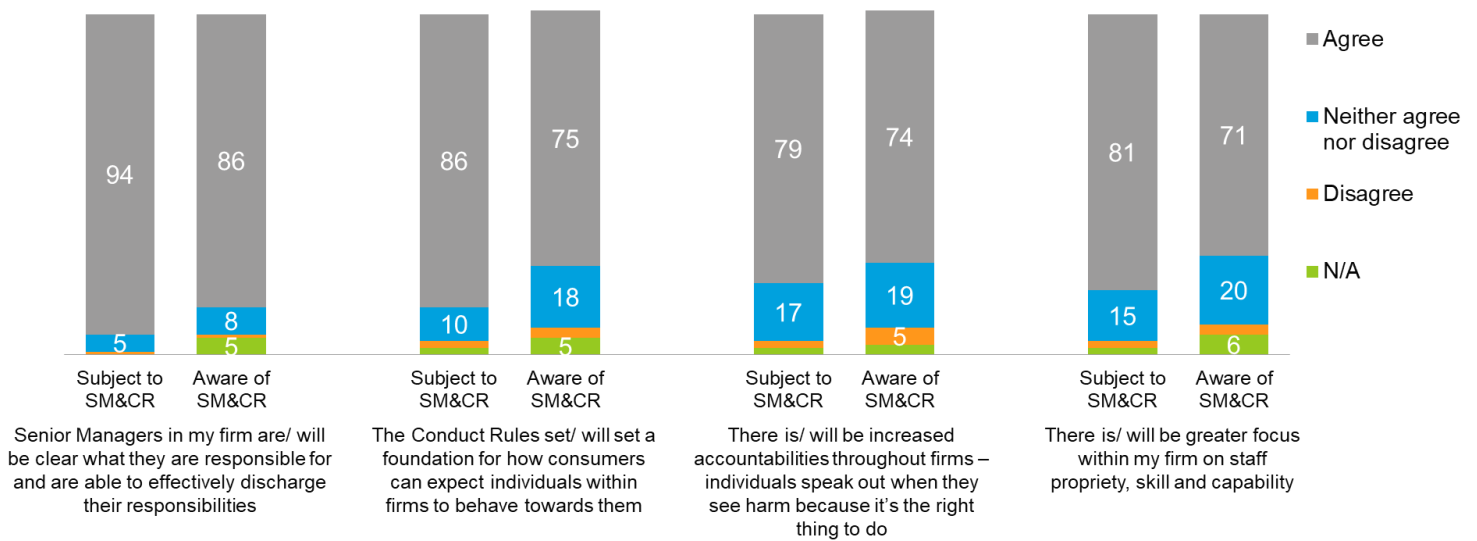
- by Sector



Base: All firms: Retail Banking (36); Pensions & Retirement Income (39); Investment Management (360); Wholesale Financial Markets (282); Retail Investments (1,220); General Insurance & Protection (544); Retail Lending (407)



Figure 7.8 – Agreement with statements about the Senior Managers & Certification Regime



Base: All firms that are currently subject to the SM&CR (954); All firms that are aware of, but not currently subject to, the SM&CR (1,624)

The majority of firms in both groups (subject to and aware of the SM&CR) agreed that Senior Managers in their firm are/will be clear what they are responsible for and able to effectively discharge their responsibilities (94% and 86% respectively). Agreement levels were lower for other aspects of the SM&CR:

- The Conduct Rules set/will set a foundation for how consumers can expect individuals within firms to behave towards them (Subject to: 86%; Aware of: 75%);

- There is/ will be increased accountabilities throughout firms – individuals speak out when they see harm because it's the right thing to do (Subject to: 79%; Aware of: 74%);
- There is/ will be greater focus within my firm on staff propriety, skill and capability (Subject to: 81%; Aware of: 71%).



8. Consumer Credit Firms

In April 2014 the FCA took over the regulation of the UK's approximately 40,000 consumer credit firms – marking a significant increase in firms the FCA regulates. As in previous reports, we present the results of the consumer credit firms separately and they are not incorporated into the headline figures. This has allowed the consumer credit firms to have a voice while also maintaining key trend data. Like the previous surveys, the response rate amongst consumer credit firms was lower than for the overall survey. In 2019, 6% of consumer credit firms who were invited to take part in the panel survey did so, compared with a response rate of 29% among non-consumer credit firms.

8.1 Satisfaction and effectiveness

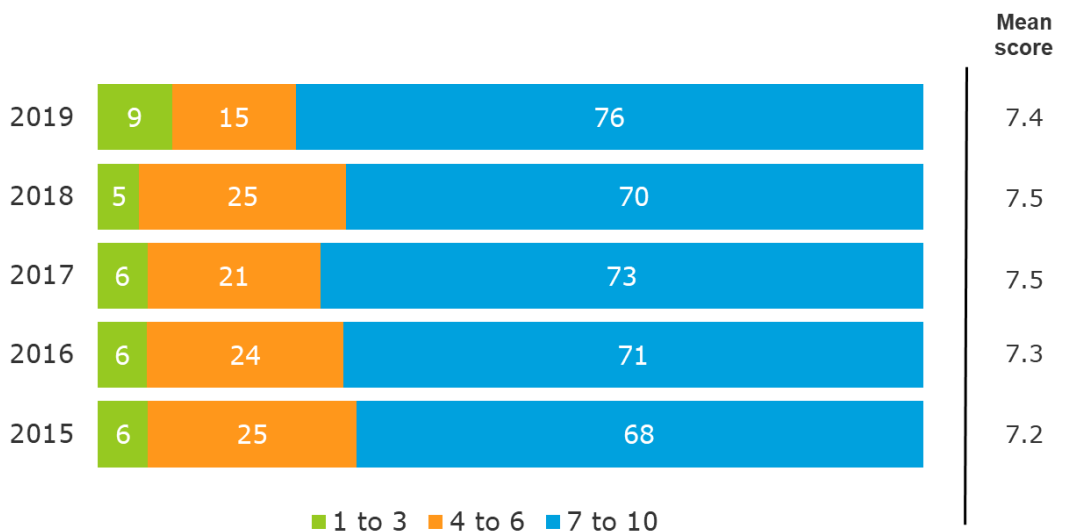
Firms were asked to consider their satisfaction with the relationship they currently have with the FCA (Fig. 8.1). Overall, three quarters of firms (76%) rated this as high (a score of 7 to 10), with a mean satisfaction score of 7.4. Although the proportion of firms giving a high score has risen since 2018 (up

from 70%), there has also been a slight increase in the proportion rating their satisfaction as low (a score of 1 to 3), from 5% to 9%. As a result, the mean satisfaction score is largely unchanged.

Satisfaction is slightly lower than among non-consumer credit firms, who gave a mean score of 7.6, with eight in ten (79%) giving a high satisfaction score.

When asked to consider the effectiveness of the FCA as a regulator, responses from consumer credit firms were, in general, slightly more positive than their satisfaction ratings (Fig. 9.2). Eight in ten firms (79%) rated the FCA as being highly effective. This was notably higher than the equivalent figure among non-consumer credit firms, 71% of which gave the FCA's effectiveness a high rating.

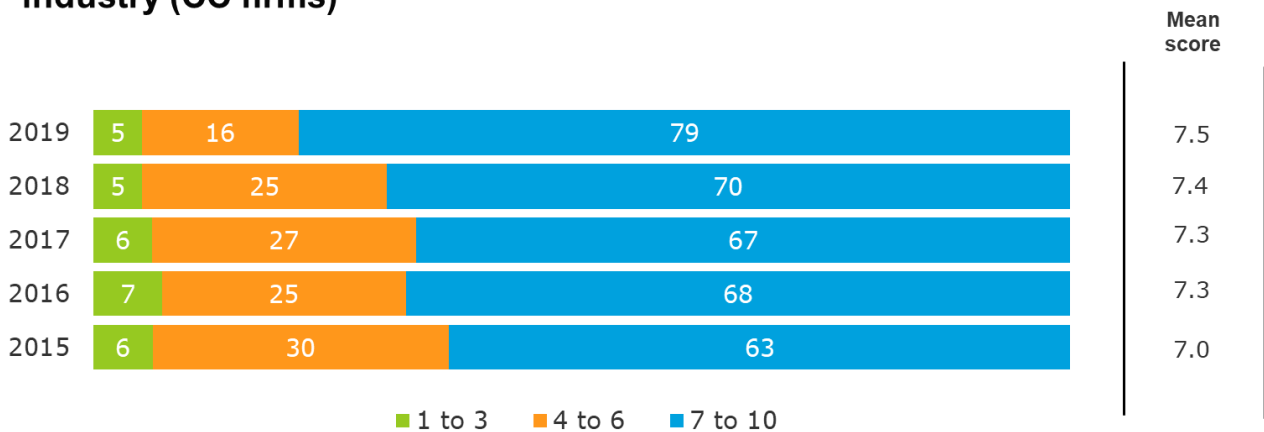
Figure 8.1 – Satisfaction with firm's relationship with the FCA (CC firms)



Base: All consumer credit firms: 2019: (148); 2018 (190); 2017 (150); 2016 (371); 2015 (289)



Figure 8.2 – Effectiveness of the FCA in regulating the financial services industry (CC firms)



Base: All consumer credit firms: 2019: (148); 2018 (190); 2017 (150); 2016 (371); 2015 (289)

Similarly, the mean effectiveness score was substantially higher among consumer credit firms (7.5, compared with 7.2 among non-consumer credit firms).

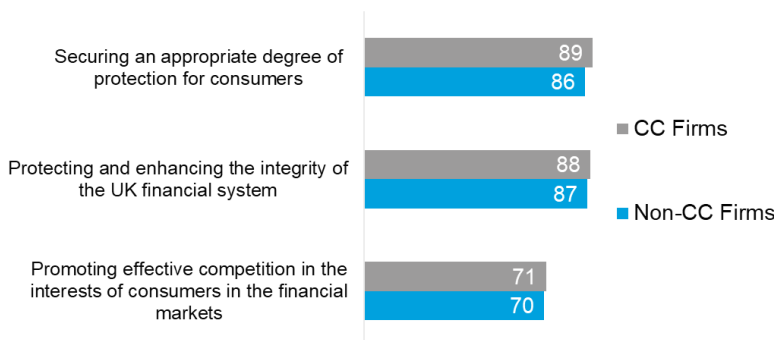
For the first time, the 2019 survey asked consumer credit firms a separate question: ‘How effective do you think the FCA’s regulation of consumer credit has been?’ Interestingly, responses to this question were somewhat less positive compared with views on effectiveness overall. Seven in ten consumer credit firms (70%) rated effectiveness as high (a score of 7 to 10), a quarter (25%) gave a medium rating (a score of 4 to 6) and 5% rated effectiveness as low (a score of 1 to 3). The mean score was 7.3.

8.2 Performance of the FCA against objectives

Firms were asked to rate their confidence in the FCA’s operational objectives (Fig. 8.3). Across all three objectives, confidence was slightly higher among consumer credit firms when compared to non-consumer credit firms.

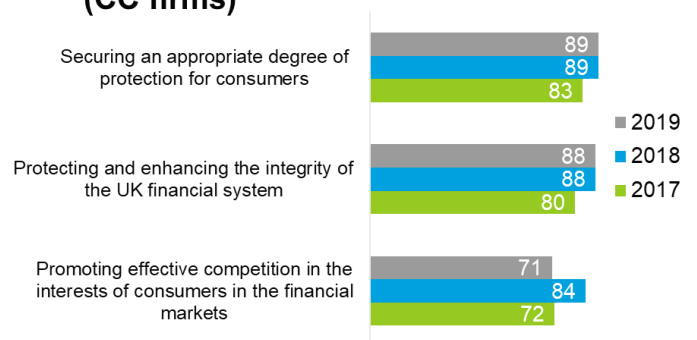
Almost nine in ten consumer credit firms were confident in the FCA’s ability to secure an appropriate degree of protection for consumers (89%) and in their ability to protect and enhance the integrity of the UK financial system (88%), while seven in ten (71%) were confident in the FCA’s ability to promote effective competition in the interests of consumers.

Figure 8.3 – Level of confidence in the FCA’s performance against objectives: % very/fairly confident



Base: All firms: CC (148); Non-CC (2,817)

Figure 8.4 – Level of confidence in the FCA’s performance against objectives, year on year: % very/fairly confident (CC firms)



Base: All consumer credit firms: 2019 (148); 2018 (190); 2017 (150)



Against the first two objectives (Securing appropriate protection for consumers and protecting the integrity of the UK financial system), confidence among consumer credit firms, is unchanged compared with 2018 (Fig. 8.4). However, there has been a significant fall in confidence in the FCA's ability to promote effective competition, from eight in ten (84%) in 2018 to seven in ten (71%) this year. This is in line with the confidence level reported by consumer credit firms in 2017.

8.3 Withdrawal from the EU (Brexit)

Consumer credit firms were much less likely than other firms to have accessed the FCA's guidance on its website or in Regulation round-up about preparation for the UK's withdrawal from the EU (Fig. 8.5). While half of non-consumer credit firms (50%) had accessed this guidance, just over one in ten consumer credit firms (14%) reported having done so.

These firms were asked what guidance or support they would most like to receive from the FCA during any transition period, or following the UK's withdrawal from the EU. The most common response was clear guidance on changes to regulatory requirements, mentioned by a quarter (25%) of consumer credit firms. Consumer credit firms were twice as likely as other firms to say that they don't expect their firm to be affected by Brexit (15% and 7% respectively).

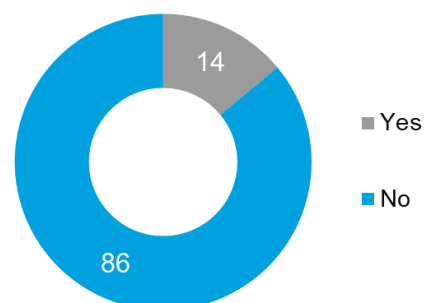
8.4 Trust

The 2019 survey asked firms whether their trust in the FCA had increased, decreased, or stayed the same in the last 12 months.

Three quarters of consumer credit firms (74%) reported that their level of trust in the FCA had stayed the same over the last 12 months, with two in ten (20%) saying that their trust had increased and just 3% saying that their trust had decreased. These results compare favourably with those of non-consumer credit firms, among whom one in ten (12%) said that their trust had increased and 7% said that their trust had decreased.

Firms were also asked about their level of agreement with some statements about FCA staff

Figure 8.5 – Whether accessed guidance the FCA has published on its website or in Regulation round-up about preparation for the UK's withdrawal from the EU (CC firms)



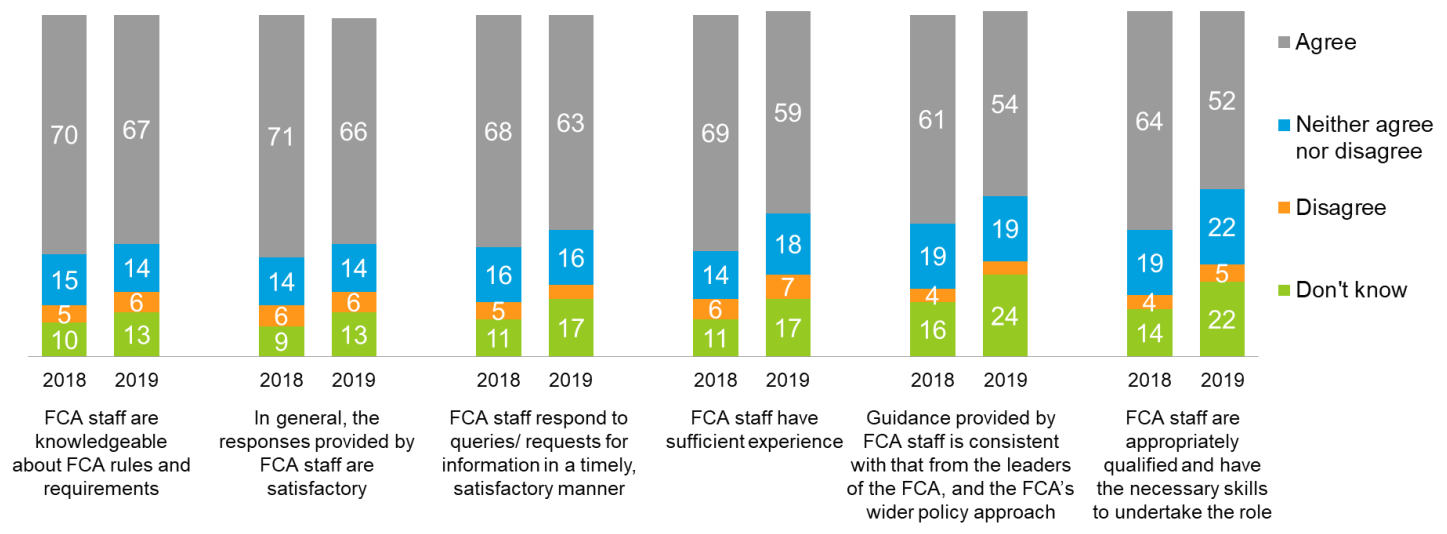
Base: All consumer credit firms (148)

(Fig. 8.6). Consumer credit firms were most likely to agree that FCA staff are knowledgeable about FCA rules and requirements (67%) and that in general, the responses provided by FCA staff are satisfactory (66%). While agreement levels have fallen across all statements since 2018, this is mainly due to an increase in the proportion of firms answering 'Don't know'. When compared to other firms, consumer credit firms express a higher level of uncertainty/ ambivalence towards FCA staff, suggesting that these firms might have less interaction with the FCA.

8.5 Communication and engagement

The consumer credit industry's relative lack of engagement with the regulator was reflected when these firms were asked how regularly they had contact with the FCA through a range of sources; telephone, e-mail, mail, face to face contact, the FCA website, and FCA events. Just one in ten consumer credit firms (12%) said that they had some form of contact with the FCA at least once a month, compared with four in ten (39%) non-consumer credit firms.

Figure 8.6 – Agreement with statements about FCA staff (CC firms)



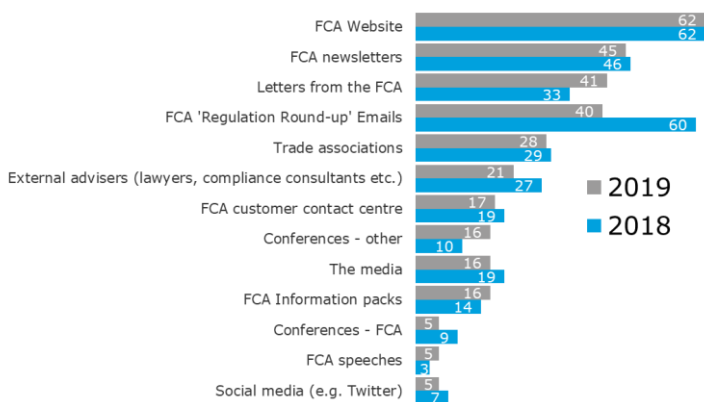
Base: All consumer credit firms: 2018 (190); 2019 (148)

Firms were also asked about which sources they used to learn about the FCA (Fig. 8.7). Among consumer credit firms, the FCA website (62%) and FCA newsletters (45%) were the most commonly cited sources, which was the case in 2018. Since 2018, there has been an increase in the proportion of consumer credit firms citing letters from the FCA (41%, up from 33%) and non-FCA conferences (16%, up from 10%) as sources of information. However, there has been a significant fall in the proportion of firms using the FCA Regulation round-up emails, from 60% in 2018 to 40% this year.

The proportion of consumer credit firms who have engaged with the FCA Mission is shown in Figure 8.8. Just under half of consumer credit firms had engaged with the Mission in some way. Two in ten (21%) said they had read the Mission, whether the respondent themselves (16%) or someone else in the firm (5%), and a quarter saying they had read a summary (25%). Two in ten (20%) said that though they were aware of the Mission, they had not read it, and three in ten (30%) said that they were not aware of the Mission at all.

In general, consumer credit firms were less familiar with the Mission than non-consumer credit firms, seven in ten of whom (71%) had engaged with the Mission in some way.

Figure 8.7 – Information sources used to learn about regulation and the FCA (CC firms)



Base: All consumer credit firms: 2019 (148); 2018 (190)

8.6 Understanding of regulation and regulatory burden

Firms were asked how they felt about the number of data requests from the FCA. The majority of consumer credit firms felt the level of requests to be about right (69%), 13% felt there were a lot but for understandable reasons and 11% felt there were more than seemed necessary. These figures are very similar to those reported in 2018.



Figure 8.8 – Extent to which CC firms have engaged with the Mission



Base: All firms: Consumer credit (148); Non-consumer credit (2,888)

Firms were asked to consider financial regulation as it relates to the industry as a whole and their own firm. Figure 8.9 shows the results for a selection of the statements covered.

For some aspects, consumer credit firms' agreement levels were lower than those of other firms. Three quarters of consumer credit firms (74%) agreed that strong regulation is for the benefit of the financial services industry as a whole (compared with 86% of non-consumer credit firms). Seven in ten (72%) agreed that the work of the FCA enhances the reputation of the UK as a financial centre (compared with 80% of non-consumer credit firms). Consumer credit firms were also less likely than other firms to agree that the FCA engages

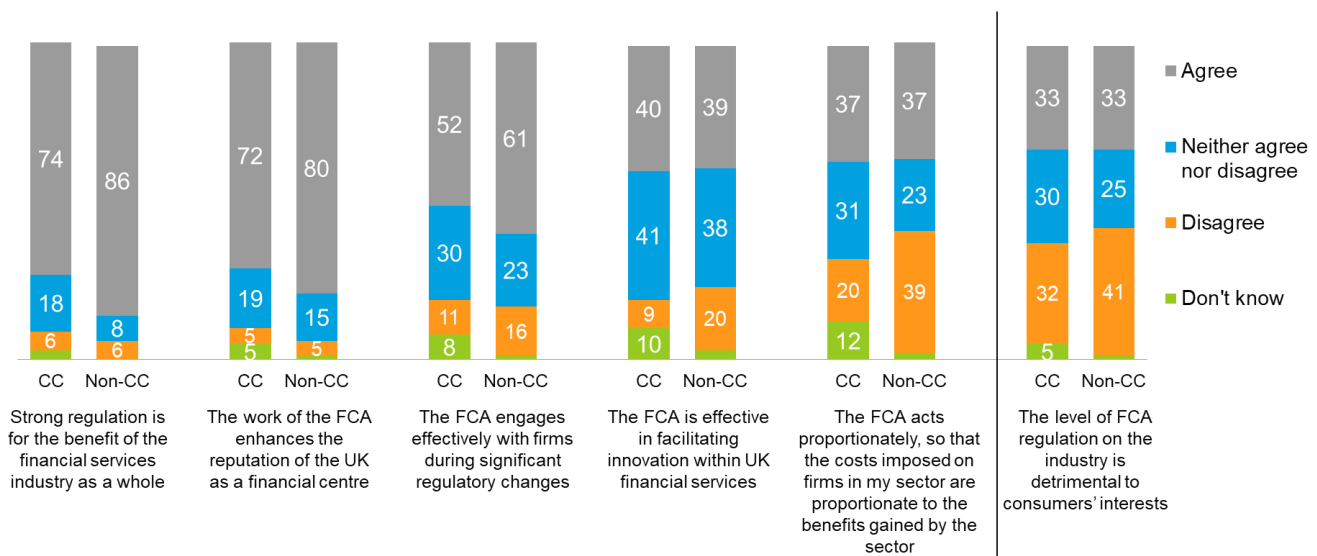
effectively with firms during significant regulatory changes (52% and 61% respectively).

8.7 Governance and Culture

Firms were shown two statements about enforcement and asked to give their level of agreement with each one.

Seven in ten consumer credit firms (68%) agreed that the FCA's enforcement procedure is understood by the industry to have real and meaningful consequences for firms and individuals who don't follow the rules. Six in ten (59%) agreed that FCA enforcement action in their sector(s) is effective at reinforcing the FCA's expectations.

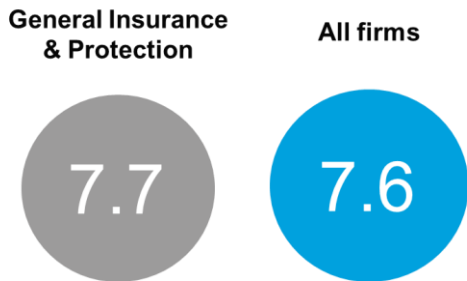
Figure 8.9 – Agreement with statements about FCA regulation



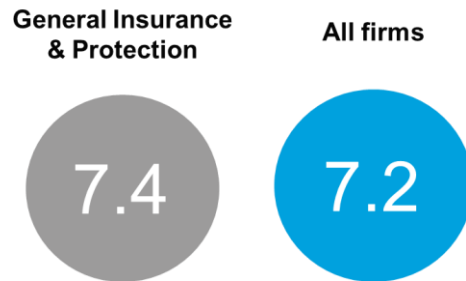
Base: All firms: Consumer credit (148); Non-consumer credit (2,888)

9. Sector summary: General Insurance & Protection

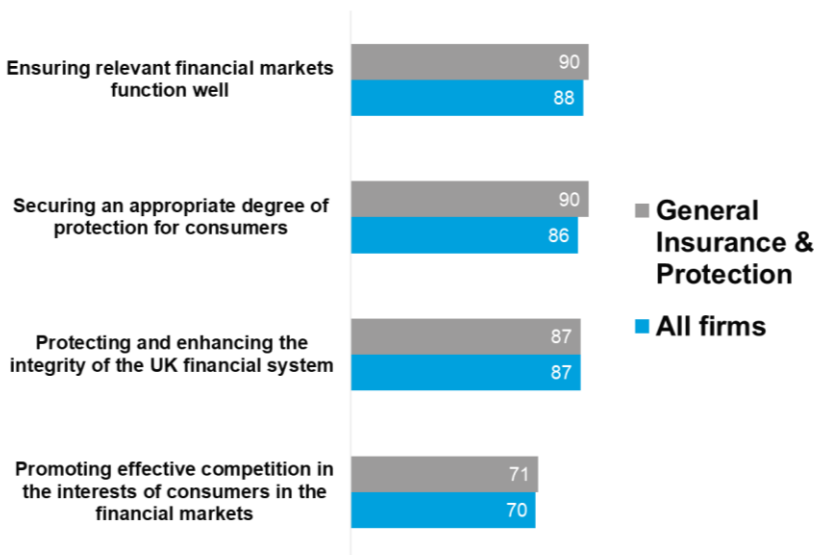
Satisfaction with relationship with the FCA:
Average Score



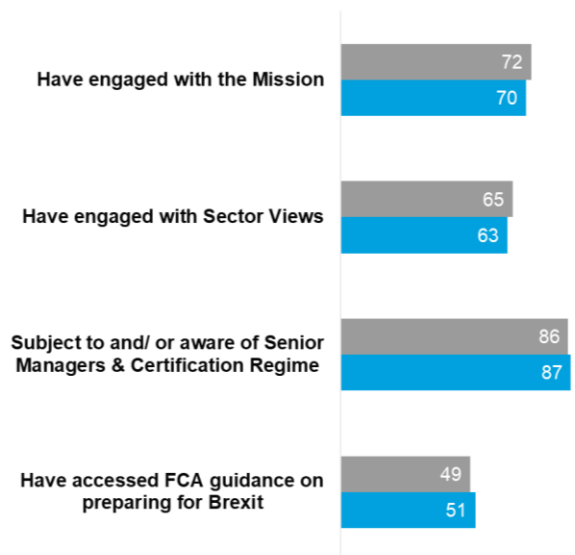
Effectiveness of the FCA:
Average Score



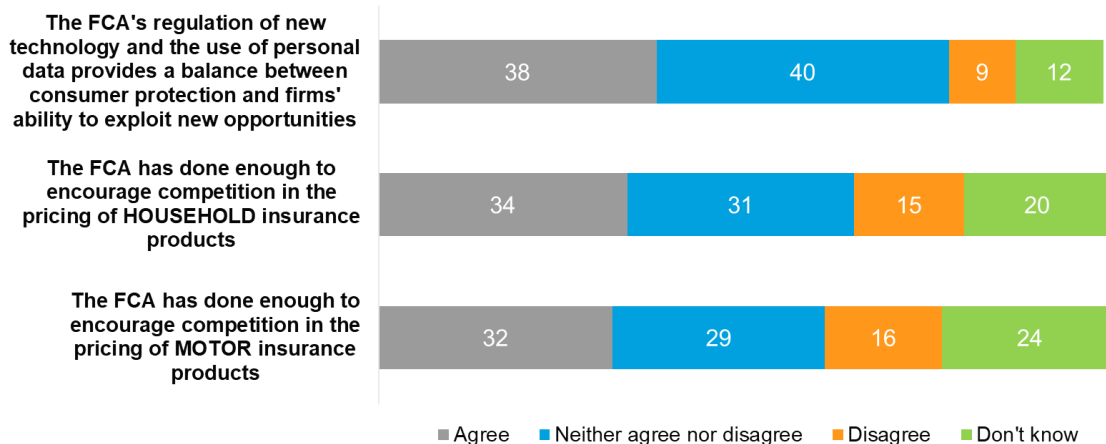
Confidence in FCA's ability to meet its objectives
(% very/ fairly confident)



Engagement with the FCA

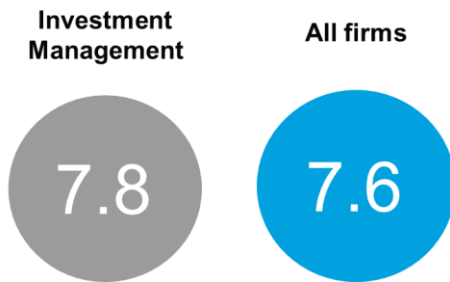


Agreement with statements about the insurance market

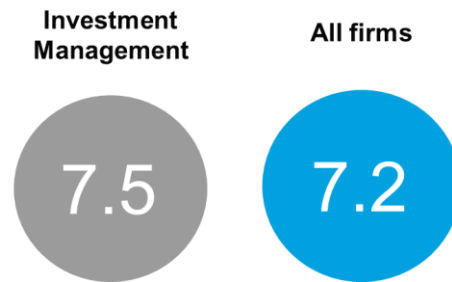


10. Sector summary: Investment management

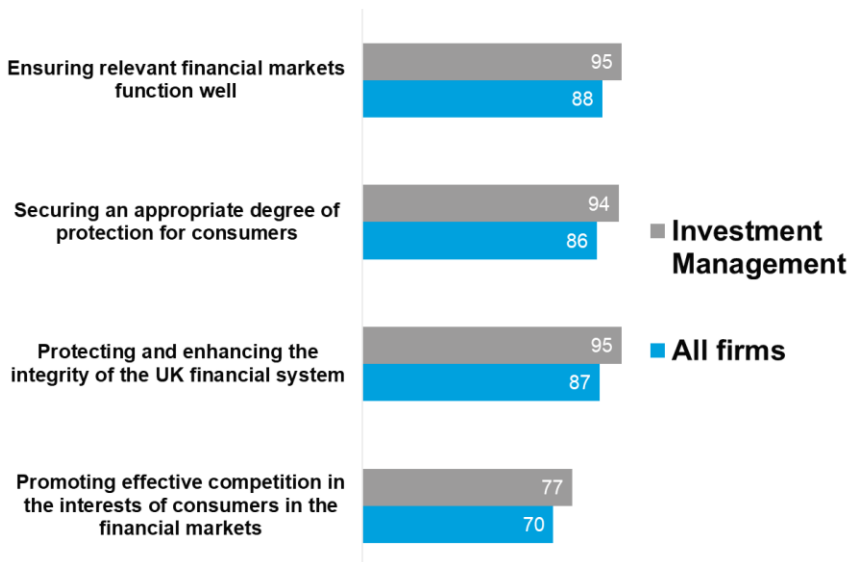
Satisfaction with relationship with the FCA:
Average Score



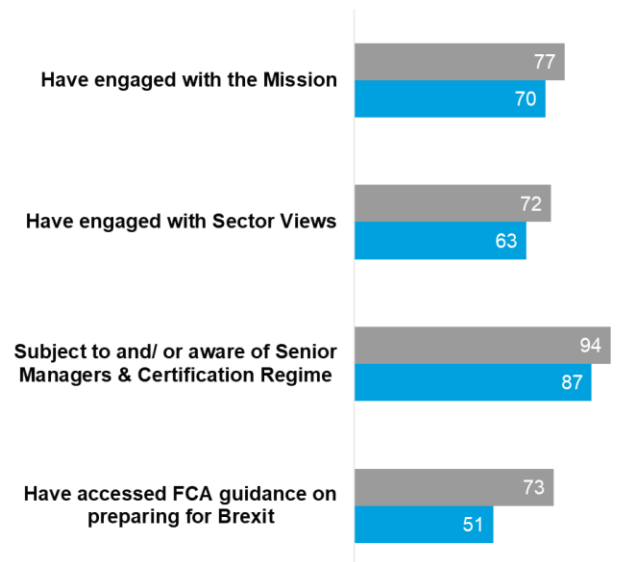
Effectiveness of the FCA:
Average Score



Confidence in FCA's ability to meet its objectives
(% very/ fairly confident)



Engagement with the FCA



11. Sector summary: Pensions & Retirement Income

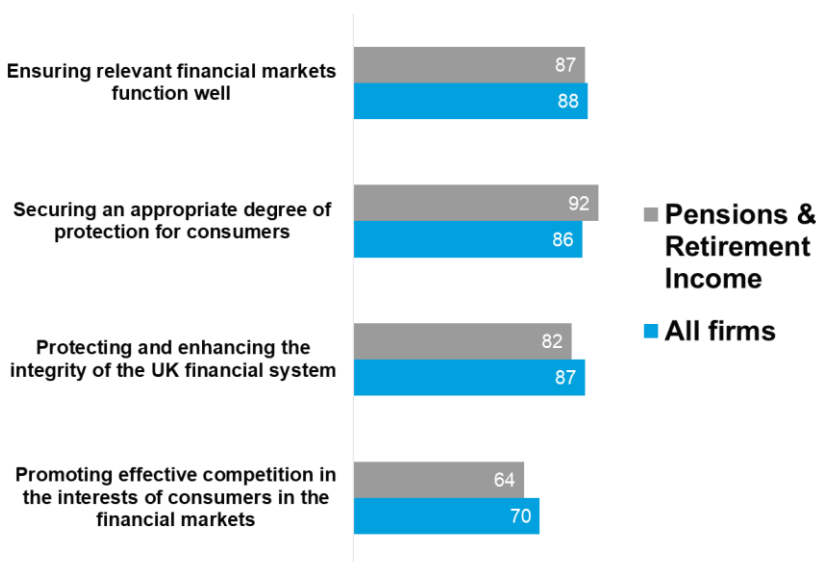
Satisfaction with relationship with the FCA:
Average Score



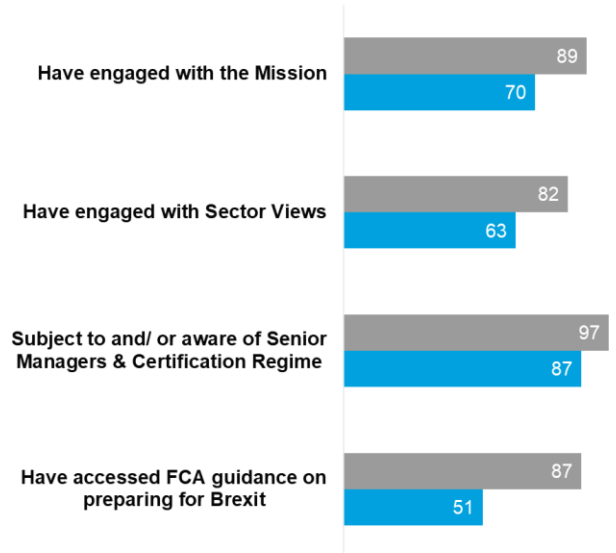
Effectiveness of the FCA:
Average Score



Confidence in FCA's ability to meet its objectives
(% very/ fairly confident)

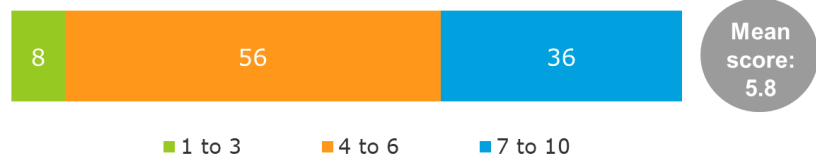


Engagement with the FCA

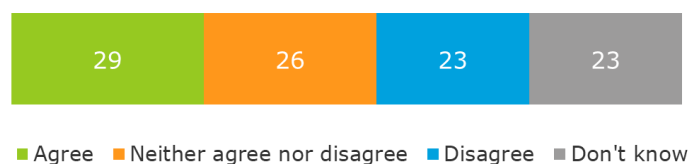


Firms views on the FCA's regulation of the Pensions sector

Since the introduction of pension freedoms in 2016, how successful do you feel the FCA has been promoting consumer protection in the decumulation market?

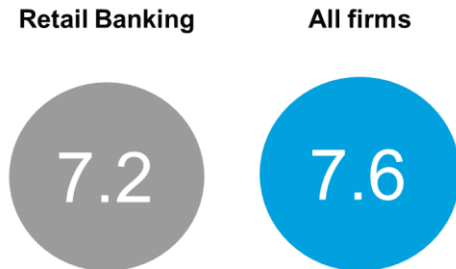


To what extent do you agree or disagree that the FCA is effective in regulating firms that operate in the pension transfer market?

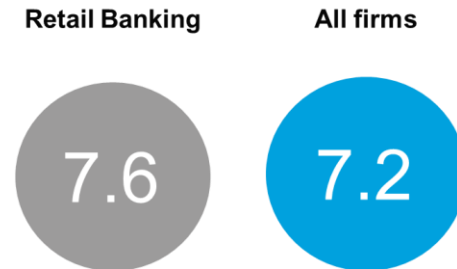


12. Sector summary: Retail Banking

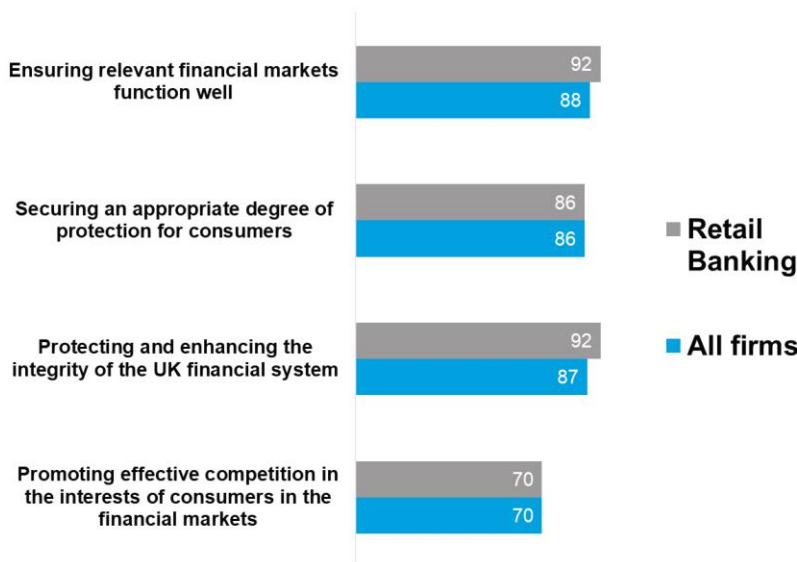
Satisfaction with relationship with the FCA:
Average Score



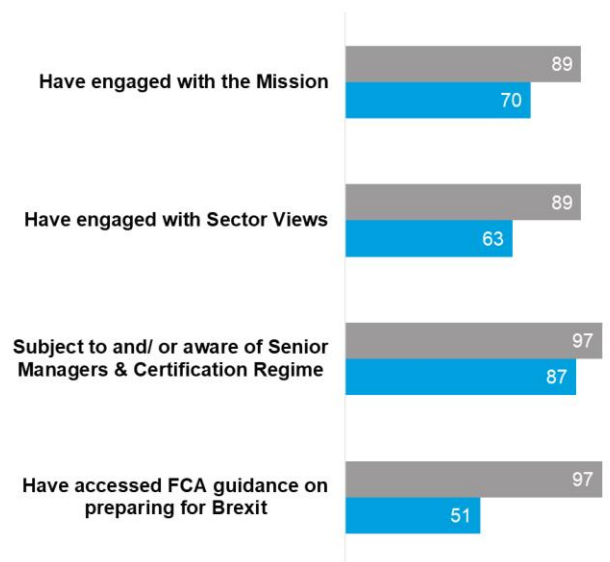
Effectiveness of the FCA:
Average Score



Confidence in FCA's ability to meet its objectives
(% very/ fairly confident)



Engagement with the FCA

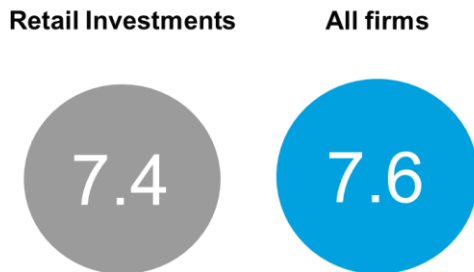


Firms' views on the FCA's recent interventions in the banking sector (e.g. PSD2, Open banking, service standard)

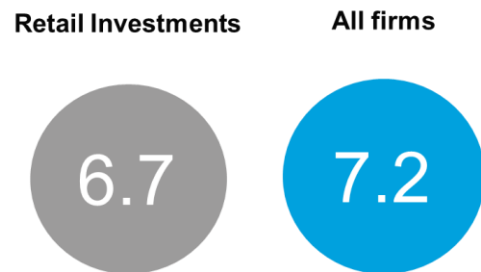


13. Sector summary: Retail Investments

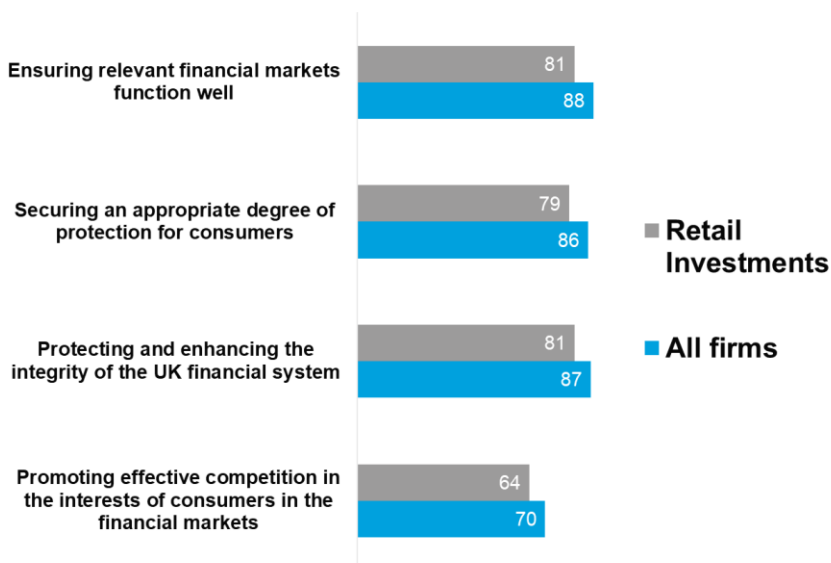
Satisfaction with relationship with the FCA:
Average Score



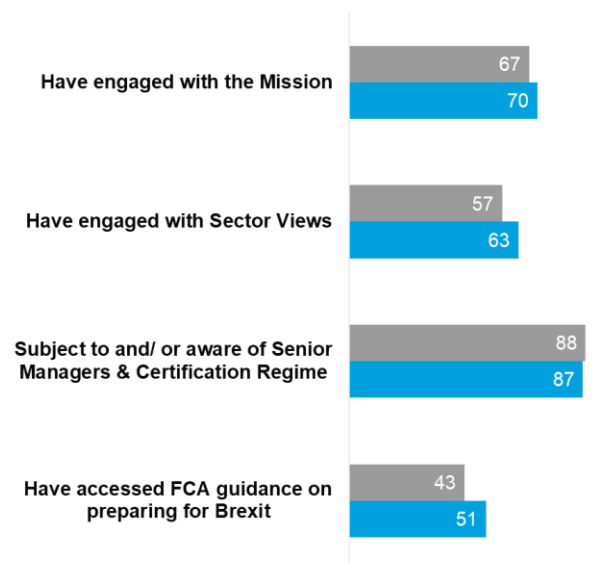
Effectiveness of the FCA:
Average Score



Confidence in FCA's ability to meet its objectives
(% very/ fairly confident)

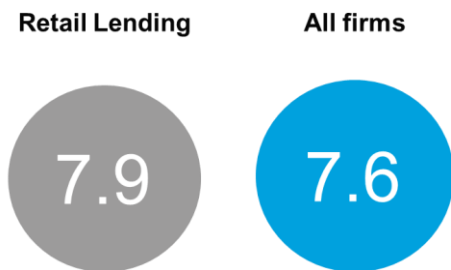


Engagement with the FCA

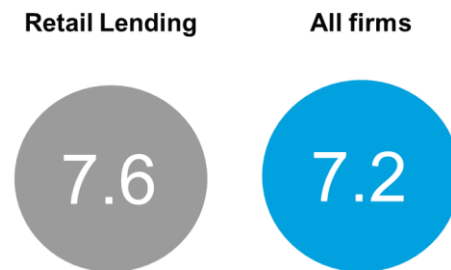


14. Sector summary: Retail Lending

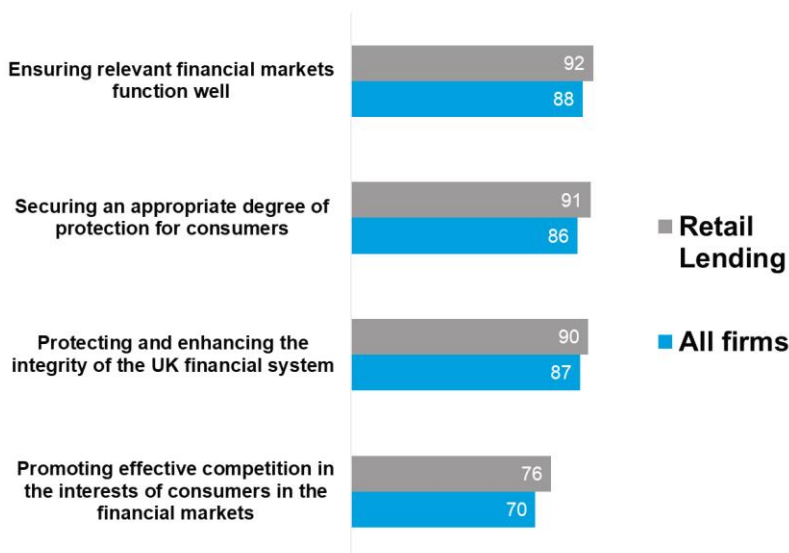
Satisfaction with relationship with the FCA:
Average Score



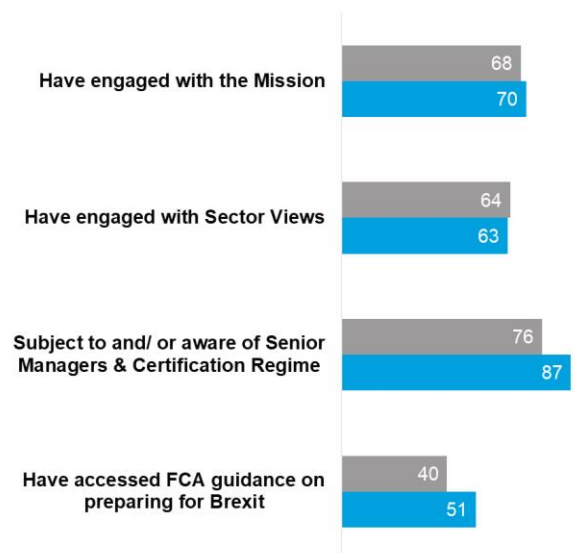
Effectiveness of the FCA:
Average Score



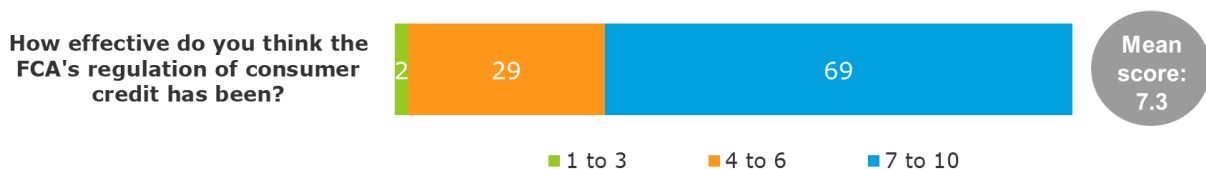
Confidence in FCA's ability to meet its objectives
(% very/ fairly confident)



Engagement with the FCA

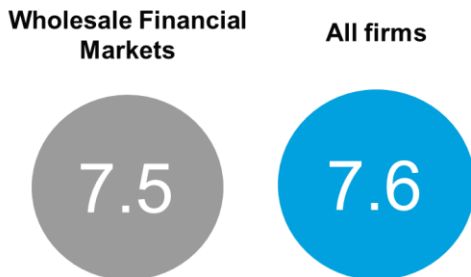


Firms' views on the FCA's regulation of consumer credit

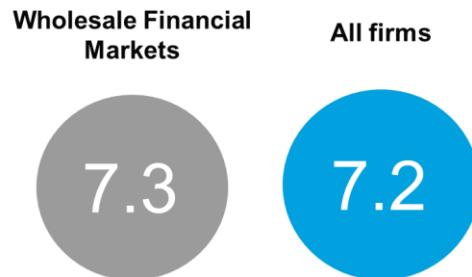


15. Sector summary: Wholesale Financial Markets

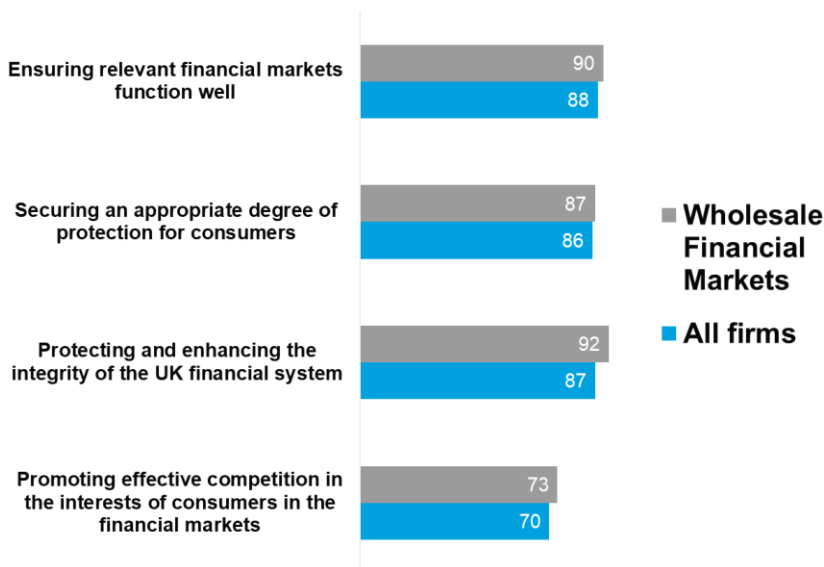
Satisfaction with relationship with the FCA:
Average Score



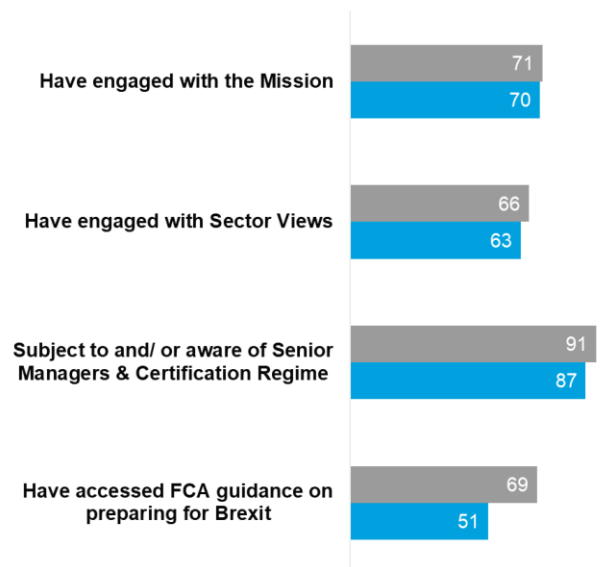
Effectiveness of the FCA:
Average Score



Confidence in FCA's ability to meet its objectives
(% very/ fairly confident)



Engagement with the FCA



Where should the FCA be focussing its efforts in terms of technological developments, both in terms of promoting opportunities and in terms of tackling risks?



Appendix A: Methodology

The FCA and the FCA Practitioner Panel (the “Panel”) commissioned Kantar Public to conduct the annual industry survey to measure perceptions of FCA performance as a regulator. This report details the results from the 2019 survey, incorporating trend data from 2018 and previous waves of the Panel survey.

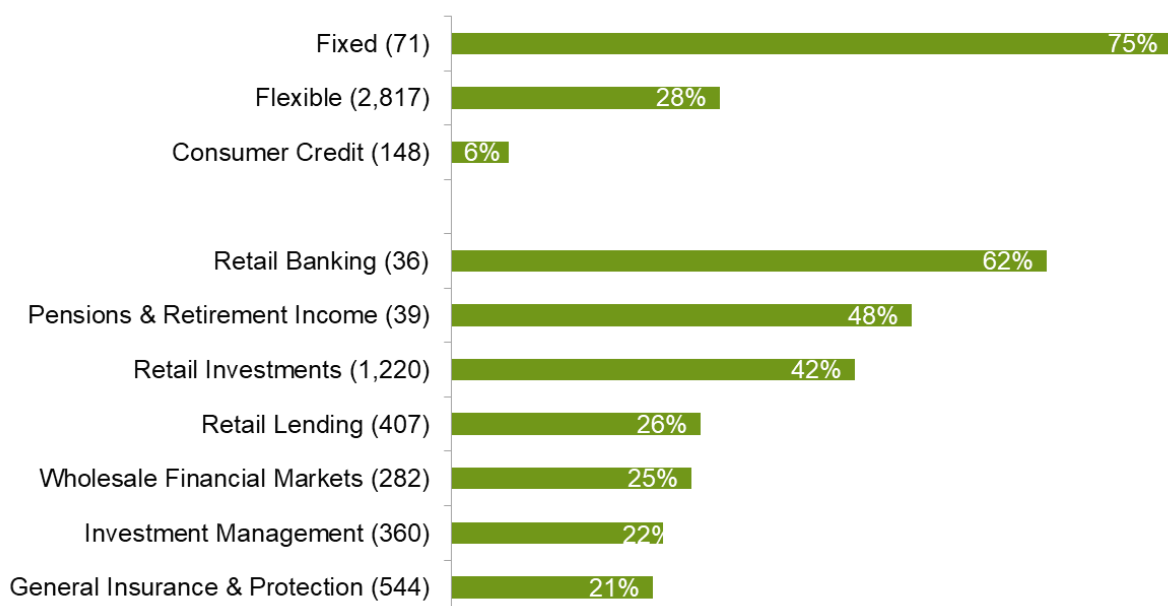
Fieldwork took place between January and April 2019. A total of 10,022 firms were invited to take part, this included all fixed portfolio firms and a sample of flexible portfolio firms. Contact details were obtained from the FCA’s TARDIS database of regulated firms. The most senior person in each firm was the intended respondent of the survey.

From 2014, the FCA became responsible for the regulation of consumer credit firms. Therefore, since the 2015 Panel survey consumer credit firms have been invited to complete it. Results for these firms are presented separately in Chapter 8 and are not included within the headline figures in the rest of this report.

Selected firms were first sent a warm up email as well as a letter (this can be found in Appendix C). This informed the firm that we would soon be contacting them with login details for the online survey. A week later the respondents were sent another email and letter containing these login details. All Fixed firms were also sent a paper copy of the questionnaire and a reply-paid envelope. During the fieldwork period 3 reminder emails were sent to firms that were yet to complete the survey. Firms were sent the information by post in cases where the email address was invalid.

In total, 2,888 firms completed the survey, at a response rate of 29%. An additional 2,500 consumer credit firms were invited, 148 of which took part. The response rate among consumer credit firms was lower at 6%. The breakdown of response rate by firm type is shown below.

Response rates by firm type/ sector



For the 2019 survey, an experiment was conducted to assess the impact on response of sending firms a paper copy of the questionnaire with the first reminder communication. The experiment was carried out among non-consumer credit, Flexible firms. Firms in the Pensions & Retirement Income and Retail Banking firms were not included in the experiment; due to the small number of available firms in these groups, all were sent paper questionnaires in an effort to maximise the final achieved numbers. The absence of a control group for these firms means they must be excluded from analysis of the experiment results.

Once the sample of firms to invite had been selected, an additional random selection of around 1,000 firms was carried out for inclusion in the experiment group. Within this group, all firms that had not already responded were sent a letter and paper questionnaire with the first reminder communication.

The results from the experiment are shown below.

| | Firms | Responses prior to 1st reminder | Response rate prior to 1st reminder | Final responses | Final response rate |
|---|--------------|---|---|------------------------|----------------------------|
| Experiment Group (Paper questionnaire) | 1,116 | 216 | 19% | 430 | 39% |
| Control Group (No Paper Questionnaire) | 8,800 | 1,720 | 20% | 2,387 | 27% |

FCA Supervision categorisation

Fixed portfolio firms are a small population of firms (out of the total number regulated by the FCA) that, based on factors such as size, market presence and customer footprint, require the highest level of supervisory attention. These firms are allocated a named individual supervisor and are proactively supervised using a continuous assessment approach.

Flexible portfolio firms are proactively supervised through a combination of market-based thematic work and programmes of communication, engagement and education actively aligned with the key risks identified for the sector in which the firms operate. These firms use the FCA Customer Contact Centre as their first point of contact as they are not allocated a named individual supervisor.

The makeup of the final achieved sample is such that flexible firms constitute the majority of respondents (99%). This reflects the fact that flexible firms represent the majority of all FCA regulated firms. In light of this, results for the whole sample will be almost identical to results for the flexible firms in isolation. Within this report, results will often be considered at a Fixed and Flexible firm level.

Appendix B: Questionnaire

FCA and FCA Practitioner Panel Survey 2019

Please write your firm's unique survey ID in the box below. This can be found in your survey invitation email.

| | |
|------------|--|
| Survey ID: | |
|------------|--|

Thank you for taking the time to complete this questionnaire.

How the information will be used

Your feedback is important and the results of this survey will be used to improve the work of the Financial Conduct Authority (FCA). In reporting the survey answers, Kantar will always group responses so that no individual's or firm's responses can be identified. Your individual response to the survey will therefore be completely confidential. This is in accordance with the Market Research Society Code of Conduct.

Last year, analysis of feedback from firms suggested three main areas for improvement for the survey to address: facilitating innovation within UK financial markets, transparency of regulation and more forward-looking regulation.

The intention is to publish the results of this year's survey in mid-2019.

Completing the questionnaire

The questionnaire should be completed by the most senior person (Chief Executive or equivalent) in your firm or group. We estimate the questionnaire should take about 20 minutes to complete and there is an opportunity towards the end of the survey to provide comments on any topics that you feel have not been addressed elsewhere in the questionnaire.

For each question, please put a cross in the box next to the answer which is closest to your view about that issue. For some questions you are able to cross more than one box and this will be indicated in the instructions for that question.

If you have made a mistake in your answer, please completely fill the box to show the mistake and then cross the correct answer.

We look forward to receiving your feedback.

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Role of the FCA

In this section we will focus on the role of the FCA as a regulator.

The FCA has a single strategic objective of ensuring relevant financial markets function well and three operational objectives:

- Securing an appropriate degree of protection for consumers
- Protecting and enhancing the integrity of the UK financial system
- Promoting effective competition in the interests of consumers in the financial markets

Q1. How confident are you that the FCA's oversight of the industry will deliver on the following statutory objectives?

Please cross one box in each row

| Objective number | Objective | Very confident | Fairly confident | Not very confident | Not at all confident | Don't know |
|------------------|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1 | Ensuring relevant financial markets function well | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | Securing an appropriate degree of protection for consumers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 | Protecting and enhancing the integrity of the UK financial system | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 | Promoting effective competition in the interests of consumers in the financial markets | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Q2. Taking into account all of your firm's dealings with the FCA, how satisfied are you with the relationship?

Extremely dissatisfied Extremely satisfied

| | | | | | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Q3. Overall, from your firm's perspective, how effective has the FCA been in regulating the financial services industry in the last year?

Not at all effective Extremely effective

| | | | | | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Q4. Over the last 12 months, would you say your firm's trust in the FCA has:

Please cross one box only

| | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|
| Increased | Decreased | Stayed the same | Don't know |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If your firm is dual regulated (that is, regulated by both the Financial Conduct Authority and the Prudential Regulation Authority) please answer Q5.

Otherwise, please go to Q6.

Q5. And to what extent would you agree or disagree with the following statements?

Please cross one box in each row

| | Strongly agree | Slightly agree | Neither agree nor disagree | Slightly disagree | Strongly disagree | Don't know |
|---|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| My firm has a clear understanding of the distinction between the FCA's regulatory objectives and those of the Prudential Regulation Authority (PRA) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The FCA and the PRA are appropriately co-ordinated in their supervision of my firm, taking into account their respective regulatory objectives | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Q6. Thinking now about the FCA's work to promote effective competition within the industry.

Do you think the emphasis the FCA places on the following areas is too much, about right or too little?

Please cross one box in each row

| | Too much | About right | Too little |
|---|--------------------------|--------------------------|--------------------------|
| Supporting innovation within the industry | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Regulating the price of products and services | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Controlling the entry of new firms into the market | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Penalising firms that breach FCA rules | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Removing or varying permission of firms to carry out certain activities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Q7. To what extent would you agree or disagree with the following statements?

Please cross one box in each row

| | Strongly agree | Slightly agree | Neither agree nor disagree | Slightly disagree | Strongly disagree | Don't know |
|--|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| The FCA is working effectively with firms to help manage the threat from cyber-crime | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The FCA is working effectively to combat financial crime and market abuse | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

FCA Mission

In 2017, following a consultation with key stakeholders and firms from across the industry, the FCA published a Mission and supporting 'Approach' documents setting out a framework for the way in which it will make decisions about regulation and thus serve the public interest.

Q8. Have you, or someone else in your firm, read the FCA Mission document?

Please cross one box only

| | |
|--|--------------------------|
| Yes – I've read it | <input type="checkbox"/> |
| Yes – Someone else in the firm has read it | <input type="checkbox"/> |
| I've only read a summary | <input type="checkbox"/> |
| No – I'm aware of it but have not read it | <input type="checkbox"/> |
| No – I'm not aware of it at all | <input type="checkbox"/> |
| Don't know | <input type="checkbox"/> |

If you or someone else in your firm has read the FCA Mission document (either in full or the summary), please answer Q9.

Otherwise, please go to the 'Sector Views' section.

Q9. To what extent do you feel that...

Please cross one box in each row

| | To a great extent | To some extent | Not very much | Not at all |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| The FCA Mission helps explain why the FCA takes certain actions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| You have noticed a difference in the FCA's approach since the Mission was published in April 2017 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The FCA has acted on the strategies and ideas outlined in the Mission | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The framework set out in the Mission has improved the way in which the FCA regulates your firm | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The framework set out in the Mission has had a positive impact on the industry as a whole | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Sector views

The FCA looks at how the financial system works as a whole, as well as within its individual sectors and markets. Each year it publishes Sector Views, bringing its collective intelligence together and giving an overall FCA view of how each sector is performing.

Q10. Have you, or someone else in your firm, read the FCA Sector Views?

Please cross one box only

| | |
|--|--------------------------|
| Yes – I've read them | <input type="checkbox"/> |
| Yes – Someone else in the firm has read them | <input type="checkbox"/> |
| I've only read a summary | <input type="checkbox"/> |
| No – I'm aware of it but have not read them | <input type="checkbox"/> |
| No – I'm not aware of them at all | <input type="checkbox"/> |
| Don't know | <input type="checkbox"/> |

Governance and Culture

Q11. Over the last 12 months, have you seen any communication or had any conversations with the FCA around your firm's culture?

| | |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No | <input type="checkbox"/> |

If you answered 'Yes' to Q11, please answer Q12 and Q13.

Otherwise, please go straight to Q14.

Q12. To what extent have you found the FCA's communication around firm culture helpful?

| | |
|---|--------------------------|
| To a great extent | <input type="checkbox"/> |
| To some extent | <input type="checkbox"/> |
| Not very much | <input type="checkbox"/> |
| Not at all | <input type="checkbox"/> |
| Have not seen any communication around firm culture in the last 12 months | <input type="checkbox"/> |

Q13. Have you taken any action as a result of communication with or from the FCA concerning your firm's culture?

| | |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No | <input type="checkbox"/> |

Senior Managers and Certification Regime (SM&CR)

Q14. Are you currently subject to the new Senior Managers and Certification Regime?

| | |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No | <input type="checkbox"/> |

If you answered 'Yes' to Q14, please answer Q15.
Otherwise, please go straight to Q16.

Q15. Having implemented the Senior Managers & Certification Regime within your business, to what extent do you agree or disagree with the following statements?

Please cross one box in each row

| | Strongly agree | Slightly agree | Neither agree nor disagree | Slightly disagree | Strongly disagree | N/A |
|--|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Senior Managers in my firm are clear what they are responsible for and are able to effectively discharge their responsibilities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| There is greater focus within my firm on staff propriety, skill and capability | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The Conduct Rules set a foundation for how consumers can expect individuals within firms to behave towards them | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| There is increased accountability throughout firms – individuals speak out when they see harm because it's the right thing to do | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Q16. Are you aware of the new requirements that will be introduced on 9 December 2019 as part of the Senior Managers & Certification Regime (SM&CR)?

| | |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No | <input type="checkbox"/> |

If you answered 'Yes' to Q16, please answer Q17.

Otherwise, please go to the 'Communication and Engagement' section.

Q17. Following the introduction of the Senior Manager Conduct Rules in December 2019, to what extent do you agree or disagree with the following statements?

Please cross one box in each row

| | Strongly agree | Slightly agree | Neither agree nor disagree | Slightly disagree | Strongly disagree | N/A |
|--|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Senior Managers in my firm will be clear what they are responsible for and will be able to effectively discharge their responsibilities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| There will be greater focus within my firm on staff propriety, skill and capability | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The Conduct Rules will set a foundation for how consumers can expect individuals within firms to behave towards them | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| There will be increased accountability throughout firms – individuals will speak out when they see harm because it's the right thing to do | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Communication and Engagement

Q18. How regularly would you say your firm has contact with the FCA through each of the following methods?

Please cross one box in each row

| | At least once a month | At least once every three months | At least once every six months | At least once a year | At least once every two years | Less often | Never | Don't know |
|--|--------------------------|----------------------------------|--------------------------------|--------------------------|-------------------------------|--------------------------|--------------------------|--------------------------|
| Telephone | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Email | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Mail | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Face to Face | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Through the FCA website | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Through FCA events (e.g. 'Live & Local') | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Q19. What information sources do you use to learn about regulation and the FCA?

Please cross as many boxes as apply.

| | |
|---|--------------------------|
| Conferences – FCA | <input type="checkbox"/> |
| Conferences – other | <input type="checkbox"/> |
| External advisers (lawyers, consultants etc.) | <input type="checkbox"/> |
| FCA Regulation round-up | <input type="checkbox"/> |
| FCA customer contact centre | <input type="checkbox"/> |
| FCA speeches | <input type="checkbox"/> |
| FCA newsletters | <input type="checkbox"/> |
| FCA supervisors | <input type="checkbox"/> |
| FCA website | <input type="checkbox"/> |
| FCA Information packs | <input type="checkbox"/> |
| Letters from the FCA | <input type="checkbox"/> |
| The media | <input type="checkbox"/> |
| Social media (e.g. Twitter) | <input type="checkbox"/> |
| LinkedIn | <input type="checkbox"/> |
| Trade associations | <input type="checkbox"/> |
| None of the above | <input type="checkbox"/> |

Q20. In which, if any, of the following ways would you most like to see the FCA improve communications?

Please tick all that apply

| | |
|--|--------------------------|
| Simplify communications (use plain English) | <input type="checkbox"/> |
| Ensure communications are concise | <input type="checkbox"/> |
| Include summaries in longer communications | <input type="checkbox"/> |
| Improve the usability of the handbook | <input type="checkbox"/> |
| Access to more conferences and roadshows | <input type="checkbox"/> |
| Targeted communications for different types of firms | <input type="checkbox"/> |
| Improve the website | <input type="checkbox"/> |
| Be more responsive when dealing with firms | <input type="checkbox"/> |
| Adjust/ change the tone of communications | <input type="checkbox"/> |
| Nothing to improve – the communications are fine | <input type="checkbox"/> |
| Something else (please specify) | <input type="checkbox"/> |
| <input type="text"/> | |
| Don't know | <input type="checkbox"/> |

The UK's withdrawal from the EU ("Brexit")

The FCA is providing technical advice to the Government and working with firms to understand their plans to ensure it has a robust regulatory system in place on the day the UK leaves the EU. It has provided information for firms and consumers on:

- its role under the EU Withdrawal Act, including the legislative changes to ensure continuity in a no-deal scenario,
- how Brexit may affect firms and the issues they should be aware of,
- information for consumers.

Q21. Has your firm accessed any of the guidance the FCA has published on its website or in Regulation round-up about preparation for the UK's withdrawal from the EU?

| | |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No | <input type="checkbox"/> |

If you answered 'Yes' to Q21, please answer Q22.

Otherwise, please go straight to Q23.

Q22. To what extent do you feel that the guidance and communications from the FCA has helped your firm to prepare for the UK's withdrawal from the EU?

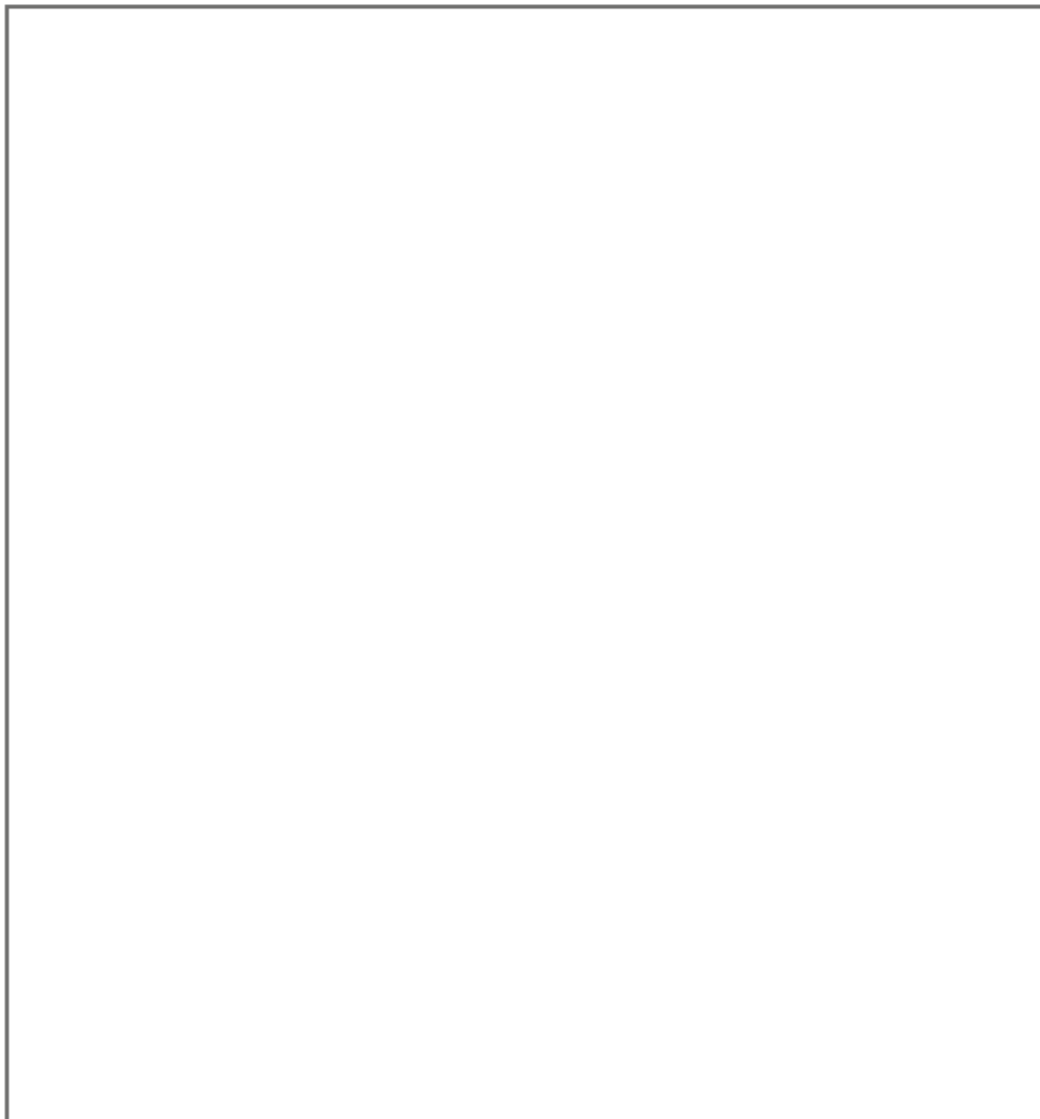
| | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|
| To a great extent | To some extent | Not very much | Not at all |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

+

+

+

Q23. What guidance or support would you most like to receive from the FCA during any transition period or following the UK's withdrawal from the EU?



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Regulation

Q24. To what extent do you agree, or disagree, with the following statements about FCA regulation?

Please cross one box in each row

| | Strongly agree | Slightly agree | Neither agree nor disagree | Slightly disagree | Strongly disagree | Don't know |
|--|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| FCA regulation is predictable | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FCA regulation is forward-looking | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FCA regulation is outcome-focussed | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FCA regulation is transparent | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The FCA acts proportionately, so that the costs imposed on firms in my sector are proportionate to the benefits gained by the sector | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Strong regulation is for the benefit of the financial services industry as a whole | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The work of the FCA enhances the reputation of the UK as a financial centre | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The FCA is effective in facilitating innovation within UK financial services | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The level of FCA regulation on the industry is detrimental to consumers' interests | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The FCA engages effectively with firms during significant regulatory changes | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The FCA has proactively managed the potential harm arising from firms' oversight of third-party providers' | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Q25. Over the last year, which of the following, if any, has your firm experienced as a direct result of regulation?

Please cross as many boxes as apply

| | |
|---|--------------------------|
| Increased resource requirements | <input type="checkbox"/> |
| Withdrawing a product or service or from serving specific consumer groups | <input type="checkbox"/> |
| Choosing not to launch products | <input type="checkbox"/> |
| Increased cost of a product (e.g. increase APR, premium etc.) | <input type="checkbox"/> |
| Transfer of head count from customer facing roles to compliance | <input type="checkbox"/> |
| Being placed at a disadvantage compared to competitors | <input type="checkbox"/> |
| Needed to move activities overseas | <input type="checkbox"/> |
| Changes in regulation being applied retrospectively | <input type="checkbox"/> |
| Greater consumer confidence | <input type="checkbox"/> |
| Increased sales | <input type="checkbox"/> |
| More competitive marketplace | <input type="checkbox"/> |
| Enforcement action against your firm | <input type="checkbox"/> |
| Improvements to your business model | <input type="checkbox"/> |
| Improvements to your firm's governance | <input type="checkbox"/> |
| Improvements to your firm's culture | <input type="checkbox"/> |
| None of these | <input type="checkbox"/> |

Q26. Which of the following best describes how you feel about the amount of information you are required to provide to your customers as a result of regulation?

| | | | |
|--|---|---|---|
| Less than I would expect <input type="checkbox"/> | About right <input type="checkbox"/> | A lot but I understand why it is needed <input type="checkbox"/> | More than seems necessary <input type="checkbox"/> |
|--|---|---|---|

Regulatory processes

Q27. To what extent do you agree or disagree with the following statements regarding the FCA's enforcement procedure?

Please cross one box in each row

| | Strongly agree | Slightly agree | Neither agree nor disagree | Slightly disagree | Strongly disagree | Don't know |
|---|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| The FCA's enforcement procedure is understood by the industry to have real and meaningful consequences for firms and individuals who don't follow the rules | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FCA enforcement action in your sector(s) is effective at reinforcing the FCA's expectations | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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FCA Practitioner Panel

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Q28. Based on your firm's experience, to what extent do you agree or disagree that each of the following FCA processes is working effectively?

| | Strongly agree | Slightly agree | Neither agree nor disagree | Slightly disagree | Strongly disagree | N/A |
|----------------------------|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| FCA data requests | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Firm visits | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Market studies | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Policy consultations | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Risk mitigation activities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Skilled person reporting | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Thematic reviews | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Q29. Which of the following best describes how you feel about the number of data requests your firm receives from the FCA?

| Fewer than I would expect | About right | A lot but I understand why it is needed | More than seems necessary |
|---------------------------|--------------------------|---|---------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

People

If your firm has specific, named FCA supervisors, please answer Q30 then go to Q32.
Otherwise, please answer Q31 and Q32.

Q30. In relation to your FCA supervisors, to what extent do you agree or disagree with the following statements?

Please cross one box in each row

| | Strongly agree | Slightly agree | Neither agree nor disagree | Slightly disagree | Strongly disagree | Don't know |
|---|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| My FCA supervisors are knowledgeable about FCA rules and requirements | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| My FCA supervisors have sufficient experience | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| My FCA supervisors exercise good judgement | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| My FCA supervisors are appropriately qualified and have the necessary skills to undertake the role | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| My FCA supervisors' approach is consistent with that from the leaders of the FCA, and the FCA's wider policy approach | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| My FCA supervisors have sufficient knowledge to understand my firm | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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Q31. In relation to FCA staff (e.g. the FCA customer contact centre), to what extent do you agree or disagree with the following statements?

Please cross one box in each row

| | Strongly agree | Slightly agree | Neither agree nor disagree | Slightly disagree | Strongly disagree | Don't know |
|---|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| FCA staff are knowledgeable about FCA rules and requirements | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FCA staff have sufficient experience | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FCA staff are appropriately qualified and have the necessary skills to undertake the role | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Guidance provided by FCA staff is consistent with that from the leaders of the FCA, and the FCA's wider policy approach | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| FCA staff respond to queries/ requests for information in a timely, satisfactory manner | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| In general, the responses provided by FCA staff are satisfactory | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Q32. To what extent do you agree or disagree with the following statements?

Please cross one box in each row

| | Strongly agree | Slightly agree | Neither agree nor disagree | Slightly disagree | Strongly disagree | Don't know |
|--|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Any actions allocated to my firm by FCA staff, either as part of a risk mitigation activity or other issue, are clear and achievable | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Any actions allocated to my firm by FCA staff are well-founded | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The level of FCA staff turnover has impacted the effectiveness of my relationship with the FCA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Any turnover of FCA staff who work with my firm is communicated clearly and in good time | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Staff at the FCA are joined up in their approach to supervising my firm | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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Q33. If you could choose one thing you would like to see the FCA doing more or less of, or doing differently/better, what would it be? Please write your answer in the box provided.

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The next section includes questions that apply only to firms in specific sectors.

Please answer only the questions that are relevant to the sector(s) in which your firm operates:

- Retail Lending.....Q34
- Consumer Credit.....Q34
- Retail Banking.....Q35
- Pensions and Retirement Income.....Q36 & Q37
- General Insurance and Protection.....Q38
- Wholesale Financial Markets.....Q39

[RETAIL LENDING AND CONSUMER CREDIT FIRMS ONLY]

Q34. How effective do you think the FCA's regulation of consumer credit has been?

| | | | | | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Not at all effective | | | | | | | Extremely effective | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

[RETAIL BANKING FIRMS ONLY]

Q35. Thinking now about recent interventions in the banking sector (e.g. PSD2, Open Banking, service standards).

How effective have FCA interventions over the last 12 months been in increasing competition within the banking sector?

| | | | | | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Not at all effective | | | | | | | Extremely effective | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

[PENSIONS & RETIREMENT INCOME FIRMS ONLY]

Q36. Since the introduction of pension freedoms in 2016, how successful do you feel the FCA has been in promoting consumer protection in the decumulation market?

| | | | | | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Not at all successful | | | | | | | Extremely successful | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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[PENSIONS & RETIREMENT INCOME FIRMS ONLY]

Q37. To what extent do you agree or disagree with the following statement?

The FCA is effective in regulating firms that operate in the pension transfer market

Please cross one box only

| | |
|----------------------------|--------------------------|
| Strongly agree | <input type="checkbox"/> |
| Slightly agree | <input type="checkbox"/> |
| Neither agree nor disagree | <input type="checkbox"/> |
| Slightly disagree | <input type="checkbox"/> |
| Strongly disagree | <input type="checkbox"/> |
| Don't know | <input type="checkbox"/> |

[GENERAL INSURANCE & PROTECTION FIRMS ONLY]

Q38. To what extent do you agree or disagree with the following statements?

Please cross one box in each row

| | Strongly agree | Slightly agree | Neither agree nor disagree | Slightly disagree | Strongly disagree | Don't know |
|--|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| The FCA has done enough to encourage competition in the pricing of HOUSEHOLD insurance products | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The FCA has done enough to encourage competition in the pricing of MOTOR insurance products | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The FCA's regulation of new technology and the use of personal data provides a balance between consumer protection and firms' ability to exploit new opportunities | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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FCA
Practitioner Panel

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[WHOLESALE FINANCIAL MARKETS FIRMS ONLY]

Q39. Where should the FCA be focusing its efforts in terms of technological developments, both in terms of promoting opportunities and in terms of tackling risks?



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Your firm

To help us better understand the feedback we receive, we would be grateful if you would now answer a few final questions about your firm.

Q40. Where are your customers located?

| | | | |
|--------------------------|-----------------------------------|--------------------------|--------------------------|
| Only in the UK | Partly in the UK, partly overseas | Only overseas | Don't know |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Q41. How many full-time staff (or equivalent) are employed by your firm in the UK?

| | |
|---------------|--------------------------|
| 0-9 | <input type="checkbox"/> |
| 10-19 | <input type="checkbox"/> |
| 20-49 | <input type="checkbox"/> |
| 50-99 | <input type="checkbox"/> |
| 100-499 | <input type="checkbox"/> |
| 500-999 | <input type="checkbox"/> |
| 1,000 or more | <input type="checkbox"/> |
| Don't know | <input type="checkbox"/> |

Q42. How many customer-facing staff does your firm have?

| | |
|---------------|--------------------------|
| 0-9 | <input type="checkbox"/> |
| 10-19 | <input type="checkbox"/> |
| 20-49 | <input type="checkbox"/> |
| 50-99 | <input type="checkbox"/> |
| 100-499 | <input type="checkbox"/> |
| 500-999 | <input type="checkbox"/> |
| 1,000 or more | <input type="checkbox"/> |
| Don't know | <input type="checkbox"/> |

Q43. Which people within your firm were involved in the completion of this survey?

You can choose more than one answer.

| | |
|---|--------------------------|
| Chief Executive/Managing Director or equivalent | <input type="checkbox"/> |
| Board Member(s) | <input type="checkbox"/> |
| Group Head of Compliance | <input type="checkbox"/> |
| Firm Head of Compliance | <input type="checkbox"/> |
| Other (please specify) | <input type="checkbox"/> |
| <input type="text"/> | |

Q44. Would you be willing to be re-contacted by Kantar Public regarding this research?

You can be assured that your name will never be passed to anyone outside of Kantar Public without your permission.

| | |
|-----|--------------------------|
| Yes | <input type="checkbox"/> |
| No | <input type="checkbox"/> |

Thank you for taking the time to complete the questionnaire. If you do not intend to enter your responses into the online survey, please return this paper questionnaire, in the enclosed reply paid envelope, to Kantar at the following address:

Kantar
Unit 6, Cliveden Office Village
Lancaster Road
Cressex Business Park
High Wycombe
HP12 3YZ

KANTAR PUBLIC



Appendix C: Warm up communication



FAO {Full name}
{Firm name}

Ref: {ID}
Date:{Date}

Dear {Forename},

Your opportunity to tell the FCA what you think

You will shortly be contacted by independent research firm Kantar Public to take part in the 2019 FCA and Practitioner Panel Survey of regulated firms. This is an excellent opportunity for you, as the head of a regulated firm, to provide your views of the FCA.

We are keen that as many firms participate as possible in this annual survey to give us an accurate insight into the industry's views. The survey provides the FCA Board and Executive with important feedback about the FCA's performance and enables it to adjust its approach and become a better regulator.

If you have any questions you can contact Kundan Sawlani at Kantar Public on 0800 015 0302 or at fcappsurvey@kantarpublish.com. Alternatively, you can contact the FCA Contact Centre on 0300 500 0597.

Overleaf you will find a summary of the key conclusions from last year's survey. You can find more information about previous surveys and the FCA's Practitioner Panels, including the Smaller Business Practitioner Panel, at <https://www.fca-practitioner-panels.org.uk/>. For more information about this year's survey visit <http://www.fcapractitionerpanelsurvey.co.uk>.

We will share the headline results of this year's survey with you in the summer.

Thank you for helping us.

Yours sincerely

Andrew Bailey
Chief Executive
Financial Conduct Authority

Anne Richards
Chair
FCA Practitioner Panel

Findings from the FCA and Practitioner Panel Survey of firms for the year up to March 2018 (published in July 2018)

Overall findings

The Survey results show that the industry's satisfaction with its relationship with the FCA and its rating of the FCA's effectiveness have, once again, continued to increase.

Firms' overall rating for the FCA's effectiveness has risen from 7 to 7.1 out of 10. Satisfaction with the regulator has increased slightly from 7.5 to 7.6 this year.

There was an increase in confidence among firms that the FCA can meet its strategic objective of ensuring that financial markets function well (86% of firms, compared with 79% in 2017).

Confidence in the FCA meeting its competition objective had been an area that lagged behind the other objectives. This showed a substantive improvement. The proportion of firms expressing confidence that the FCA can meet this objective has risen to 72%, (from a low of 56% in 2016).

Key areas for attention

Analysis of the drivers of firms' responses on satisfaction and effectiveness shows that there are still areas for improvement.

Firms identified three key areas for improvement: facilitating innovation within UK financial services, transparent regulation and forward-looking regulation.

The area of innovation identified by firms through the survey is an area where the FCA has continued to develop its approach, with further cohorts benefiting from the regulatory sandbox project and the launch of the Global Financial Innovation Network (GFIN).

International Issues

Compared with 2017, firms were slightly less likely to agree that the FCA is sufficiently leading developments in international regulation.

Not unexpectedly, the UK's withdrawal from the EU was an area of questioning. Firms' responses in the survey were for the FCA to ensure clear and regular communication with firms and to communicate the effect that leaving the EU will have. This is an area where the FCA has increased the information relating to EU withdrawal on its website, as well as communicating regularly through channels such as Regulation round-up.

Contact and communication

The improvements to communications most commonly requested by firms were to improve the usability of the Handbook, simplify communications and target communications for different types of firms.

Over the past year the FCA has launched new features on the Handbook website to increase the accessibility and usability of the Handbook for firms.

The FCA Mission

Following publication of the FCA Mission in 2017 firms were asked about their engagement with the Mission and their views in relation to it.

The survey results demonstrated that where firms have read the Mission document they seemed to have a better understanding of what the FCA is looking to achieve through regulation.

The FCA is in the process of publishing further documents explaining how it carries out its main activities – authorising and supervising firms, taking enforcement action and encouraging competition – and how the Mission affects these activities.

Appendix D: Survey invitation

FAO {Full name}
{FirmName}

Ref: {ID}
Date: {XXXXXXXX}

Dear {Forename},

Have your say: the FCA and Practitioner Panel Survey 2019

We are writing to ask you to take part in the Financial Conduct Authority (FCA) and Practitioner Panel joint survey. We want to know what you think of the FCA and where it can improve.

Please go to the survey and when prompted to do so, please enter your unique ID and password:

Web address: <https://sv.ktrmr.com/synch/Projects/UK40305780A01/LoginPage.asp>
ID: {ID}
Password: {Password}

Last year's survey highlighted key areas for improvement on transparency, facilitating innovation within UK financial services and the need for more forward-looking regulation. The FCA is committed to addressing all of these areas. We will use your responses from this year's survey to inform our future work.

Confidentiality

The independent research company, Kantar Public, is conducting the survey. In line with the Market Research Society Code of Conduct, Kantar Public will treat all survey responses in the strictest confidence and no personally identifiable information will be published or shared with the FCA or Practitioner Panel.

Survey results

Kantar Public will present the results from the survey to the FCA Board and the Practitioner Panel. We will publish the results in the third quarter of 2019. For information about the Practitioner Panels, including the Smaller Business Practitioner Panel, and previous Surveys, please visit <https://www.fca-practitioner-panels.org.uk>.

If you have any questions, please contact Kundan Sawlani at Kantar Public on 0800 015 0302 or at fcappsurvey@kantarpublish.com. Alternatively, you can contact the FCA Contact Centre on 0300 500 0597.

Thank you for your contribution.

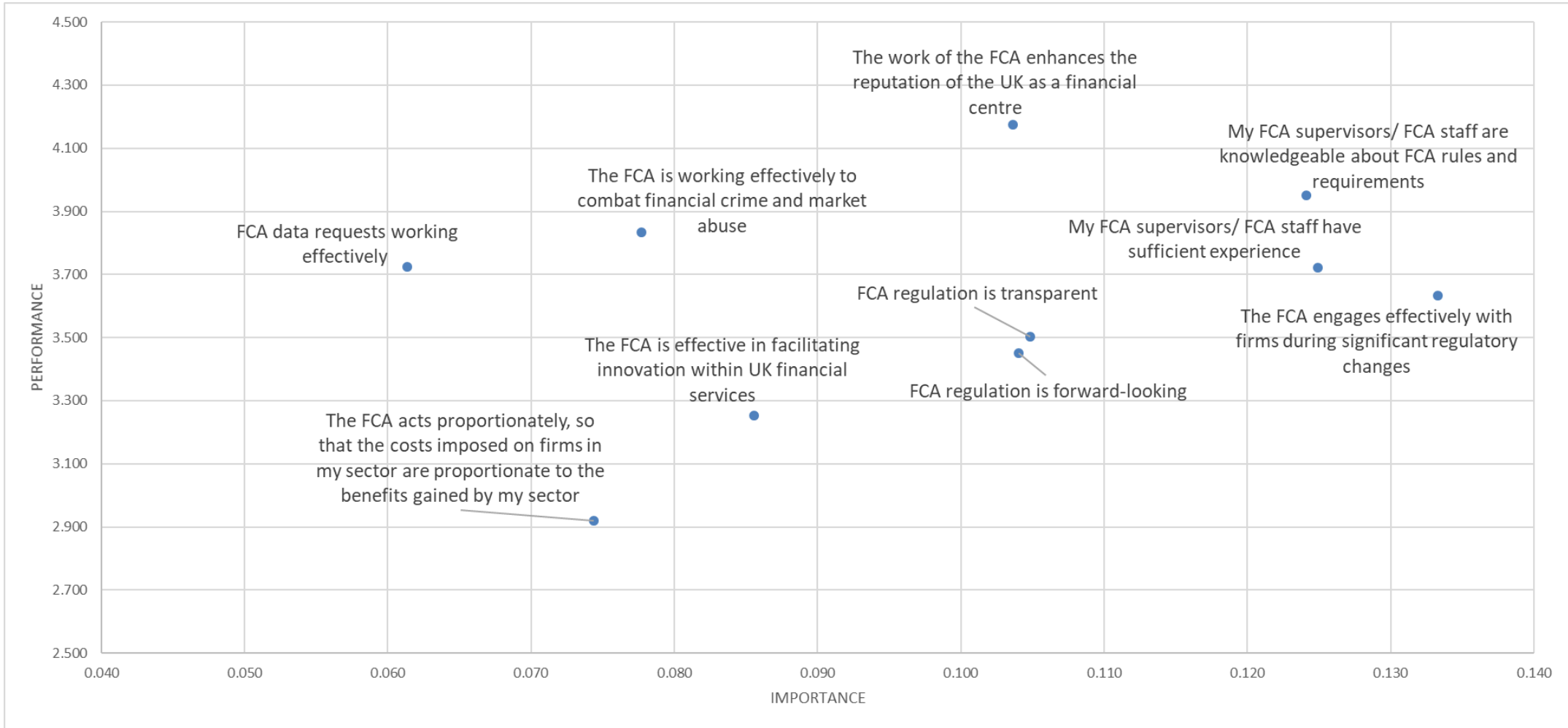
Yours sincerely,

Andrew Bailey
Chief Executive
Financial Conduct Authority

Anne Richards
Chair
FCA Practitioner Panel

Appendix E: Key Driver Analysis

Drivers of satisfaction



Drivers of effectiveness

