



Practitioner Panel Survey

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Practitioner Panel

Foreword

The FCA values input from the industry about how it is performing against its objectives, what is working well, and what could be done better. In conjunction with its statutory Practitioner Panel it carries out a regular survey of regulated firms of all sizes, providing them with an opportunity to give direct and anonymous feedback which feeds into the planning and strategy process. This year's survey, conducted between May and July, was the first since 2019, giving firms and the regulator an opportunity not only to review the work of the FCA over the last two years but also to reflect on lessons learned during the COVID-19 pandemic.

With a response rate of 29%, similar to the 2019 rate, and a total of 3,833 firms completing the survey, it gives valuable information from a broad range of sectors, firm sizes, business models and locations.

In many ways the FCA can be encouraged by what is, overall, a relatively stable set of results. The regulator's performance during the pandemic has been viewed positively, particularly among the larger, fixed-portfolio firms, where nine in ten felt the FCA had performed well in supporting them and the industry generally. Perceptions of FCA effectiveness have been generally unchanged, with a general positive trend over recent waves. Given the massive changes the industry and society as a whole have been facing over the last two years, this is a significant achievement.

In such a radically changing environment, however, there is no room for complacency. Areas on which the Panel and the FCA are particularly focusing include:

- A number of fixed firms expressed views that the FCA has a reactive attitude to risk at times, and that it is too slow in completing its investigations. In particular, firms are concerned that there may be significant or emerging risks in their market of which the FCA is not aware.
- There are concerns about the way that the FCA engages with firms, particularly the smaller, flexible portfolio firms. Although most firms have read at least one FCA publication over the last 12 months, there is particular concern from the Panel (and the Smaller Business Practitioner Panel) that only a third of those who looked at consultations had actually responded. This suggests that the FCA should be considering how to improve engagement with smaller firms in order to ensure it is aware of their views.
- The issue of data requests needs to be addressed, with a low proportion of firms always understanding why they are being asked for data, and a significant proportion of both fixed and flexible firms concerned that the FCA asks for information that is available elsewhere or that it is not reviewed in a timely manner.

- Improvements to the authorisations process. On the one hand, there has been criticism of the time it takes for authorisation to be completed, but conversely those with a less positive view of the authorisations process have pressed for more thorough background checks on owners of failed firms seeking to rejoin the industry. This is a fine balance to be considered.

The FCA is itself undergoing a substantial change process. Now, more than ever, the input from the survey is valued as it seeks to address the challenges ahead.

Nikhil Rathi
Chief Executive Officer, FCA

Paul Feeney
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 May and July 2021. In total, 3,609 firms completed the survey; a response rate of 29%. The results for consumer credit firms are based on responses from 224 firms and are presented separately.

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.

Among fixed firms, satisfaction with their regulatory relationship has improved slightly since 2019, with a mean score of 7.3 out of 10 (compared with 6.9 in 2019). The effectiveness score has also risen slightly over the same period, from 6.8 to 7.2 out of 10.

Satisfaction levels among flexible firms have declined slightly. The mean score out of 10 has fallen from 7.6 in 2019 to 7.3 in 2021. Flexible firms' rating of the effectiveness of the FCA in regulating the industry is broadly the same as in 2019. A mean score of 7.1 was reported in 2021 compared with 7.2 in 2019.

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

- Acting proportionately so that the costs are proportionate to benefits gained
- Being more forward-looking in its regulation
- Improving how emerging risks are identified; and
- Prioritising the right risks for action

Objectives

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

The objective to promote effective competition in the interests of consumers in the financial markets has consistently been subject to lower levels of confidence when compared with the FCA's other objectives. This trend continues in 2021. There also evidence that this objective is the least well understood by firms.

Almost all fixed firms (96%) were confident that the FCA was delivering on its strategic objective of ensuring financial markets function well, up from 88% in 2019. Fixed firms expressed similar levels of confidence in the FCA's first two operational objectives: securing an appropriate degree of protection for consumers, and protecting and enhancing the integrity of the UK financial system. Fixed firms expressed a lower level of confidence in relation to the third operational objective, with 74% saying they were confident that the FCA is delivering on its objective to promote effective competition.

Similar results were in evidence for Flexible firms. More than eight in ten flexible firms were confident in the FCA's ability to ensure financial markets function well, secure protection for consumers, and protect the integrity of the financial system. Seven in ten were confident that the FCA is promoting effective competition.

Firms who said they were 'Not very' or 'Not at all' confident that the FCA was delivering on any of its three operational objectives were asked why they felt that way. There was some concern that the FCA is impeded by its own reactive approach, and that it acts too slowly. Some firms also suggested that regulations are not applied equally or consistently by the FCA.

Trust and confidence

Overall, 9% of fixed firms and 12% of flexible firms said that their trust in the FCA had increased over the last 12 months. Among both groups, similar proportions said that their trust had decreased, while around eight in ten said that their level of trust had stayed the same.

Fixed firms were extremely positive about FCA supervisors. At least eight in ten agreed with a range of statements about their supervisors (e.g. 'FCA supervisors have sufficient experience', 'FCA supervisors exercise good judgement'). Almost all fixed firms (99%) agreed that FCA supervisors are knowledgeable about FCA rules and requirements. In general, attitudes towards supervisors have improved compared with 2019.

Flexible firms were asked some of the same statements in relation to FCA staff in general rather than supervisors. Generally flexible firms had a less positive attitude about FCA staff, although this is perhaps to be expected given that they don't have the same relationship with the FCA as fixed firms, such as being assigned a named supervisor.

FCA communication

Fixed firms were much more likely than flexible firms to have had contact at least once a month with the FCA through at least one channel (98% and 40% respectively). Frequency of contact was similar to the results seen in 2019 when 97% of fixed firms and 38% of flexible firms reported contact at least once a month.

Overall, most firms seemed satisfied with the frequency of contact across different channels: for all channels the vast majority of both fixed and flexible firms felt the frequency of contact was about right. Firms were also largely positive about the effectiveness of the FCA's communications.

Fixed and flexible firms made mostly similar suggestions for how FCA communications could be improved. Commonly mentioned improvements included making communications more concise, targeting communications, and improving the usability of the handbook.

FCA publications

Engagement with FCA publications was fairly universal, with all fixed firms (100%) and nine in ten flexible firms (90%) having viewed at least one publication in the last 12 months. Nearly all fixed firms reported that they had looked at the full range of publications. Among flexible firms there was more variation, with newsletters being the most commonly viewed publication.

The most common reasons given by flexible firms for not looking at any publications were not being aware of any publications that were relevant to them, a lack of time to read FCA publications, and a sense that FCA publications were too long.

All fixed firms and around two-thirds of flexible firms had looked at some type of FCA *consultation* publication in the last 12 months (consultation papers, guidance consultations, or calls for input). Fixed firms were more likely than flexible firms to have responded to a consultation. Only a third of flexible firms that had looked at a consultation publication had also responded to it. Given that around a third of flexible firms had not looked at any consultation documents in the last 12 months, this meant only a quarter of all flexible firms had responded to an FCA consultation in the last 12 months.

FCA's approach to identifying risk

Nine in ten fixed firms (91%) felt that the FCA had performed very or fairly well in identifying emerging risks over the last 12 months, while just under one in ten (8%) felt that it had not performed well. Flexible firms took a less positive view, with six in ten (60%) feeling that the FCA had performed well compared with two in ten (21%) saying that it had not performed well. Fixed firms were also more positive than flexible firms when asked about whether they thought the FCA prioritised the right risks to take action on.

Although most firms felt the FCA took a balanced approach to identifying risk there was also a clear feeling among a minority of firms that the FCA tended to be reactive rather than proactive.

Two in ten fixed firms (21%) and one in ten flexible firms (9%) felt there were significant or emerging risks in their market(s) that the FCA was not currently aware of. Among flexible firms, the two most common themes mentioned were insufficient regulation and monitoring

of firms and unregulated entities operating in the market. It should be stressed that responses to this question reflect firms' *perception* of whether the FCA is aware of these risks and so does not necessarily reflect the true picture.

Authorisation process

Among firms that had experience of the FCA's authorisation process in the last 12 months, fixed firms were most likely to feel that the FCA was helpful (80%) and that it was clear what was required of their firm (78%). However, they were less positive about other aspects of the authorisation process. Fixed firms were particularly negative about the time taken to receive authorisation: only 30% of fixed firms felt the amount of time taken to receive authorisation was reasonable but more than twice as many (68%) did not think the amount of time taken was reasonable. Flexible firms were generally positive about their experience of the authorisation process.

Seven in ten fixed firms (68%) and three quarters of flexible firms (75%) felt, at least to some extent, that the authorisation process prevented firms or individuals who are engaged in poor business practices from entering the industry.

Among firms that did *not* feel this way, the two most common suggestions for improvement were that the FCA should conduct more due diligence checks on firms as part of the authorisation process and that the FCA should do more to prevent owners or directors of failed firms from re-entering the market ('phoenixing').

FCA investigations and enforcement

Almost all fixed firms (97%) and flexible firms (98%) were aware that the FCA can carry out investigations into firms or individuals where there is evidence of poor business practices. However, familiarity with the investigation process and associated timescales appears to be limited. Almost half of fixed firms and around two-thirds of flexible firms were unable to offer a view on the pace of investigations (i.e. 'Too slow', 'Too quick' 'About right') at different stages of the process.

Almost all fixed firms (99%) were aware of the FCA taking enforcement action on firms or individuals in the last 12 months. Flexible firms were less likely than fixed firms to be aware of enforcement actions taken by the FCA in the last 12 months: only 56% were aware of any enforcement action taken by the FCA in the last 12 months, while more than a third (35%) didn't know.

In general, fixed firms were more likely than flexible firms to take to feel that enforcement action was effective. However, agreement that enforcement action is effective at removing deliberate rule-breakers from the industry was relatively low among both fixed and flexible firms.

Data/ information requests

Fixed firms were more likely than flexible firms to feel they received a lot of information requests from the FCA, with over half (52%) saying they received a lot of requests but understood the reasons, and another 27% saying they received more than necessary. Compared with 2019, fewer fixed firms felt the FCA asked for more information than

necessary (27% compared with 41% in 2019) while more thought the number of requests was a lot but they understood the reason why (52% in 2021 v. 31% in 2019). This may be related to an appreciation of the FCA's need to understand the impact of the pandemic on firms during the last 12 months, and the risks it posed across the industry.

The majority of flexible firms felt that they received a lot of data or information requests from the FCA: 35% said that while it was a lot, they understood why the information was needed; a further 20% felt the number of requests they received was more than necessary. Only a minority of flexible firms (41%) felt the number of requests was about right.

Around a quarter of fixed firms said they understood the reasons behind all requests (27%), while three in five (61%) understood the reasons for most requests. A further 12% said they understood the reasons for only some requests.

Four in ten flexible firms (38%) felt they understood the reasons behind all data requests, with 44% saying they understood the reasons for most requests. Around one in seven flexible firms (15%) reported they only understood the rationale for some of the requests made of them.

Impact of regulation

Almost nine in ten fixed firms (88%) agreed that FCA regulation enhances the reputation of the UK as a financial centre. A large majority of fixed firms also agreed that FCA regulation delivers better outcomes for customers (77%); is outcome-focused (75%); and is forward-looking (66%).

While generally less positive than fixed firms in this regard, flexible firms felt that the impact of most aspects of FCA regulation was broadly positive. A majority of firms agreed that FCA regulation enhances the reputation of the UK as a financial centre (77%); delivers better outcomes for customers (60%); is outcome focused (57%) and is transparent (56%). Disagreement with all these statements was extremely low.

In relation to the impact that FCA regulation had on their own firm in terms of the actions allocated to them by FCA staff, fixed firms were extremely positive. Nearly all fixed firms stated that the actions allocated to them by the FCA were clear and achievable (93%) and well-founded (97%).

Around three-quarters (74%) of flexible firms believed the actions allocated to them by the FCA were clear and achievable, with a slightly lower proportion (72%) thinking they were well-founded. For both statements around a fifth of flexible firms did not feel the FCAs actions were clear and achievable or well-founded (18% and 19%, respectively).

Fixed firms were more likely than flexible firms to have been impacted by FCA enforcement action taken as a result of the poor business practices of another firm or individual, although this still represented a minority of firms.

COVID-19

Overall, firms were extremely positive about the FCA's performance in terms of supporting firms during the COVID-19 pandemic.

Nine in ten fixed firms (87%) felt that the FCA had supported their firm very or fairly well, while 86% said the FCA had supported the industry in general very or fairly well. Only one in ten (11%) fixed firms felt the FCA had not supported them well during the COVID-19 pandemic.

Three in five flexible firms (61%) stated that the FCA had supported their business very or fairly well during the COVID-19 pandemic, with a similar proportion (58%) saying they had supported the industry as a whole very or fairly well. Only a small proportion of flexible firms felt the FCA had not supported them or the industry in general well during the COVID-19 pandemic, although a relatively large minority of firms said they didn't know.

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

Overall, flexible firms were evenly split on how relevant they found the FCA's communications on the EU withdrawal: just under half (47%) of flexible firms felt that the FCA's communications were not very or not at all relevant to them, while 45% of firms found them to be relevant to a great or some extent.

By contrast, fixed firms overwhelmingly reported that FCA communications around EU withdrawal were relevant to them. Nine in ten fixed firms (90%) found that FCA communications were relevant to a great or some extent. Only 8% of fixed firms found the FCA's communications to be either not very or not at all relevant to them.

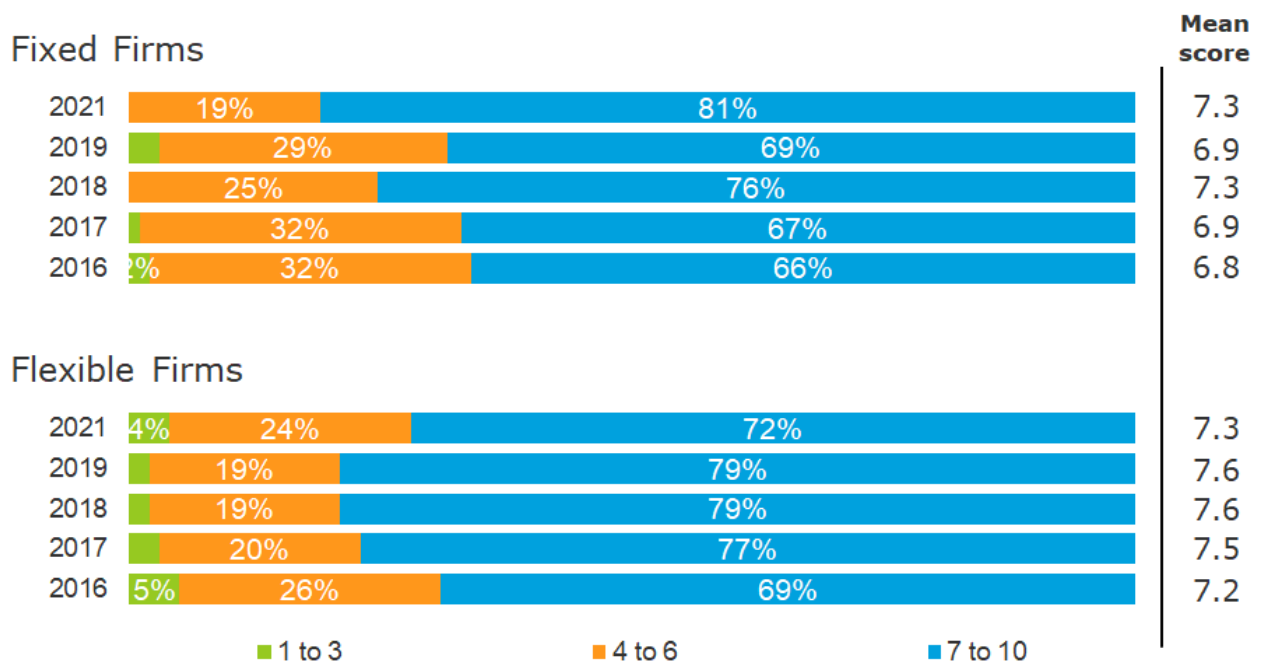
2. Performance of the FCA as a Regulator

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

2.1 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 (Figure 2.1). Individual scores were grouped into bands to represent ‘low’, ‘moderate’, and ‘high’ levels of satisfaction.

Figure 2.1 – Satisfaction with relationship with the FCA (2016-2021)



Q1. Taking into account all of your firm’s dealings with the FCA, how satisfied are you with the relationship?

Base: All firms: Fixed – 2021 (58); 2019 (71); 2018 (65); 2017 (74); 2016 (62)

Flexible – 2021 (3,551); 2019 (2,817); 2018 (2,548); 2017 (2,156); 2016 (3,295)

Mean Score: 10 = Extremely satisfied, 1 = Extremely dissatisfied

Fixed firms had a mean score of 7.3. This represents an improvement compared with 2019, when the mean score was 6.9. There was also a significant increase in the proportion of fixed firms giving a ‘high’ score (7-10), from 69% in 2019 to 81% in 2021.

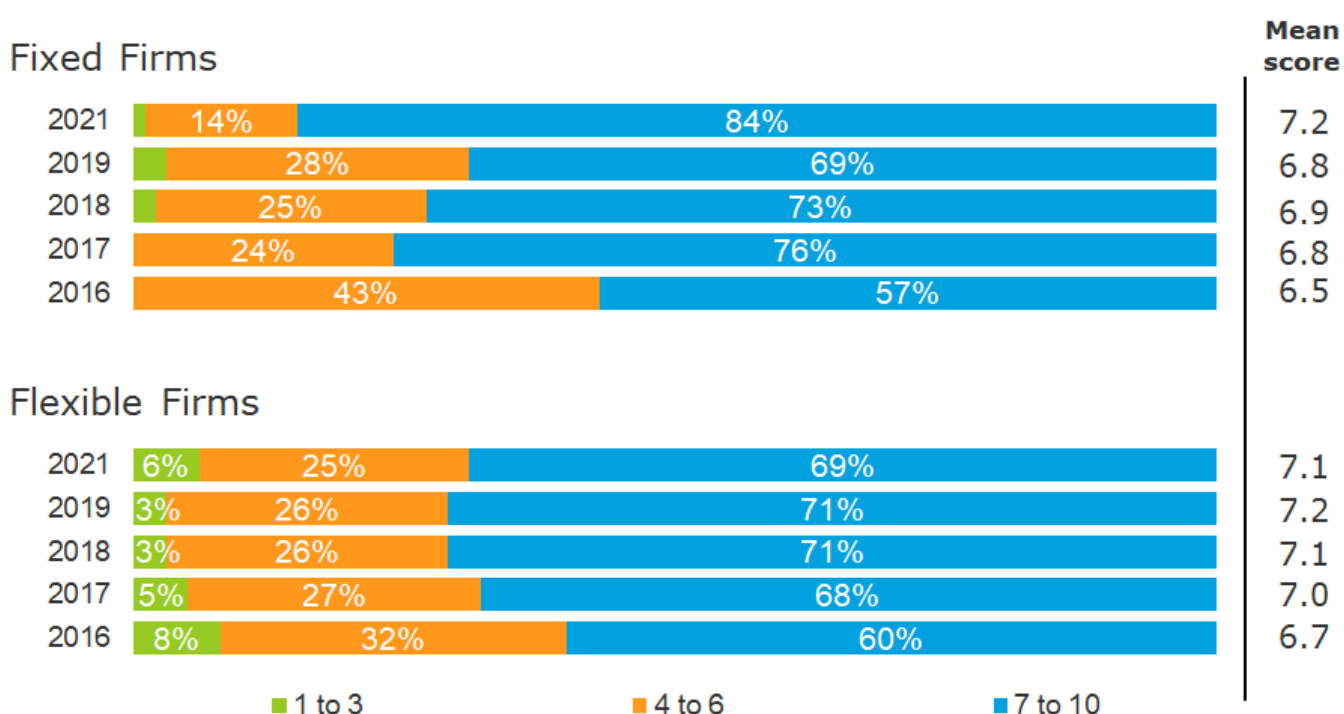
By contrast satisfaction levels were worse among flexible firms compared with 2019. Seven in ten (72%) gave a high satisfaction score (7 to 10) compared with 79% in 2019. However, the mean score was 7.3, representing no significant change from 2019.

Satisfaction with the relationship with the FCA was lowest in the retail investments sector, with only 64% of firms giving a high score compared with 72% of firms overall. Retail banking reported the highest level of satisfaction, with 87% giving a high score.

2.2 Effectiveness of the FCA

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 (Figure 2.2).

Figure 2.2 – Perceived effectiveness of the FCA in regulating the financial services industry in the last year (2016-2021)



Q2. Overall, from your firm's perspective, how effective has the FCA been in regulating the financial services industry in the last year?

Base: All firms: Fixed – 2021 (58); 2019 (71); 2018 (65); 2017 (74); 2016 (62)

Flexible – 2021 (3,551); 2019 (2,817); 2018 (2,548); 2017 (2,156); 2016 (3,295)

Mean Score: 10 = Extremely effective, 1 = Not at all effective

When comparing fixed firms' views on FCA effectiveness with 2019, a similar picture emerges as was seen in relation to satisfaction with the FCA. The mean score has risen from 6.8 to 7.2, and the proportion of fixed firms giving a high score (7-10) has risen from 69% in 2019 to 84% in 2021.

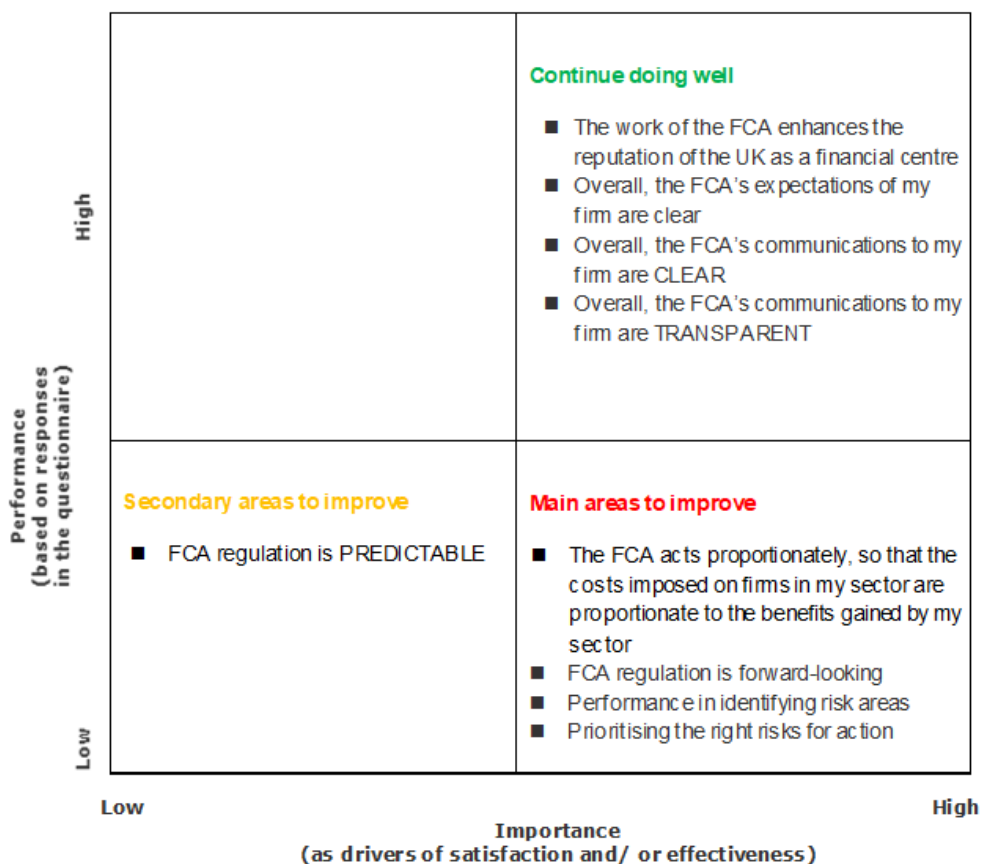
When comparing 2019 with 2021, flexible firms' rating of the effectiveness of the FCA in regulating the industry is broadly the same. A mean score of 7.1 was reported in 2021 compared with 7.2 in 2019. There has been a high degree of consistency with regards to views on FCA effectiveness, going as far back as 2017.

Again, perceptions of the FCA's effectiveness were lowest in the retail investments sector, with only 53% giving a high score compared with 69% of firms overall. Retail banking was the sector most likely to give a high score for effectiveness (88%).

2.3 Drivers of satisfaction and effectiveness

Further exploration of the data shows the factors that are important in driving levels of satisfaction with the FCA, and perceptions of its effectiveness. Figure 2.3 plots the FCA's performance on the y-axis against each factor's level of importance in driving satisfaction and effectiveness on the x-axis.

Figure 2.3 – Key driver analysis: key areas to improve



There are two key areas which the FCA needs to focus on to maintain and improve satisfaction: first, to continue doing well in areas which are important drivers of satisfaction and where it is already performing well; and second, to improve in areas where it is not doing so well.

Figure 2.3 shows that the FCA is performing well in how it communicates to firms: firms regard FCA communication as being clear and transparent and most firms believe the FCA's expectations of them are clear. These areas have a strong impact on firms' impression of the FCA and so need to be maintained.

To improve firms' perceptions of the FCA there are also some key areas which the FCA should seek to improve. It is worth noting that the overall performance of the FCA in these areas (as measured by the absolute scores) is already relatively high, and so although they are identified as areas for improvement, it is building on a relatively good position. Improvements in these areas should lead to the biggest gains in firms' overall impression of the FCA.

The priority areas for improvement are:

- Acting proportionately so that the costs are proportionate to benefits gained
- Being more forward-looking in its regulation
- Improving how emerging risks are identified; and
- Prioritising the right risks for action

Secondary areas to improve are those areas where FCA performance is also lower, but which are less important to firms. The main secondary area to improve is the predictability of regulation.

Acting proportionately so that the costs are proportionate to benefits gained was also identified as a main area for improvement in 2019, suggesting that this is an ongoing concern for firms. The FCA may want to explore whether this is an issue with costs being disproportionate to benefits or if there is more that can be done to improve firms' understanding of the cost/ benefit balance.

Firms with a less positive impression of the FCA generally viewed the regulator as performing less well in identifying and acting on risks, as well as in formulating regulation that is forward-looking and predictable.

2.4 Performance against objectives

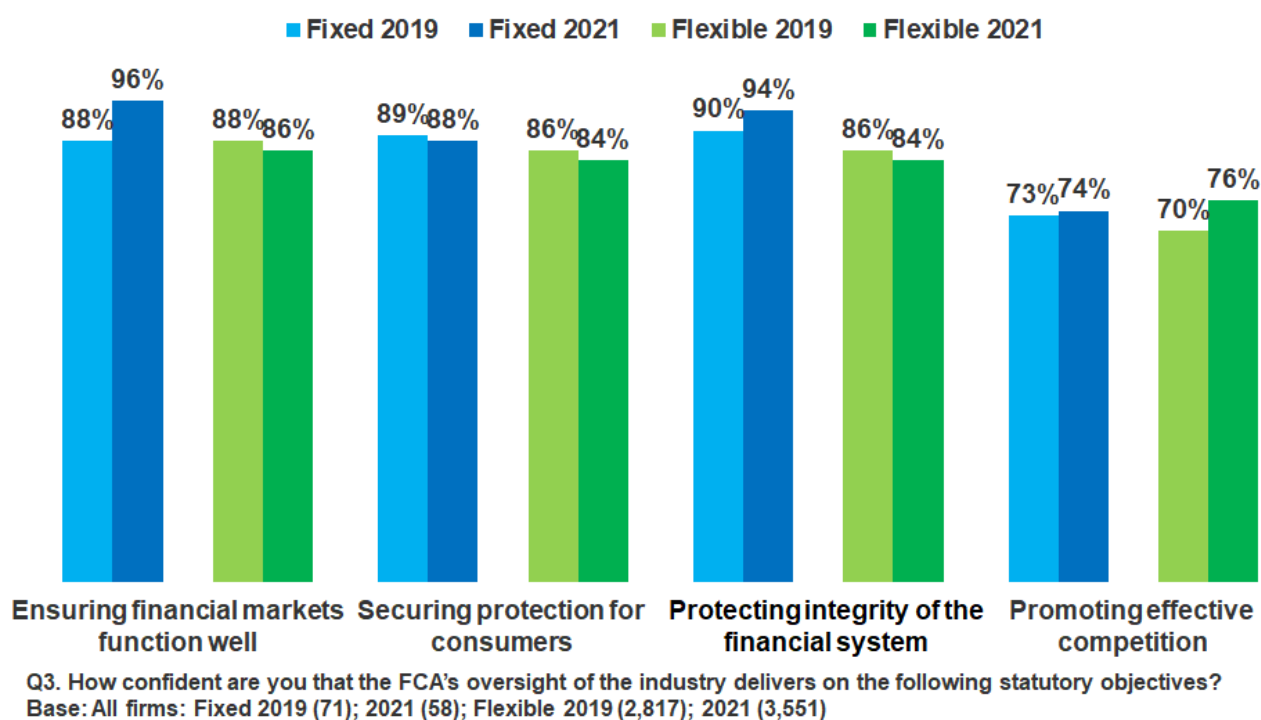
Firms were asked how confident they felt that the FCA's oversight of the industry will deliver on its objectives, including the single strategic objective of ensuring financial markets function well and the three operational objectives.

Ensuring financial markets function will over time

Almost all fixed firms (96%) were confident that the FCA was delivering on its strategic objective, up from 88% in 2019 (Figure 2.4). Confidence appears to have returned to levels seen in 2018, when 96% of fixed firms expressed confidence in the FCA's ability to meet this objective.

Overall, the vast majority of flexible firms (86%) were confident that the FCA was delivering on its strategic objective of ensuring financial markets function well. There has been no change since 2019, when the equivalent figure was 88%.

Figure 2.4 – Levels of confidence in the FCA’s ability to deliver on its objectives (% very/ fairly confident)



‘Protecting consumers’ and ‘Enhancing the integrity of the UK financial system’

Fixed firms expressed similar levels of confidence in the FCA’s first two operational objectives:

- Securing an appropriate degree of protection for consumers, and
- Protecting and enhancing the integrity of the UK financial system

Around nine in ten fixed firms were confident that the FCA was delivering on its objectives to protect consumers (88%, compared with 89% in 2019) and to enhance the integrity of the UK financial system (94%, compared with 90% in 2019).

As has been the case for several years, flexible firms expressed slightly lower levels of confidence in these objectives compared to fixed firms. More than eight in ten flexible firms were confident that the FCA was delivering on its objectives to protect consumers and to enhance the integrity of the UK financial system (84% in each case). There has been no change in confidence levels since 2019.

'Promoting effective competition'

Since 2016, the objective to promote effective competition in the interests of consumers in the financial markets has consistently been subject to lower levels of confidence when compared with the FCA's other objectives. This trend continues in 2021 (Figure 2.5).

Three quarters of fixed firms (74%) and flexible firms (76%) expressed confidence that the FCA is delivering on its objective to promote effective competition. Confidence levels among flexible firms have risen from seven in ten (70%) in 2019. Looking further back to 2016 (when just over half of firms expressed confidence in the competition objective) there is clear evidence of improvement over the longer term. So although there is still less confidence in the competition objective when compared to other objectives, there does appear to have been some progress in this area.

Figure 2.5 – Levels of confidence in the FCA's ability to deliver on its objectives, year on year
 (% very/ fairly confident)



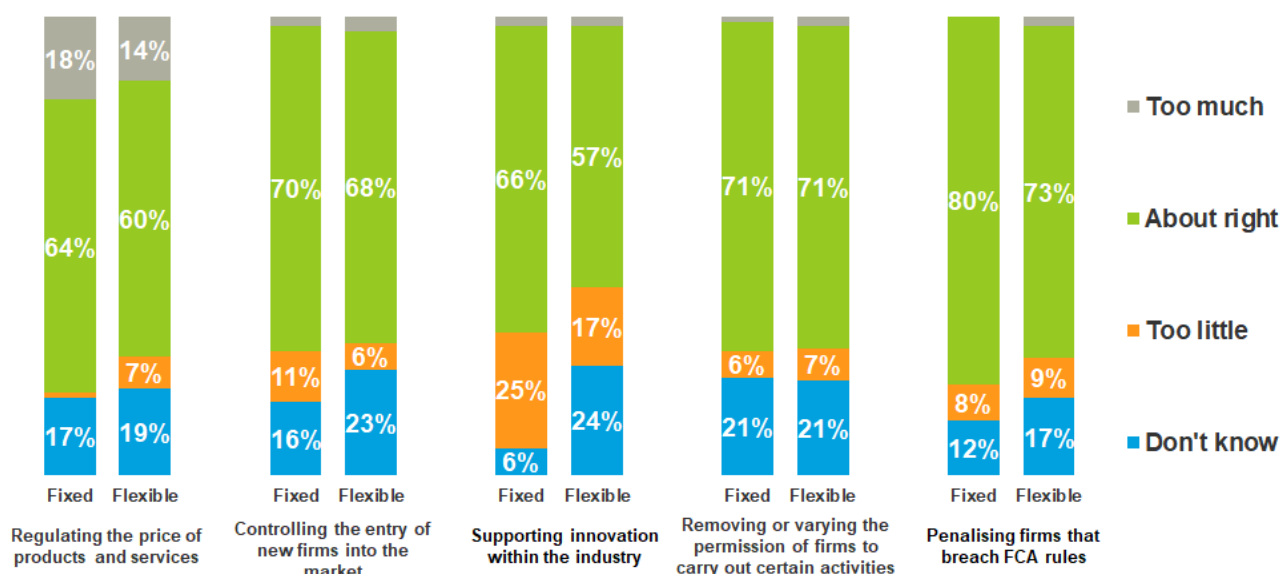
Q3. How confident are you that the FCA's oversight of the industry delivers on the following statutory objectives?
 Base: All flexible firms: 2021 (3,551); 2019 (2,817); 2018 (2,548); 2017 (2,156); 2016 (3,295)

To better understand how firms perceive the FCA's efforts to promote effective competition, firms were shown a series of measures the FCA takes as part of its work to promote effective competition. They were then asked whether they feel the emphasis placed on each measure by the FCA is too much, too little, or about right (Figure 2.6).

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 (18%) said that the FCA is doing too much in this area, as did more than one in ten Flexible firms (14%). Conversely, a quarter of fixed firms (25%) and nearly two in ten flexible firms (17%) felt that the FCA is doing too little to support innovation within the industry.

While price regulation still stands out as the measure firms are most likely to identify as an area of excessive FCA focus, these results show some improvement since 2019. The proportion of flexible firms who said the FCA places too much emphasis on regulating prices has fallen from 28% in 2019 to 14% in 2021.

Figure 2.6 – Firms’ perception of the relative emphasis the FCA places on different measures as part of its work to promote effective competition



Q47. 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?
 Base: All firms: Fixed (58); Flexible (3,551)

Reasons for lacking confidence in objectives

In order to provide further context to these responses, firms who said they were 'Not very' or 'Not at all' confident that the FCA was delivering on any of its three operational objectives were asked why they felt that way (Figure 2.7).¹

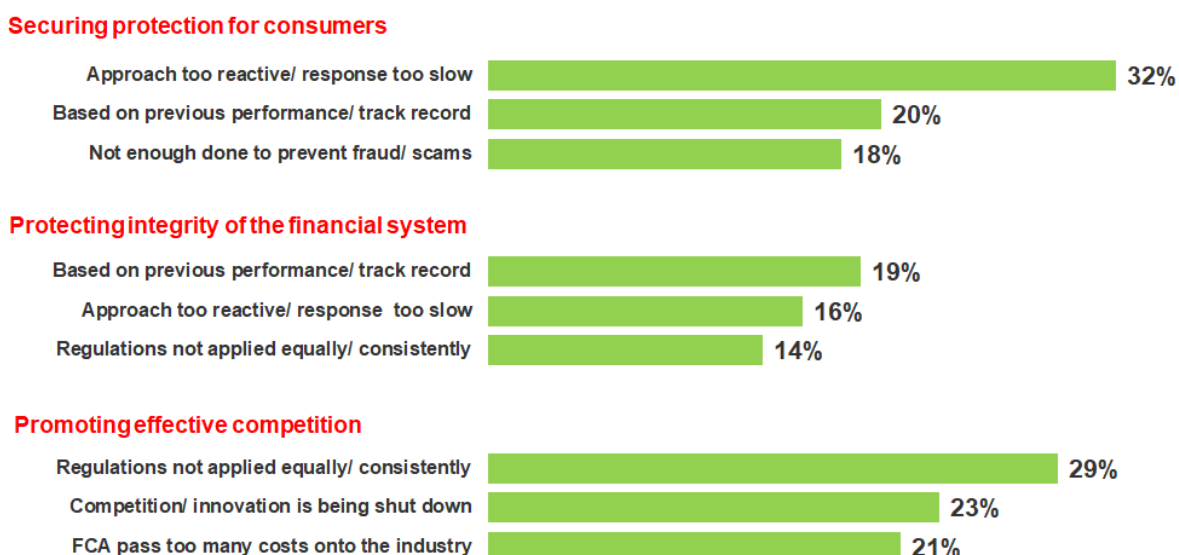
When examining the most common reasons, some themes emerge that are consistent across more than one objective. There is some concern that the FCA is impeded by its own reactive approach, and that it acts too slowly. A third of flexible firms asked (32%) cited this as a reason they lacked confidence that the FCA can protect consumers. This was also a common reason why firms were not confident that the FCA can protect and enhance the integrity of the UK financial system (mentioned by 16% of flexible firms asked).

Some flexible firms suggested that regulations are not applied equally or consistently by the FCA. This was the most common reason for firms lacking confidence in the competition objective (mentioned by 29% of firms asked) and one of the more common reasons firms were not confident that the FCA can protect and enhance the integrity of the UK financial system (mentioned by 14% of flexible firms asked).

Other common reasons given for lacking confidence in the competition objective were more distinct. Two in ten firms asked cited innovation being shut down (23%) and the FCA passing on too many costs to the industry (21%).

¹ These were open text questions, allowing firms to write in their response verbatim. Similar responses have been grouped together so that the most common reasons can be quantified. Response groups are not mutually exclusive – firms that have provided a particularly detailed response could fall under more than one group. Given the low number of fixed firms answering these questions, results can only be reported for flexible firms. Anonymised verbatim responses for all fixed and flexible firms were provided to the FCA and the Practitioner Panel.

Figure 2.7 – Reasons why firms lack confidence in FCA’s ability to deliver on objectives (Top responses)



Q6. What would you say are the main reasons that you lack confidence in the FCA's ability to promote effective competition?
 Base: All flexible firms saying they were not very or not at all confident that the FCA is delivering on its objectives to secure protection for consumers (541), protect integrity of the financial system (484) or promote effective competition (710)

2.5 Understanding of objectives

As well as being asked about their confidence in the FCA’s ability to meet its objectives, firms were also asked how well they understood those objectives (Figure 2.8).

Overall, self-reported understanding is high. At least nine in ten fixed firms claimed to understand ‘very’ or ‘fairly’ well what the FCA is trying to achieve through its objectives to:

- Ensure relevant financial markets function well (98%)
- Secure an appropriate degree of protection for consumers (91%), and
- Protect and enhance the integrity of the UK financial system (96%)

Among flexible firms, levels of understanding were broadly the same across most objectives, with around nine in ten claiming to understand these objectives (89%, 92% and 90% respectively).

Understanding appears to be slightly lower in relation to the competition objective, with 81% of fixed firms and 84% of flexible firms claiming to understand what the FCA is trying to achieve.

Figure 2.8 – Extent to which firms understand what the FCA is trying to achieve through its objectives (% very/ fairly well)



Q7. How well would you say your firm understands what the FCA is trying to achieve through the following objectives?
 Base: All firms: Fixed (58); Flexible (3,551)

3. Trust and confidence

This chapter examines the extent to which firms trust the FCA as an organisation and have confidence in FCA staff. It also examines the extent to which firms have confidence in the FCA's ability to use data and advanced analytics to enhance its regulatory functions.

3.1 Overall trust in the FCA

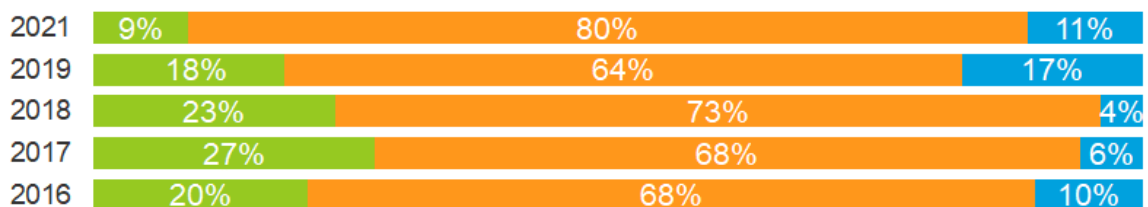
Firms were asked how their trust in the FCA had changed in the last 12 months (Figure 3.1).

As in all previous waves of the survey, most firms reported that their trust in the FCA had not changed in the last 12 months: this was the case for around eight in ten fixed firms (80%) and flexible firms (77%). The proportion of fixed firms reporting that their trust in the FCA had stayed the same over the last 12 months was higher compared with previous years, while for flexible firms it was broadly similar to previous years.

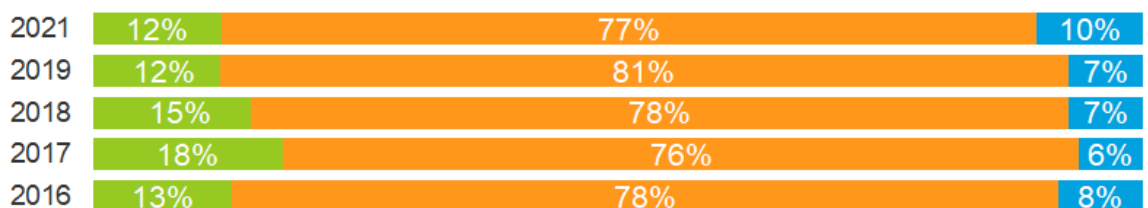
Among both types of firms, the proportion saying their trust had increased in the last 12 months was balanced by a similar proportion of firms who said their trust had decreased. This is a slight change from previous years when, in general, firms were more likely to say their trust had increased rather than decreased in the previous 12 months.

Figure 3.1 – How firms' level of trust in the FCA has changed over the last 12 months

Fixed Firms



Flexible Firms

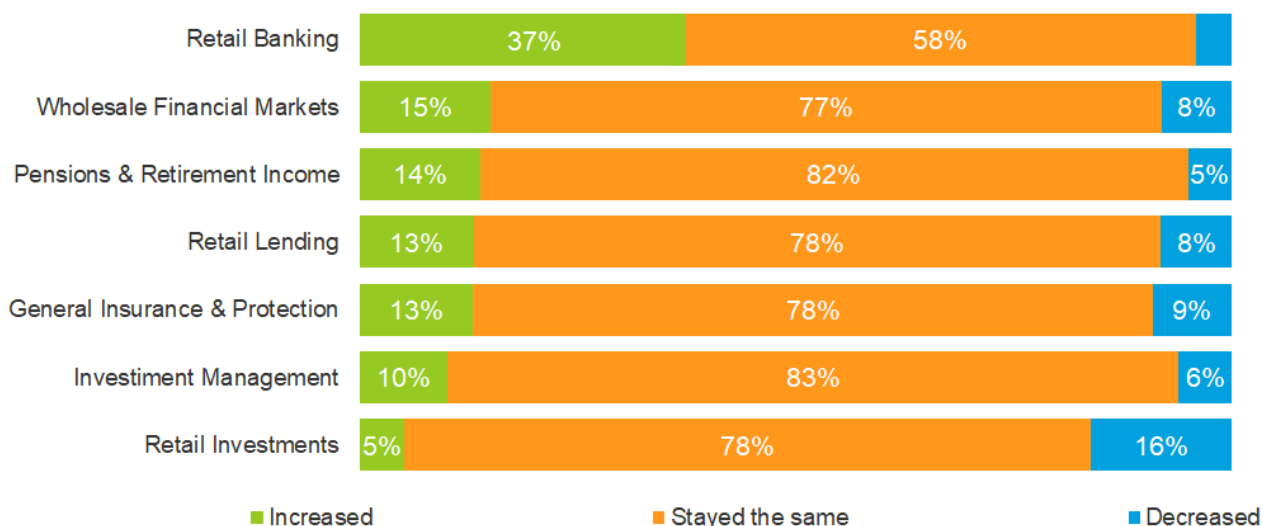


■ Increased ■ Stayed the same ■ Decreased

Q8. Over the last 12 months, would you say your firm's trust in the FCA has...
 Base: All firms: Fixed – 2021 (58); 2019 (71); 2018 (65); 2017 (74); 2016 (62)
 Flexible – 2021 (3,551); 2019 (2,817); 2018 (2,548); 2017 (2,156); 2016 (3,295)

Looking at trust in the FCA by individual sector there was not a great deal of difference, with the majority of firms in each sector saying their trust in the FCA had stayed the same over the last 12 months (Figure 3.2). A notable exception was the retail banking sector, among whom more than a third of firms (37%) said their trust in the FCA had increased over the last 12 months compared with only 3% saying it had decreased. By contrast, firms in the retail investment sector were more likely to say their trust in the FCA had decreased rather than increased in the last 12 months (16% and 5% respectively).

Figure 3.2 – How firms’ level of trust in the FCA has changed over the last 12 months, by sector



Q8. Over the last 12 months, would you say your firm’s trust in the FCA has...
 Base: All firms: Retail Banking (282); Wholesale Financial Markets (333); Pensions & Retirement Income (22); Retail Lending (960); General Insurance & Protection (599); Investment Management (392); Retail Investments (1,021)

3.2 Assessment of FCA supervisors/ staff

Firms were asked to what extent they agreed or disagreed with a series of statements about FCA staff and supervisors. Due to the differences in the way fixed and flexible firms interact with the FCA, fixed firms were asked about supervisors while flexible firms were asked about FCA staff in general.

Overall, fixed firms were extremely positive about FCA supervisors, with high levels of agreement across all statements presented (Figure 3.3). Almost all fixed firms (99%) agreed that FCA supervisors were knowledgeable about FCA rules and requirements, while more than eight out of ten firms agreed that FCA supervisors had sufficient experience (84%), acted consistently with the FCA’s wider policy objectives (84%), and exercised good judgment (81%). Levels of disagreement with any statement was extremely low.

Figure 3.3 – Fixed firms’ perception of FCA supervisors

To what extent to do you agree or disagree that your FCA supervisors...

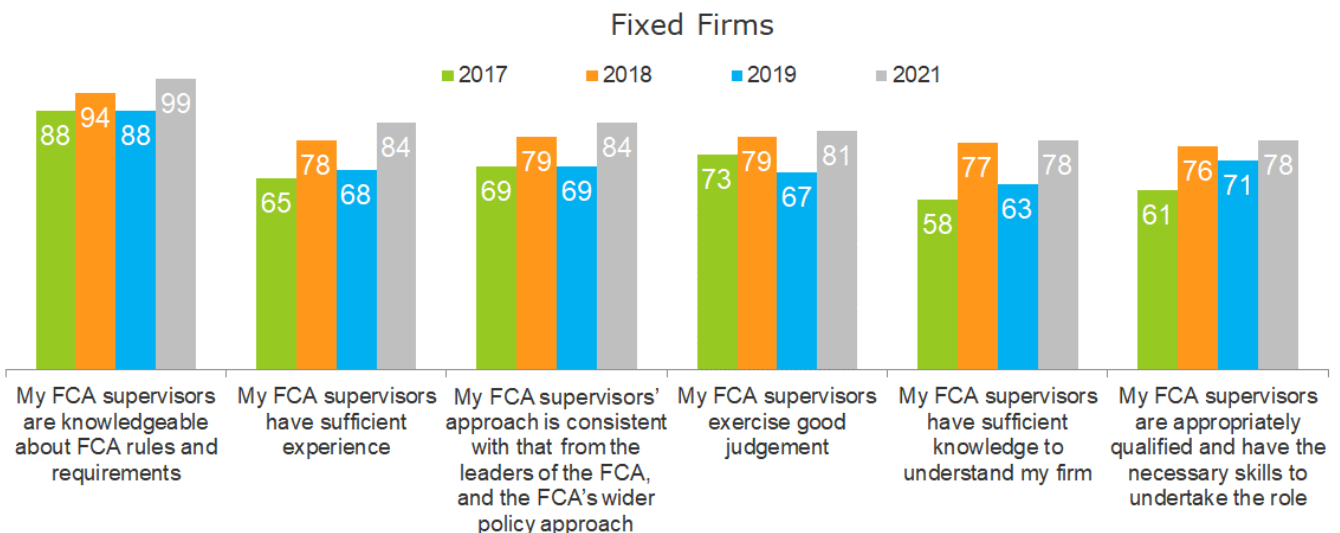


Q45. In relation to your FCA supervisors, to what extent to do you agree or disagree with the following statements?
Base: All fixed firms (58)

Compared with previous waves of the survey, when the same statements were asked, fixed firms were more positive about FCA supervisors in 2021 (Figure 3.4). There was an increase in agreement levels for all aspects of supervisor performance compared to the levels seen over the previous three waves.

Levels of disagreement also fell compared with previous years. Compared with 2019 the proportion of fixed firms in 2021 who felt that FCA supervisors did not have sufficient knowledge to understand their firm fell from 17% to 7%, the proportion who felt supervisors did not exercise good judgement fell from 15% to 5%, and the proportion who felt that supervisors did not have sufficient experience fell from 21% to 7%.

Figure 3.4 – Fixed firms’ perception of FCA supervisors, year on year (% agree)



Q45. In relation to your FCA supervisors, to what extent to do you agree or disagree with the following statements?
Base: All fixed firms: 2017 (74); 2018 (65); 2019 (71); 2021 (58)

Flexible firms were asked some of the same statements in relation to FCA staff in general rather than supervisors. Generally flexible firms had a less positive attitude about FCA staff, although this is perhaps to be expected given that they don't have the same relationship with the FCA as fixed firms, such as being assigned a named supervisor.

Flexible firms were most likely to agree that FCA staff were knowledgeable about FCA rules and requirements (70%), with slightly lower proportions agreeing that FCA staff gave guidance that was consistent with wider FCA policy objectives (59%), that FCA staff had sufficient experience (56%), and that FCA staff had the appropriate qualifications and skills for their role (53%) (Figure 3.5).

Figure 3.5 – Flexible firms’ perception of FCA staff (e.g. the FCA Supervision Hub)

To what extent do you agree or disagree that FCA staff...



Q46. In relation to FCA staff, to what extent do you agree or disagree with the following statements?
Base: All flexible firms (3,551)

For all statements the proportion of firms who neither agreed nor disagreed with the statements, or said they didn't know, was relatively high. This probably reflects the fact that flexible firms have less frequent contact with the FCA. In fact, flexible firms who reported having some form of regular contact with the FCA were more positive across all the statements compared with firms who did not have regular contact.

Unlike fixed firms, the 2021 results for flexible firms were broadly in line with previous years, with levels of agreement to all statements being similar to 2019.

3.3 Confidence in how the FCA uses data and advanced analytics

The FCA has a clear strategy to make better use of data and advanced analytics to improve the way it regulates and to reduce burden on firms. Its vision is to be more efficient and effective by harnessing the power of data and advanced analytics, taking advantage of new tools and techniques.

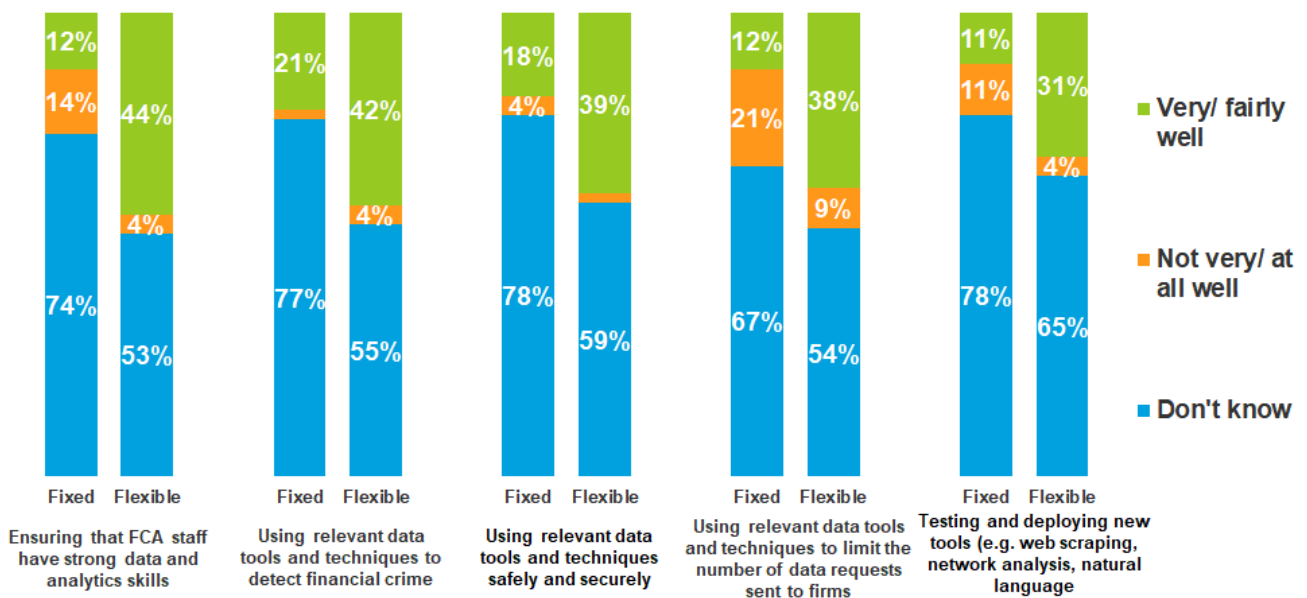
Firms were asked a number of statements to assess how confident they were that the FCA is using data and analytics well. The most noticeable finding is the fact that across all statements the majority of both fixed and flexible firms said they didn't know how well the FCA was performing in this area. Fixed firms were more likely than flexible firms to say they didn't know (Figure 3.6).

More than three-quarters of fixed firms said they did not know how well the FCA was using new analytical tools (78%), whether the FCA was using these tools safely and securely (78%), or whether the tools and techniques were being used to detect financial crime (77%). Findings were similar for flexible firms with anywhere from half to two-thirds of flexible firms saying they didn't know how the FCA was performing in this area.

Where firms did give an opinion, flexible firms were more likely than fixed firms to be positive: 44% of flexible firms felt that FCA staff had strong data and analytics skills compared with only 12% of fixed firms; 42% of flexible firms felt the FCA used relevant tools and techniques to detect financial crimes compared with 21% of fixed firms; and 39% of flexible firms felt the FCA used data tools and techniques safely and securely compared with 18% of fixed firms.

Only 12% of fixed firms said the FCA used data tools and techniques very or fairly well to limit the number of data requests sent to firms compared with 21% of firms who said the FCA did not do this very well or at all well. This probably reflects the perception among firms that the FCA makes a lot of data or information requests (see Chapter 6).

Figure 3.6 – Firms' assessment of how well the FCA is performing in relation to data processes



Q51. Thinking about the ways in which the FCA uses data and advanced analytics to regulate firms, how well do you feel the FCA is performing in each of the following areas?
 Base: All firms; Fixed (58), Flexible (3,551)

4. Communication and Engagement

Firms were asked about the frequency and nature of their contact with the FCA, how effective they felt the FCA was at communicating with them, and how they thought the FCA could improve its communications. Firms were also asked about the extent to which they engaged with FCA publications and, more specifically, with consultations.

4.1 Regularity of contact with the FCA

Firms were asked how regularly they had contact with the FCA through a range of different channels. Not surprisingly, in light of the COVID-19 pandemic, there was a shift towards digital and online communications in 2021 compared with the 2019 survey.

Fixed firms were much more likely than flexible firms to have had contact at least once a month with the FCA through at least one channel (98% and 40% respectively). Frequency of contact was similar to the results seen in 2019 when 97% of fixed firms and 38% of flexible firms reported contact at least once a month.

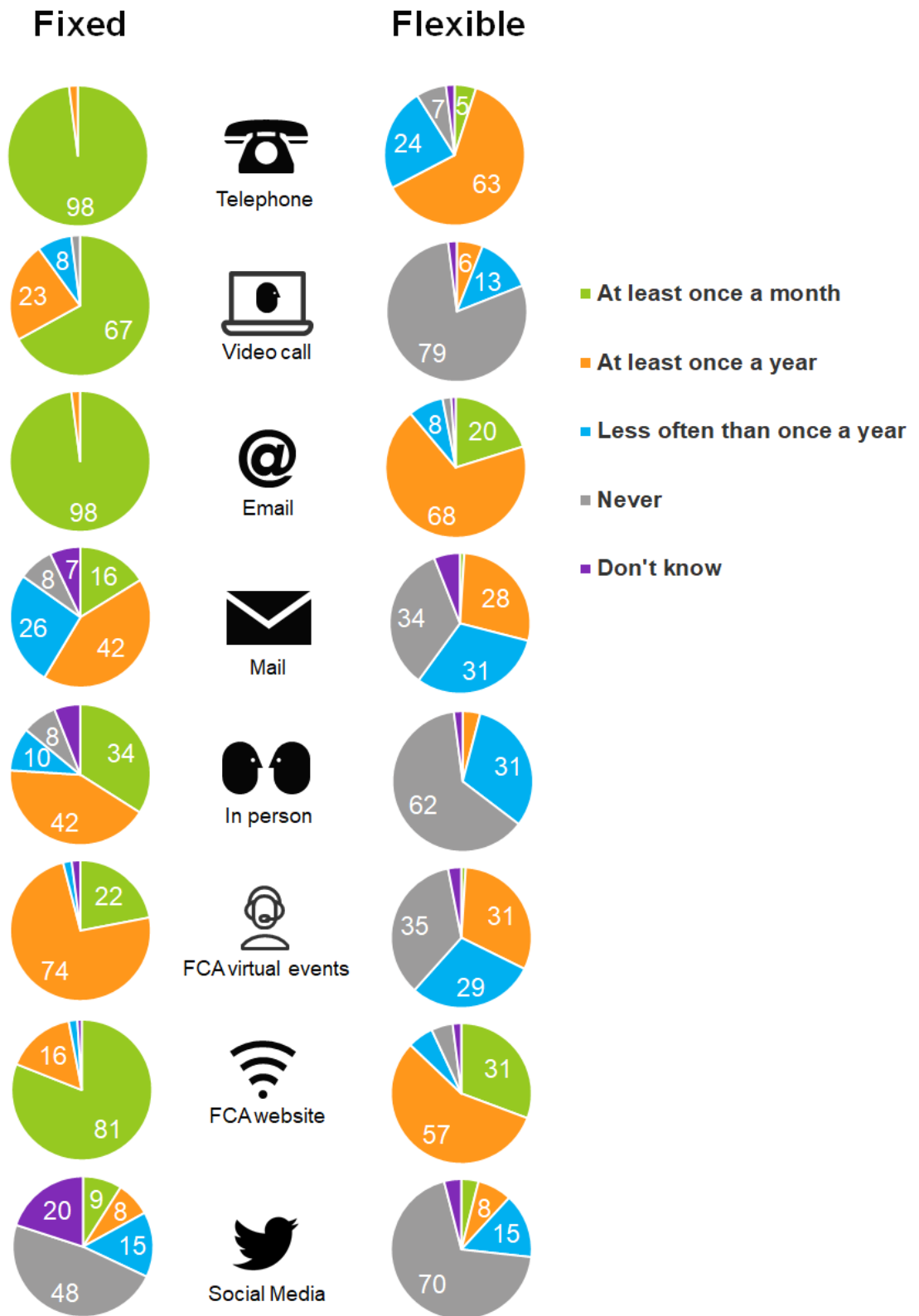
Fixed firms' primary channels of regular contact with the FCA (at least once a month) were by telephone (98%), email (98%) and through the FCA website (81%). Two-thirds of fixed firms (67%) also reported having video calls at least once a month (Figure 4.1).

In 2021, fixed firms had less regular contact with the FCA by post (16%, down from 38% in 2019) and through in-person meetings (34%, down from 54%), which were replaced by video calls to a large extent. By contrast, regular contact through the FCA website and through virtual or online events was more common among fixed firms. In 2019, 9% of fixed firms attended an FCA event at least once a month compared with 22% attending a virtual or online event at least once a month in 2021².

Flexible firms were much less likely to have had regular contact with the FCA through any channel. The most common means of regular contact were through the FCA website (31%) and by email (20%). Unlike fixed firms, flexible firms contact channels in 2021 were similar to results from the 2019 survey when email and the FCA website were also the most common channels used. Other communication channels such as video calls, in-person meetings and virtual or online events were not used on a regular basis by flexible firms.

² In the 2019 survey, firms were asked about FCA events (unspecified whether in-person or online) while in the 2021 survey they were asked specifically about FCA online or digital events.

Figure 4.1 – How regularly firms have dealings with the FCA through different channels



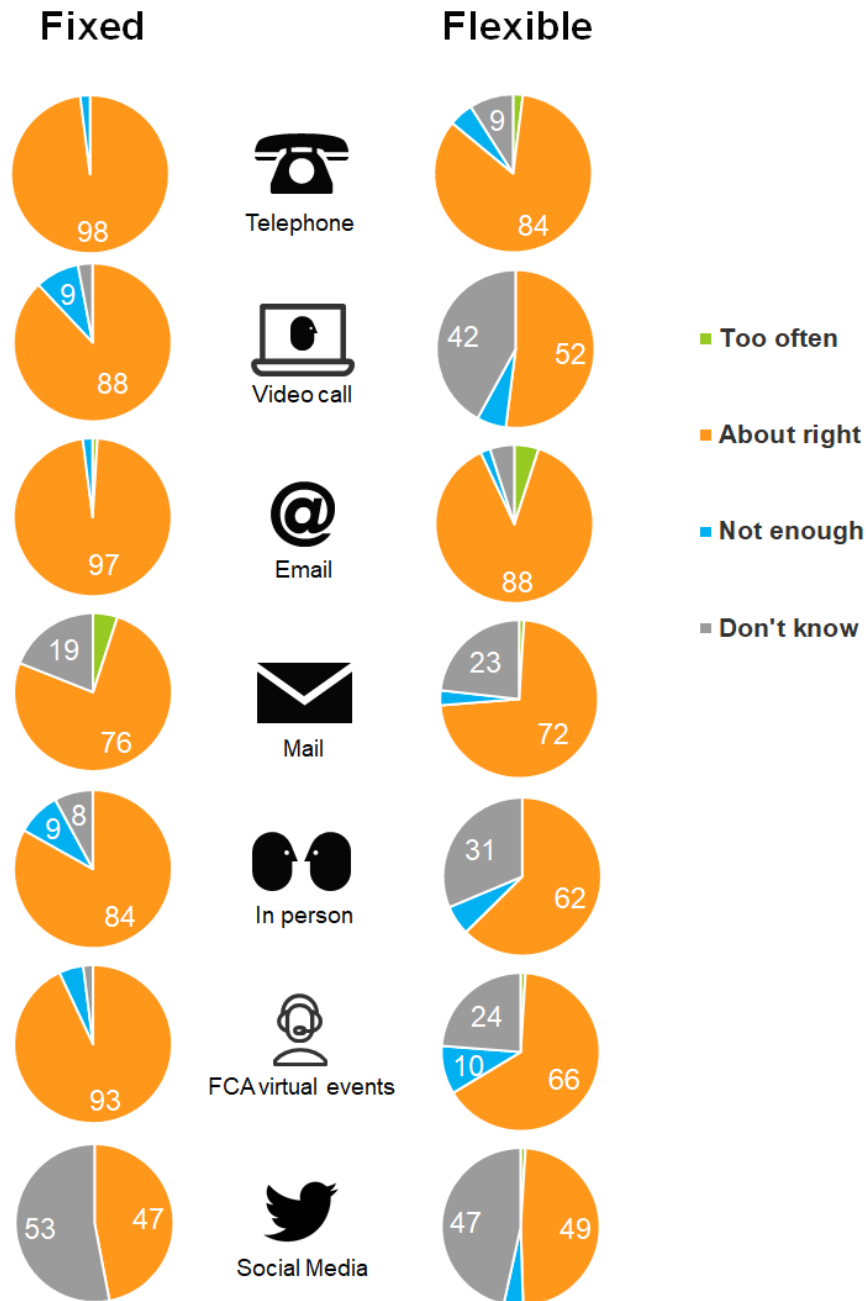
Q11. How often does your firm have any dealings with the FCA through each of the following methods?
 Base: All firms; Fixed (58), Flexible (3,551)

4.2 Satisfaction with frequency of contact by different channels

Firms were asked whether they thought the frequency of contact with the FCA by each channel was too much, not enough or about right.

Overall, most firms seemed satisfied with the frequency of contact across different channels: for all channels the vast majority of both fixed and flexible firms felt the frequency of contact was about right (Figure 4.2).

Figure 4.2 – Firms’ satisfaction with frequency of contact with the FCA through different channels



Q12. Still thinking about the different channels of communication, would you say that the FCA contacts your firm too often, not enough, or would you say the level of contact is about right?
 Base: All firms; Fixed (58), Flexible (3,551)

Almost all fixed firms felt the frequency of contact by telephone (98%), email (97%), through virtual or online events (93%), and by video call (88%) was about right. About one in ten fixed firms felt there was not enough contact through in-person meetings (9%) or video calls (9%).

Satisfaction among flexible firms was slightly lower compared with fixed firms, although this was primarily driven by higher levels of 'don't know' responses rather than any significant dissatisfaction with the frequency of contact. As with fixed firms, a small minority of flexible firms felt there was not enough contact through in-person meetings (6%) and video calls (10%).

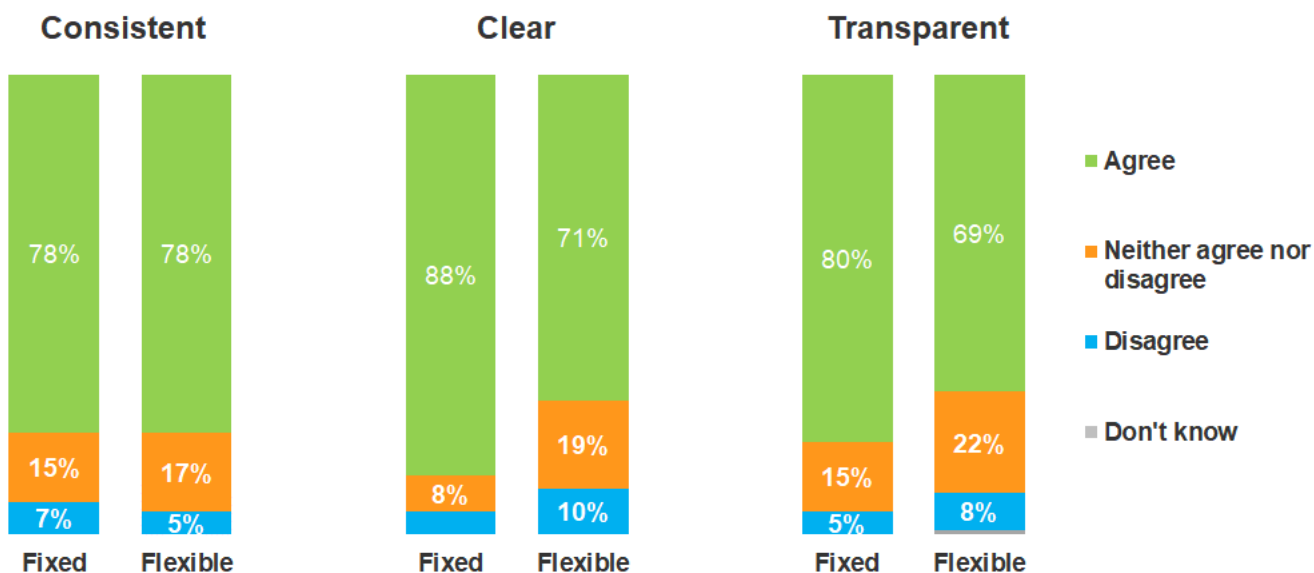
For the first time, the 2021 survey asked firms about contact with the FCA through social media. Few fixed or flexible firms reported having regular contact with the FCA via social media (9% of fixed firms and 4% of flexible firms had contact at least once a month) and a high proportion of both fixed (53%) and flexible (47%) firms said they didn't know whether the frequency of contact via social media was right or not.

4.3 Effectiveness of FCA communications

Firms were asked their views on how effective they felt the FCA's communications to their firm were in terms of clarity, relevance, ease of contact, and speed of response.

Overall, firms were largely positive about the effectiveness of the FCA's communications with them, with fixed firms being slightly more positive than flexible firms in some respects (Figure 4.3).

Figure 4.3 – Extent to which firms agree or disagree that FCA communications to their firm are...



Q10. To what extent do you agree or disagree with the following statements?
Base: All firms; Fixed (58), Flexible (3,551)

Nine in ten fixed firms (88%) agreed that FCA communications to their firm were clear, 80% agreed communications were transparent, while 78% felt the FCA's communications were consistent. Flexible firms were less likely than fixed firms to feel that how the FCA communicated with them was clear (71%) or transparent (69%).

Firms were also asked how relevant the FCA's communications were to their firm. Almost all firms felt that the FCA's communications were relevant to them to a great or some extent: this was reported by 97% of fixed firms and 89% of flexible firms.

Firms also found it relatively easy to contact the FCA: 97% of fixed firms said they had found it very or fairly easy to contact the relevant person or team in the FCA in the last 12 months compared with 73% of flexible firms. However, this slightly lower figure is partly explained by the fact that 11% of flexible firms had not contacted the FCA in the last 12 months. Among flexible firms who *had* contacted the FCA in the last 12 months, 81% said they found it easy to contact the relevant person or team.

The COVID-19 pandemic seems to have made little difference in terms of how easy it was for firms to communicate with the FCA. While 13% of fixed firms and 10% of flexible firms said it had been more difficult to communicate with the FCA recently compared with the pre-COVID-19 period, the vast majority of both fixed (80%) and flexible (79%) firms said the COVID-19 pandemic had made no difference to their communications with the FCA.

All firms who had contacted the FCA in the last 12 months were asked how satisfied they were with the time taken by the FCA to resolve queries or issues. In this regard, flexible firms were more satisfied with the speed of response than fixed firms: 82% of flexible firms were satisfied with the FCA's speed of response compared with 72% of fixed firms. More than a quarter (28%) of fixed firms said they were very or fairly dissatisfied with the FCA's speed of response. These findings may well reflect the fact that fixed firms have more complex queries or issues which take longer to resolve compared with flexible firms.

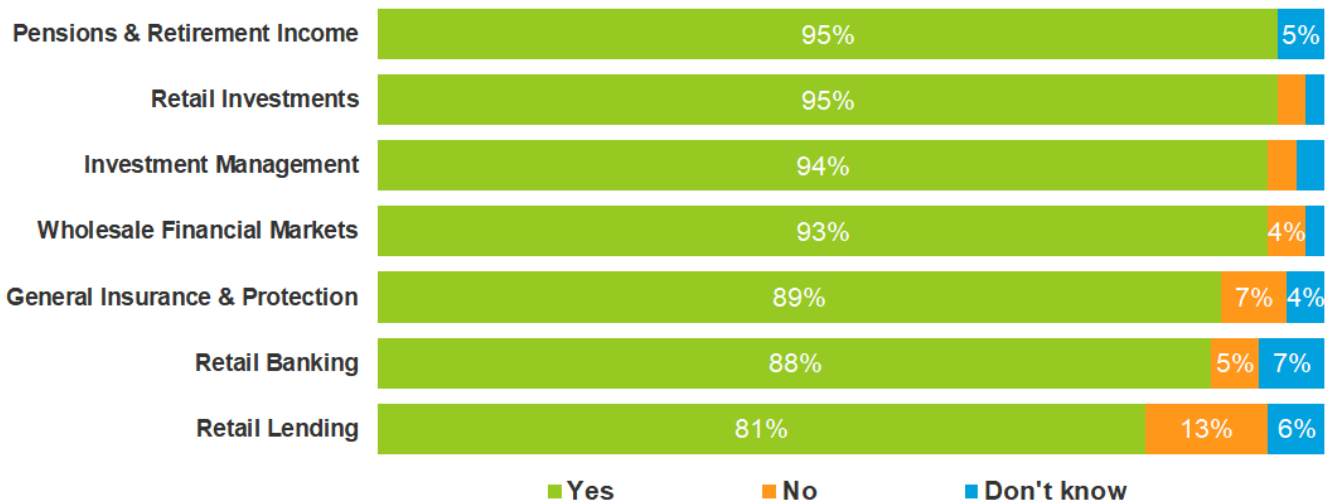
4.4 Engagement with FCA publications

Firms were asked if they had looked at any FCA publications in the last 12 months and, if so, what types of publications they had looked at.

Engagement with FCA publications was fairly universal, with all fixed firms (100%) and nine in ten flexible firms (90%) having viewed at least one publication in the last 12 months.

Some sectors were more likely than others to have looked at FCA publications in the last 12 months (Figure 4.4). More than nine in ten firms in the pensions & retirement income sector (95%), retail investments sector (95%), investment management sector (94%) and wholesale financial markets sector (93%) had viewed at least one publication in the last 12 months. Firms in the general insurance and retail banking sectors were slightly less likely to have looked at any FCA publications in the last 12 months (89% and 88% respectively). retail lending stands out as being the least engaged sector with regards to FCA publications. Eight in ten (81%) had looked at FCA publications in the last 12 months, with just over one in ten (13%) saying that they had not, and 6% saying that they didn't know whether they had or not.

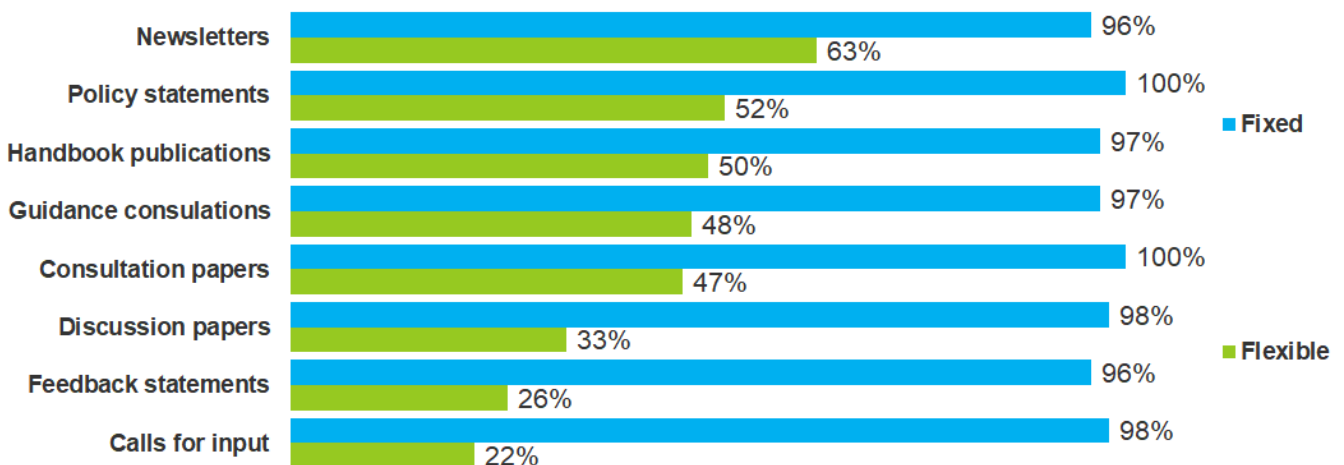
Figure 4.4 – Whether firm had looked at ANY publications produced by the FCA in the last 12 months, by sector



Q17. In the last 12 months, has your firm looked at any publications produced by the FCA? Please select 'Yes' if you or someone else in your firm has looked at a publication at all, even if you did not read it in full.
 Base: All firms: Retail Banking (282); Wholesale Financial Markets (333); Retail Lending (960); Pensions & Retirement Income (22); General Insurance & Protection (599); Investment Management (392); Retail Investments (1,021)

When asked about the types of FCA publications they had looked at in the last 12 months nearly all fixed firms reported that they had looked at the full range of publications (Figure 4.5). Among flexible firms there was more variation, with newsletters being the most commonly viewed publication, cited by six in ten (63%). Publications such as policy statements, handbook publications, guidance consultations and consultation papers were all mentioned by around half of flexible firms.

Figure 4.5 – Proportion of firms that had looked at each type of FCA publication in the last 12 months



Q18. In the last 12 months, which of the following types of FCA publication has your firm looked at?
 Base: All firms; Fixed (58), Flexible (3,551)

Firms that had not looked at any publications in the last 12 months were asked the reasons why they had not done so. As all fixed firms had looked at FCA publications, this applied only to flexible firms. The most common reasons given by flexible firms for not looking at any publications were not being aware of any publications that were relevant to them (41% of firms who had not looked at any publications), a lack of time to read FCA publications (25%), and a sense that FCA publications were too long (11%).

Figure 4.6 – Reasons given for not looking at any FCA publications in the previous 12 months (flexible firms)



Q19. Why hasn't your firm looked at any FCA publications?
 Base: All flexible firms who had not looked at FCA publications in the last 12 months (225)

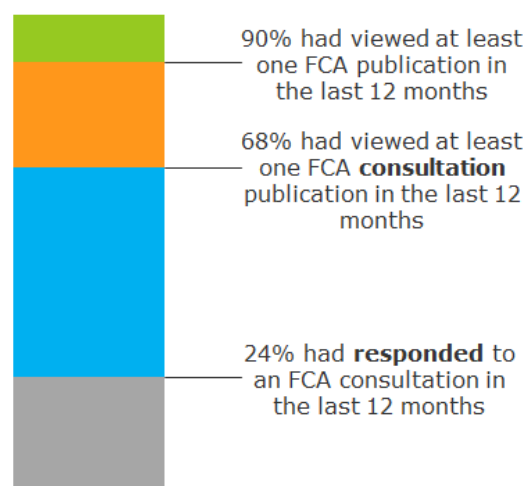
4.5 Engagement with FCA consultations

All fixed firms (100%) and around two-thirds of flexible firms (68%) had looked at some type of FCA *consultation* publication in the last 12 months: this could have been consultation papers, guidance consultations, or calls for input.

Among firms who had looked at any consultation documents in the last 12 months, fixed firms were more likely to respond than flexible firms. Almost nine in ten fixed firms asked (88%) had responded to a consultation in the last 12 months compared with only a third of flexible firms asked (35%). Given that around a third of flexible firms had not looked at any consultation documents in the last 12 months, this meant only a quarter of all flexible firms (24%) had responded to an FCA consultation in the last 12 months (Figure 4.7).

One possible reason why firms don't respond to consultations might be because they find them too detailed. However, among firms who had looked at any FCA consultation documents in the last 12 months, most firms

Figure 4.7 – Levels of engagement with FCA publications among flexible firms



Base: All flexible firms (3,551)

felt the level of detail in them was about right: 69% of fixed firms and 67% of flexible firms felt this way. Flexible firms were more likely than fixed firms to think they were too detailed: this was mentioned by 5% of fixed firms and 18% of flexible firms. Level of detail also had little impact on likelihood of responding: 34% of flexible firms who felt that FCA consultations are too detailed had actually responded to one in the last 12 months compared with 37% of flexible firms who felt the level of detail was about right.

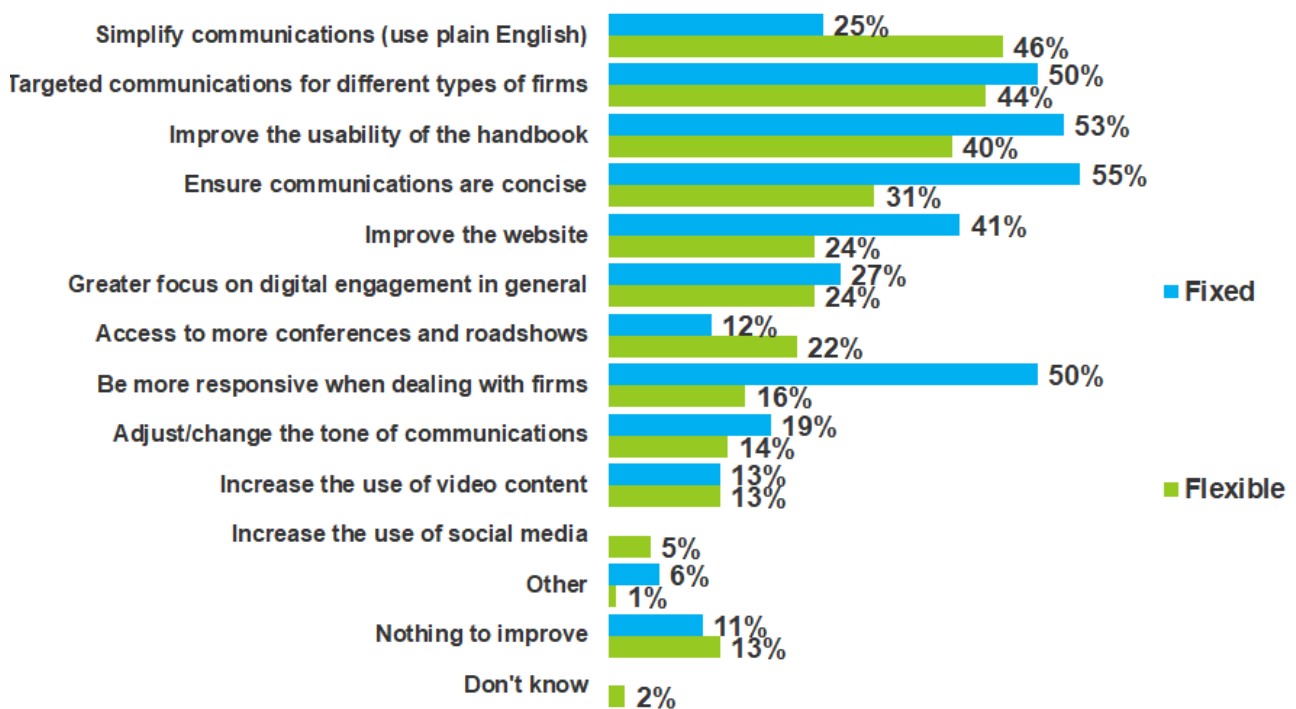
This finding is confirmed when firms were asked why they had not responded to any consultations in the last 12 months. Only 11% of flexible firms who had not responded to a consultation said it was because they are too long. More common reasons for not responding were a lack of time (30%), not being aware of any relevant consultations (29%), and a lack of resources needed to respond (20%).

4.6 Improving communications

Firms were presented with a list of ways the FCA might improve their communications and asked to select which ones they felt would be most useful (Figure 4.8).

Fixed and flexible firms mostly selected similar improvements, although there were a few differences. Common improvements mentioned by both fixed and flexible firms included making communications more concise, targeting communications, and improving the usability of the handbook.

Figure 4.8 – Ways firms would most like to see the FCA improve its communications



Q23. In which, if any, of the following ways would you most like to see the FCA improve communications?
 Base: All firms; Fixed (58), Flexible (3,551)

Fixed firms were significantly more likely than flexible firms to suggest that the FCA could be more responsive in their communication when dealing with firms (mentioned by 50% of fixed firms and 16% of flexible firms), while flexible firms were more concerned about the FCA simplifying the language it uses in its communications (mentioned by 46% of flexible firms and 25% of fixed firms).

Around a quarter of both fixed (27%) and flexible (24%) of firms felt the FCA should have a greater focus on digital engagement in general. Of the specific suggestions, improving the FCA website was the most popular option (mentioned by 41% of flexible firms and 24% of fixed firms), while the increased use of video content and social media were less commonly mentioned.

5. Enforcement and Identifying Risks

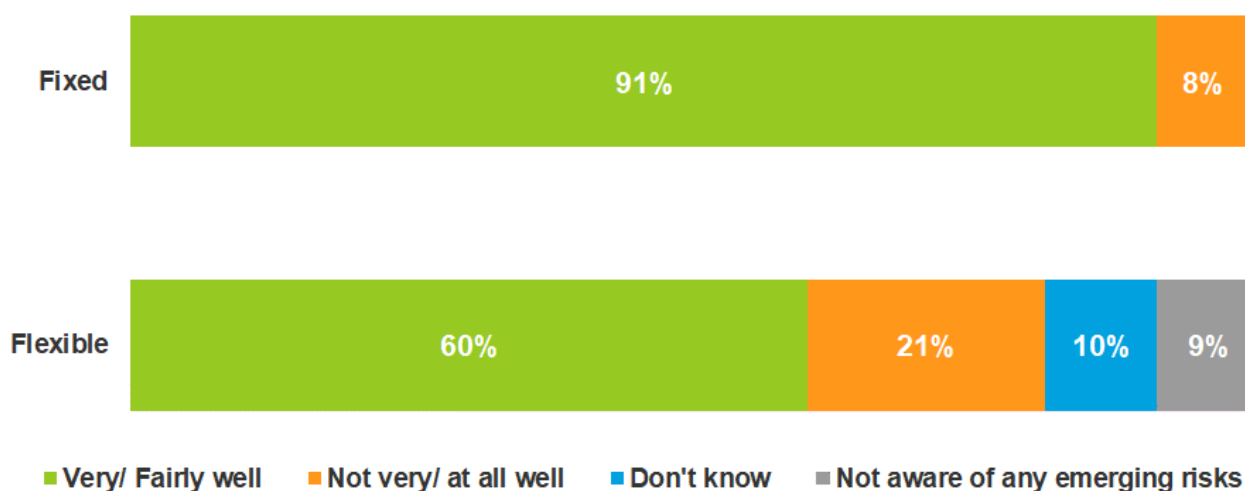
This chapter explores how firms perceive the FCA's approach to identifying and addressing risks within the industry. It also examines firms' views on different aspects of the FCA's regulatory functions, including the authorisation process, FCA investigations, and its enforcement actions.

5.1 FCA's approach to identifying and prioritising risks

Firms were asked how well they felt the FCA had performed over the previous 12 months in identifying emerging risks in their own market (Figure 5.1). Nine in ten fixed firms (91%) felt that the FCA had performed very or fairly well in this regard, while just under one in ten (8%) felt that it had not performed well. Flexible firms took a less positive view, with six in ten (60%) feeling that the FCA had performed well compared with two in ten (21%) saying that it had not performed well.

By some distance, firms in the retail investments sector were most likely to say that the FCA had not performed well at identifying emerging risks in the last 12 months: a third of retail investments firms (34%) expressed this view. The next highest proportion of firms to feel the FCA had not performed well at identifying risk was the general insurance and protection sector, among whom 20% of firms felt this way.

Figure 5.1 – How well firms feel the FCA has performed over the last 12 months in identifying emerging risks in their market

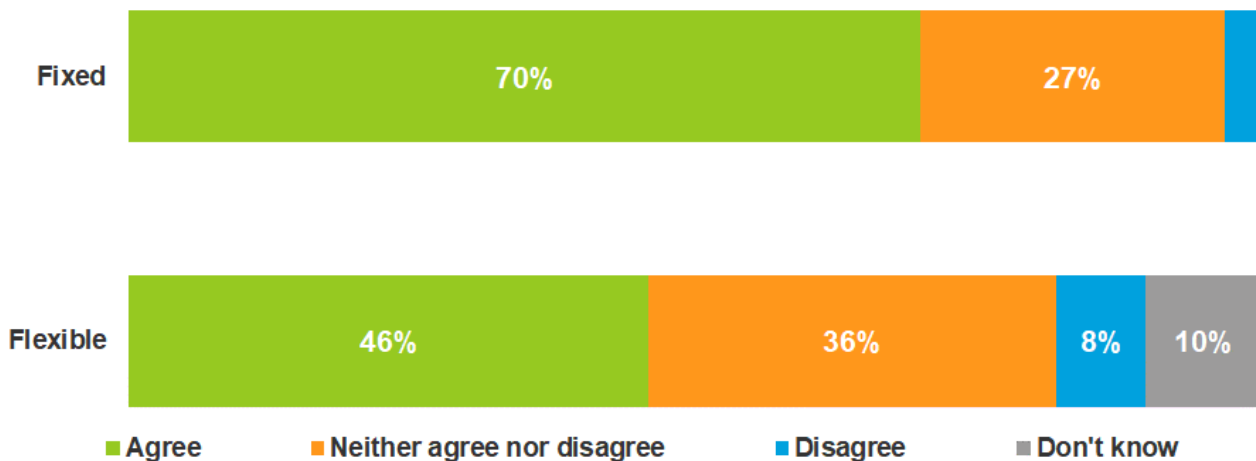


Q26. In the last 12 months, how well do you feel the FCA has performed in identifying emerging risk areas for your market(s)?

Base: All firms; Fixed (58), Flexible (3,551)

Fixed firms were also more positive than flexible firms when asked about whether they thought the FCA prioritised the right risks to take action on (Figure 5.2). Seven in ten fixed firms (70%) agreed that the FCA prioritised the right risks for action, compared with less than half of flexible firms (46%). Just 3% of fixed firms and 8% of flexible firms did not agree that the FCA prioritised the right risks.

Figure 5.2 – Extent to which firms agree or disagree that the FCA priorities the right risks for action



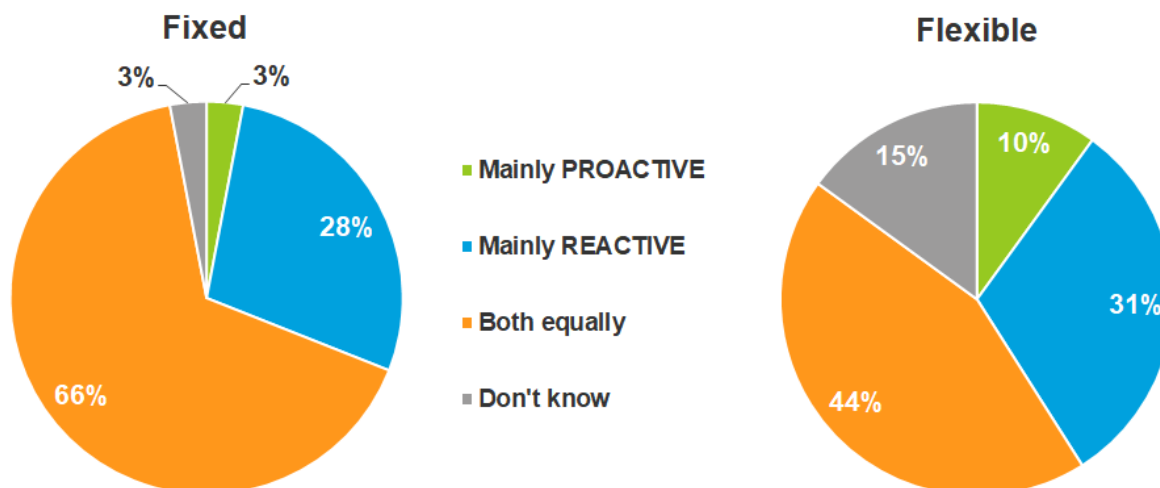
Q30. To what extent do you agree or disagree that the FCA prioritises the right risks for action?
 Base: All firms; Fixed (58), Flexible (3,551)

As well as asking firms about the FCA’s performance at identifying and prioritising emerging risks, firms were also asked whether they felt the FCA took a mainly proactive or reactive approach to identifying risks (Figure 5.3).

Among both fixed and flexible firms, most firms felt that the FCA was both proactive and reactive in equal measure at identifying risks: 66% of fixed firms and 44% of flexible firms felt this. There was a relatively high level of uncertainty among flexible firms, with 15% saying they didn’t know the FCA’s approach to identifying risks.

Although most firms felt the FCA took a balanced approach to identifying risk there was also a clear feeling among a minority of firms that the FCA tended to be reactive rather than proactive. Three in ten flexible firms (31%) viewed the FCA’s approach to identifying risk as being mainly reactive compared with only one in ten (10%) who viewed the FCA as being mainly proactive. The difference was even greater among fixed firms with 28% viewing the FCA as reactive compared with only 3% seeing the FCA as proactive.

Figure 5.3 – Firms’ view of the FCA’s approach to identifying risk



Q29. Which of the following best describes your view of the FCA's approach to identifying risk?
 Base: All firms; Fixed (58), Flexible (3,551)

5.2 FCA’s awareness of emerging risks

Two in ten fixed firms (21%) and one in ten flexible firms (9%) felt there were significant or emerging risks in their market(s) that the FCA was not currently aware of.

Firms who felt there were risks which the FCA was not currently aware of were asked what they thought these risks were. Firms were asked to give a verbatim response which were then coded into common themes.

Only 12 fixed firms felt there were any significant or emerging risks in their markets which the FCA was not currently aware of and so it is not possible to group these into meaningful themes.

Among flexible firms, the two most common themes mentioned as being significant or emerging risks that they felt the FCA was not aware of were insufficient regulation and monitoring of firms (23%) and unregulated entities operating in the market (22%) (Figure 5.4).

In terms of insufficient regulation and monitoring of firms, common sub-themes within this broader theme included:

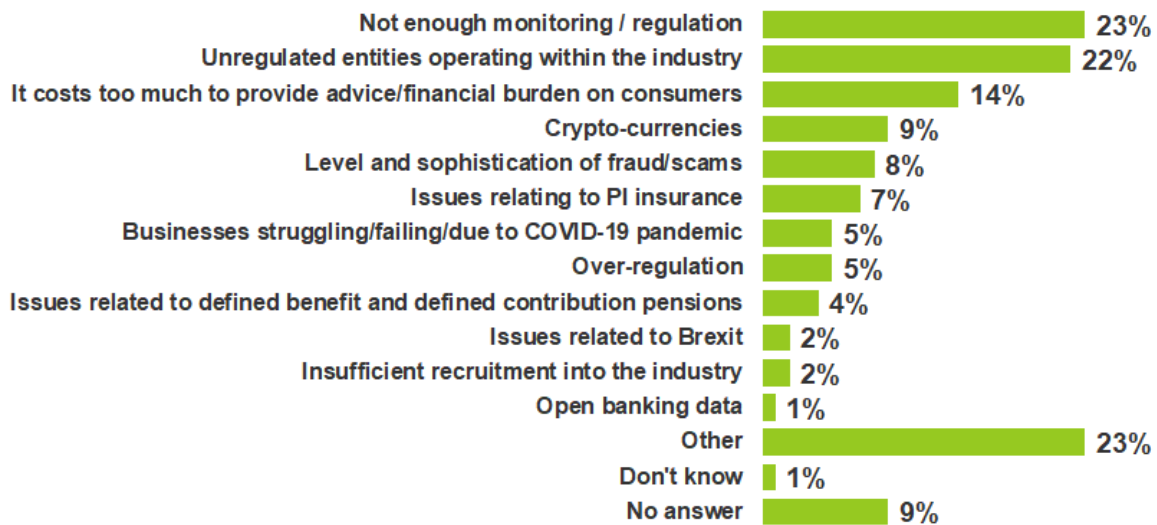
- Specific markets or types of firms that are, to some extent, overlooked by the FCA, such as cryptocurrencies, estate agents, and the wholesale market.
- Phoenixing, and the movement of personnel between firms. One firm felt that the FCA was ‘slow to react to firms phoenixing into claims management companies, with directors from former IFA firms that have failed’, while another expressed concern about ‘consolidators moving business for no other reason than enhanced commission’, which they felt was ‘detrimental to the client’.
- Lack of action against misleading advice/ information. One firm complained that the FCA was ‘not clamping down on financial misinformation posted on social media’

while another observed that 'online and digital services especially those based abroad are not being looked at very frequently and they are slow to react'.

In terms of unregulated entities operating within the industry common sub-themes included:

- Social media accounts/ personalities providing unregulated advice. One firm criticised 'the use of social media platforms like Facebook and TikTok by "influencers" to give regulated advice to consumers without being authorised', while another voiced their belief that 'crypto currencies/penny stocks promoted via social media etc. will cause harm to (younger) consumers at some point, as they are Ponzi schemes'.
- Advertisements for financial advice that appear to be fraudulent. In some cases, firms felt the individual or firm offering the advice are simply unqualified, while in other cases their view is that the advertisements are part of an attempt to 'scam' consumers.

Figure 5.4 – Significant or emerging risks that firms feel the FCA is not currently aware of



Q28. What are the significant or emerging risks that you feel the FCA is not currently aware of?
 Base: All flexible firms who felt there were significant or emerging risks in their market which the FCA is not currently aware of (291)

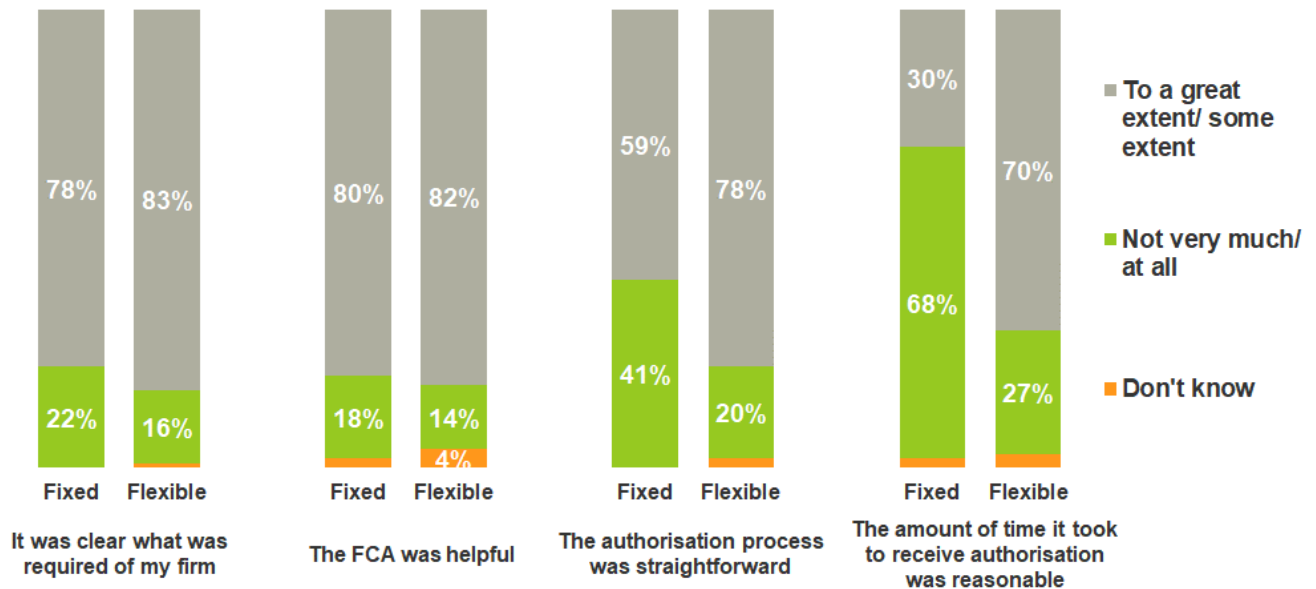
It should be stressed that responses to this question reflects firms' *perception* of whether the FCA is aware of these risks and so does not necessarily reflect the true picture. For example, several firms made comments about the FCA being unaware of the risks posed by crypto-assets, even though the FCA has published guidance in this area and regulates part of the market. As such these findings may provide pointers about which of their activities the FCA could be doing more to publicise to firms, to demonstrate how they are addressing emerging risks.

5.3 Authorisation process

Firms were asked about their experiences of the authorisation process.

Two thirds of fixed firms (68%) and one third of flexible firms (35%) had experience of the FCA's authorisation process, including variations of permissions, in the last 12 months. All firms who had some experience of the authorisation process in the last 12 months were then asked their opinions on various aspects of the process (Figure 5.5).

Figure 5.5 – Extent to which firms agree with statements about the FCA's authorisation process



Q34. Thinking about your firm's experience of the FCA's authorisation process, including variations of permissions, to what extent do you agree or disagree with the following statements?

Base: Firms who have had experience of FCA's authorisation process in the last 12 months; Fixed (39), Flexible (1,342)

Fixed firms were most likely to feel that the FCA was helpful (80%) and that it was clear what was required of their firm (78%). However, they were less positive about other aspects of the authorisation process. Just under six in ten fixed firms (59%) felt that the authorisation process was straightforward, but four in ten (41%) felt the process was not straightforward. Fixed firms were particularly negative about the time taken to receive authorisation: only 30% of fixed firms felt the amount of time taken to receive authorisation was reasonable but more than twice as many (68%) did not think the amount of time taken was reasonable.

Given the broader range of activities for which fixed firms may seek authorisation and variations of permissions, it is perhaps unsurprising that the process is less straightforward and takes longer to complete when compared with flexible firms. It may be that the FCA needs to set expectations more effectively around the ease and speed of the process.

Flexible firms were generally positive about their experience of the authorisation process, with at least seven in ten feeling to a great or some extent that it was clear what was required of their firm (83%), that the FCA was helpful (82%), that the authorisation process was straightforward (78%), and that the amount of time it took to receive authorisation was reasonable (70%).

All firms, including those that had no direct experience of FCA authorisation in the previous 12 months, were asked to give their view on the effectiveness of the FCA's authorisation process.

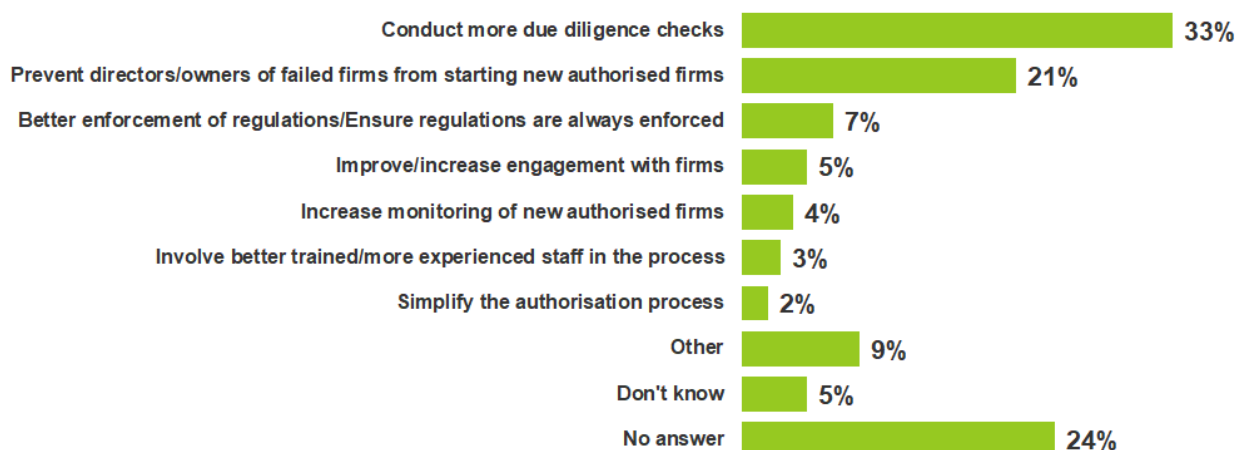
Seven in ten fixed firms (68%) felt, at least to some extent, that the authorisation process prevented firms or individuals who are engaged in poor business practices from entering the industry, compared with 17% who felt that it did not and 15% who said that they didn't know.

Responses were similar among flexible firms. Three quarters (75%) felt, at least to some extent, that the authorisation process prevented firms or individuals who are engaged in poor business practices from entering the industry. Just 14% felt that the authorisation process did not prevent this, while 11% said that they didn't know.

Recent experience of the authorisation process had no impact on firms' perception of its effectiveness: 75% of firms who had experience of the process in the last 12 months felt the process was effective at preventing firms or individuals with poor business practices entry to the market. Exactly the same proportion (75%) of firms with no recent experience also thought it was effective.

Firms that did *not* feel the authorisation process prevents firms or individuals who are engaged in poor business practices from entering the industry were asked how they thought the process could be improved (Figure 5.6). Due to the small number of fixed firms answering this question, results are only presented for flexible firms.

Figure 5.6 – How firms feel the FCA's authorisation process could be improved to make it more effective at prevent firms with poor business practices from entering the industry



Q32. How do you feel the FCA's authorisation process could be improved to make it more effective at preventing firms with poor business practices from entering the industry?

Base: All flexible firms who did not think the FCA's authorisation process prevents firms engaged in poor practices from entering the industry (501)

The two most common suggestions were that the FCA should conduct more due diligence checks on firms as part of the authorisation process (mentioned by 33% of flexible firms) and that the FCA should do more to prevent owners or directors of failed firms from re-entering the market ('phoenixing') (21%).

In terms of more checks, a lot of individual comments focussed on carrying out background checks into individuals seeking authorisation in order to find out where they have worked previously. In terms of 'phoenixing', a lot of the verbatim comments suggested that the ability of previously banned or sanctioned individuals to circumvent the authorisation process by creating new firms seriously undermined the FCA's objectives.

5.4 FCA investigations

Firms were asked about their awareness of, and views on, FCA investigations into businesses or individuals suspected of poor business practices.

Almost all fixed firms (97%) and flexible firms (98%) were aware that the FCA can carry out investigations into firms or individuals where there is evidence of poor business practices.

Firms were also asked to give their views on the pace at which the FCA conducts its investigations (Figure 5.7).

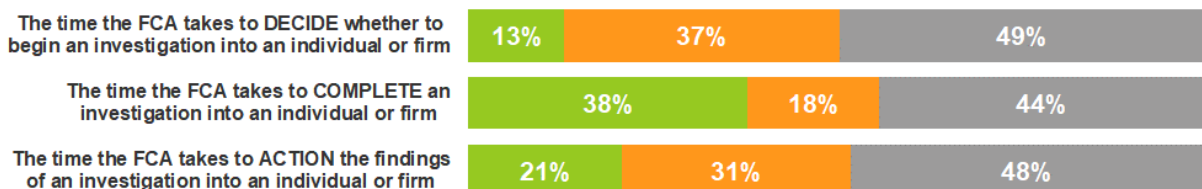
One obvious finding is the extent to which both fixed and flexible firms were not able to give a view on the pace of FCA investigations. Almost half of fixed firms and around two-thirds of flexible firms said they didn't know about the pace of investigations at different stages of the process.

No firms felt the FCA acted too quickly at any stage of an investigation. Just under four in ten fixed firms (38%) felt that the FCA is too slow to complete investigations once it had begun. Two in ten (21%) felt the FCA is too slow to action findings from investigations, while one in ten (13%) felt that the FCA is too slow to decide whether to start an investigation.

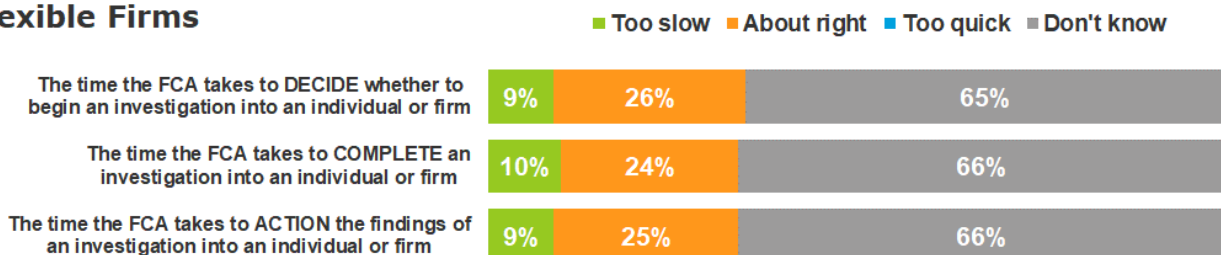
Among flexible firms, around one in ten firms felt the FCA acted too slowly at each stage, while around a quarter felt the time taken was about right. The similarity of these finding may suggest that firms were not truly distinguishing between the different stages of an investigation but were giving a more general view of the investigation process as a whole.

Figure 5.7 – Firms' views on the pace of FCA investigations

Fixed Firms



Flexible Firms

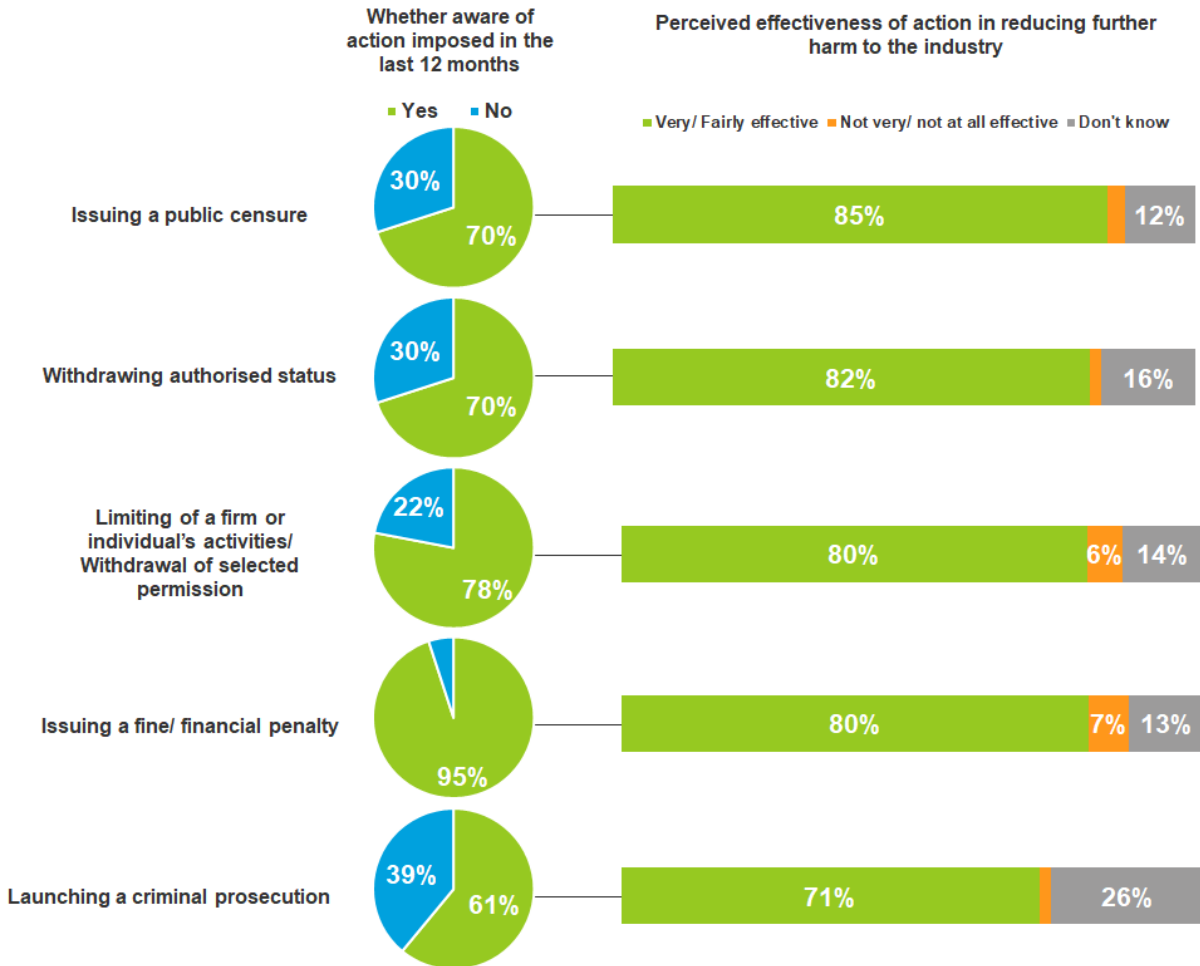


Q36. For each stage of the FCA's investigation process, please tell us how you view the pace at which the FCA operates.
Base: All firms aware that the FCA can carry out investigations; Fixed (56), Flexible (3,472)

5.5 Enforcement action

Firms were asked about their awareness of FCA enforcement actions and their views on the effectiveness of different types of measures at reducing harm to the industry. Overall, fixed firms were more aware of enforcement action taken by the FCA in the last 12 months than flexible firms.

Figure 5.8 – Awareness of, and perceive effectiveness of, FCA enforcement actions among *fixed firms*



Q38. As far as you're aware, which of the following enforcement actions has the FCA imposed on firms or individuals in the last 12 months?
Base: All fixed firms (58)

Q39. How effective do you think each of the following enforcement actions has been in reducing further harm to the industry?
Base: All fixed firms aware of enforcement action being imposed in the last 12 months: Issuing a public censure (40); Withdrawing authorised status (41); Limiting a firm of individual's activities (45); Issuing a fine (55); Launching a criminal prosecution (36)

Almost all fixed firms (99%) were aware of the FCA taking enforcement action on firms or individuals in the last 12 months.

The majority of fixed firms were aware of all different types of enforcement actions that the FCA had imposed in the last 12 months (Figure 5.8). The highest level of awareness was for issuing a fine or financial penalty (95%) followed by limiting a firm or individual's activities or permissions (78%), issuing a public censure (70%), and withdrawing authorisation status (70%).

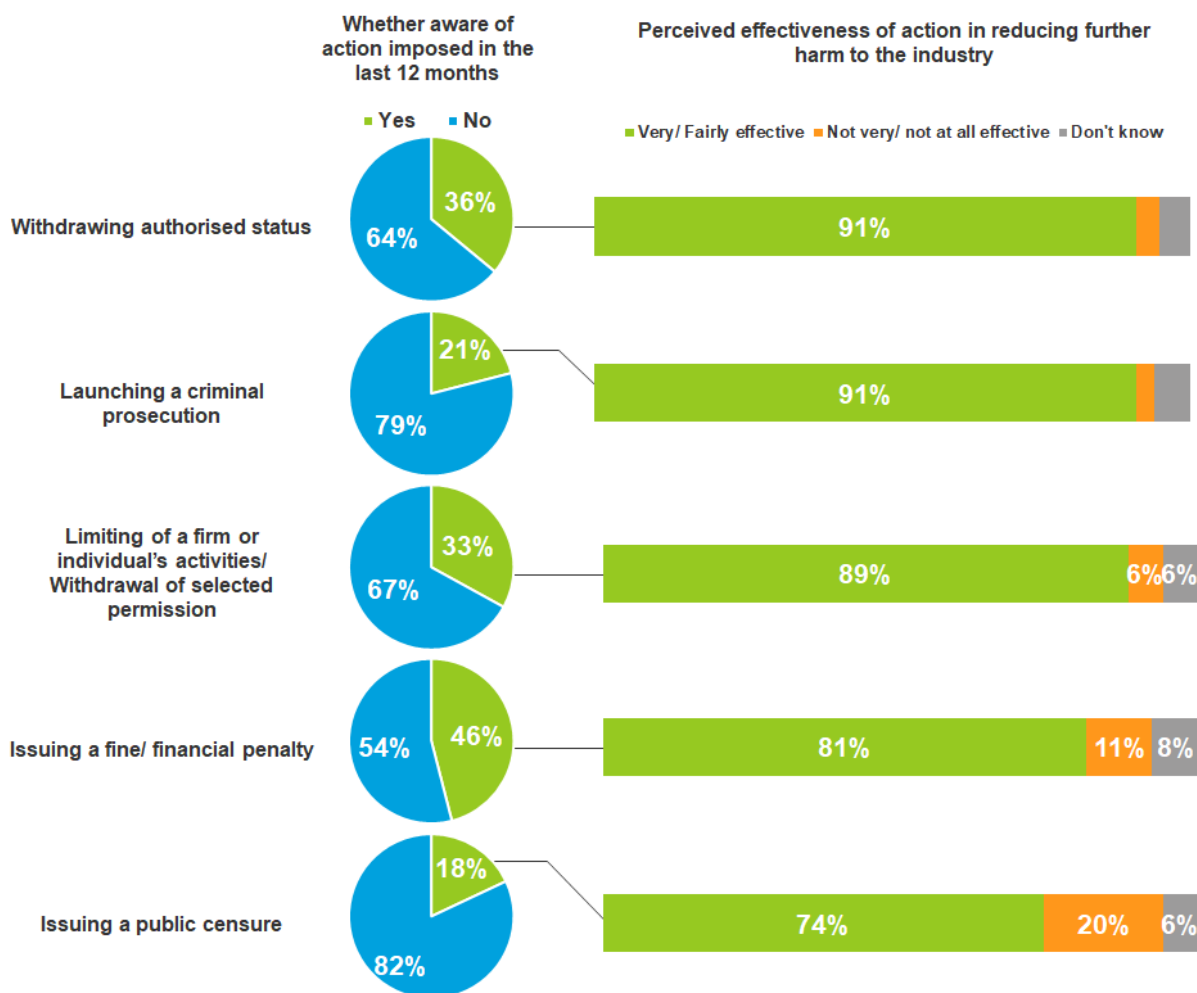
Fixed firms were most likely to view issuing a public censure as being effective in reducing further harm to the industry, with more than eight in ten (85%) expressing this view. This represented a divergence of opinion with flexible firms, for whom issuing a public censure was viewed as the least effective enforcement action. Around eight out of ten fixed firms felt that issuing a fine (80%), withdrawing authorised status (82%), and limiting activities or withdrawing permissions (80%). Launching a criminal prosecution was the action least mentioned by fixed firms as being effective (71%).

Flexible firms were less likely than fixed firms to be aware of enforcement actions taken by the FCA in the last 12 months: only 56% were aware of any enforcement action taken by the FCA in the last 12 months, while more than a third (35%) didn't know.

Among flexible firms, the FCA issuing a fine or financial penalty had the highest awareness (46%), followed by the withdrawal of authorisation status (36%), and limiting a firm or individual's activities or permissions (33%) (Figure 5.9). Fewer than one in five flexible firms were aware of the FCA launching a criminal prosecution or issuing a public censure.

Among flexible firms aware of enforcement actions, there was relatively little variation in the perceived effectiveness of different enforcement actions. Withdrawing authorised status was viewed to be effective by nine in ten flexible firms (91%), as was launching a criminal prosecution (91%) and limiting a firm or individual's activities (89%). Issuing a fine was viewed as being effective by slightly fewer flexible firms (81%), while issuing a public censure was the least likely action to be regarded as effective (74%).

Figure 5.9 – Awareness of, and perceived effectiveness of, FCA enforcement actions among *flexible firms*



Q38. As far as you're aware, which of the following enforcement actions has the FCA imposed on firms or individuals in the last 12 months?
Base: All flexible firms (3,551)

Q39. How effective do you think each of the following enforcement actions has been in reducing further harm to the industry?
Base: All flexible firms aware of enforcement action being imposed in the last 12 months: Withdrawing authorised status (1,307); Launching a criminal prosecution (760); Limiting a firm of individual's activities (1,232); Issuing a fine (1,685); Issuing a public censure (667)

Attitudes towards enforcement

Firms were shown a series of statements relating to FCA enforcement and asked to indicate their level of agreement with each one (Figure 5.10).

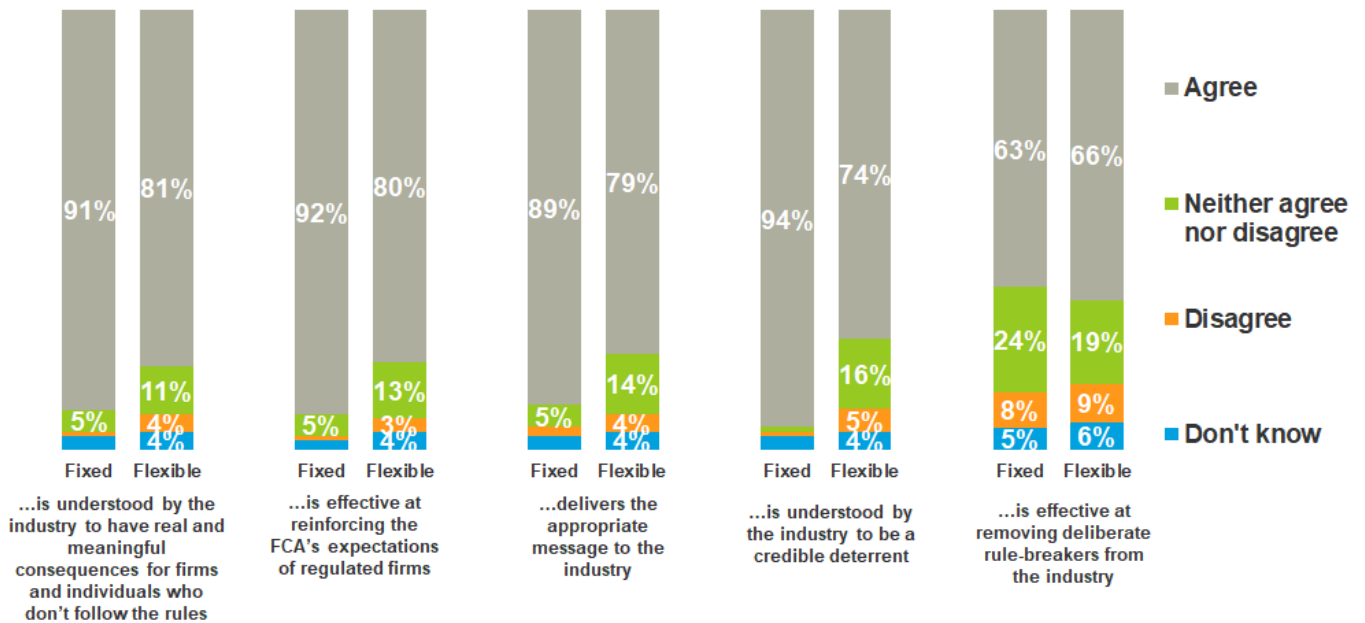
Fixed firms were more likely than flexible firms to agree with most of these statements: around nine in ten fixed firms agreed that enforcement action is understood by the industry to have real and meaningful consequences for firms and individuals who don't follow the rules (91%); it is effective at reinforcing the FCA's expectations (92%); it delivers the appropriate message to the industry (89%); and it is understood by the industry to be a credible deterrent (94%).

Eight in ten flexible 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. Similar proportions agreed that FCA enforcement action is effective at

reinforcing the FCA's expectations (80%) and that it delivers the appropriate message to the industry (79%), while three quarters (74%) agreed that enforcement action is understood by the industry to be a credible deterrent.

Agreement that enforcement action is effective at removing deliberate rule-breakers from the industry was notably lower among both fixed firms (63%) and flexible firms (66%). This is probably explained by the earlier finding that most firms know of unauthorised businesses or individuals who are operating in the market.

Figure 5.10 – Extent to which firms agree that the FCA's enforcement approach...



Q44. To what extent do you agree or disagree with the following statements about the FCA's enforcement procedure?
 Would you say that the FCA's enforcement procedure...
 Base: All firms; Fixed (58), Flexible (3,551)

6. Regulatory Burden

This chapter explores how firms engage with, and are affected, by regulatory requirements.

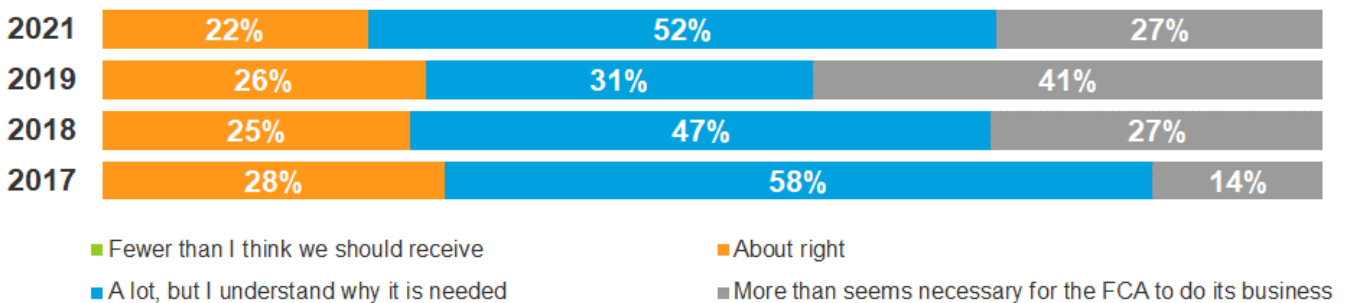
6.1 Data/ Information requests

Firms were asked how they felt about the number of data or information requests they receive from the FCA.

Fixed firms were more likely than flexible firms to feel they received a lot of information requests from the FCA, with over half (52%) saying they received a lot of requests but understood the reasons, and another 27% saying they received more than necessary. Only 22% of fixed firms felt that the number of requests they received was about right.

These findings are an improvement compared with the 2019 survey, representing a return to the results seen in 2018 (Figure 6.1). In 2021, fewer fixed firms felt the FCA asked for more information than necessary (27% compared with 41% in 2019) while more thought the number of requests was a lot but they understood the reason why (52% in 2021 v. 31% in 2019). This may be related to an appreciation of the FCA’s need to understand the impact of the pandemic on firms during the last 12 months, and the risks it posed across the industry.

Figure 6.1 – How fixed firms feel about the number of data/ information requests they receive from

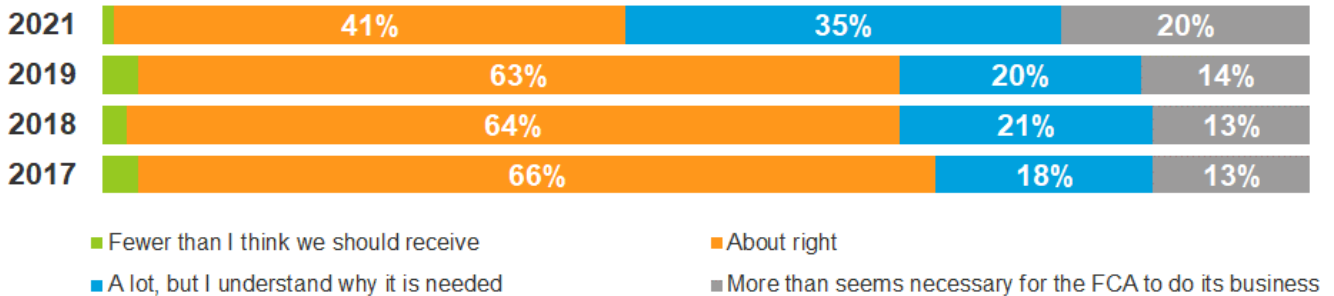


Q48. Which of the following best describes how you feel about the number of data/ information requests your firm receives from the FCA?
 Base: All fixed firms (58)

The majority of flexible firms felt that they received a lot of data or information requests from the FCA: 35% said that while it was a lot, they understood why the information was needed; a further 20% felt the number of requests they received was more than necessary. Only a minority of flexible firms (41%) felt the number of requests was about right.

These findings represent a shift from previous surveys when most flexible firms felt the number of information requests received from the FCA was about right (Figure 6.2). In 2021, a higher proportion of flexible firms felt the number of requests they received was a lot, but they understood the reason for it (35% compared with 20% in 2019).

Figure 6.2 – How *flexible* firms feel about the number of data/ information requests they receive from the FCA



Q48. Which of the following best describes how you feel about the number of data/ information requests your firm receives from the FCA?
 Base: All flexible firms (3,551)

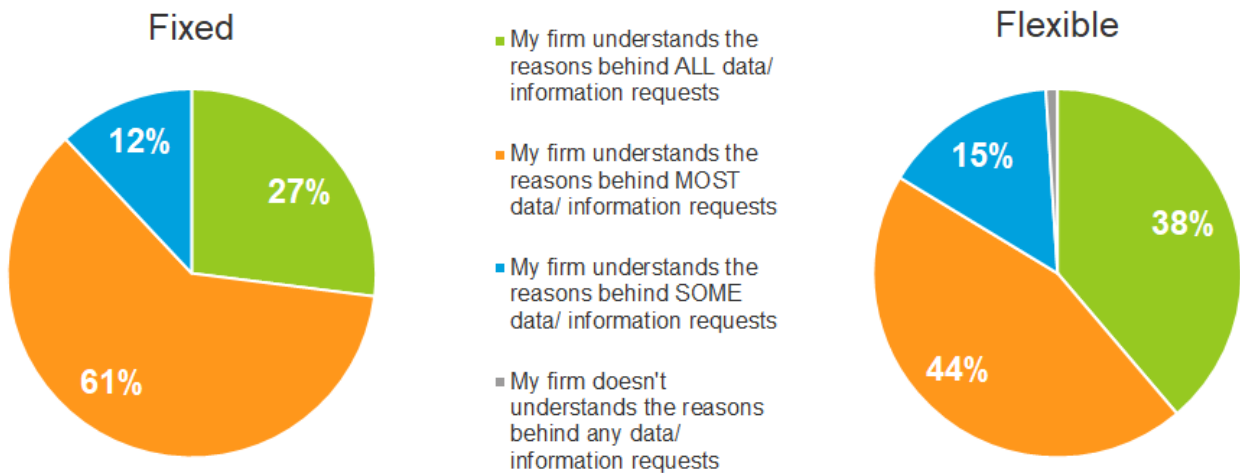
Firms were also asked to what extent they understood the reasons behind the FCA’s data or information requests (Figure 6.3).

Among fixed firms around a quarter of them said they understood the reasons behind all requests (27%), while three in five (61%) understood the reasons for most requests. A further 12% said they understood the reasons for only some requests.

Overall, four in ten flexible firms (38%) felt they understood the reasons behind all data requests, with 44% saying they understood the rationale for most requests. Around one in seven flexible firms (15%) reported they only understood the rationale for some of the requests made of them.

Not surprisingly there was a clear association between firms’ understanding of the FCA’s data requests and how they felt about the number of requests they receive. Among all firms who said they understood the reason for all or most requests, only 13% felt the FCA made more requests than necessary compared with 46% who felt the number of requests they received was about right. By contrast, among firms who said they understood only some or none of the requests made by the FCA, 58% felt the FCA made more requests than necessary, while only 17% felt the number of requests they received was about right. This suggests that providing firms with a better explanation of why each data or information request is needed would help improve firms’ perceptions about the number of requests they receive.

Figure 6.3 – Extent to which firms understand the reasons why the FCA requests data / information

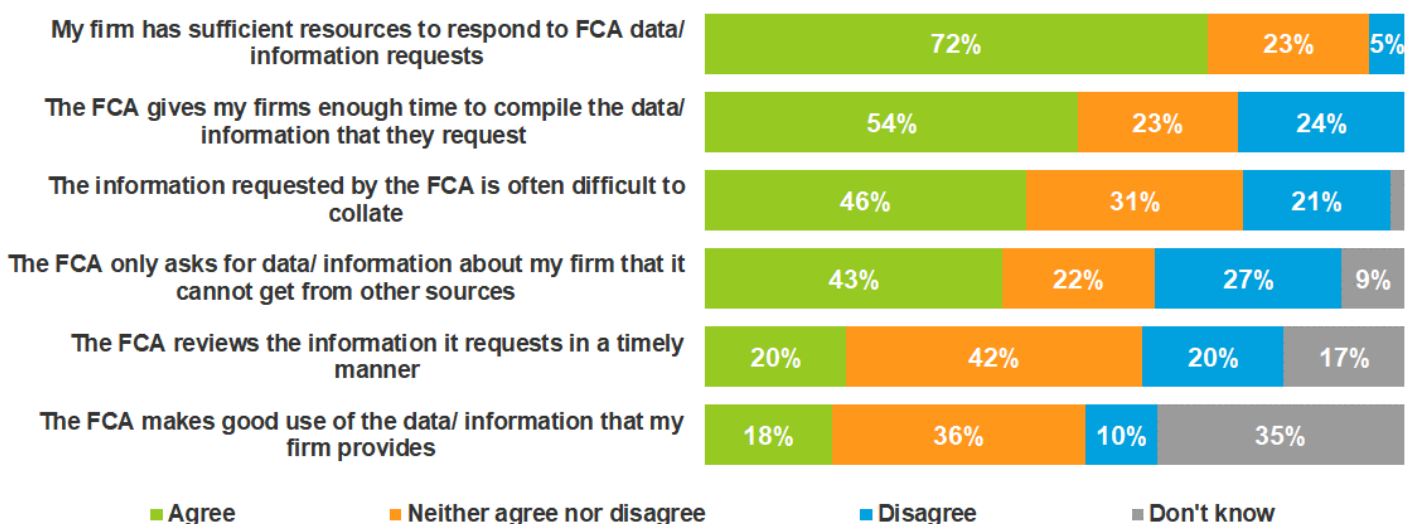


Q49. Which of the following best describes the extent to which you understand the reasons why the FCA requests data/ information from your firm?
 Base: All firms; Fixed (58), Flexible (3,551)

Firms were also asked their attitudes to specific aspects of the data or information requests they receive from the FCA.

Attitudes of fixed firms were slightly less positive than flexible firms, possibly reflecting the greater complexity of the information requests they receive (Figure 6.4). While the majority of fixed firms agreed they had sufficient resources to deal with requests, just over half of firms felt they were given enough time (54%), while 46% felt the information requested was difficult to collate. Just over a quarter (27%) of fixed firms felt the FCA asks for information that they could get from other sources.

Figure 6.4 – Extent to which fixed firms agreed or disagreed with statements about FCA data/ information requests

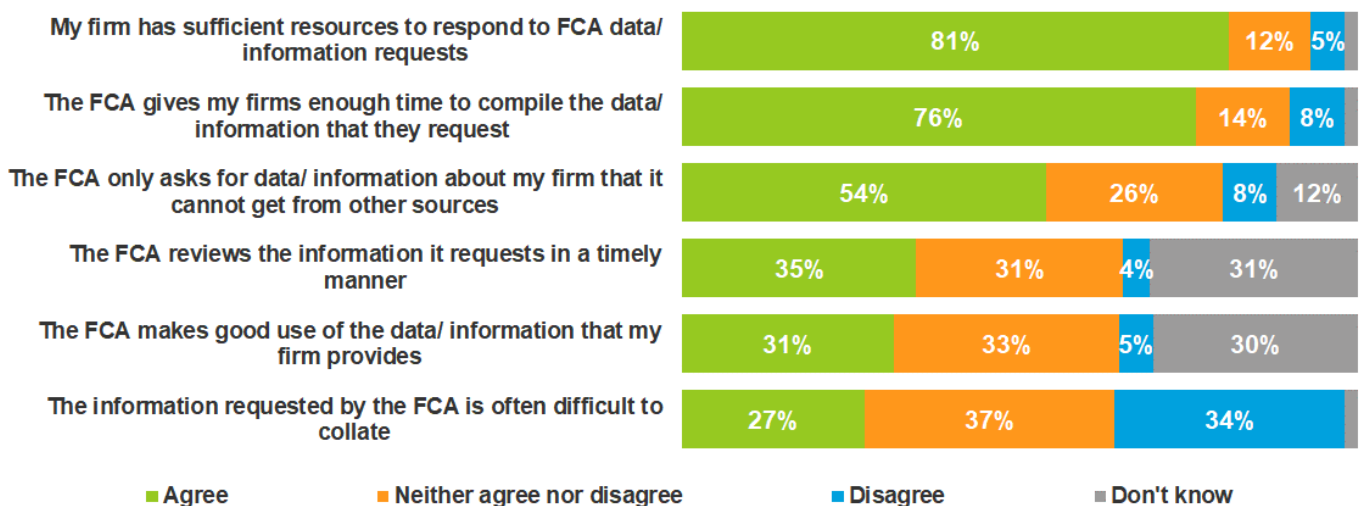


Q50. To what extent do you agree or disagree with the following statements about data/ information requests your firm receives from the FCA?
 Base: All fixed firms (58)

Fixed firms were less positive about what the FCA does with the information they provide. Only 20% of fixed firms agreed that the FCA reviews the information they provide in a timely manner, with a similar proportion disagreeing, while 18% agreed that the FCA makes good use of the information. More than a third (35%) of fixed firms didn't know whether the FCA made good use of the information they provided.

The vast majority of flexible firms agreed that they had sufficient resources to deal with FCA requests (81%) and that the FCA gave them enough time to process the requests (76%). However, a significant minority of flexible firms (27%) felt it was often difficult to collate the information requested (Figure 6.5).

Figure 6.5 – Extent to which *flexible* firms agreed or disagreed with statements about FCA data/ information requests



Q50. To what extent do you agree or disagree with the following statements about data/ information requests your firm receives from the FCA?
 Base: All flexible firms (3,551)

As with fixed firms, flexible firms were less positive about what the FCA does with the information they provide. Just over a third of firms (35%) agreed that the FCA makes information requests in a timely manner, while only 31% agreed the FCA makes good use of the information provided. A similar proportion of firms (30%) said they didn't know whether the FCA made good use of the information provided, which again suggests that it would be helpful for the FCA to explain the reasons for each request and what will be done with the information.

6.2 Impact of regulation on the industry as a whole

Firms were asked a series of statements to gauge their views on the impact of FCA regulation on the industry as a whole.

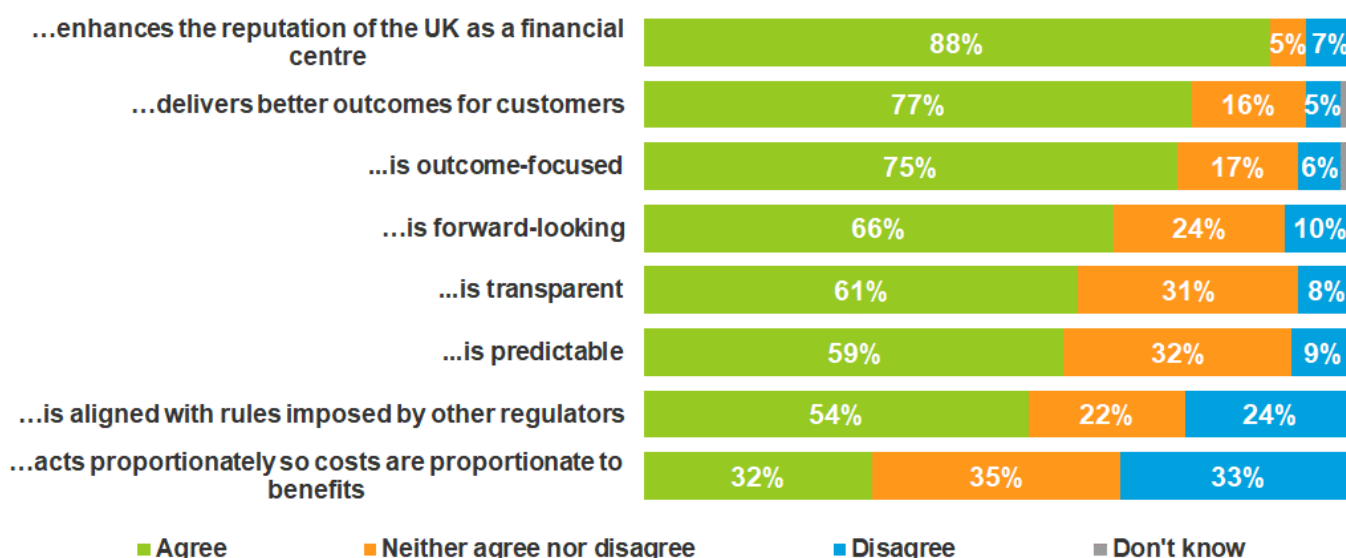
Almost nine in ten fixed firms (88%) agreed that FCA regulation enhances the reputation of the UK as a financial centre (Figure 6.6). A large majority of fixed firms also agreed that FCA regulation delivers better outcomes for customers (77%); is outcome-focused (75%); and is forward-looking (66%).

Fixed firms were less likely than flexible firms to agree that FCA regulation is aligned with other regulators: while 54% agreed with this, 24% disagreed. Dual-regulated firms were

more positive than non-dual-regulated firms in this respect. Two-thirds of dual-regulated firms (66%) agreed that FCA regulation is aligned with other regulators compared with half of non-dual-regulated firms (51%). Non-dual-regulated firms were only slightly more likely than dual-regulated firms to answer 'Don't know' at this question (13% and 9% respectively).

Fixed firms were divided on proportionality: while 32% agreed that the FCA acts proportionately in terms of weighing up costs against benefits, 33% disagreed with the statement. This finding is broadly similar with the 2019 survey, although the proportion of fixed firms agreeing with the statement was slightly lower in 2021 (32%, compared with 38% in 2019).

Figure 6.6 – Extent to which *fixed* firms agreed or disagreed that FCA regulation...

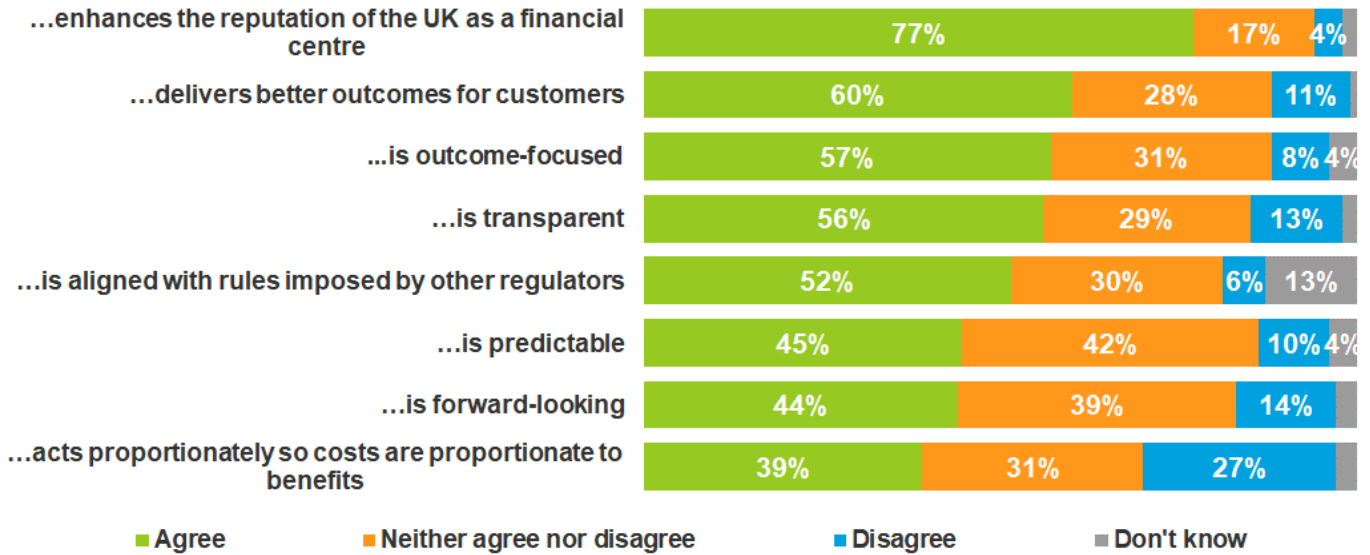


Q24. To what extent do you agree or disagree with the following statements?
Base: All fixed firms (58)

While generally less positive than fixed firms in this regard, flexible firms felt that the impact of most aspects of FCA regulation was broadly positive (Figure 6.7). A majority of firms agreed that FCA regulation enhances the reputation of the UK as a financial centre (77%); delivers better outcomes for customers (60%); is outcome focused (57%) and is transparent (56%). Disagreement with all these statements was extremely low.

Agreement levels among flexible firms were lower for some other aspects of FCA regulation, although for all statements firms were more likely to agree than disagree with the statement. Only a minority of flexible firms agreed that FCA regulation is predictable (45%); is forward-looking (44%); and is proportionate in terms of weighing up costs against benefits (39%). More than a quarter (27%) of flexible firms did not agree that FCA regulation was proportionate in terms of costs and benefits: this is lower compared with the 2019 survey when 39% of flexible firms did not agree that FCA regulation was proportionate.

Figure 6.7 – Extent to which *flexible* firms agreed or disagreed that FCA regulation...



Q24. To what extent do you agree or disagree with the following statements?
 Base: All flexible firms (3,551)

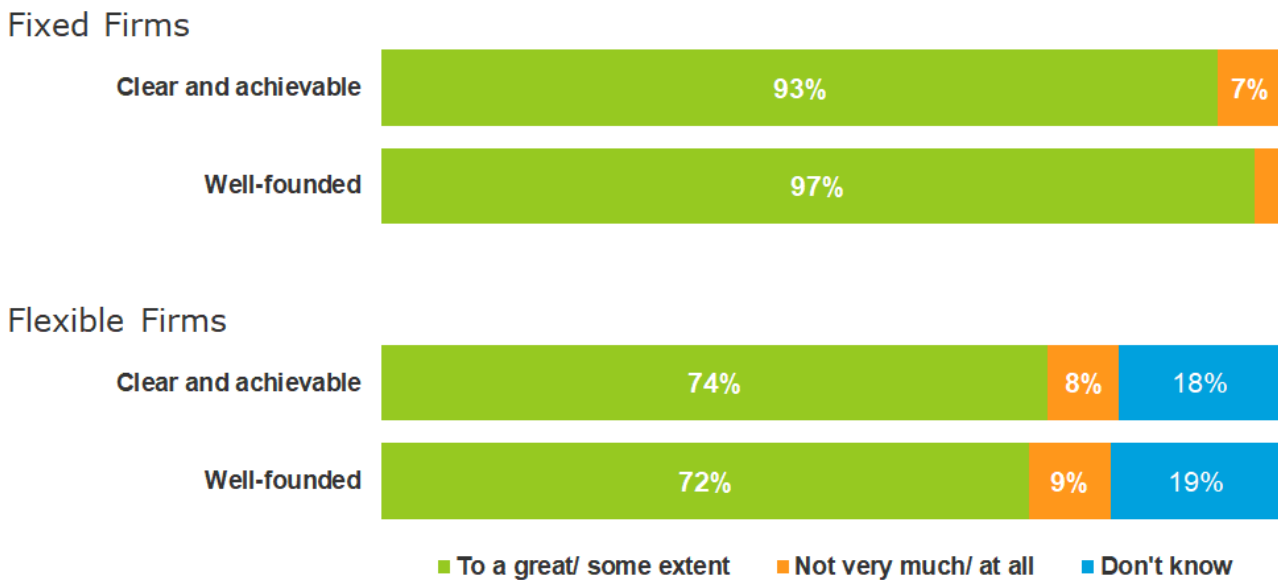
6.3 Impact of regulation on individual firms

Firms were also asked about the impact that FCA regulation had on their own firm in terms of the actions allocated to them by FCA staff (Figure 6.8).

Fixed firms were extremely positive, with nearly all fixed firms stating that the actions allocated to them by the FCA were clear and achievable (93%) and well-founded (97%).

Around three-quarters (74%) of flexible firms believed the actions allocated to them by the FCA were clear and achievable, with a slightly lower proportion (72%) thinking they were well-founded. For both statements around a fifth of flexible firms did not feel the FCAs actions were clear and achievable or well-founded (18% and 19%, respectively).

Figure 6.8 – Extent to which firms feel actions allocated to them by the FCA as part of a risk mitigation activity (or another issue) are...



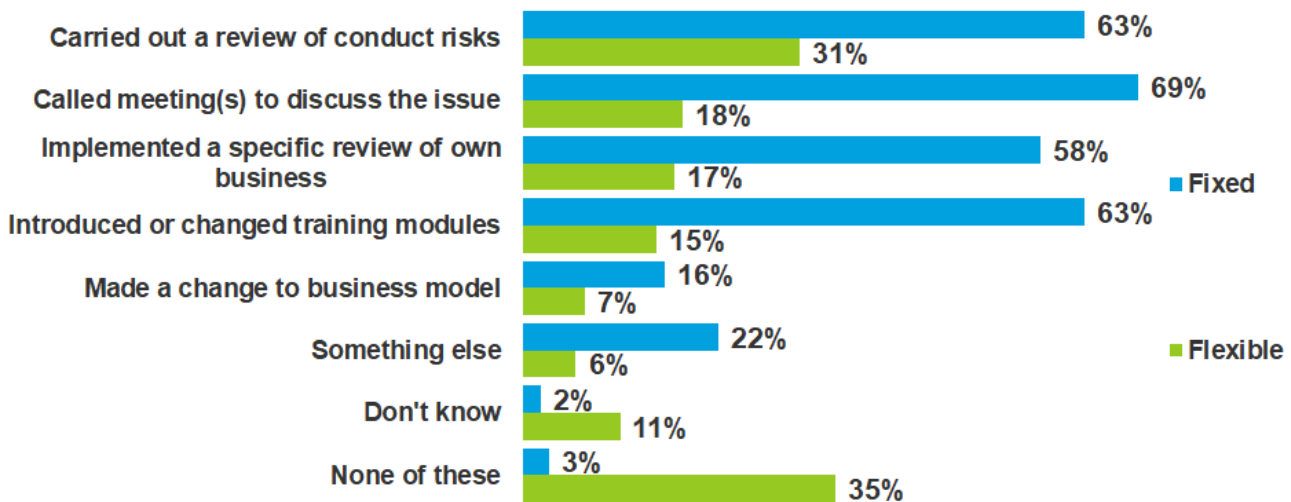
Q25. The next question is about actions allocated to your firm by FCA staff, either as part of a risk mitigation activity or another issue. To what extent would you say that these actions are...?
 Base: All firms; Fixed (58), Flexible (3,551)

To assess the impact of FCA regulation on firms’ actual behaviour, firms were asked if they had taken any actions in response to FCA enforcement actions against another firm or individual (Figure 6.9).

Fixed firms were more likely than flexible firms to have taken at least one action: only 3% of fixed firms had taken no action. The most common actions taken by fixed firms were calling meetings to discuss the particular issue (69%), carrying out a review of conduct risks (63%), introducing or changing training modules (63%) and implementing a specific review of their own business (58%).

The most common action taken by flexible firms was to carry out a review of their conduct risks which was mentioned by 31% of firms. Only a relatively small minority of firms had taken any other actions.

Figure 6.9 - Actions firms have taken in response to FCA enforcement actions against another firm or individual



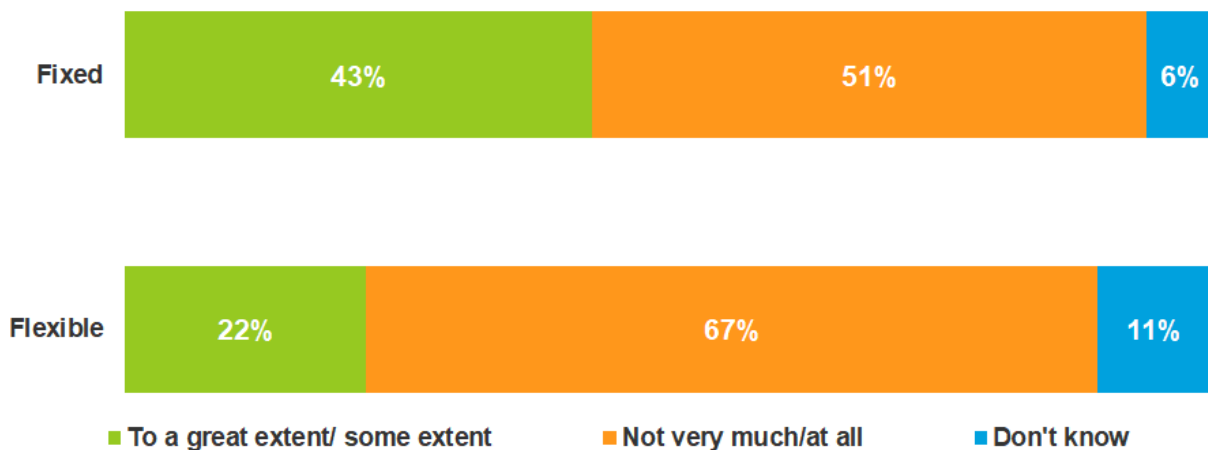
Q42. Thinking now about ANY enforcement action the FCA has taken as a result of poor business practices by another firm or individual. What actions, if any, have your firm taken in response to such enforcement action?
 Base: All firms; Fixed (58), Flexible (3,551)

Firms were also asked whether they had been impacted by FCA enforcement action taken as a result of the poor business practices of another firm or individual (Figure 6.10).

Two-thirds of flexible firms said they had been impacted not very much or not at all, with only around a fifth (22%) saying they had been impacted to a great extent or some extent.

Fixed firms were more likely than flexible firms to have been impacted by FCA enforcement action taken as a result of the poor business practices of another firm or individual, although this still represented a minority of firms. While half of fixed firms (51%) had been impacted not very much or not at all, 43% said they had been impacted to a great or some extent.

Figure 6.10 - Extent to which firms have been impacted by FCA enforcement action taken as a result of poor business practices by another firm or individual



Q43. To what extent do you feel that your firm has been impacted by FCA enforcement action taken as a result of poor business practices by another firm or individual?
 Base: All firms; Fixed (58), Flexible (3,551)

7. COVID-19

This chapter looks at how, if at all, firms have been affected by the pandemic in key areas, as well as an evaluation of the FCA's own performance during this period.

7.1 Impact of the pandemic on firms

Nearly all fixed firms (94%) stated that their working practices/ processes had to change 'to a great extent or to some extent' as a consequence of the pandemic, with only a small proportion (6%) saying their working practices had not changed very much or at all. Three-quarters of flexible firms (74%) acknowledged they had been affected in this way by the pandemic.

Firms were also asked to consider the impact of the COVID-19 pandemic on their ability to supervise their employees and their ability to manage any emerging risks.

In terms of supervising employees, the impact was far greater on fixed firms compared with flexible firms (Figure 7.1). Four in ten fixed firms (40%) said that the COVID-19 pandemic had made no difference in their ability to supervise employees but the majority (59%) said it had been made more difficult.

Three-quarters of flexible firms said the COVID-19 pandemic had made no difference in their ability to supervise their employees, while 21% said it made it more difficult.

In terms of managing risks, a large majority of both fixed and flexible firms said the COVID-19 pandemic had made no difference: this was true of 75% of fixed firms and 82% of flexible firms.

However, fixed firms were more likely than flexible firms to think managing risks had been made more difficult: 25% of fixed firms said the COVID-19 pandemic made it more difficult to manage emerging risks compared to only 12% of flexible firms.

Figure 7.1 – Extent to which the COVID-19 pandemic has affected firms’ ability to supervise staff and manage risk



Q53. What impact, if any, has the COVID-19 pandemic had on your firm’s ability to supervise its employees? Has it become easier, more difficult, or has there been no difference?
 Q54. And what impact, if any, has the COVID-19 pandemic had on your firm’s ability to manage emerging risk areas for your market? Has it become easier, more difficult, or has there been no difference?
 Base: All firms; Fixed (58), Flexible (3,551)

7.2 Performance of the FCA in supporting firms

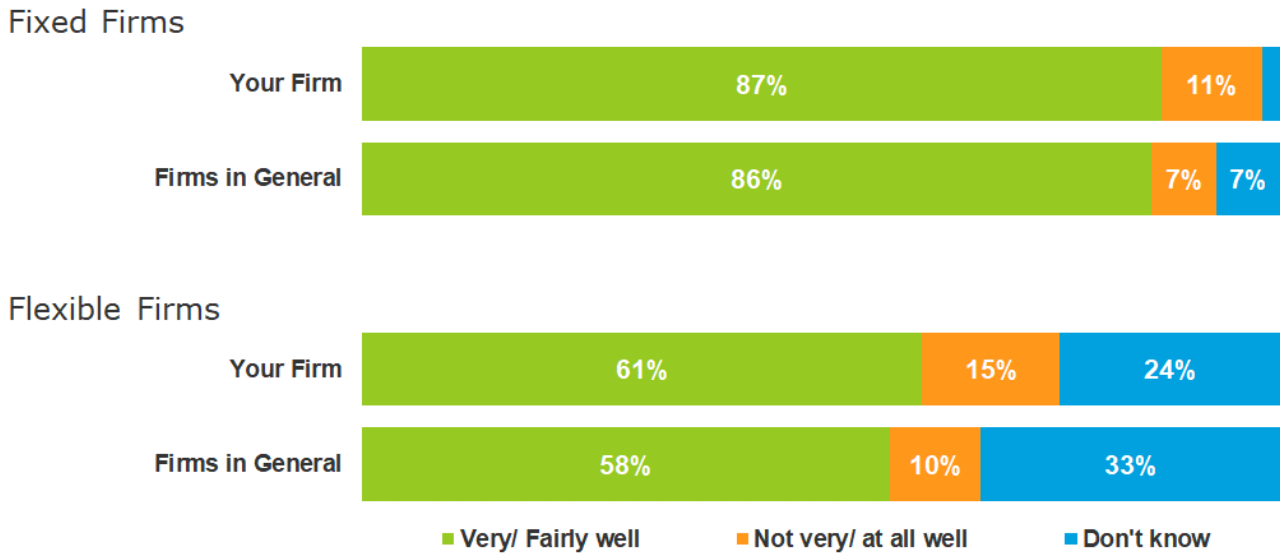
Firms were asked how well the FCA had supported their firm, as well as firms in general, since the start of the COVID-19 pandemic.

Overall, firms were extremely positive about the FCAs performance during this period (Figure 7.2).

Fixed firms were extremely positive: 87% felt that the FCA had supported their firm very or fairly well, while 86% said the FCA had supported the industry in general very or fairly well. Only one in ten (11%) fixed firms felt the FCA had not supported them well during the COVID-19 pandemic.

Three in five flexible firms (61%) stated that the FCA had supported their business very or fairly well during the COVID-19 pandemic, with a similar proportion (58%) saying they had supported the industry as a whole very or fairly well. Only a small proportion of flexible firms felt the FCA had not supported them or the industry in general well during the COVID-19 pandemic, although a relatively large minority of firms said they didn’t know.

Figure 7.2 - How well firms feel the FCA has performed in supporting them/ firms in general during the COVID-19 pandemic

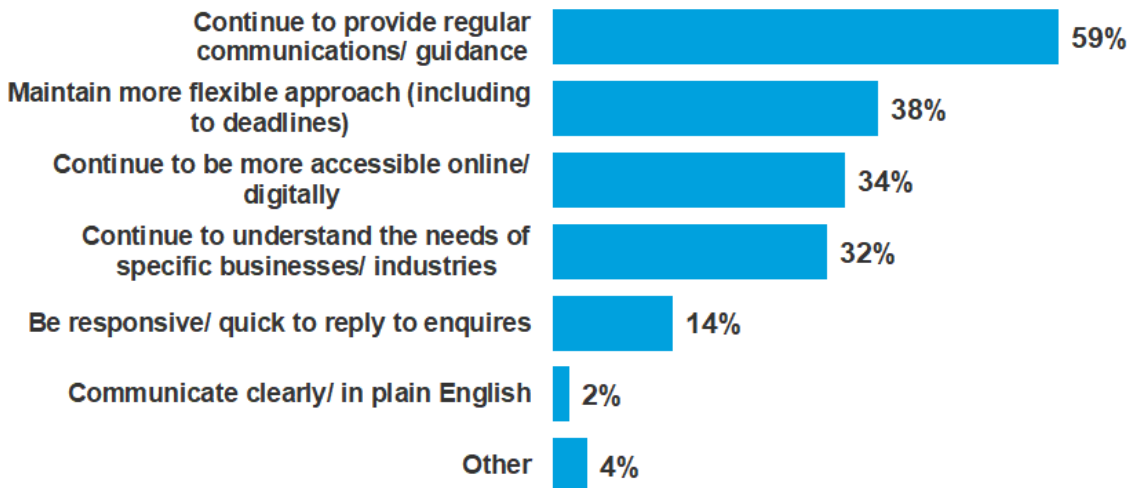


Q55. How well would you say the FCA has performed in supporting YOUR FIRM during the COVID-19 pandemic?
 Q56. Thinking now about the wider industry, how well would you say the FCA has performed in supporting firms IN GENERAL during the COVID-19 pandemic?
 Base: All firms; Fixed (58), Flexible (3,551)

Firms who said the FCA had performed well were asked what the FCA had done well in supporting firms during the COVID-19 pandemic and should continue to do in the future. Firms who felt the FCA had not performed well were instead asked what the FCA could have done better to support firms.

Among fixed firms the most commonly mentioned things the FCA was considered to have done well, and should continue doing, were providing regular communication and guidance (59%); maintaining flexibility, especially on deadlines (38%); maintaining their digital and online presence (34%); and continuing to understand the needs of specific firms (32%) (Figure 7.3).

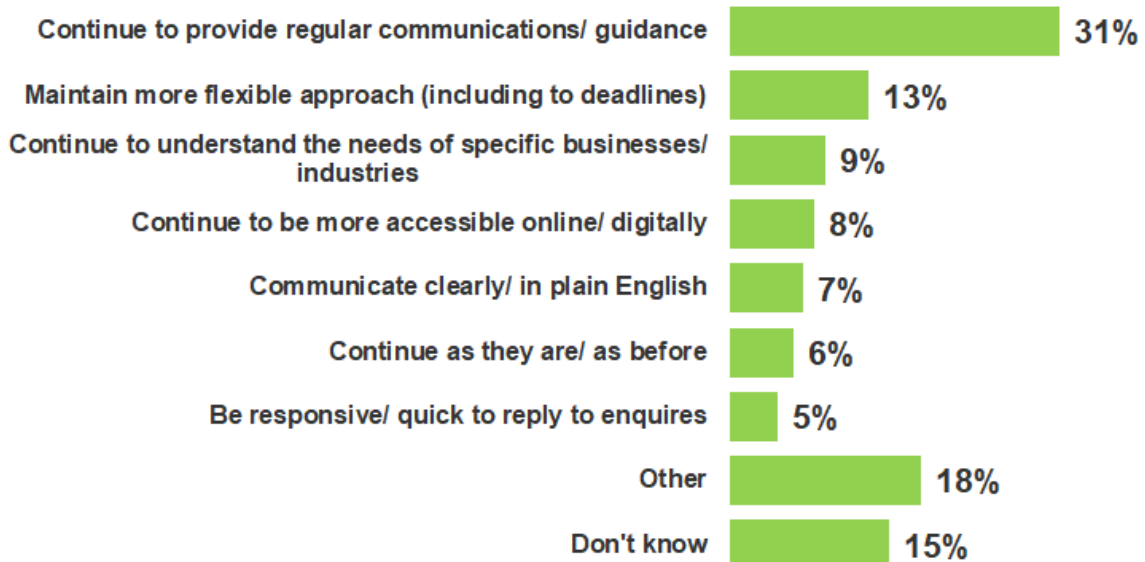
Figure 7.3 – Things that fixed firms feel the FCA has done well during the COVID-19 pandemic and should continue to do in the future



Q57. Thinking about what the FCA has done well in relation to supporting firms during the COVID-19 pandemic, what if anything would you like to see the FCA continue to do in the future?
 Base: All fixed firms who felt that the FCA has done very or fairly well supporting firms during COVID-19 (45)

Flexible firms were more likely not to give an answer to the question but for those who did the most common answers given were broadly the same as fixed firms: more regular communication (31%), continuing flexibility (13%), online and digital presence (8%), and understanding the needs of specific firms (9%) (Figure 7.4).

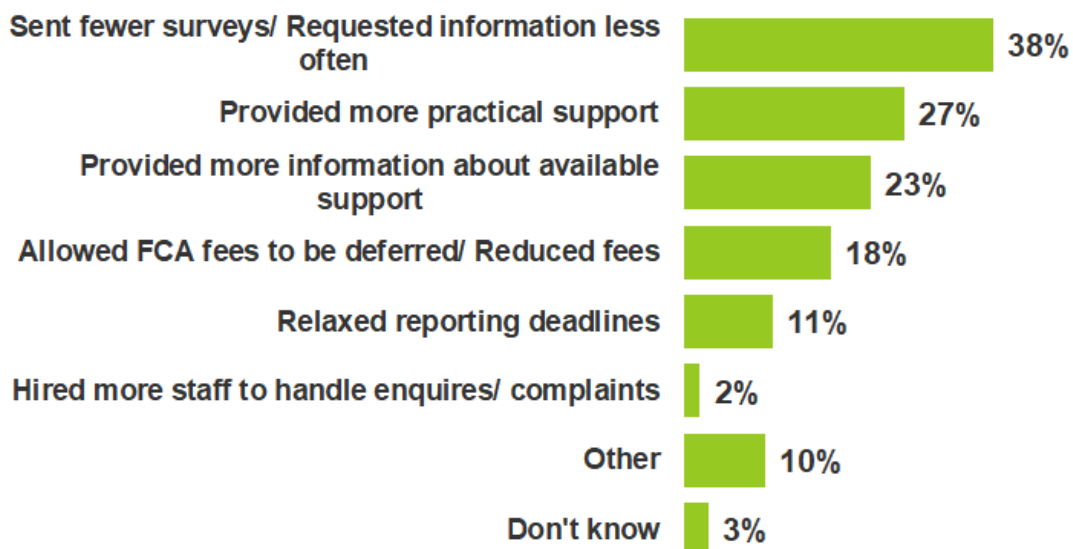
Figure 7.4 – Things that flexible firms feel the FCA has done well during the COVID-19 pandemic and should continue to do in the future



Q57. Thinking about what the FCA has done well in relation to supporting firms during the COVID-19 pandemic, what if anything would you like to see the FCA continue to do in the future?
 Base: All flexible firms who felt that the FCA has done very or fairly well supporting firms during COVID-19 (983)

Among flexible firms who felt the FCA had not performed well in supporting firms during the COVID-19 pandemic, there was a desire for the FCA to request information less frequently (38%); to provide more practical support for firms (27%); and to let firms know what support was available (23%) (Figure 7.5).

Figure 7.5 – Things that *flexible* firms feel the FCA could have done better during the COVID-19 pandemic



Q58. What in particular do you feel that the FCA could have done better in relation to supporting firms during the COVID-19 pandemic?

Base: All flexible firms who felt that the FCA has NOT done very or fairly well supporting firms during COVID-19 (407)

8. The UK's Withdrawal from the EU (Brexit)

This chapter examines the FCA's communications with firms around the UK's withdrawal from the EU ('Brexit'), and how relevant this communication was to their work. The chapter then explores what actions firms have taken, and what actions they are considering taking, as a direct result of EU withdrawal. The survey was conducted more than a year after the UK's withdrawal from the EU on 31st January 2020 and more than three months after the end of the transition period which ended on 31st December 2020.

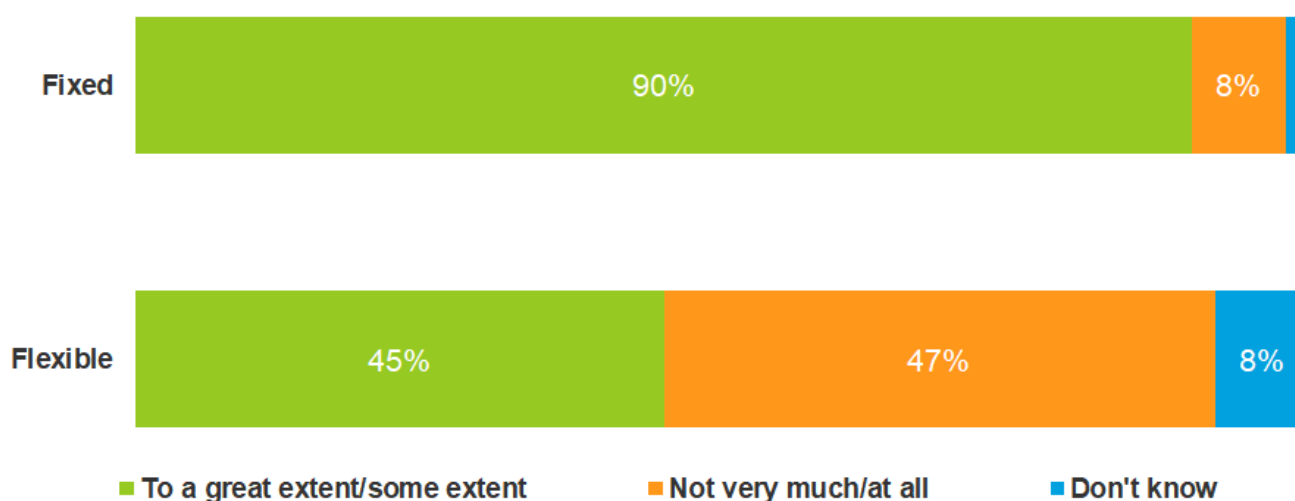
8.1 Communication from the FCA

Firms were asked to what extent they found the FCA's communications around the UK's withdrawal from the EU to be relevant to them.

Overall, flexible firms were evenly split on how relevant they found the FCA's communications on EU withdrawal: just under half (47%) of flexible firms felt that the FCA's communications were not very or not at all relevant to them, while 45% of firms found them to be relevant to a great or some extent (Figure 8.1).

By contrast, fixed firms overwhelmingly reported that FCA communications around EU withdrawal were relevant to them. Nine in ten fixed firms (90%) found that FCA communications were relevant to a great or some extent. Only 8% of fixed firms found the FCA's communications to be either not very or not at all relevant to them.

Figure 8.1 – Extent to which communications from the FCA around the UK's withdrawal from the EU have been relevant to firms



Q59. Taking everything into account, to what extent have you found that communications from the FCA around the UK's withdrawal from the EU have been relevant to your firm?
Base: All firms; Fixed (58), Flexible (3,551)

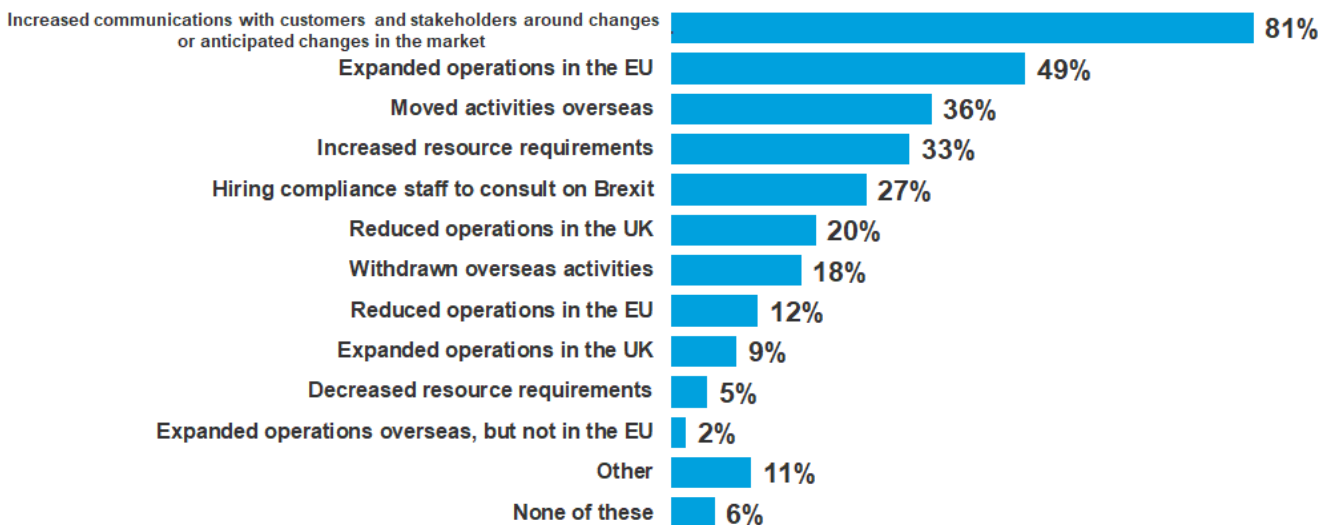
8.2 Action taken and future plans in response to EU withdrawal

Firms were shown a list of potential actions which they might have taken as a result of the UK's withdrawal from the EU and asked which, if any, they had taken. They were then asked which of the same actions, if any, they were considering taking.

Fixed firms were much more likely to have taken actions compared with flexible firms, almost certainly reflecting their reach in international markets: only 6% of fixed firms had taken no actions as a direct result of EU withdrawal (Figure 8.2).

The action that fixed firms were most likely to have taken was to increase their communications with customers and stakeholders around changes in the market: over eight in ten (81%) fixed firms had taken this action. Fixed firms also reported adjusting their business and staffing operations in response to EU withdrawal. The most common actions taken were: expanding operations in the EU (49%), moving activities overseas (36%), increasing their resources (33%), and hiring compliance staff (27%).

Figure 8.2 – Actions fixed firms have taken as a direct result of the UK's withdrawal from the EU

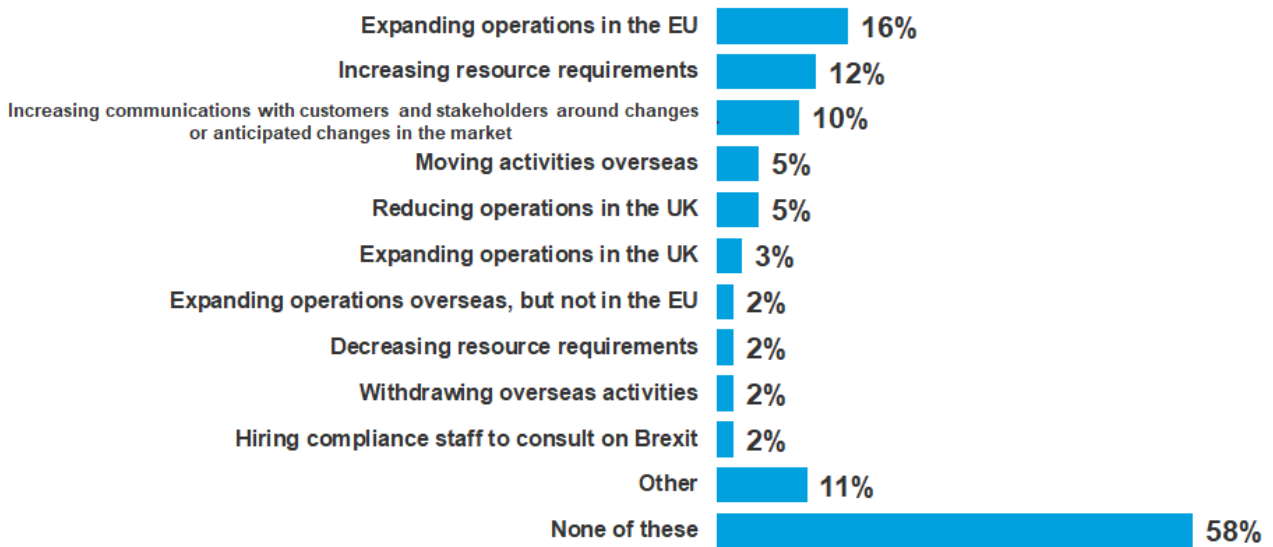


Q60. Which of the following actions, if any, have you taken as a direct result of the UK's withdrawal from the EU?
Base: All fixed firms (58)

The majority of fixed firms (58%) indicated that they were not planning to take any actions as a direct result of EU withdrawal. This may indicate that for now many fixed firms have already taken the actions they needed to take (Figure 8.3).

The action which the greatest proportion of fixed firms were considering was expanding operations in the EU' (16%). This was followed by increasing resource requirements (12%) and increasing communications with customers and stakeholders around changes in the market (10%). There were no other actions being considered by more than 5% of fixed firms.

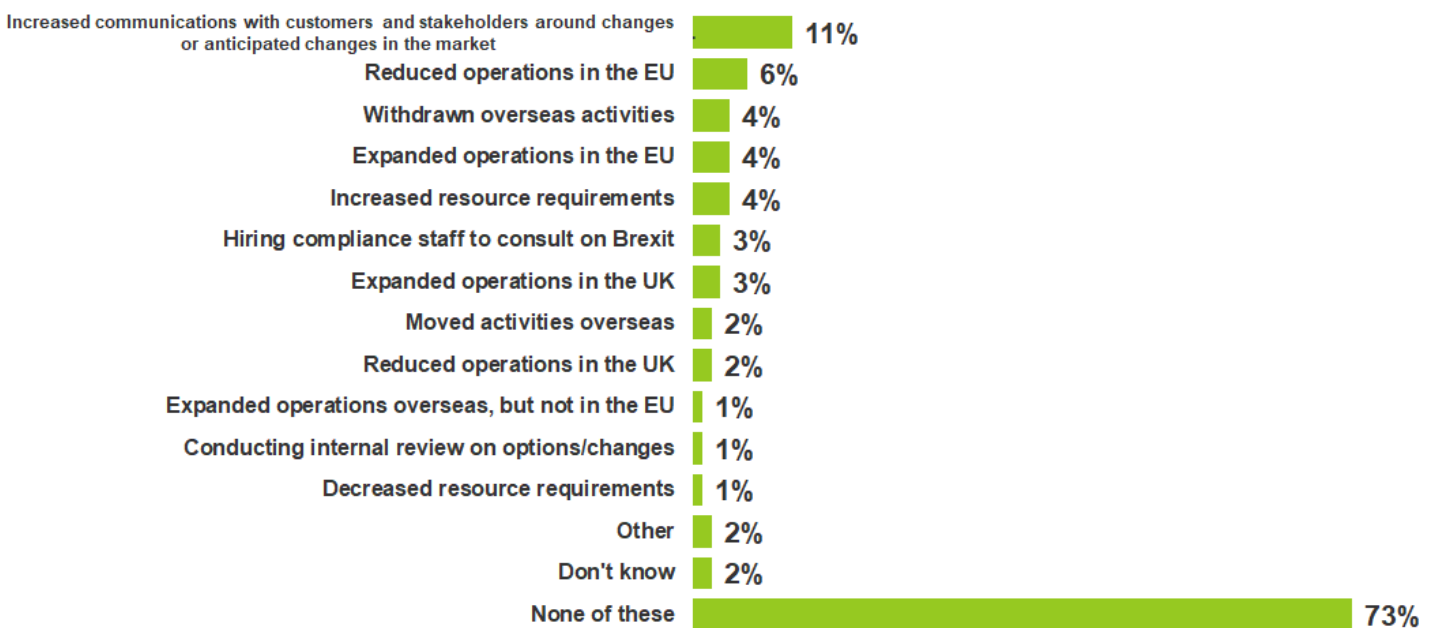
Figure 8.3 – Actions fixed firms are considering as a direct result of the UK’s withdrawal from the EU



Q61. Which of the following actions, if any, are you considering as a direct result of the UK’s withdrawal from the EU?
 Base: All fixed firms (58)

The vast majority of flexible firms (73%) said they had taken no actions as a result of EU withdrawal. Among firms that had done something the most common actions were increasing communications with their customers and stakeholders around changes in the market (11%) and reducing their operations in the EU (6%). No other actions were mentioned by more than 5% of flexible firms (Figure 8.4).

Figure 8.4 – Actions flexible firms have taken as a direct result of the UK’s withdrawal from the EU



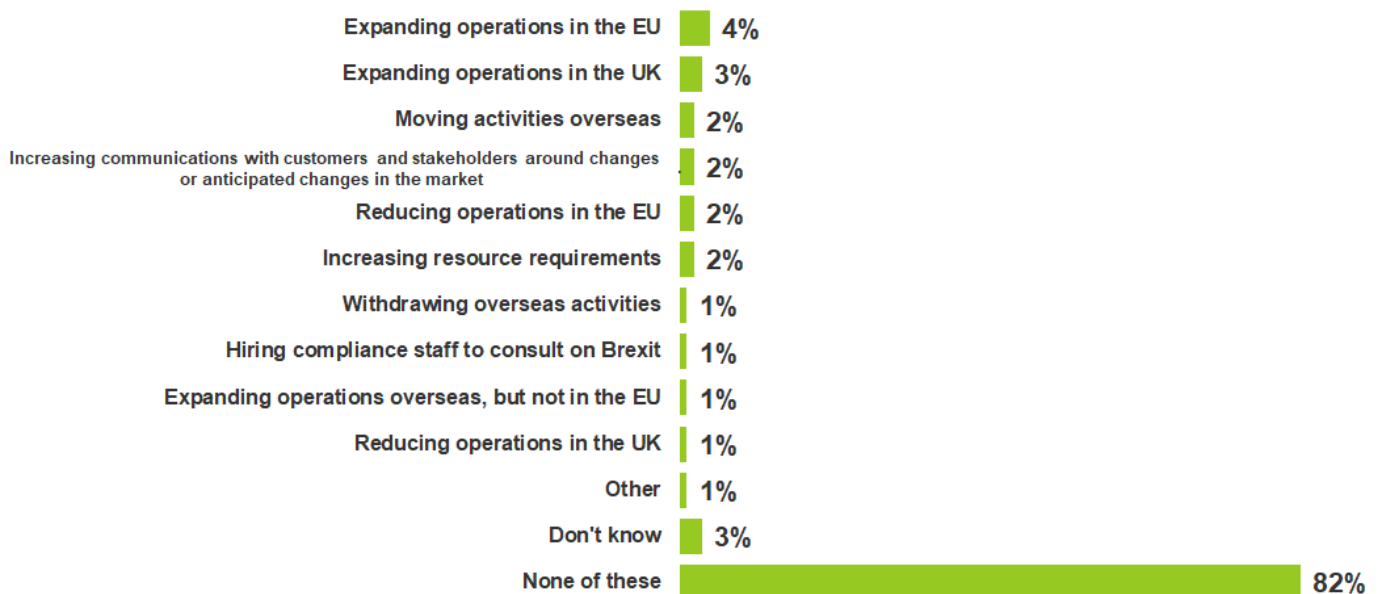
Q60. Which of the following actions, if any, have you taken as a direct result of the UK’s withdrawal from the EU?
 Base: All flexible firms (3,551)

When asked what actions they were considering taking as a direct result of EU withdrawal, the majority of flexible firms (82%) reported that they were not considering taking any action (Figure 8.5).

Of the small proportion of firms who were considering taking action no single action was mentioned by more than 5% of firms (Figure 8.3). The most commonly mentioned actions were expanding operations in the EU (4%) and expanding operations in the UK (3%).

These findings probably reflect the fact that most flexible firms are small and operate only in the UK domestic market.

Figure 8.5 – Actions flexible firms are considering as a direct result of the UK’s withdrawal from the EU



Q61. Which of the following actions, if any, are you considering as a direct result of the UK's withdrawal from the EU?
 Base: All flexible firms (3,551)

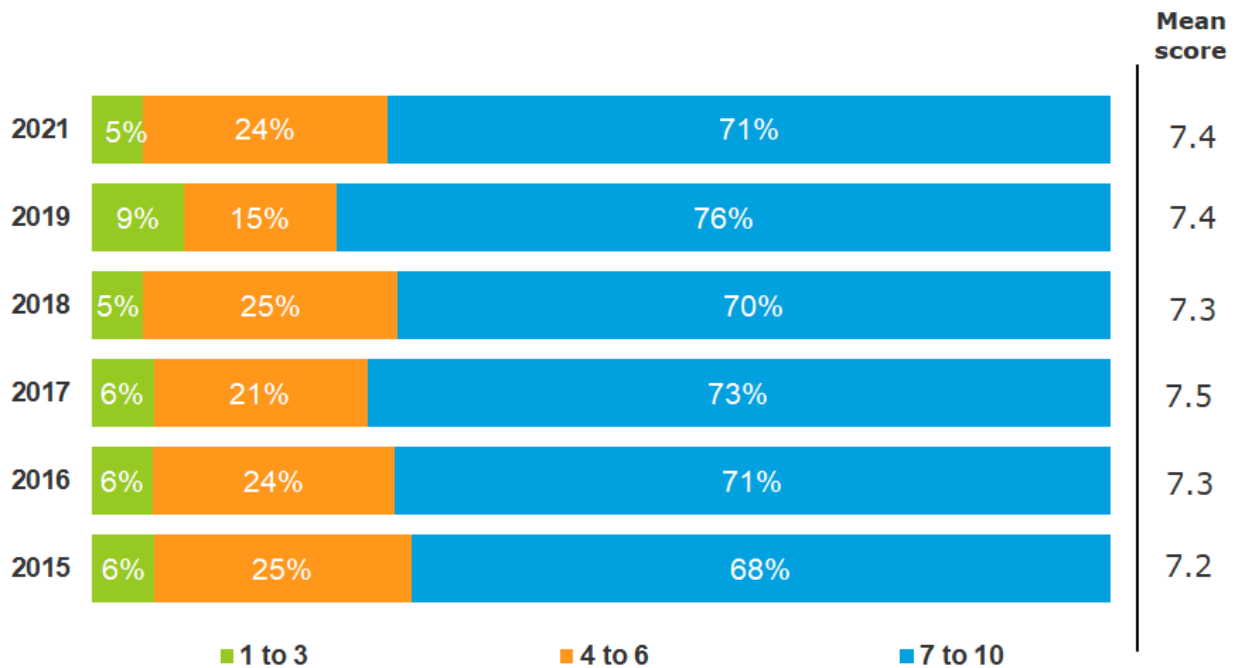
9. Consumer Credit Firms

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 2021, 9% 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.

9.1 Satisfaction and effectiveness

Firms were asked to consider their satisfaction with the relationship they currently have with the FCA (Figure 9.1). Overall, seven in ten consumer credit firms (71%) rated this as ‘high’ (a score of 7 to 10) with a mean satisfaction score of 7.4. This is a slight decrease from 2019 when 76% of consumer credit firms gave a ‘high’ score. However, the proportion of firms giving a ‘low’ score (a rating of 1 to 3) also fell from 9% to 5% between 2019 and 2021 and so the mean score of 7.4 was unchanged between the two surveys.

Figure 9.1 – Satisfaction with firm’s relationship with the FCA (CC firms)



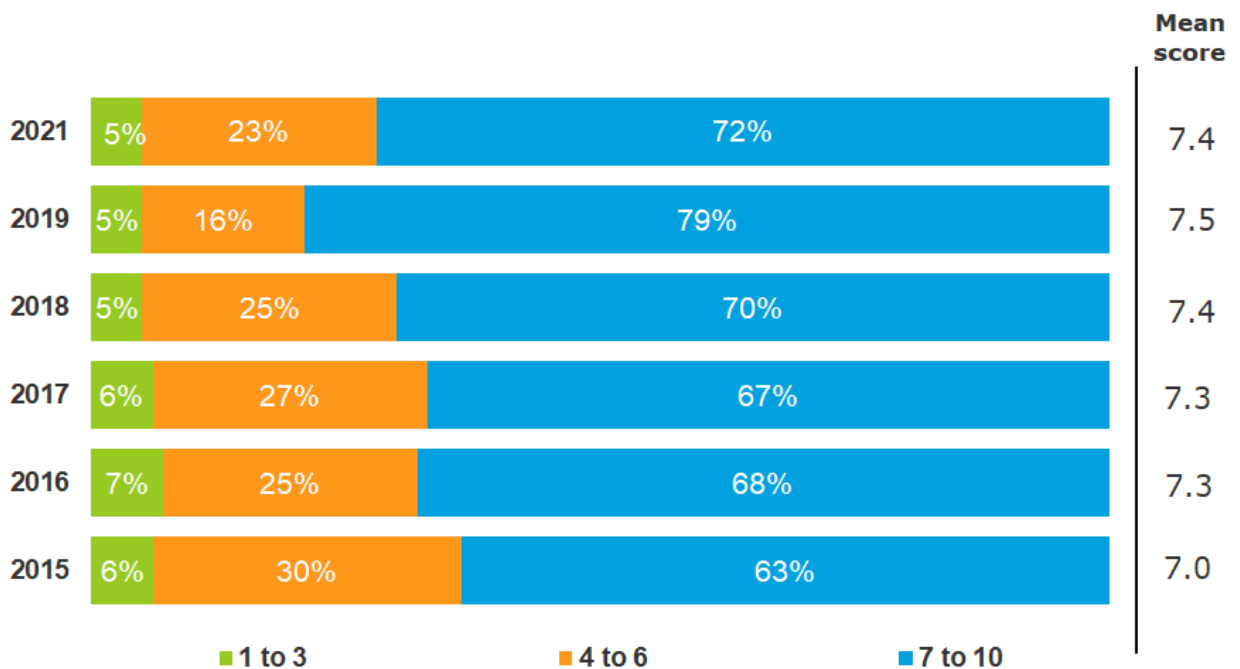
Q1. Taking into account all of your firm’s dealings with the FCA, how satisfied are you with the relationship?
 Base: All consumer credit firms: 2021 (224); 2019: (148); 2018 (190); 2017 (150); 2016 (371); 2015 (289)
 Mean Score: 10 = Extremely satisfied, 1 = Extremely dissatisfied

Satisfaction among consumer credit firms was broadly in line with flexible non-consumer credit firms.

When consumer credit firms were asked to consider the effectiveness of the FCA as a regulator, responses were broadly in line with satisfaction ratings: with seven in ten (72%) consumer credit firms rating the FCA’s effectiveness as a regulator highly (a score of 7 to 10) and a mean rating of 7.4 (Figure 9.2).

As with satisfaction, perceived effectiveness was broadly in line with flexible non-consumer credit firms.

Figure 9.2 – Perceived effectiveness of the FCA in regulation the financial services industry in the last year (CC firms)



Q2. Overall, from your firm’s perspective, how effective has the FCA been in regulating the financial services industry in the last year?
 Base: All consumer credit firms: 2021 (224); 2019: (148); 2018 (190); 2017 (150); 2016 (371); 2015 (289)
 Mean score: 10 = Extremely effective, 1 = Not at all effective

9.2 Performance of the FCA against objectives

Consumer credit firms were asked to rate their confidence in the FCA’s operational objectives (Figure 9.3). As with the satisfaction and effectiveness measures, the views of consumer credit firms were broadly in line with non-consumer credit flexible firms.

However, consumer credit firms were more likely than non-consumer credit firms to feel that the FCA was effective at securing an appropriate degree of protection for consumers (89% of consumer credit firms compared with 84% of non consumer credit firms).

Figure 9.3 – Levels of confidence in the FCA’s ability to deliver on its objectives (% very/ fairly confident)



Q3. How confident are you that the FCA’s oversight of the industry delivers on the following statutory objectives?
 Base: All firms; Consumer Credit (224), Non-Consumer Credit Flexible (3,551)

Compared with 2019 consumer credit firms were more likely to be confident that the FCA promotes effective consumer competition (84% compared with 71% in 2019) but were less likely to be confident in the FCA protecting consumers (85% compared with 89% in 2019).

9.3 Trust and confidence in the FCA

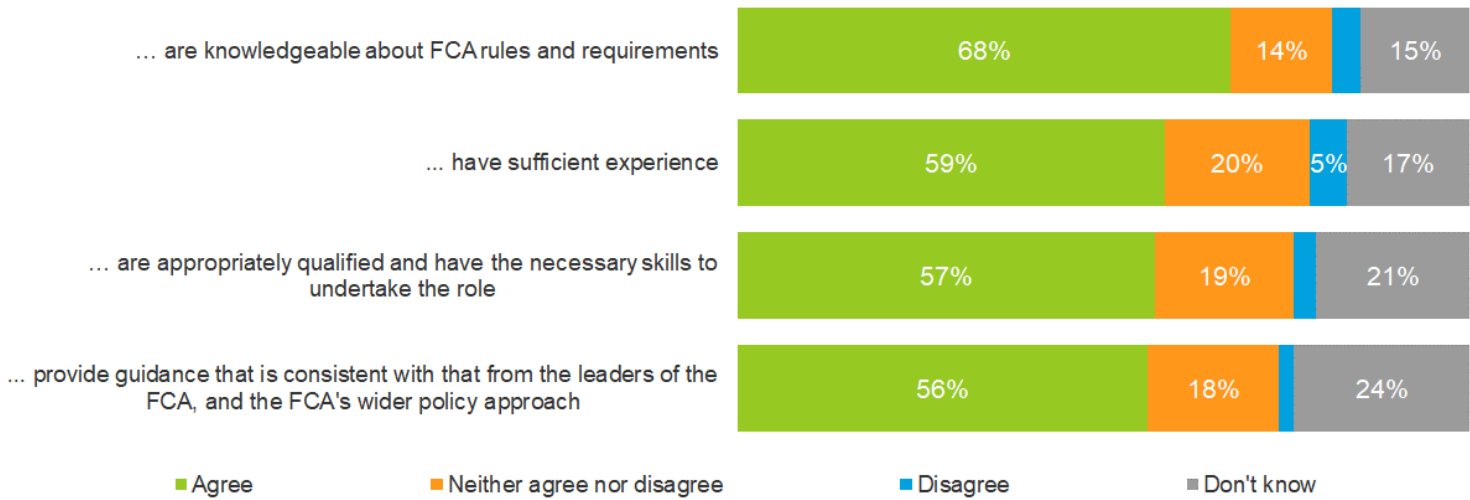
Consumer credit firms were asked whether their trust in the FCA had increased, decreased, or stayed the same in the last 12 months.

Almost eight in ten consumer credit firms (78%) reported that their trust in the FCA had stayed the same over the last year, with one in ten (10%) saying it had increased and 8% saying it had decreased. These results were broadly comparable to non-consumer credit firms.

Consumer credit firms were asked also some statements about FCA staff. Firms were most likely to agree that FCA staff were knowledgeable about FCA rules and requirements (68%), with slightly lower proportions agreeing that FCA staff had sufficient experience (59%), that FCA staff had the appropriate qualifications and skills for their role (57%) and that FCA staff gave guidance that was consistent with wider FCA policy objectives (56%) (Figure 9.4).

Figure 9.4 – Consumer credit firms’ perception of FCA staff (e.g. the FCA Supervision Hub)

To what extent to do you agree or disagree that FCA staff...



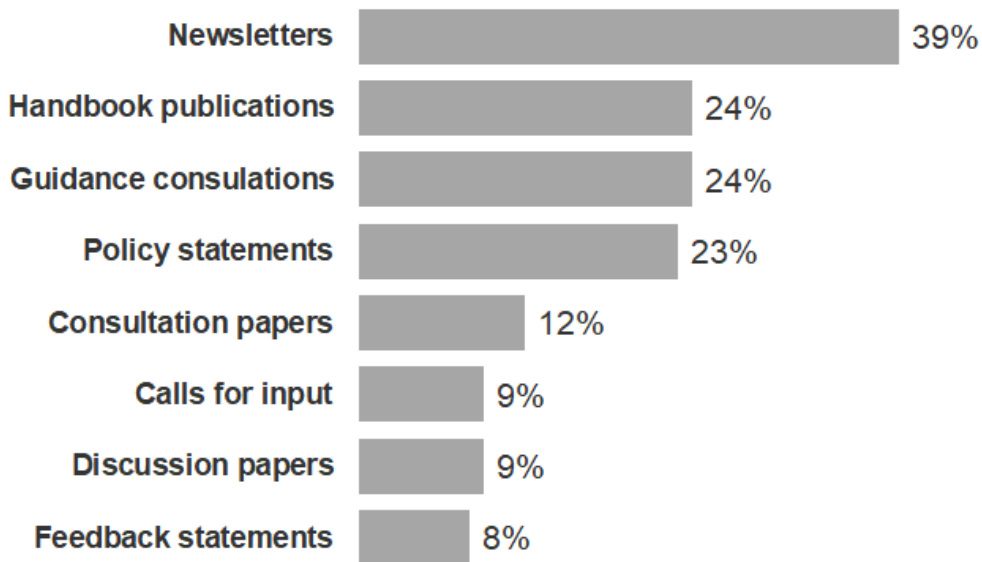
Q46. In relation to FCA staff, to what extent to do you agree or disagree with the following statements?
 Base: All consumer credit firms (224)

9.4 FCA communication and publications

Consumer credit firms were much less likely than non-consumer credit firms to have regular contact with the FCA. The most commonly used channel of communication was postal mail, with a quarter of consumer credit firms (23%) saying that they had dealings with the FCA via mail at least once a month. Regular use of the FCA website was relatively rare among consumer credit firms, with just 8% saying they used the FCA website at least once a month. There was also a very low level of attendance at FCA virtual events. Two-thirds of firms (66%) said that they had never attended an FCA virtual event, while a further 15% attended less often than once a year.

Six in ten consumer credit firms (60%) had viewed at least one FCA publication in the last 12 months. The most commonly viewed publication type was newsletters, which had been looked at by four in ten firms (39%).

Figure 9.5 – Proportion of consumer credit firms that had looked at each type of FCA publication in the last 12 months

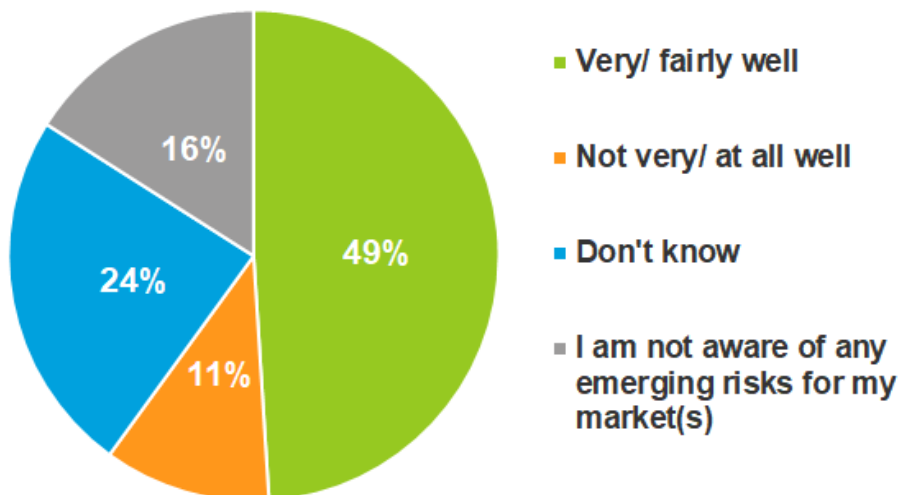


Q18. In the last 12 months, which of the following types of FCA publication has your firm looked at?
 Base: All consumer credit firms (224)

9.5 Identifying risk

Firms were asked how well they felt the FCA had performed over the previous 12 months in identifying emerging risks in their own market (Figure 9.6). Half of consumer credit firms (49%) felt that the FCA had performed very or fairly well in this regard, while one in ten (11%) felt that it had not performed well.

Figure 9.6 - How well consumer credit firms feel the FCA has performed in identifying emerging risk areas for their market(s)



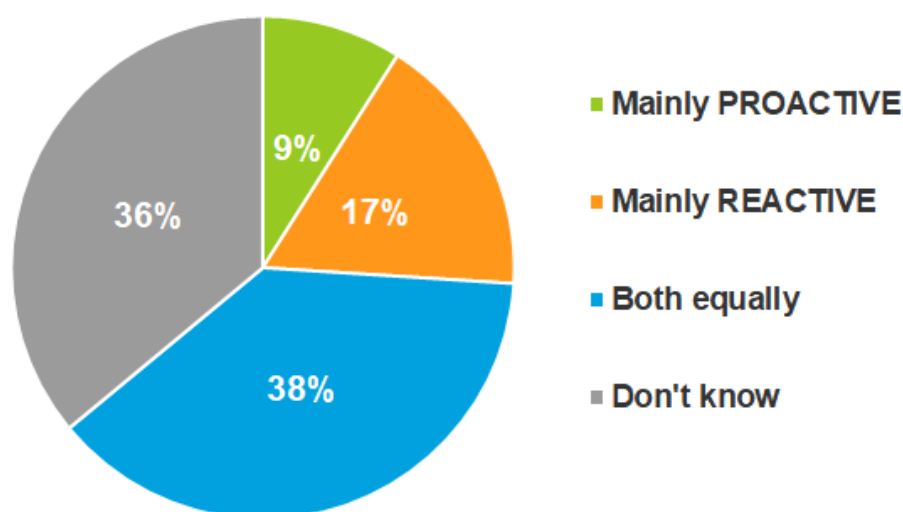
Q26. In the last 12 months, how well do you feel the FCA has performed in identifying emerging risk areas for your market(s)?
 Base: All consumer credit firms (224)

While perceived performance appears to compare unfavourably with flexible firms (60% of whom rated the FCA's performance in this regard as very or fairly well), levels of awareness among consumer credit firms are generally lower. A quarter of consumer credit firms (24%) answered 'Don't know' to this question (compared with 10% of flexible firms) while 16% said that they were not aware of any emerging risks for their market (compared with 9% flexible firms).

Four in ten consumer credit firms (43%) agreed that the FCA prioritises the right risks for action, broadly in line with non-consumer credit firms (46%).

When asked to characterise the FCA's approach to identifying risk, consumer credit firms were twice as likely to describe it as reactive (17%) as proactive (9%) (Figure 9.7). Similar proportion said that the approach was both equally (38%) or answered 'Don't know' (36%).

Figure 9.7 – Consumer credit firms' view of the FCA's approach to identifying risk



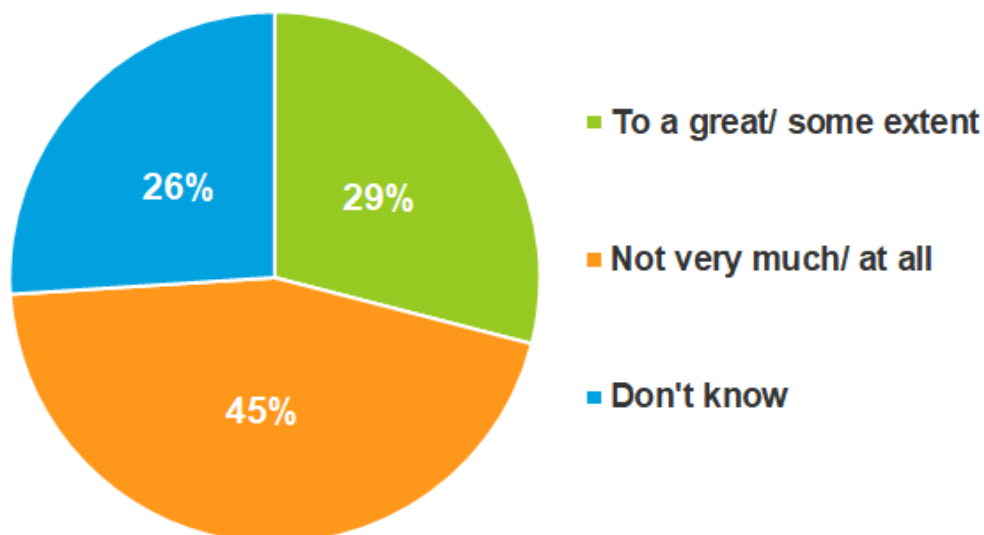
Q29. Which of the following best describes your view of the FCA's approach to identifying risk?
Base: All consumer credit firms (224)

Only 3% of consumer credit firms said that they were aware of significant or emerging risks in their market that the FCA was not currently aware of.

9.6 UK's withdrawal from the EU (Brexit)

Nearly half of consumer credit firms (45%) felt that the FCA's communications around the UK's withdrawal from the EU were not relevant to their firm (Figure 9.8). Three in ten (29%) felt that the communication was relevant, while a quarter (26%) said that they didn't know.

Figure 9.8 – Extent to which consumer credit firms have found communications from the FCA around the UK’s withdrawal from the EU has been relevant to their firm



Q59. Taking everything into account, to what extent have you found that communications from the FCA around the UK’s withdrawal from the EU have been relevant to your firm?
Base: All consumer credit firms (224)

Only a minority of consumer credit firms (15%) had taken action as a direct result of the UK’s withdrawal from the EU. Three quarters (74%) said that they had taken no action, while a further one in ten (11%) said that they didn’t know whether any action had been taken.

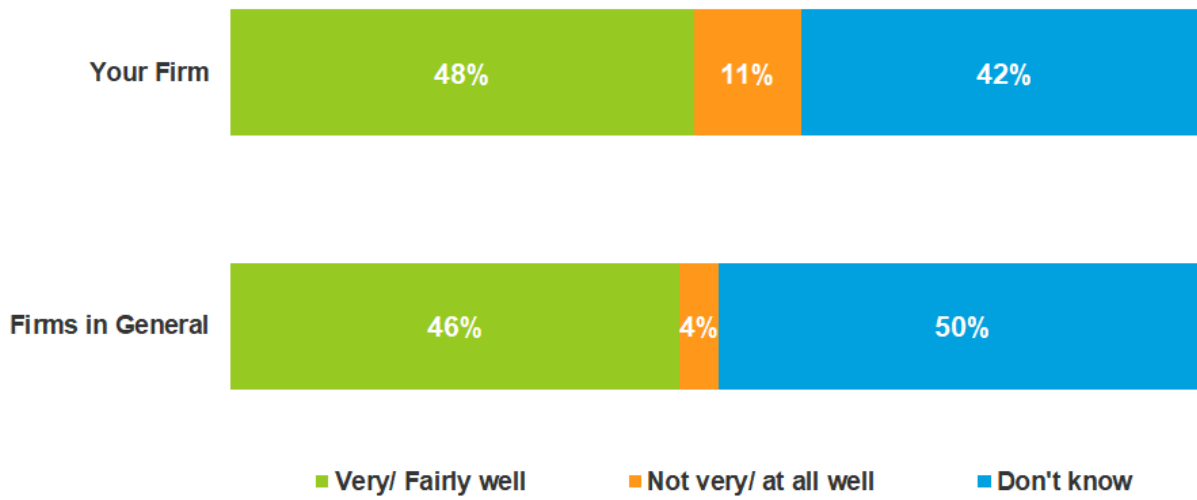
Similarly, very few consumer credit firms (7%) were considering taking action as a direct result of the UK’s withdrawal from the EU. Eight in ten (81%) said that they were not considering any action, while one in ten (12%) said that they didn’t know whether their firm was considering any action.

9.7 Impact of the COVID-19 pandemic

The COVID-19 pandemic has had a big impact on consumer credit firms with eight in ten (78%) saying they have had to change their working practices/processes to a great/some extent. This is broadly in line with flexible firms, among whom three quarters (74%) said the same thing.

Less than half (48%) of consumer credit firms felt the FCA had performed well in supporting their firm during the COVID-19 pandemic, while a similar proportion (46%) felt that the FCA had performed well in supporting firms in general.

Figure 9.9 – How well consumer credit firms feel the FCA has performed in supporting them/ firms in general during the COVID-19 pandemic



Q55. How well would you say the FCA has performed in supporting YOUR FIRM during the COVID-19 pandemic?

Q56. Thinking now about the wider industry, how well would you say the FCA has performed in supporting firms IN GENERAL during the COVID-19 pandemic?

Base: All consumer credit firms (224)

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 2021 survey, incorporating trend data from 2019 and previous waves of the Panel survey.

Fieldwork took place between May and July 2021. A total of 10,000 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 INTACT 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, with 2,500 being invited to take part in 2021. Results for these firms are presented separately in Chapter 9 and are not included within the headline figures in the rest of this report.

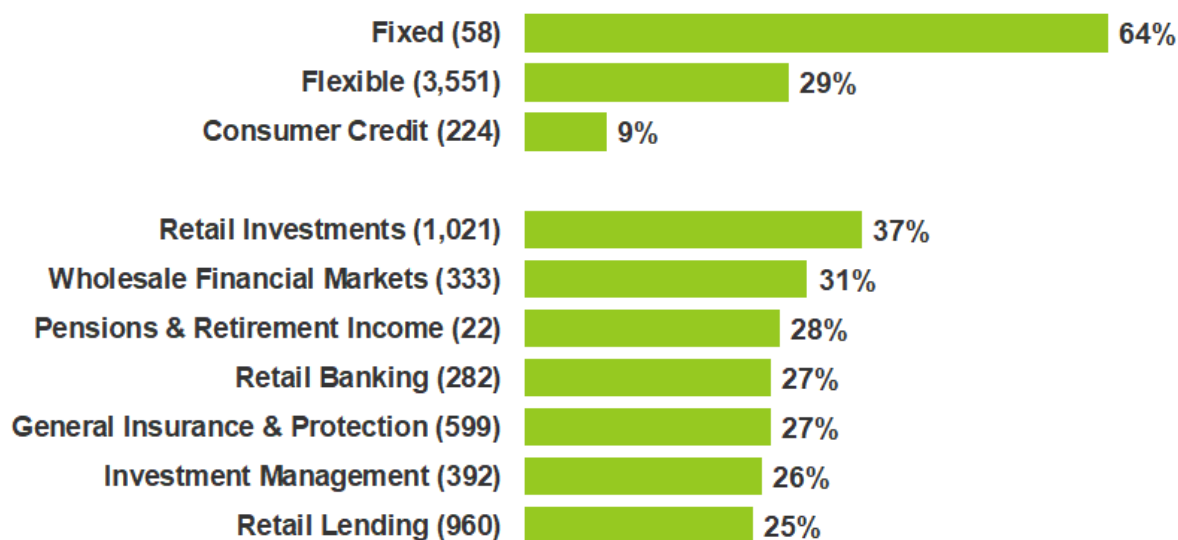
Selected firms were first sent a warm up email (this can be found in Appendix C). This informed the firm that we would soon be contacting them with login details for the online survey. A week later the selected firms were sent another email containing these login details (this can be found in Appendix D).

All Fixed firms were also sent hard copy letters at the warm up and invitation stages. The invitation letters were sent with a paper copy of the questionnaire and a reply-paid envelope. A PDF copy of the questionnaire was available for any firm to download from the survey website throughout fieldwork.

During the fieldwork period 3 reminder emails were sent to firms that were yet to complete the survey.

In total, 3,609 non-consumer credit firms completed the survey, at a response rate of 29%. The response rate among consumer credit firms was lower at 9%. The breakdown of response rate by firm type is shown below.

Response rates by firm type/ sector



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 (98%). 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 Practitioner Panel Survey 2021

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.

The intention is to publish the results of this year's survey in summer 2021.

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.

Please read the rest of the information on this page, then turn over the page to start the survey.

How do I fill in the questionnaire?

1. Most questions can be answered by putting a cross in the box next to the answer that applies to you, like this:
2. Some questions will ask you to "**cross all that apply.**" When you see this instruction, please cross as many boxes as apply to you.
3. A small number of questions will ask you to write your response in the box provided.
4. Please try to answer every question. If there are any questions that you can't answer, simply cross the 'Don't know' box.
5. If you have made a mistake or change your mind about an answer you have given, completely block out the box you have crossed like this and then put a cross in your preferred box.
6. Please use black or blue ink to complete the questionnaire.

We look forward to receiving your feedback.

Where can I get more information?

✉ : fcappsurvey@kantarpublish.com

☎ : 0800 015 0302 (9am-5pm)

Information about how your data is processed and information about your rights in relation to the data we collect is available on the back of the accompanying letter. You can also access our privacy policy at:

uk.kantar.com/surveys

Section 1

FCA Performance

i The first questions are about your general impressions of the FCA

Q1 Taking into account all of your firm's dealings with the FCA, how satisfied are you with the relationship?

Please give an answer on a scale of 1 to 10, where 1 is 'Extremely dissatisfied' and 10 is 'Extremely satisfied'.

→ Please cross one box only ☒

Extremely
dissatisfied

Extremely
satisfied

<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"/>
1	2	3	4	5	6	7	8	9	10

Q2 Overall, from your firm's perspective, how effective has the FCA been in regulating the financial services industry in the last year?

Please give an answer on a scale of 1 to 10, where 1 is 'Not at all effective' and 10 is 'Extremely effective'.

→ Please cross one box only ☒

Not at all
effective

Extremely
effective

<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"/>
1	2	3	4	5	6	7	8	9	10

Section 2:

FCA Aims and Objectives

i 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

Q3 How confident are you that the FCA's oversight of the industry delivers 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"/>

+

+

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If you answered 'Not very confident' or 'Not at all confident' to Objective 2, please answer Q4.

Q4 What would you say are the main reasons that you lack confidence in the FCA's ability to secure an appropriate degree of protection for consumers?

↳ Please write your answer in the box below



If you answered 'Not very confident' or 'Not at all confident' to Objective 3, please answer Q5.

Q5 What would you say are the main reasons that you lack confidence in the FCA's ability to protect and enhance the integrity of the UK financial system?

↳ Please write your answer in the box below

+

3

+



If you answered 'Not very confident' or 'Not at all confident' to Objective 4, please answer Q6.

Q6 What would you say are the main reasons that you lack confidence in the FCA's ability to promote effective competition

↳ Please write your answer in the box below

Q7 How well would you say your firm understands what the FCA is trying to achieve through the following objectives?

↳ Please cross one box in each row

Objective number	Objective	Very well	Fairly well	Not very well	Not at all	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"/>

Q8 Over the last 12 months, would you say your firm's trust in the FCA has...

↳ Please cross one box only

...increased ...decreased ...or stayed the same Don't know

Q9 To what extent do you agree or disagree with the following statement?

↳ Please cross one box in each row

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
Overall, the FCA's expectations of my firm are clear	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section 3:

Communication and Engagement



The next questions are about the ways in which the FCA communicates with your firm.

Q10 To what extent do you agree or disagree with the following statements?

⇒ Please cross one box in each row

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
Overall, the FCA's communications to my firm are CLEAR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall, the FCA's communications to my firm are CONSISTENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall, the FCA's communications to my firm are TRANSPARENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q11 How often does your firm have any dealings with the FCA through each of the following methods?

By this we mean any dealings where your firm makes contact with, or is contacted by, the FCA, as well as making any use of the FCA's online services.

⇒ 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"/>
Video call	<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"/>
Postal 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"/>
In person meetings	<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 virtual or online events	<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 (fca.org.uk)	<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 social media (e.g. Twitter, LinkedIn)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q12 Still thinking about the different channels of communication, would you say that the FCA contacts your firm too often, not enough, or would you say the level of contact is about right?

↳ Please cross one box in each row

	Too often	About right	Not enough	Don't know
Telephone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Video call	<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"/>
Postal mail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In person meetings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Through FCA virtual or online events	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Through social media (e.g. Twitter, LinkedIn)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q13 Taking everything into account, to what extent have you found that communications from the FCA have been relevant to your firm?

↳ Please cross one box only

- To a great extent
- To some extent
- Not very much
- Not at all
- Don't know

Q14 Thinking about occasions when your firm has contacted the FCA over the last 12 months, how easy or difficult has it been to get in touch with the relevant person or team?

If you have done this more than once over the last 12 months, please give your overall assessment.

↳ Please cross one box only

- Very easy → Go to Q15
- Fairly easy → Go to Q15
- Fairly difficult → Go to Q15
- Very difficult → Go to Q15
- Don't know → Go to Q15
- My firm has not contacted the FCA in the last 12 months → Go to Q17

Q15 Compared with the situation prior to March 2020 (i.e. before the first COVID-19 lockdown) is your firm now finding it easier or more difficult to communicate with the FCA, or has there been no difference?

↳ Please cross one box only

- Easier
- More difficult
- There has been no difference
- Don't know

Q16 Generally, during your dealings with the FCA over the last 12 months, how satisfied or dissatisfied were you with the time taken to resolve any queries or issues?

If you have had contact with the FCA more than once over the last 12 months, please give your overall assessment across all the ways you had contact with them.

→ Please cross one box only ☒

- Very satisfied
- Fairly satisfied
- Fairly dissatisfied
- Very dissatisfied
- Don't know

Q17 In the last 12 months, has your firm looked at any publications produced by the FCA?

This could include Consultation papers, Policy statements, Finalised guidance, Guidance consultations, Feedback statements, Discussion papers, Calls for input, Newsletters and Handbook publications.

Please select 'Yes' if you or someone else in your firm has looked at a publication at all, even if you did not read it in full.

→ Please cross one box only ☒

- Yes → Go to Q18
- No → Go to Q19
- Don't know → Go to Q23

Q18 In the last 12 months, which of the following types of FCA publication has your firm looked at?

Again, please select any that you or someone else in your firm has looked at, even if you did not read it in full.

→ Please cross as many boxes as apply ☒

- Consultation papers
- Policy statements
- Guidance consultations
- Feedback statements
- Discussion papers
- Calls for input
- Newsletters
- Handbook publications
- None of these
- Don't know



If you selected 'None of these' at Q18, please answer Q19 and then go straight to Q23.

If you selected 'Consultation papers', 'Guidance consultations' or 'Calls for Input' at Q18, please go straight to Q20. Otherwise, please go straight to Q23.

Q19 Why hasn't your firm looked at any FCA publications?

→ Please cross as many boxes as apply ☒

- Lack of time → Go to Q23
- Lack of interest → Go to Q23
- Not aware of any FCA publications → Go to Q23
- Not aware of any publications that are relevant to my firm → Go to Q23
- Publications are too long → Go to Q23
- Do not have the resources to look at anything → Go to Q23
- Another reason (please write in) → Go to Q23

- Don't know → Go to Q23



The next question is specifically about FCA consultations (i.e. Consultation Papers, Guidance Consultations, or Calls for Input).

Q20 Thinking about the FCA consultations your firm has looked at, would you say they are too detailed, about right, or not detailed enough?

→ Please cross one box only ☒

- Too detailed
- About right
- Not detailed enough
- It varies
- Don't know

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Q21 In the last 12 months, has your firm responded to any FCA consultations?→ Please cross one box only ☒

- Yes → Go to Q23
- No → Go to Q22
- Don't know → Go to Q23

Q22 Why hasn't your firm responded to any FCA consultations?→ Please cross as many boxes as apply ☒

- Lack of time
- Lack of interest
- Not aware of any consultation papers that are relevant to my firm
- Consultation papers are too long
- Do not have resources to respond
- Another reason (please write in)

- Don't know

Q23 In which, if any, of the following ways would you most like to see the FCA improve communications?→ Please cross as many boxes as apply ☒

- Simplify communications (use plain English)
- Ensure communications are concise
- Improve the usability of the handbook
- Access to more conferences and roadshows
- Targeted communications for different types of firms
- Improve the website
- Be more responsive when dealing with firms
- Adjust/ change the tone of communications
- Increase the use of social media
- Increase the use of video content
- Greater focus on digital engagement in general (e.g. Webinars)
- Something else (please write in)

- Nothing to improve – the communications are fine
- Don't know

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Section 4:

Impact of FCA Regulation



The next questions are about your views on the impact of FCA regulation.

Q24 To what extent do you agree or disagree with the following statement?

↳ Please cross one box in each row

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
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"/>
FCA regulation has helped my firm to deliver better outcomes for consumers	<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 are proportionate to the benefits gained	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FCA regulation is aligned with rules imposed by other regulators	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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"/>

Q25 The next question is about actions allocated to your firm by FCA staff, either as part of a risk mitigation activity or another issue. To what extent would you say that these actions are...?

↳ Please cross one box in each row

	To a great extent	To some extent	Not very much	Not at all	Don't know
Clear and achievable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Well-founded	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section 5:

Enforcement and Identifying Risk



In the next section we will ask about the FCA's role in identifying emerging risks within the industry and associated enforcement action.

Q26 In the last 12 months, how well do you feel the FCA has performed in identifying emerging risk areas for your market(s)?

⇒ Please cross one box only ☒

- Very well ⇒ Go to Q27
- Fairly well ⇒ Go to Q27
- Not very well ⇒ Go to Q27
- Not at all ⇒ Go to Q27
- Don't know ⇒ Go to Q27
- I am not aware of any emerging risk areas for my market(s) ⇒ Go to Q29

Q27 Do you feel there are any significant or emerging risks in your market that the FCA is not currently aware of?

⇒ Please cross one box only ☒

- Yes ⇒ Go to Q28
- No ⇒ Go to Q29
- Don't know ⇒ Go to Q29

Q28 What are the significant or emerging risks that you feel the FCA is not currently aware of?

⇒ Please write your answer in the box below

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Q29 Which of the following best describes your view of the FCA's approach to identifying risk?

In order to identify risks, would you say that...

→ Please cross one box only ☒

- ...the FCA is mainly **REACTIVE**, that is they rely on information/ intelligence provided by the industry
- ...the FCA is mainly **PROACTIVE**, that is they take steps to uncover risks themselves
- ...the FCA uses both approaches equally
- Don't know

Q30 To what extent do you agree or disagree that the FCA prioritises the right risks for action?

→ Please cross one box only ☒

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know

Q31 To what extent do you feel that the FCA's authorisation process prevents firms or individuals who are engaged in poor business practices from entering the industry?

→ Please cross one box only ☒

- To a great extent → Go to Q33
- To some extent → Go to Q33
- Not very much → Go to Q32
- Not at all → Go to Q32
- Don't know → Go to Q33

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Q32 How do you feel the FCA's authorisation process could be improved to make it more effective at preventing firms with poor business practices from entering the industry?

↳ Please write your answer in the box below

Q33 Has your firm had experience of the FCA's authorisation process, including variations of permissions, in the last 12 months?

↳ Please cross one box only

Yes ↳ Go to Q34

No ↳ Go to Q35

Don't know ↳ Go to Q35

Q34 Thinking about your firm's experience of the FCA's authorisation process, including variations of permissions, to what extent do you agree or disagree with the following statements?

If your firm has been through the authorisation process more than once in the last 12 months, please give your overall assessment.

↳ Please cross one box in each row

	To a great extent	To some extent	Not very much	Not at all	Don't know
The amount of time it took to receive authorisation was reasonable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It was clear what was required of my firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA was helpful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall, the authorisation process was straightforward	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q35 The FCA has the ability to carry out investigations into firms or individuals where there is evidence of poor business practices. The outcome of such investigations can lead to the FCA penalising those found guilty of wrongdoing.

Before completing this survey, were you aware that the FCA can carry out these kinds of investigations?

↳ Please cross one box only

Yes ↳ Go to Q36

No ↳ Go to Q37

Q36 For each stage of the FCA's investigation process, please tell us how you view the pace at which the FCA operates.

If you are aware of more than one investigation, please give your overall assessment.

↳ Please cross one box in each row

	Too slow	About right	Not quick	Don't know
The time the FCA takes to DECIDE whether to begin an investigation into an individual or firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The time the FCA takes to COMPLETE an investigation into an individual or firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The time the FCA takes to ACT ON the findings of an investigation into an individual or firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q37 As far as you are aware, has the FCA imposed penalties (otherwise known as 'enforcement actions') on any firms or individuals in the last 12 months?

↳ Please cross one box only

- Yes ↳ Go to Q38 No ↳ Go to Q40 Don't know ↳ Go to Q40

Q38 As far as you are aware, which of the following enforcement actions has the FCA imposed on firms or individuals in the last 12 months?

Please include anything you know about through personal knowledge, notifications from the FCA, or wider media coverage.

↳ Please cross as many boxes as apply

- Issued a public censure ↳ Go to Q39 and Q40
- Issued a fine/ financial penalty ↳ Go to Q39 and Q40
- Limited a firm or individual's activities/ Withdrawn selected permissions ↳ Go to Q39 and then go to Q41
- Withdrawn authorised status ↳ Go to Q39 and then go to Q41
- Launched criminal prosecution ↳ Go to Q39 and Q40
- Something else (please write in ↳ Go to Q40

- Don't know ↳ Go to Q40

Q39 How effective do you think each of the following enforcement actions has been in reducing further harm to the industry?

↳ Please cross one box in each row

	Very effective	Fairly effective	Not very effective	Not at all effective	Don't know
Issuing of a public censure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Issuing of a fine/ financial penalty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Limiting of a firm or individual's activities/ Withdrawal of selected permission	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Withdrawal of authorised status	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Launch of criminal prosecution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



If, at Q38, you selected either 'Limited activities/ Withdrawn selected permissions' or 'Withdrawn authorised status', please go straight to Q41. Otherwise, please answer Q40.

Q40 As you may know, the FCA can withdraw permissions from firms or individuals they find to be in breach of regulations, to stop them from operating.

As far as you are aware, has the FCA withdrawn permissions from any firms or individuals?

↳ Please cross one box only

- Yes ↳ Go to Q41 No ↳ Go to Q42 Don't know ↳ Go to Q42

Q41 Thinking about firms or individuals who have had permissions withdrawn, are you aware of any who are still operating in areas for which they are no longer authorised?

↳ Please cross one box only

- Yes
 No

Q42 Thinking now about ANY enforcement action the FCA has taken as a result of poor business practices by another firm or individual. What actions, if any, have your firm taken in response to such enforcement action?

↳ Please cross as many boxes as apply

- Implemented a specific review of your own business
 Carried out a review of your conduct risks
 Made a change to your business model
 Called meeting(s) to specifically discuss the issue
 Introduced or changed training modules
 Something else (please write in)

- None of these
 Don't know

Q43 To what extent do you feel that your firm has been impacted by FCA enforcement action taken as a result of poor business practices by another firm or individual?

↳ Please cross one box only

- To a great extent
 To some extent
 Not very much
 Not at all
 Don't know

Q44 To what extent do you agree or disagree with the following statements about the FCA's enforcement procedure?

Would you say that the FCA's enforcement procedure...

⇒ Please cross one box in each row ☑

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
...is understood by the industry to be a credible deterrent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
...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"/>
...is effective at reinforcing the FCA's expectations of regulated firms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
...is effective at removing deliberate rule-breakers from the industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
...delivers the appropriate message to the industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section 6:

People



The next questions are about FCA staff.

If your firm has specific, named FCA supervisors, please answer Q45 and then go straight to Section 7.

Otherwise, please go straight to Q46.

Q45 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	Agree	Neither agree nor disagree	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"/>

Q46 In relation to **FCA staff** (e.g. the FCA Supervision Hub, [formerly 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	Agree	Neither agree nor disagree	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"/>

Section 7:

FCA Focus and Processes

Q47 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 emphasis	About right	Too little emphasis	Don't know
Supporting innovation within the industry	<input type="checkbox"/>	<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"/>	<input type="checkbox"/>
Controlling the entry of new firms into the market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Penalising firms that breach FCA rules	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Removing or varying the permission of firms to carry out certain activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q48 Which of the following best describes how you feel about the number of data/information requests your firm receives from the FCA?

→ Please cross one box only

- Fewer than I think we should receive
- About right
- A lot, but I understand why it is needed
- More than seems necessary for the FCA to do its business
- Don't know

Q49 Which of the following best describes the extent to which you understand the reasons why the FCA requests data/ information from your firm?

↳ Please cross one box only ☒

- My firm understands the reasons behind **ALL** data/ information requests
- My firm understands the reasons behind **MOST** data/ information requests
- My firm understands the reasons behind **SOME** data/ information requests
- My firm doesn't understand the reasons behind **ANY** data/ information requests
- Don't know

Q50 To what extent do you agree or disagree with the following statements about data/ information requests your firm receives from the FCA?

↳ Please cross one box in each row ☒

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
The FCA gives my firm enough time to compile the data/ information that they request	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My firm has sufficient resources to respond to FCA data/ information requests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA only asks for data/ information about my firm that they cannot get from other sources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA makes good use of the data/ information that my firm provides	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The information requested by the FCA is often difficult to collate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA reviews the information it requests in a timely manner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q51 Thinking about the ways in which the FCA uses data and advanced analytics to regulate firms, how well do you feel the FCA is performing in each of the following areas?

↳ Please cross one box in each row ☒

	Very well	Fairly well	Not very well	Not at all	Don't know
Ensuring that FCA staff have strong data and analytics skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Testing and deploying new tools (e.g. web scraping, network analytics, natural language programming)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Using relevant data tools and techniques safely and securely	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Using relevant data tools and techniques to detect financial crime	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Using relevant data tools and techniques to limit the number of data requests sent to firms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section 8:

COVID-19



The next section is about the COVID-19 pandemic and how it may have affected your firm.

Q52 To what extent has your firm needed to change its working practices/processes as a result of the COVID-19 pandemic?

↳ Please cross one box only ☒

- To a great extent
- To some extent
- Not very much
- Not at all
- Don't know

Q53 What impact, if any, has the COVID-19 pandemic had on your firm's ability to supervise its employees? Has it become easier, more difficult, or has there been no difference?

↳ Please cross one box only ☒

- Easier
- More difficult
- There has been no difference
- Don't know

Q54 And what impact, if any, has the COVID-19 pandemic had on your firm's ability to manage emerging risk areas for your market? Has it become easier, more difficult, or has there been no difference?

↳ Please cross one box only ☒

- Easier
- More difficult
- There has been no difference
- Don't know

Q55 How well would you say the FCA has performed in supporting YOUR FIRM during the COVID-19 pandemic?

↳ Please cross one box only ☒

- Very well
- Fairly well
- Not very well
- Not at all
- Don't know

Q56 Thinking now about the wider industry, how well would you say the FCA has performed in supporting firms IN GENERAL during the COVID-19 pandemic?

↳ Please cross one box only ☒

- Very well
- Fairly well
- Not very well
- Not at all
- Don't know



If you have answered 'Very well' or 'Fairly well' to either Q55 or Q56, please answer Q57.
If you have answered 'Not very well' or 'Not at all' to either Q55 or Q56, please answer Q58.

Q57 Thinking about what the FCA has done well in relation to supporting firms during the COVID-19 pandemic, what would like to see the FCA continue to do in the future?

↳ Please write your answer in the box below

Q58 What in particular do you feel that the FCA could have done better in relation to supporting firms during the COVID-19 pandemic?

↳ Please write your answer in the box below

Section 9:

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



The UK left the EU on 31 January 2020 and the transition period subsequently ended on 31 December 2020.

Q59 Taking everything into account, to what extent have you found that communications from the FCA around the UK's withdrawal from the EU have been relevant to your firm?

→ Please cross one box only

- To a great extent
- To some extent
- Not very much
- Not at all
- Don't know

Q60 Which of the following actions, if any, have you taken as a direct result of the UK's withdrawal from the EU?

→ Please cross as many boxes as apply

- Increased resource requirements
- Decreased resource requirements
- Expanded operations overseas, but not in the EU
- Expanded operations in the EU
- Expanded operations in the UK
- Reduced operations overseas, but not reduced in the EU
- Reduced operations in the EU
- Reduced operations in the UK
- Hired compliance staff to consult on Brexit
- Increased communications with customers and stakeholders around changes or anticipated changes in the market
- Moved activities overseas
- Withdrawn overseas activities
- Something else (please write in)

- None of these
- Don't know

+

+

+

Q61 Which of the following actions, if any, are you considering as a direct result of the UK's withdrawal from the EU?

→ Please cross as many boxes as apply ☑

- Increasing resource requirements
- Decreasing resource requirements
- Expanding operations overseas, but not in the EU
- Expanding operations in the EU
- Expanding operations in the UK
- Reducing operations overseas, but not reduced in the EU
- Reducing operations in the EU
- Reducing operations in the UK
- Hiring compliance staff to consult on Brexit
- Increasing communications with customers and stakeholders around changes or anticipated changes in the market
- Moving activities overseas
- Withdrawing overseas activities
- Something else (please write in)

- None of these
- Don't know

Section 10:

Suggestions for the FCA

Q62 Now thinking about your opinion of the FCA in general, 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 below

+

21

+

Section 11:

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.

Q63 Where are your customers located?

→ Please cross one box only ☒

- Only in the UK → Go to Q65
- Partly in the UK, partly overseas → Go to Q64
- Only overseas → Go to Q64
- Don't know → Go to Q65

Q64 Are your overseas customers...

→ Please cross one box only ☒

- Mainly based in the EU
- Mainly based outside the EU
- Both equally (inside and outside the EU)
- Don't know

Q65 How many full-time staff (or equivalent) are employed by your firm in the UK?

→ Please cross one box only ☒

- 0-9
- 10-19
- 20-49
- 50-99
- 100-499
- 500-999
- 1,000 or more
- Don't know

Q66 How many customer-facing staff does your firm have in the UK?

→ Please cross one box only ☒

- 0-9
- 10-19
- 20-49
- 50-99
- 100-499
- 500-999
- 1,000 or more
- Don't know

Q67 Which people within your firm were involved in the completion of this survey?

→ Please cross as many boxes as apply ☒

- Chief Executive/Managing Director or equivalent
- Board Member(s)
- Group Head of Compliance
- Firm Head of Compliance
- Someone else (please write in)

Q68 Would you be willing to be re-contacted by Kantar regarding this research?

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

→ Please cross one box only ☒

- Yes
- No

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 to the following address:

Kantar
PO Box 1071
Cressex Business Park
High Wycombe
HP12 3WY

Appendix C – Warm up communication



FCA
Practitioner Panel

FAO {Full name}
{Organisation 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 and asked to take part in an online study, the **2021 FCA and Practitioner Panel Survey** of regulated firms. This is an excellent opportunity for you, as a senior representative of a regulated firm, to provide your views of the FCA. Where possible, the survey should be completed by the most senior person in your firm or group (Chief Executive or equivalent).

The survey is usually carried out annually, but was cancelled in 2020 due to the COVID-19 pandemic.

It is always important for the FCA to hear from firms like yours. This is especially significant this year since, as part of its transformation programme, the FCA wants to deliver against its outcomes by making the regulator as effective and efficient as it possibly can be.

If you have any questions you can contact Kantar on 0800 015 0302 or at fcappsurvey@kantarpublish.com. Alternatively, you can contact the FCA Supervision Hub on 0300 500 0597.

You can find more information about previous surveys and the FCA's Practitioner Panels, including the Smaller Business Practitioner Panel, at www.fca-practitioner-panels.org.uk/. For more information about this year's survey visit www.fcapractitionerpanelsurvey.co.uk.

We will publish headline results from the survey in Autumn 2021.

Thank you for helping us.

Yours sincerely,

Nikhil Rathi
Chief Executive
Financial Conduct Authority

Paul Feeney
Chair
FCA Practitioner Panel

Appendix D – Survey invitation



FAO {Full name}
{Organisation name}
{Date}

Ref: {ID}
Date:

Dear {Forename},

Have your say: the FCA and Practitioner Panel Survey 2021

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.

How to take part

- 1 Go to www.fcapractitionerpanelsurvey.co.uk and select "Click here to complete the survey"
- 2 Enter your log-in details in the boxes provided:
Username Password
- 3 Select "START NOW" to complete the study and submit when done

The questionnaire should be completed by the most senior person in your firm or group (Chief Executive or equivalent). If your firm is a member of a group, please answer from the group's perspective as much as possible. The questionnaire is only sent to one contact in each group.

More information about the survey, including a [PDF copy of the questionnaire](#), can be found at www.fcapractitionerpanelsurvey.co.uk.

Confidentiality

The independent research company, Kantar, is conducting the survey. In line with the Market Research Society Code of Conduct, Kantar 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.

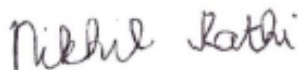
Survey results

Kantar will present the results from the survey to the FCA Board and the Practitioner Panel. We will publish the results in summer 2021. For information about the Practitioner Panels, including the Smaller Business Practitioner Panel, and previous Surveys, please visit www.fca-practitioner-panels.org.uk.

If you have any questions, please contact Kantar on 0800 015 0302 or at fcappsurvey@kantarpublish.com. Alternatively, you can contact the FCA Supervision Hub on 0300 500 0597.

Thank you for helping us. This survey is a valuable source of information for the FCA and the Practitioner Panel, and your participation is greatly appreciated.

Yours sincerely



Nikhil Rathi
Chief Executive
Financial Conduct Authority



Paul Feeney
Chair
FCA Practitioner Panel

About the study

Why has my business been chosen?

Your business has been chosen from a database of regulated firms held by the FCA. To ensure that the results from the survey are representative of the financial services industry, we are contacting all of the largest firms and a representative selection of smaller businesses.

What is the study about?

The main aim of the study is to obtain views from within the financial services industry of how well the FCA is performing in relation to its statutory objectives - protecting consumers, enhancing the integrity of the UK finance system, and promoting effective competition. The survey asks how satisfied you are with the contact between your organisation and the FCA, and for your views on how FCA regulation has impacted on your firm.

Why should I take part?

This is an opportunity to have your say about how the FCA carries out its regulatory duties. The results from this survey will have a major influence on the functions of the FCA and the way in which they communicate with firms.

Who should take part?

An important element of this survey is that it collects the views of people running regulated firms. This is why we are asking that the most senior executive in your organisation completes this survey.

Depending on your personal level of contact with the FCA, you may find it useful to consult other colleagues within your organisation before completing the online survey. On the survey homepage (www.fcapractitionerpanelsurvey.co.uk), we have provided the option of printing out a paper copy of the questionnaire, which may help you to gather the required information.

How long will the survey take?

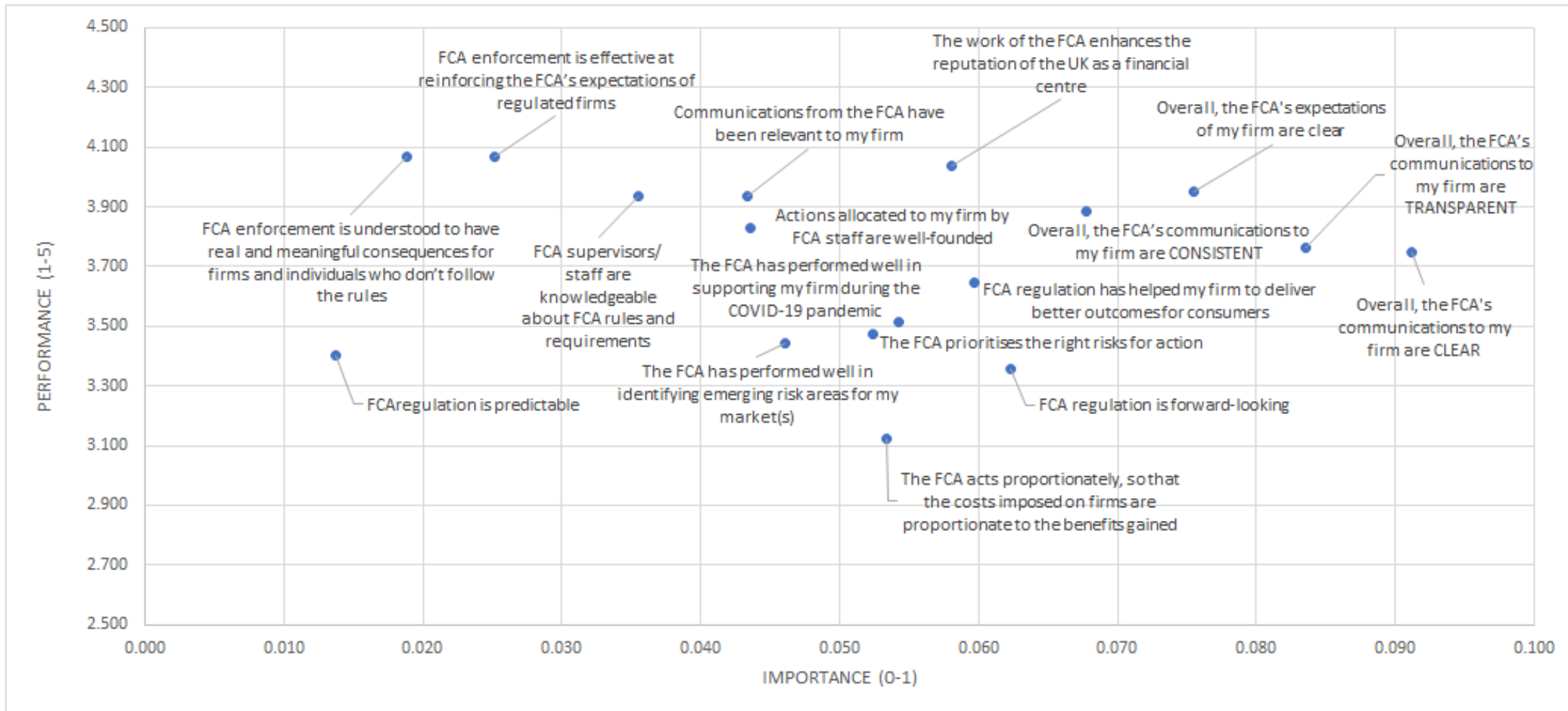
The survey should take around 20 minutes to complete.

What will happen to my answers and the information I give?

The information given by everyone who helps with the survey will be combined and used by the FCA and the Panel to provide a current picture of the FCA's regulatory performance.

Appendix E – Key Driver Analysis

Drivers of Satisfaction



Drivers of Perceived Effectiveness

