



Practitioner Panel Survey

2016 Report

July 2016



TNS BMRB



Panel Chair's Foreword

The annual Panel Survey of regulated firms is a key measure of changes in the industry's perception of the Financial Conduct Authority (FCA) and whether it is meeting its objectives. The purpose of this Survey is to highlight areas where the FCA should be targeting its resources in order to achieve its objectives.

This year's Survey has evolved in several ways. Our collective objective is to rebuild trust between the regulator, the industry and consumers. This is why we have probed in more detail firms' views on their level of trust in the FCA and how it has changed in the last 12 months. During the last year the FCA has changed its supervisory approach to allocate firms to one of two categories, and we have asked firms whether this approach is fully understood. We have also carried out more analysis to understand better why firms hold the views they do about the FCA.

The latest wave of the survey was conducted for us by TNS BMRB between February and April 2016. In total, 3,357 firms completed the survey, a response rate of 34%. Results for Consumer Credit firms are presented separately and are based on responses from 371 firms.

Overall findings

The top-level finding of the Survey is that the majority of firms are reasonably satisfied with the regulatory relationship. They believe the FCA is an effective regulator and feel their interaction is at about the right level.

The overall effectiveness score has remained the same as last year, with firms scoring the FCA at 6.7 out of 10. Satisfaction with the FCA has increased slightly year on year from 7.1 out of 10 in 2015, to 7.2 in 2016. In 2014, the first Survey of the FCA, the score was 6.9. The generally positive trend in satisfaction is

welcome but there is still room for improvement both in satisfaction and effectiveness.

The Survey has highlighted three areas where the industry would value improvement from the FCA. These are:

- improving the knowledge of FCA staff and supervisors;
- more transparent regulation, including emphasis on the independence of the FCA and consistency of action;
- more forward looking regulation, including a better grasp of the impact of its work on the industry.

The Survey also identifies that the industry continues to have less confidence in the way the FCA addresses its competition objective, which is disappointing.

Looking at the analysis on a sector basis, it is clear that the long-term savings and investment sector is less satisfied overall, gives a lower rating for the effectiveness of the FCA in regulating the industry, and expresses a lower level of confidence in the FCA's ability to meet its objectives.

There is an opportunity for the regulator under its new leadership to work on these points and for the Practitioner Panel to help in a collaborative way.

Conduct classification

In 2015 the FCA simplified its supervisory structure into two categories. Fixed portfolio firms (a small population of firms that, based on factors such as size, market presence and number of customers, experience the highest level of supervisory interaction) and flexible portfolio firms. Throughout the Survey we have analysed any difference in views between fixed and flexible firms.

FCA objectives

Between 2015 and 2016 there has been a small fall in the level of confidence in the FCA's performance in ensuring markets function well (from 76% in 2015 to 74% in 2016), and in securing an appropriate degree of protection for consumers (from 81% in 2015 to 78% in 2016).

There was no real change in its performance in promoting effective competition (57% in 2015 and 56% in 2016). Last year we highlighted concerns that the industry is not yet operating in an environment in which firms can compete effectively without encountering regulatory barriers. We are therefore disappointed that there has been no progress against the competition objective, and that fewer than half of fixed portfolio firms are confident that the FCA is delivering on this objective. We are aware of the many initiatives the FCA is carrying out in the area of competition, and in the related area of innovation, and recommend that these initiatives and their outcomes are communicated more actively.

Trust

We particularly chose to focus on firms' trust in the FCA for the 2016 survey. Previous years of the survey gathered views in relation to specific aspects of trust, but to gain a general sense of how firms perceive the regulator we asked how their level of trust in the FCA had changed over the last year. We will continue to ask this question in order to track progress in future years.

The majority of firms (78%) reported no change to their level of trust, while 13% of firms said their trust had increased and 8% said it has decreased. Fixed firms were more likely to have experienced a change to their level of trust, with 20% saying it has increased and 10% that it had decreased. It is positive that many firms who reported an increase in trust

mentioned that the FCA is taking a more collaborative approach with the industry and paying more attention to firms' points of view. A major factor driving a decrease in trust is the level of fees. We encourage the FCA to be mindful of this when considering fees for next year and in its forthcoming review of the FSCS levy.

Communication

Overall satisfaction with FCA communications, at 6.9 out of 10, is similar to last year. Almost a third of firms agreed that the most important thing the FCA could do to ensure the public has an accurate impression of the financial services industry is to publicise examples of good practice and positive behaviour. The Panel firmly agrees that this should be a key regulatory tool for the FCA.

Long Term Savings and Pensions

We have analysed the results by sector, and it is noticeable that in almost every area lower levels of satisfaction were apparent for long term savings and pensions. Respondents in this sector are less satisfied overall, and are particularly likely to feel that the information they have to provide for consumers is excessive. We recommend that the FCA should focus particularly on this sector when considering regulatory policy, such as the outcomes from the Smarter Consumer Communications work.

Consumer Credit

The consumer credit industry still continues to go through the process of authorisation by the FCA, therefore they have been analysed separately for this Survey. Across most of the FCA objectives consumer credit firms have similar levels of confidence to the rest of the industry in the FCA's ability to deliver, but they have significantly more confidence in its ability to deliver on the competition objective. This is an observation the FCA may wish to take into

account if it wishes to raise confidence overall in this area.

Key drivers of firm satisfaction

We have analysed the responses to find out more about what drives firms' views of satisfaction with the regulator. We have mapped out which areas firms consider to be important against those in which the FCA is achieving lower scores and identified three priorities:

- FCA staff/supervisors having sufficient knowledge to understand firms
- Transparent regulation
- Forward looking regulation

The first two drivers in particular are related to the questions of trust. Fixed firms, which have a direct supervisory relationship, are more likely to have a positive view with 72% agreeing that their supervisor has sufficient experience, but

fewer than half of flexible portfolio firms, which have less direct contact with the regulator, agree that supervisors have sufficient knowledge to understand their firm. We acknowledge the work the FCA is undertaking on staff training and reducing turnover and recommend that this should be a priority area for the next year.

We highlighted last year that the FCA faced substantial challenges to its operations and strategy and this has been compounded this year by changes to its leadership and senior management. To have maintained broadly similar scores for effectiveness and satisfaction is therefore a sign that the industry generally has confidence in its operations. The Panel looks forward to working together with the FCA over the next year on the areas the industry has identified as key priorities for attention.

António Simões
Chair, FCA Practitioner Panel



Research Report by TNS BMRB

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1. Executive Summary

The FCA Practitioner Panel Survey offers firms regulated by the FCA the opportunity to feedback their views on the performance of the regulator.

The latest wave of the survey was conducted by TNS BMRB on behalf of the Panel. Fieldwork took place between February and April 2016. In total, 3,357 firms completed the survey, constituting a response rate of 34%. Results for Consumer Credit firms are presented separately and are based on responses from 371 firms.

Overall the survey shows that the majority of firms are generally satisfied with the regulatory relationship, believe the FCA is an effective regulator and feel that their level of interaction with the regulator is at about the right level. Satisfaction has increased slightly year on year from 7.1 to 7.2 out of 10 while the effectiveness score has remained stable at 6.7 out of 10.

Fixed portfolio firms, for whom regulation has a greater impact on their business, tend to be less satisfied with their regulatory relationship and with the effectiveness of the FCA overall but do have more confidence in the FCA's ability to deliver against the first two out of three of its operational objectives;

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

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

fixed portfolio firms compared with flexible portfolio firms.

Analysis of firms' responses shows the factors which are important to firms in driving their satisfaction with the FCA and their perception of the effectiveness of the regulator. This identified three main priorities for improvement where performance is lower in these areas identified as important by firms. These priorities for improvement were;

- FCA staff/supervisors having sufficient knowledge to understand firms
- Transparent regulation
- Forward looking regulation

An area of importance where the FCA was seen to be performing well was in enforcement activity delivering the appropriate message to the industry. There are however signs that performance in this area is beginning to fall back as firms reported lower levels of agreement that enforcement activity acts as a credible deterrent, that it delivers the appropriate message to the industry and that it is used to better protect the consumer compared with 2015. There has also been a small increase in the proportion of firms which feel that the publication of fines undermines confidence in the industry.

There was an increased focus in the 2016 survey on firms' trust in the FCA. Overall the majority of firms felt that their level of trust in the regulator had stayed the same over the last year. However where firms reported a decrease in trust they raised concerns about the high turnover of FCA staff and a lack of knowledge shown by FCA staff.

Overall firms were broadly content with their level of contact and interaction with the FCA. Around nine in ten firms considered the level of

interaction with the regulator to be about right, eight in ten felt the number of information requests was about right and three quarters felt the tone of information was about right.

There were however a significant minority of firms who were somewhat critical of the FCA's communication, 14% felt that the tone of information was too negative and 18% felt that the information put into the public domain did not give an accurate impression of the industry. Among these firms the most cited suggestion for improvement was for the FCA to do more to publicise examples of good practice within the industry.

The FCA has recently changed its supervisory approach and over a third of firms reported that they did not have a good understanding of the new approach.

Across almost every area measured by the survey lower levels of satisfaction were apparent in the Long Term Savings and Pensions sector. These firms are less satisfied overall, give a lower rating for the effectiveness of the FCA in regulating the industry and express lower levels of confidence in the FCA's ability to meet its objectives. They are particularly dissatisfied with FCA communication (although they accept the amount of communication is about right, they tend to feel that this should be more tailored and easier for firms to understand). They are far more likely than other sectors to feel that the information they are required to provide for consumers is excessive.

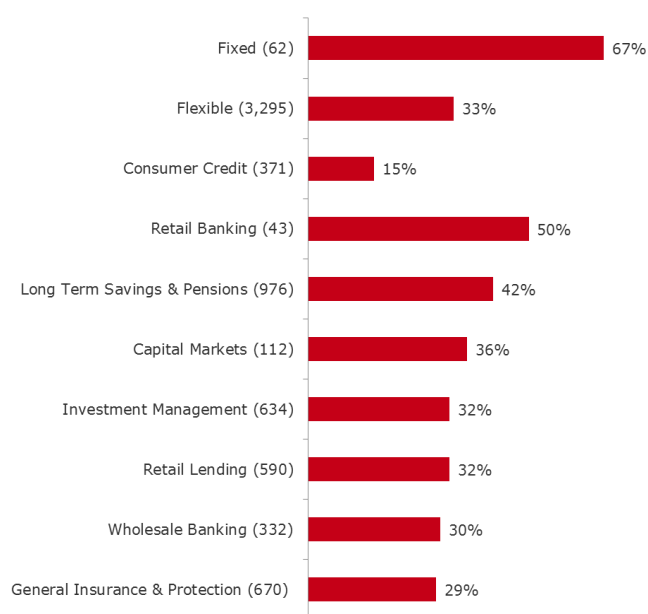
2. Methodology

The FCA Practitioner Panel (the "Panel") and its predecessor Panel for the FSA have undertaken surveys of the industry's view of the regulator and its operations since 1999. These have provided an ongoing picture of the financial services industry's reaction to regulatory policies and how they work in practice. Since the introduction of the FCA in 2013 the survey has focussed on perceptions of the effectiveness of the FCA in regulating the industry as well as measuring firms' satisfaction of the FCA as a regulator. Previous sweeps of the survey have tended to be run on a biennial basis. From 2015 the survey moved to an annual survey and hence the 2016 survey is the first to report the time trends across a single year.

From 2014 the FCA started to become responsible for the regulation of consumer credit firms. Therefore since 2015 consumer credit firms have been included in the survey. At the time of the 2016 the authorisation process for consumer credit firms was ongoing and therefore results for these firms are presented separately in Chapter 9.

The latest wave of the survey was conducted by TNS BMRB on behalf of the Panel. Fieldwork took place between February and April 2016. Overall 10,011 firms were invited to take part, including all fixed portfolio firms and a sample of flexible portfolio firms. The selected sample included firms from all seven FCA supervision sectors. Contact details were obtained from the FCA's TARDIS database of regulated firms. The intended respondent was the most senior person in the firm. Selected firms were sent an initial 'warm-up' email informing them about the research, followed shortly by an invitation email containing a link to the online survey. In total, 3,357 firms completed the survey, constituting a response rate of 34%. An additional 371 Consumer Credit firms took part, at a response rate of 15%. The breakdown of response rate by firm type is shown in Figure 2.1.

Figure 2.1 - Response Rate 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 activity 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 also represent a majority of all regulated firms. In light of this, results for the whole sample will be almost identical to results for the flexible firms in isolation.

3. Performance of the FCA as a regulator



This chapter explores the industry view of the FCA's performance as a regulator based on three key metrics; firms' satisfaction with the relationship with the FCA, firms' perceptions of the effectiveness of the FCA as a regulator, and finally firms' perceptions of the FCA's performance against its objectives.

3.1 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. Overall almost seven in ten firms (69%) gave a high satisfaction score (7 to 10), representing no change from 2015 (Fig. 3.1). The mean score has however increased slightly between 2015 and 2016 from 7.1 to 7.2.

The relatively small increase in overall satisfaction levels appears to reflect a plateauing in firms' views of their relationship with the regulator following the sharp fall recorded in 2010 (a mean score of 5.4) and a steady increase thereafter.

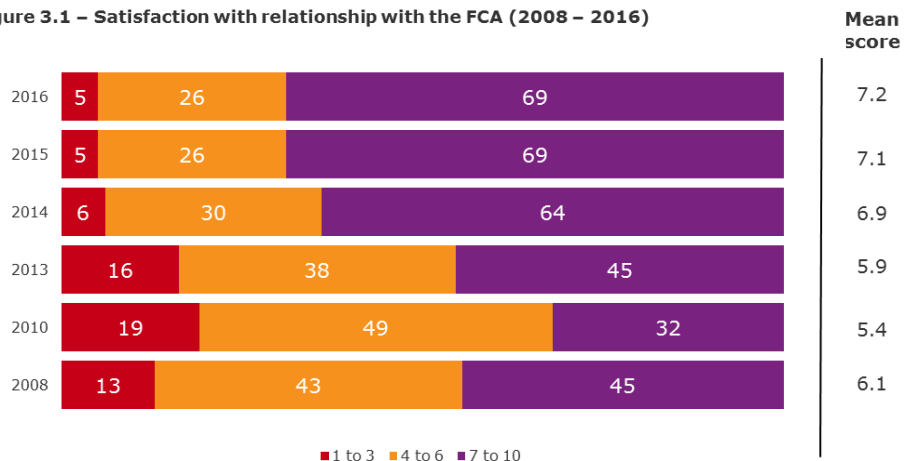
Satisfaction levels were lower among fixed portfolio firms compared with flexible portfolio firms (6.8 compared with 7.2). Across the sectors there was little difference in levels of satisfaction with the relationship with the FCA, the only exception being the Long Term Savings and Pensions sector where satisfaction was lower at 6.9 compared with 7.4 in the Wholesale Banking sector and 7.3 in Capital Markets.

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

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

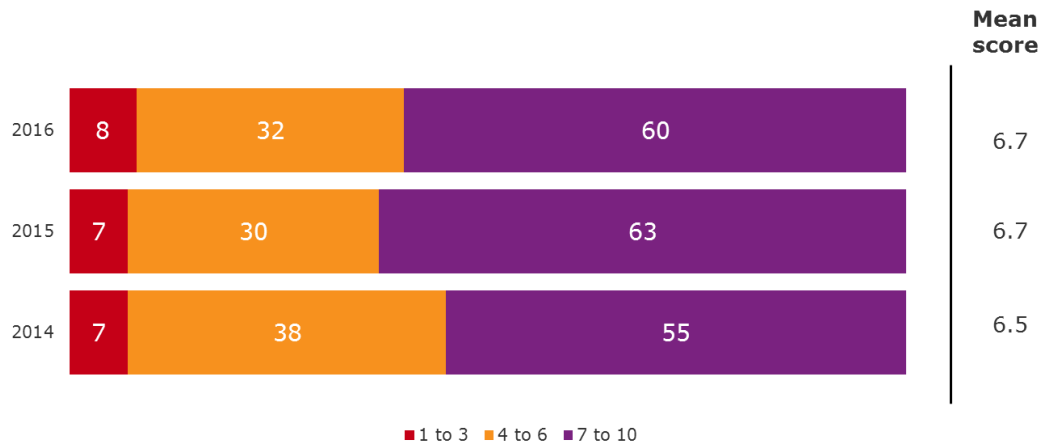
There has been no change year on year in firms' rating of the effectiveness of the FCA with a mean score of 6.7 reported in 2016 and 2015 (Fig. 3.2). As with satisfaction scores, the fixed portfolio firms gave a lower score on average than flexible portfolio firms (6.5 compared with 6.7).

Figure 3.1 – Satisfaction with relationship with the FCA (2008 – 2016)



Base: All firms - 2016 (3,357); 2015 (4,055); 2014 (3,146); 2013 (1,470); 2010 (4,187); 2008 (4,407)

Figure 3.2 – Effectiveness of the FCA in regulating the financial services industry in the last year)



Base: All firms - 2016 (3,357); 2015 (4,055); 2014 (3,146)

Across the different sectors scores were lowest in the Long Term Savings and Pensions sector with a mean score of 6.2 compared with 6.7 overall and 7.2 in the Wholesale Banking sector.

3.3 Reasons for low effectiveness score

Firms were invited to give more detailed feedback regarding the reasoning behind their perceptions of the FCA’s effectiveness. Among those who gave a low score (1-3) the most common reasons were:

- The FCA should be doing more to prevent wrong doing (23%)
- FCA is/has been ineffective in dealing with larger firms (18%)
- Regulation should be tailored and proportionate to the size of firm/level of risk (18%)
- Regulatory activity is too time consuming/burdensome/restrictive for our firm (12%)

In 2015, over a third of firms gave a low score (35%), saying this was because they felt the FCA should be doing more to prevent wrong doing. Although this was the most common response in 2016 the emphasis has changed slightly with just under a quarter of firms citing this (23%). In 2016 firms were more likely to raise concerns that the FCA had been ineffective

in dealing with larger firms, an issue that was not raised in 2015.

Where firms gave a high score for effectiveness the most common response was that they feel the FCA operates in an effective and efficient manner (given by 16% of firms who gave a score between 7 and 10).

3.4 Drivers of satisfaction and effectiveness

As a regulator the FCA needs to consider the importance of each of these measures of its performance and the Panel have been considering which measure should take precedence.

Not surprisingly there is a high level of correlation between the scores given for satisfaction and effectiveness. However, looking at the drivers of both satisfaction and effectiveness some differences can be identified in the underlying drivers for each of these areas.

The top four most important drivers for satisfaction were:

- My FCA supervisors/FCA staff have sufficient knowledge to understand my firm
- My FCA supervisors/FCA staff exercise good judgement
- The FCA is an effective conduct regulator
- FCA regulation is transparent

The top four most important drivers for effectiveness were:

- FCA regulation is forward looking
- FCA regulation is transparent
- My FCA supervisors/FCA staff have sufficient knowledge to understand my firm
- The FCA's enforcement procedure delivers the appropriate message to the industry

Overall performance levels across these areas were relatively high so while some are identified for improvement, this would be to build on a relatively good position. The main areas to improve are summarised in Figure 3.3 while the detailed analysis is shown in Appendix B.

There is some overlap around the importance of sufficient knowledge of FCA staff and supervisors and transparency of regulation, suggesting that these two areas are critical for the FCA.

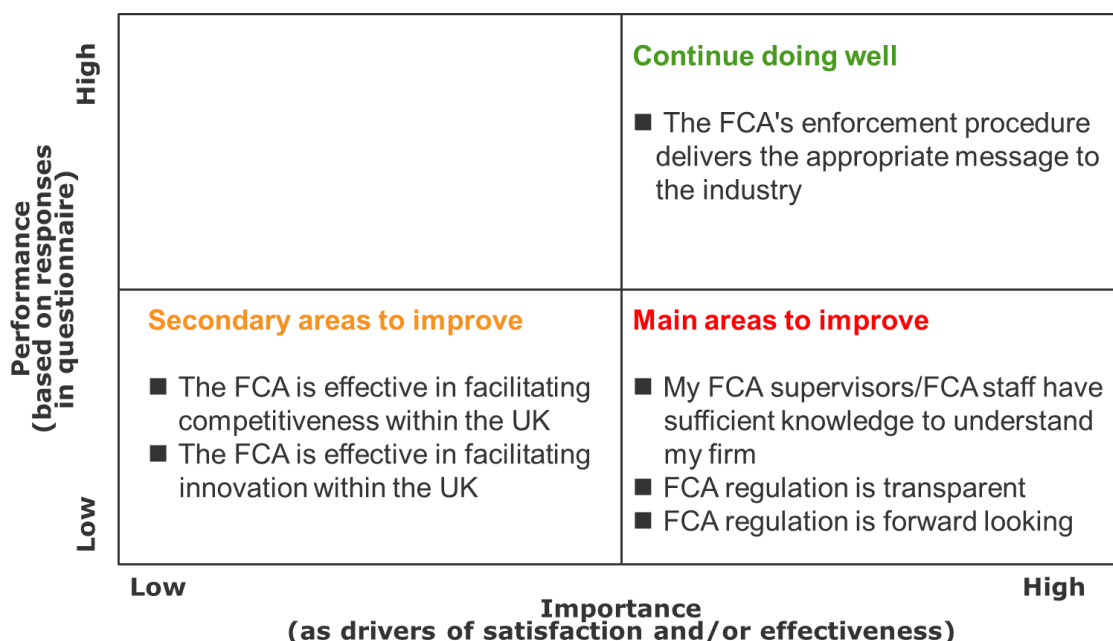
'My only concern is that although we follow the handbook and implement what we believe necessary, the rules can be interpreted differently by the FCA and you could be deemed to be doing something incorrectly through no fault of your own.'

Flexible, Investment Management

These two factors show lower performance levels than the other more influential drivers suggesting that these should be priorities for improvement. An improvement in these areas would be likely to result in an overall increase in both satisfaction and effectiveness scores (detailed scores are shown in Appendix B).

In contrast, the importance of forward looking regulation is much more prominent in firms' rating of the effectiveness of the FCA as is the enforcement procedure acting as a credible deterrent. Given the level of importance assigned to regulation being forward looking, the performance of the FCA in this area, according to the industry, is relatively low and this would therefore be a further priority for improvement.

Figure 3.3 – Main areas to improve



We have also looked at the importance of each of the three operational objectives of the FCA on firms' satisfaction levels and perception of effectiveness. For satisfaction, promoting effective competition in the interests of consumers in the financial markets was the most important of the three operational objectives and the lowest performing – suggesting this should be a priority for improvement. In terms of effectiveness, securing an appropriate degree of protection for consumers was the most important and ratings of the FCA were highest for this objective.

Finally there were two areas where the level of importance to firms was lower but performance was particularly low; "The FCA is effective in facilitating competitiveness within the UK" and "The FCA is effective in facilitating innovation within the UK". This suggests that these areas would be secondary priorities for improvement (they were of slightly more importance to the effectiveness score than satisfaction scores).

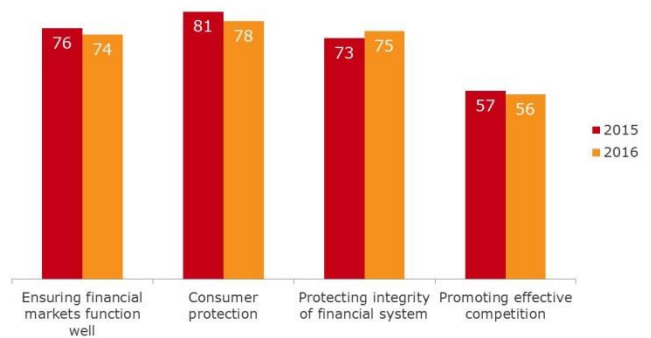
3.5 Performance against objectives

All firms were asked how confident they felt in the FCA's performance against its objectives, including the single strategic objective of ensuring financial markets function well and the 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

Between 2015 and 2016 there has been a fall in the level of confidence in the FCA's performance in ensuring markets function well (from 76% in 2015 to 74% in 2016), and in securing an appropriate degree of protection for consumers (from 81% in 2015 to 78% in 2016). There was no real change in its performance in promoting effective competition (57% in 2015 and 56% in 2016) and an increase in firms' confidence in the FCA's performance in protecting the integrity of the financial system (Fig. 3.4).

Figure 3.4 – Level of confidence in the FCA's performance against objectives (% very/fairly confident) 2015 vs 2016

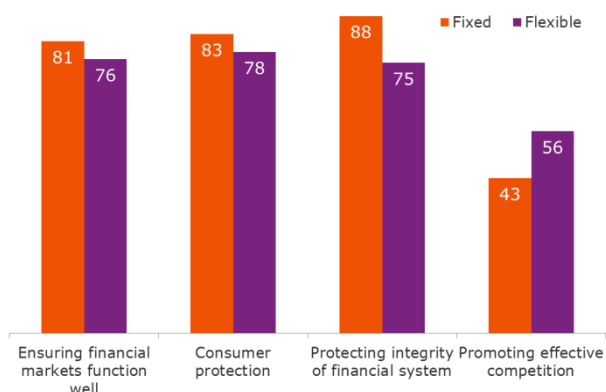


Base: All firms - 2015 (4,055); 2016 (3,357)

Promoting effective competition was a new objective for the FCA, introduced in 2013. The industry has consistently reported lower levels of confidence in the FCA's performance against this objective compared with its other objectives. However between 2014 and 2015 the proportion of firms who expressed confidence in this objective increased from 45% to 56% and the lack of continued improvement in 2016 means that this remains an area of priority for improvement.

Fixed firms tended to be more confident than flexible firms in the FCA's performance against its objectives (Fig. 3.5), with the exception of promoting effective competition where only 43% of fixed firms felt confident in the FCA delivering on this objective compared with 56% of flexible firms.

Figure 3.5 – Level of confidence in the FCA's performance against objectives (% very/fairly confident) Fixed vs flexible portfolio firms



Base: All firms - Fixed (62); Flexible (3,295)

Although fixed firms showed lower levels of confidence in the FCA's delivery of its competition objective this does represent an improvement in the confidence of fixed firms from 35% in 2015 (although this difference is not statistically significant).

Across the different industry sectors, confidence was lowest in the Long Term Savings and Pensions sector compared with other sectors, across all the objectives. There was little significant difference in levels of confidence among the other sectors.

3.6 Importance of confidence in FCA's ability to deliver against its objectives

We have explored the importance of levels of confidence in each of the three operational objectives of the FCA on firms' satisfaction levels and perception of effectiveness. For satisfaction, promoting effective competition in the interests of consumers in the financial markets was the most important of the three operational objectives; it was also the lowest performing, suggesting that this should be a priority for improvement to increase firms' overall levels of satisfaction with their relationship with the FCA. In terms of effectiveness, securing an appropriate degree of protection for consumers was the most important. Confidence in the FCA's delivery of this objective was high, suggesting that the FCA should continue with the good work it is already doing in this area.

4. Contact and Communication



4.1 Regularity of contact with the FCA

Firms were asked how regularly they had contact with the FCA, through any method. As might be expected given their contrasting supervisory approaches, fixed and flexible firms reported very different levels of contact for each of the methods mentioned. All fixed firms had email contact with the FCA at least once a month and 92% reported contact by telephone at least once a month (compared with 20% and four per cent of flexible firms respectively).

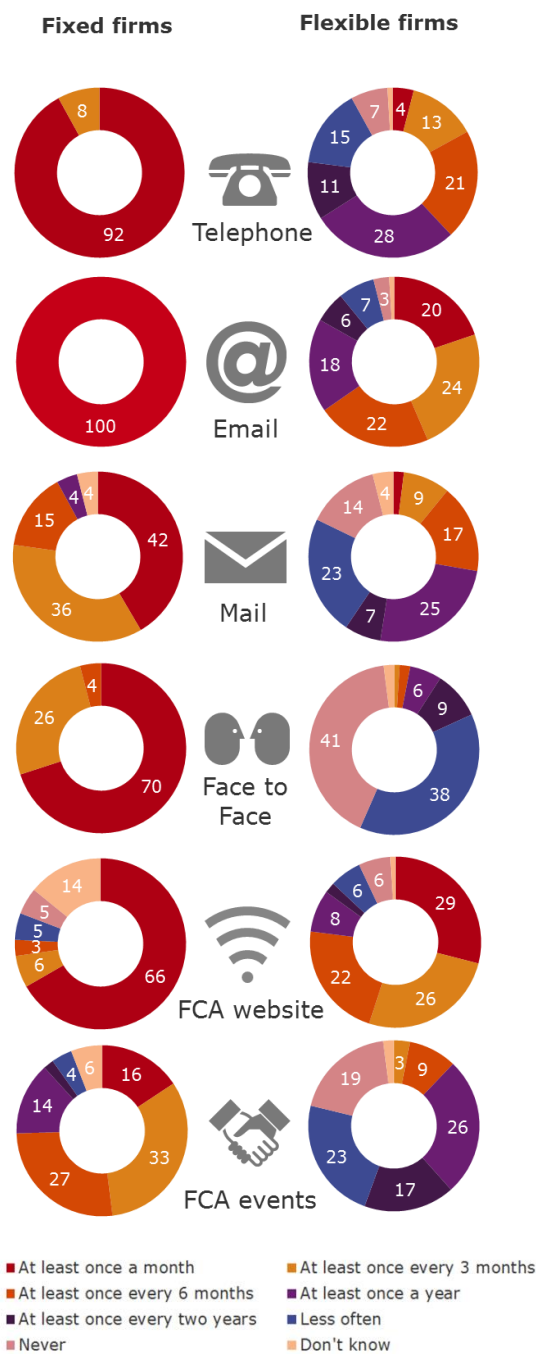
Levels of contact overall were lower among flexible firms. Four in ten flexible firms (40%) had some form of contact with the FCA at least once a month, 30% at least once every three months, and 19% at least once every six months.

Among flexible firms, the most regular form of contact with the FCA was via the FCA website, with 29% using the site at least once a month and 26% at least once every three months.

Taken together with the levels of contact through other methods, this suggests that interaction with the FCA for flexible firms is generally more passive when compared with fixed firms. Four in ten flexible firms (41%) reported that they have never had face to face contact with the FCA, and two in ten (19%) had never attended an FCA event.

Firms were also asked to rate their level of interaction with the FCA. The vast majority (92%) felt the level of contact to be 'about right', three per cent felt it was 'too much' and five per cent felt it was 'too little'. Fixed firms were more likely to feel that the level of contact was 'too much' (14%) compared with three per cent of flexible firms.

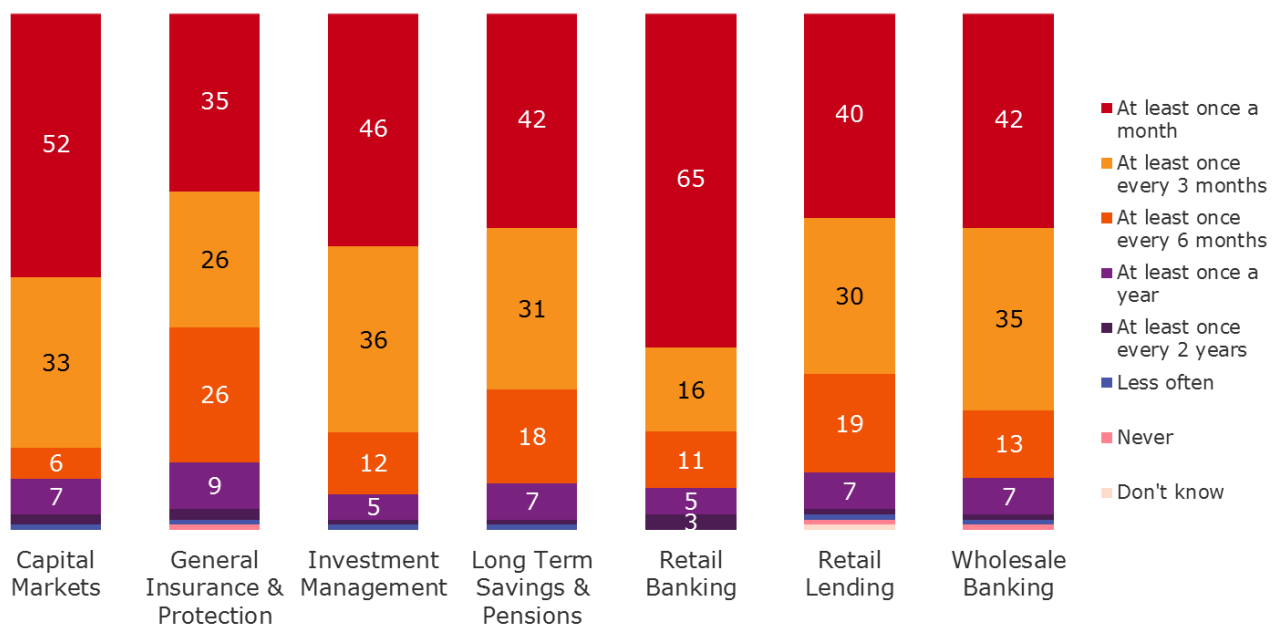
Figure 4.1 – How regularly would you say your firm has had contact with the FCA through each of the following methods?



Base: All Fixed firms (62); All Flexible firms (3,295)



Figure 4.2 – Regularity of contact with the FCA (via any method) by Sector



Base: Capital Markets (112); General Insurance & Protection (670); Investment Management (634); Long Term Savings & Pensions (976); Retail Banking (43); Retail Lending (590); Wholesale Banking (332)

Across sectors, overall levels of contact were broadly similar (Fig. 4.2). Within each sector around nine in ten firms had contact with the FCA at least as often as once every six months. Retail Banking firms experienced the most regular contact with the FCA. Two thirds (65%) have contact at least once a month.

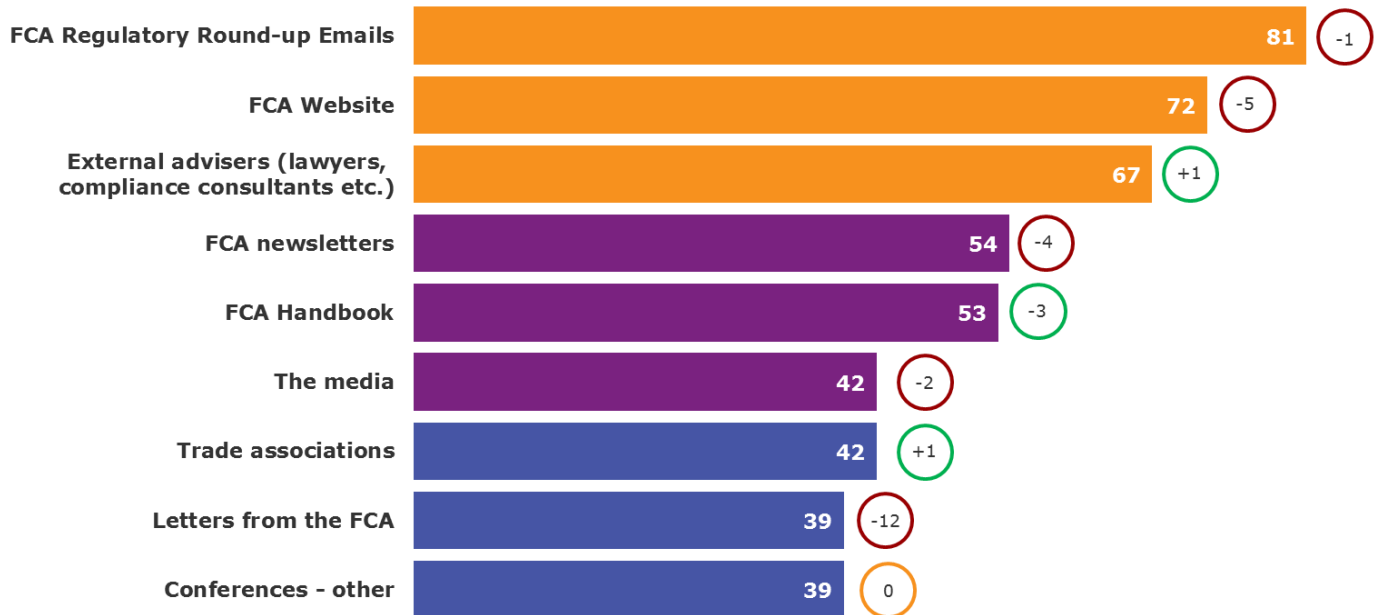
There was some variation across sectors in terms of the method of communication used. More than two thirds of Retail Banking (71%) and Long Term Savings & Pensions firms (67%) have had some degree of face-to-face contact with the FCA, compared with 63% in Capital Markets, 57% in Retail Lending, 53% in Investment Management, 48% in General Insurance & Protection, and 45% in Wholesale Banking. The latter two sectors are also the least likely to have had telephone contact with the FCA: 10% of firms in both General Insurance & Protection and Wholesale Banking have never had telephone contact with the FCA.

4.2 Sources of information

Firms were also asked to state which sources of information they used to learn about the FCA (Fig. 4.3). The most common sources were unchanged between 2015 and 2016. Eight in ten firms (81%) used the FCA 'Regulation Round-up' email, seven in ten (72%) used the FCA website, and two thirds (67%) used external advisors. The most notable change over the last 12 months was the decrease in firms use of letters from the FCA as a source of information (down from 51% in 2015 to 39% in 2016). This is most likely due to a change of policy within the FCA as to their method of communicating with firms. Despite this decrease there has been no corresponding increase in the use of other information sources overall. The majority of firms who did not receive letters from the FCA used the 'Round-up' emails (80%) and/or the FCA website (66%) as an information source. Nine in ten of these firms (91%) rated their level of contact as 'about right', suggesting that, for the most part, their information needs were still being met.



Figure 4.3 – What information sources do you use to learn about regulation and the FCA?



Base: All firms 2016 (3,357); 2015 (4,055). Circles indicate change since 2015

There were some clear differences in the types of information sources used by fixed and flexible firms.

As reflects their different supervisory framework, the most common source cited by fixed firms was FCA supervisor discussions (94%), followed closely by letters from the FCA (92%) and FCA speeches (88%). Fixed firms were much more likely to use these sources than flexible firms. While these figures were all largely unchanged compared with 2015, there has been an increase in the proportion of fixed firms using the Regulation Round up email (64% compared with 54% in 2015) and external advisers (84% compared with 76% in 2015). This suggests that although information coming from the FCA remains an important source for fixed firms, there is an increasing appetite for alternative sources of information about regulation.

Sources used by flexible firms were largely unchanged year on year. With the exception of letters from the FCA (discussed above), the proportion of flexible firms using each source was very similar to 2015.

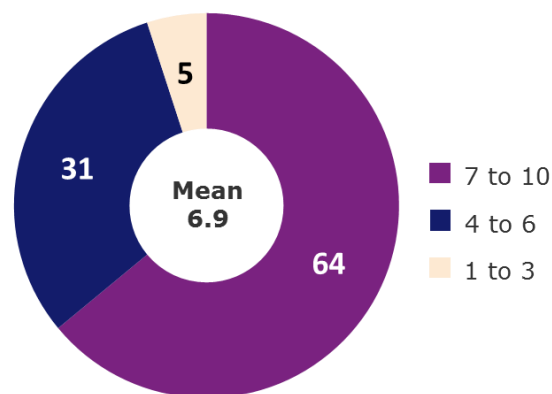
4.3 Satisfaction with FCA communication

When asked to consider their level of satisfaction with communications from the FCA, firms were generally satisfied (Fig. 4.4). Around two-thirds of firms (64%) gave a high satisfaction score for communication (7 to 10). Only five per cent of firms gave a low rating (between 1 and 3). These figures are comparable to the results from the 2015 survey. The proportion of firms giving a high satisfaction score has fallen slightly (from 68% in 2015) as has the mean score (6.9 compared with 7.0 in 2015).

Satisfaction levels were slightly higher among flexible firms, with a mean score of 6.9 compared with 6.6 among fixed firms.

Interestingly, there is not a direct correlation between regularity of firms' contact with the FCA and their satisfaction with communication. As shown in Figure 4.5, while the highest mean score is among firms who have contact at least once a month (7.0), satisfaction is similarly high among firms who have contact at least once every two years (6.8) or less often (6.9). This suggests that there is a small minority of firms whose relative lack of contact with the FCA does not translate into low satisfaction with communication.

Figure 4.4 – Thinking of all the information that you have seen, heard or read from the FCA, how satisfied are you with the communication from the FCA?

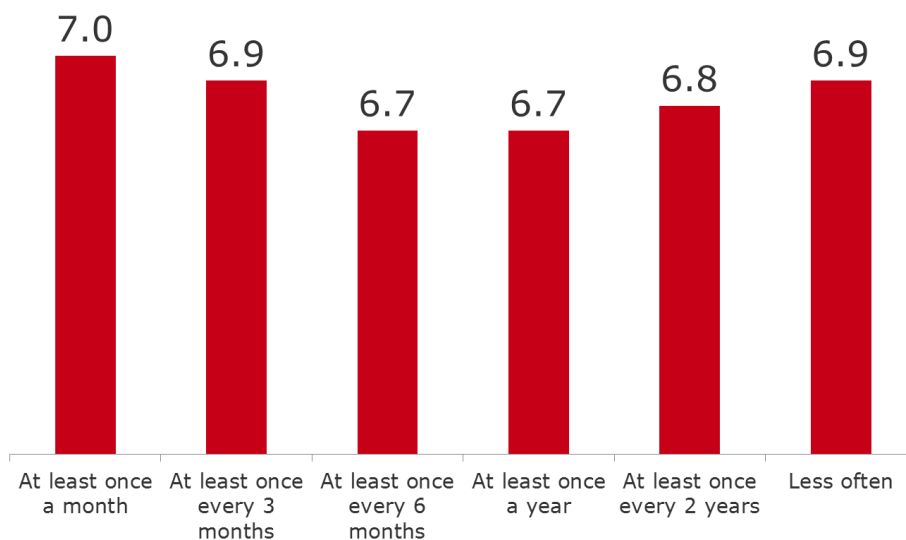


Base: All firms (3,357)

It may be that among these firms there is a general lack of engagement with the regulator, and that these firms are content to not have regular contact.

While firms were not specifically asked to rate their satisfaction with different sources of information, there are indicative results to suggest that certain sources are more likely to be used by firms whose overall satisfaction with communication is high. Firms giving a high satisfaction score (7-10) were more likely than those giving a lower score to use the FCA website (76% vs. 66%), the FCA Handbook (56% vs. 47%) and the FCA Newsletters (56% vs. 51%).

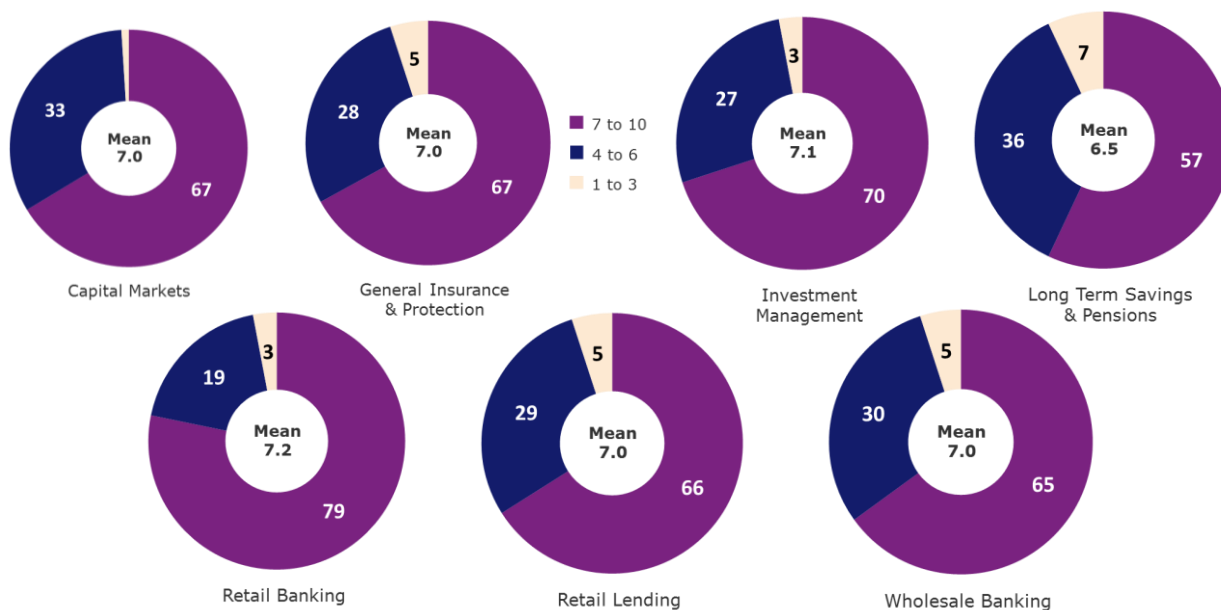
Figure 4.5 – Satisfaction with communication by regularity of contact with the FCA



Base: All firms – At least once a month (1,420); At least once every 3 months (1,031); At least once every 6 months (578); At least once a year (241); At least once every 2 year (39) Less often (30)



Figure 4.6 – Satisfaction with communication from the FCA by Sector



Base: Capital Markets (112); General Insurance & Protection (670); Investment Management (634); Long Term Savings and Pensions (976); Retail Banking (43); Retail Lending (590); Wholesale Banking (332)

Across sectors, satisfaction with communication was generally fairly high, with six out of seven sectors giving a mean satisfaction score of 7.0 or higher (Fig. 4.6). The notable exception is the Long Term Savings & Pensions sector (Long Term S & P), where satisfaction is significantly lower. Firms in this sector gave a mean score of 6.5 with more than four in ten (43%) giving a score of 6 or lower. As seen elsewhere in this report, such a stark difference between Long Term S & P firms and the rest of the industry suggests that there are specific issues at play in this sector. By exploring the ways in which this sector engages and communicates with the regulator, we can begin to understand how their experience might differ in this regard.

Regularity of contact was similar among Long Term S & P firms compared with the rest of the industry. Four in ten (42%) have contact at least once a month (as do 40% in all other sectors) and 91% have contact at least as often as once every six months (89% in other sectors).

Furthermore, in terms of information sources used, responses to the survey suggest that this sector's engagement with regulation is higher than in other parts of the industry.

Half of Long Term S & P firms (51%) say they attend FCA conferences – only Retail Banking, with 73%, reported a higher proportion (third highest here is Retail Lending, with 35%). Long Term S & P firms are also most likely to attend FCA Road Shows (40% - next highest is Retail Lending, with 34%) and other, non-FCA conferences (47% - next highest is Retail Banking, with 42%).

While they have a relatively high level of interaction, there is no indication that Long Term S & P firms consider this to be excessive. Nine in ten (92%) rate their level as 'about right', with 3% considering it to be 'too much'.

All firms were asked two open-text questions with respect to interaction with and communication from the FCA. Both questions simply asked whether they had 'anything further to add' in relation to these subjects, and were intended to capture general comments. Examining responses from Long Term S & P firms, two key themes emerge that shed some light on their relative dissatisfaction with interaction and communication. The first is a general lack of clarity in FCA communication, and a desire for the regulation to use simpler language:



'It needs to be expressed in simple plain English. I find the very wordy and badly written communications less than helpful.'

Flexible, Long Term S & P

'Communication is not in plain language, too much industry/FCA speak. Communications should be more concise and should offer far more guidance as to what they expect rather than for us to try and decipher by reading between the lines as to what is required.'

Flexible, Long Term S & P

'Regulation roundups are one of the most difficult journals to read. Try editing it and laying out the format in an easy to read fashion'

Flexible, Long Term S & P

The second key theme concerns FCA staff, with many of the comments asserting that staff can be unresponsive and slow to provide feedback to firms:

'"Connect" needs to show the progress of applications. At the moment, we put in an application and then hear nothing for months and months. This makes it very difficult to run a regulated business if the regulator doesn't communicate key milestones and give proper estimates of time taken.'

Flexible, Long Term S & P

'I stopped reporting issues to the FSA/FCA because there was no follow up or feedback by the regulator. So, effectively, I was wasting my time.'

Flexible, Long Term S & P

'The contact centre is hopeless. They have never known the answer to any question I have asked and either give you the wrong information or say they have to refer it to "Policy" and you never hear back.'

Flexible, Long Term S & P

'Any interaction that we have had has been on the whole good, the staff are much better than they used to be, more "user friendly"'

Flexible, Long Term S & P

4.4 Tone of communication

A new question for 2016 asked firms to rate the tone of information from the FCA. While three quarters of firms (76%) felt that the tone was 'about right', 15% considered it to be 'too negative'. Just two per cent of firms thought it was 'too positive'.

Results differed considerably between fixed and flexible firms, with fixed firms twice as likely to feel that the tone was 'too negative' (32% compared with 15% of flexible firms). This finding is consistent with the slightly lower levels of satisfaction with communication overall reported by fixed firms (see above).

With regards to sectors, again Long Term S & P firms were most likely to be critical of the FCA. Among firms in this sector, a fifth (22%) felt that the tone of communication was 'too negative' compared with 17% in Retail Banking, 13% in General Insurance & Protection, 11% in Investment Management, 11% in Retail Lending, 8% in Capital Markets, and 7% in Wholesale Lending.

A related question asked firms whether they thought that information regarding financial regulation they had seen in the public domain over the last 12 months had provided an accurate impression of the financial services



Figure 4.7 – What do you think is the most important thing the FCA could do to ensure that the public has an accurate impression of the financial services industry?



Base: All firms disagreeing that information in the public domain over the last 12 month regarding financial regulation has provided an accurate impression of the industry at Q5 (232)

industry. Overall four in ten firms (41%) agreed that it had, two in ten (18%) disagreed and a further four in ten (38%) said that they neither agreed nor disagreed. Here too, fixed firms and Long Term S & P firms were most likely to have a negative impression. Four in ten fixed firms (40%) disagreed compared with 18% of flexible firms. A quarter of Long Term S & P firms (24%) disagreed compared with 15% of all other sectors.

Firms who disagreed that information in the public domain had provided an accurate impression of the industry were asked open-text follow-up question, asking what they thought was the most important thing the FCA could do to ensure that the public has an accurate impression of the financial services industry (Fig. 4.7). The most common responses were to do more to publicise examples of good practice and positive behaviour in the industry (mentioned by 27% of firms asked) and to provide more context and/or perspective when publicising non-compliance (mentioned by 16% of firms asked).

Taken together, these responses give a clear message to the FCA that they could be making more effort to give a balanced view of firms working within the financial services industry, and make a clearer distinction between

compliant and non-compliant firms. Although these comments come from only a minority of firms, they demonstrate a concern that the publicity given to high profile instances of misconduct risks creating a misleading impression of the industry as a whole.

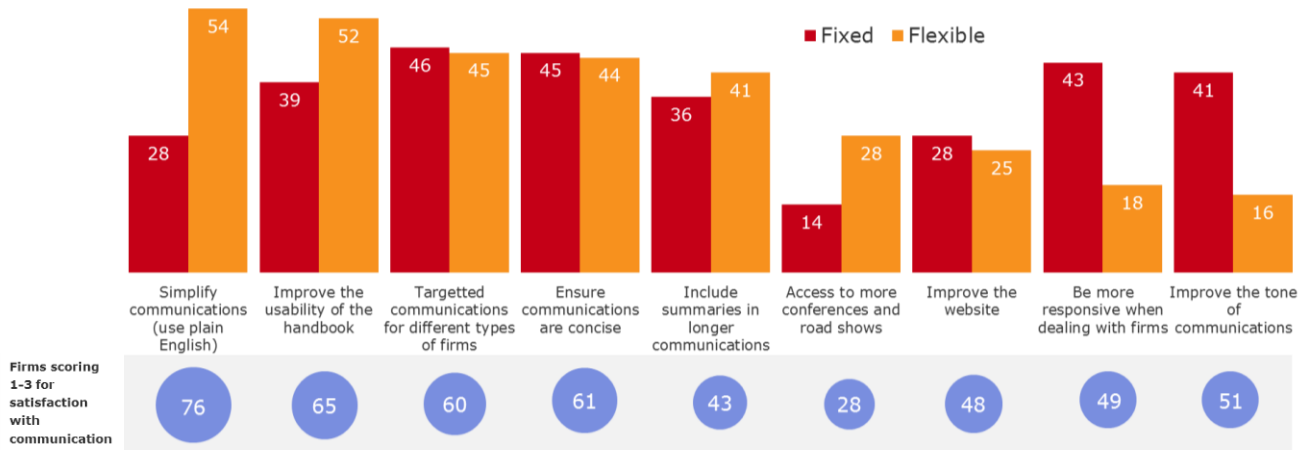
4.5 Improving communications

Firms were asked by the Panel to consider how the FCA could best improve future communications. Overall the most commonly cited improvements were to simplify communications (53%), improve the usability of the handbook (52%), and target communications for different types of firms (45%). The three improvements were also the most commonly cited in 2015. In relation to simplifying communications and targeting communications, the proportion of firms suggesting these improvements has fallen slightly since 2015 (from 59% and 52% respectively) suggesting that some progress has been made in these areas. However, the proportion suggesting improvement to the handbook is largely unchanged since 2015 (51%).

There were some differences between fixed and flexible firms (Fig. 4.8). Priorities for fixed firms



Figure 4.8 – In which, if any, of the following ways would you most like to see the FCA improve communication?



Base: Fixed (62); Flexible (3,295); Firms scoring 1 to 3 for satisfaction with communication (190)

focus around delivering information more efficiently, with just under half saying that communications should be targeted to different types of firms (46%) or that communications should be concise (45%). Fixed firms were also more likely than flexible firms to think that the FCA should be more responsive when dealing with firms (43% and 18% respectively).

Flexible firms, by contrast, were more concerned with ensuring that information can be clearly and easily understood. More than half of flexible firms want the FCA to simplify communications (54%) and improve the usability of the handbook (52%).

5. Trust



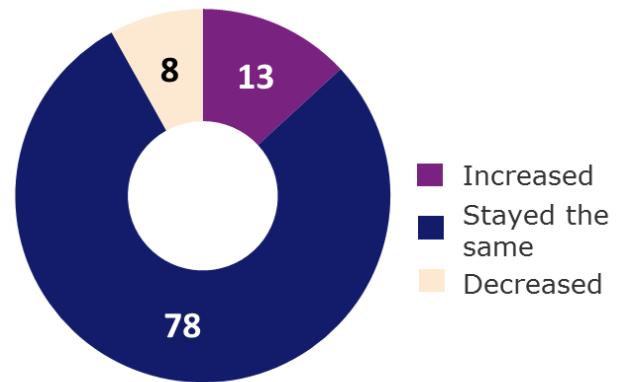
5.1 Overall trust in the FCA

A particular focus for the 2016 survey was the subject of firms’ trust in the FCA. Previous years of the survey had gathered views in relation to specific aspects of trust (discussed more below), but to gain a general sense of how firms perceived the regulator, an overarching question was added to the survey which asked firms how their level of trust in the FCA had changed over the last 12 months.

As shown in Figure 5.1, the majority of firms (78%) reported no change to their level of trust, while 13% of firms said their trust had increased and 8% said it has decreased. Compared with flexible firms, fixed firms were more likely to have experienced a change to their level of trust: 20% said it had increased and 10% said it had decreased.

Across sectors, once again Long Term Savings & Pensions firms are shown to be the most negative, with 10% saying that their trust in the FCA has decreased (Fig. 5.2). Conversely, firms in the Retail Banking and Capital Markets sectors are the most likely to say that their level of trust has increased (24% and 19% respectively).

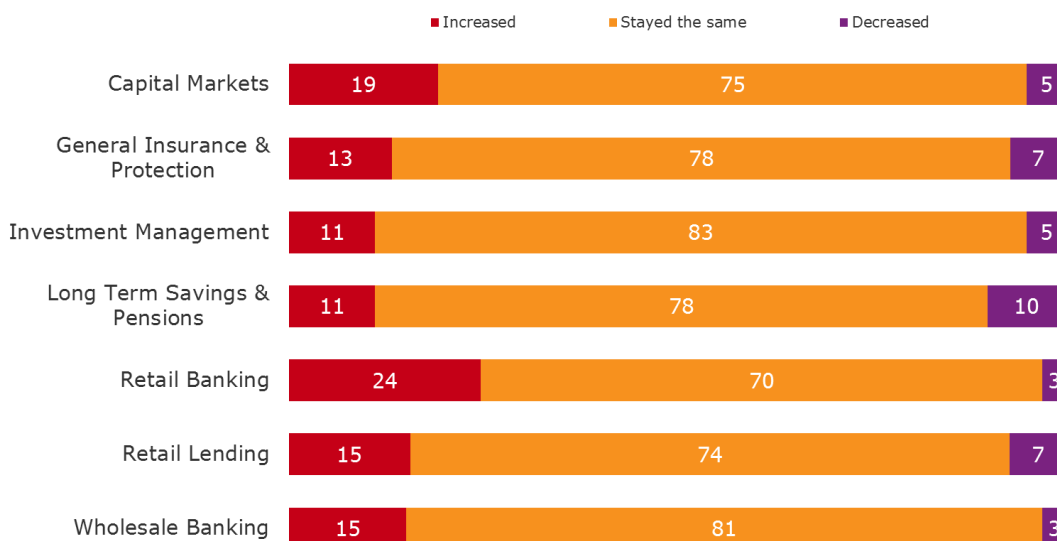
Figure 5.1 – Over the last 12 months, would you say your firm’s trust in the FCA has increased, decreased, or stayed the same?



Base: All firms (3,357)

In order to provide greater context around the issue of trust, all firms were invited to give further comments in an open-text follow-up question. The responses here showed that firms interpret ‘trust’ in two distinct ways. Some firms responded in terms of whether they trust the FCA to act honestly, fairly, and with integrity. Others expressed their trust (or lack thereof) as

Figure 5.2 – Change in level of trust with the FCA over the last 12 months, by sector



Base: Capital Markets (112); General Insurance & Protection (670); Investment Management (634); Long Term Savings & Pensions (976); Retail Banking (43); Retail Lending (590); Wholesale Banking (332)

a reflection of the FCA's competence and ability (i.e. 'Do I trust that the FCA is capable of performing its duties adequately?').

Many firms who reported an increase in trust mentioned that the FCA were taking a more collaborative approach with the industry and paying more attention to firms' points of view:

'The FCA making an effort to engage with the adviser community is very positive.'

Flexible, Long Term S & P

'The FCA's approach of working with firms, rather than being as antagonistic as the old FSA was, has enhanced trust. Generally, I feel we can have a sensible dialogue now whereas the old culture from the firms' perspective was more one of 'fear' which led to a natural tendency to want to keep the Regulator out of things as much as possible.'

Flexible, Investment Management

'I have found the workshops and road shows to be very encouraging and certainly reinforce a working togetherness.'

Flexible, Long Term S & P

'As a small firm whenever I/we speak to the staff or communicate, I feel we are as important to the FCA as any large firm...I also feel very invigorated when I finish speaking to a member of staff because I feel they understand what is going on at ground level & this helps reduce any isolation.'

Flexible, General Insurance & Protection

Among firms who reported a decrease in trust, a major factor was the amount of money they were required to pay in fees. Some firms reported an increase in their costs as a result of regulation, while others remarked that they felt costs were generally excessive:

'Again, increasing my annual fees, feels very unfair!'

Flexible, Retail Lending

'As a low-earning sole trader, they almost doubled my fees last year which means I can barely afford to stay in the industry. The reason for the fee increase didn't affect me, but I was punished anyway.'

Flexible, Investment Management

'My costs are unpredictable but not because of what I do, because of what others do that leave the FSCS with liabilities. This is not fair. I am talking about thousands of pounds of excess cost which one day might just not be achievable. I do not currently trust to FCA to make this fair.'

Flexible, General Insurance & Protection

'Fee based business relating to holistic advice for the working class has become almost impossible and unaffordable, likewise the IFA community is very much disadvantaged compared to vertically integrated companies who can still pay advisers commissions in relation to this type of business undertaking'

Flexible, Long Term S & P

'I feel that the cost of regulation burden is becoming intolerable to small firms'

Flexible, Long Term S & P

Other firms who reported a decrease in trust raised concerns about the quality of FCA staff. Some specifically commented that high turnover of staff within the FCA led to a lower level of trust in their knowledge and experience:

'Having met and discussed matters with staff and ex FCA staff, I am concerned about the quality of their staff. They are either over worked or under qualified and do not focus on outcomes.'

Flexible, Long Term S & P

'I am concerned that the Regulator appears rudderless and has lost good people as a consequence.'

Fixed, Retail Lending

'It is hard to build trust when your supervisor is constantly changing and therefore have to start again educating FCA staff on the firms business model, strategy and risk.'

Flexible, General Insurance & Protection

'The FCA teams appear to be under too much stress. Personnel changes frequently and the level of experience and expertise demonstrated seems lower than I would have expected.'

Fixed, Retail Lending

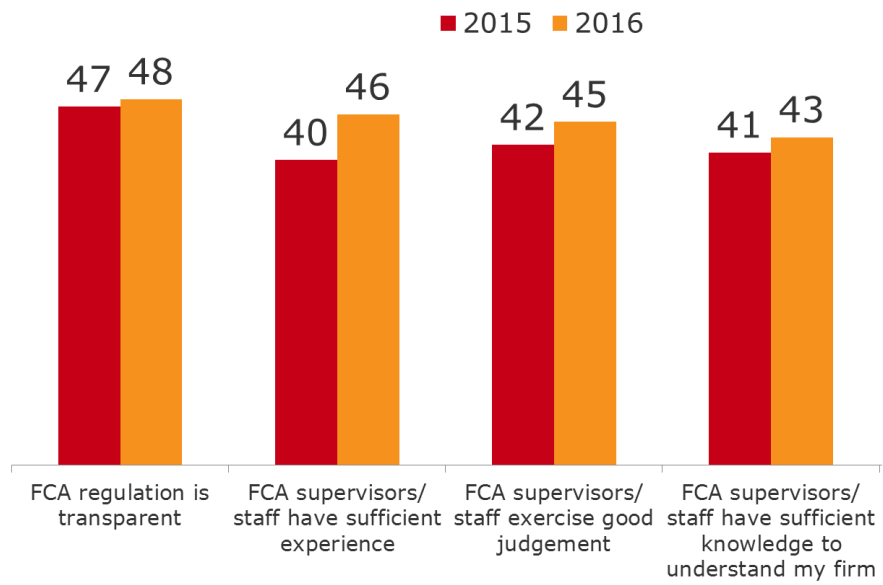
5.2 Trust in FCA supervisors/ staff

Firms were shown a series of statements about FCA regulation and FCA staff, some in relation to trust-based qualities, and asked whether they agreed or disagreed with each statement (Fig. 5.3). The statements were worded slightly differently depending on firm type, with fixed firms asked about FCA supervisors and flexible firms asked about FCA staff (as they do not have dedicated FCA supervisors).

Although firms' agreement has increased slightly since 2015, fewer than half of firms agreed with these trust-based statements: 48% agreed that 'FCA regulation is transparent', 46% agreed that 'FCA supervisors/ staff have sufficient experience', 45% agreed that 'FCA supervisors/ staff exercise good judgement', and 43% agreed that 'FCA supervisors/ staff have sufficient knowledge to understand my firm'. These results suggest that, while some progress has been made in improving the ability and experience of staff, there is still work to be done to instil a positive impression among the majority of firms. As described in chapter 3, two of these statements 'FCA supervisors/ staff have sufficient knowledge to understand my firm' and 'FCA supervisors/ staff exercise good judgement' were key drivers of firms' satisfaction with the FCA and were highlighted as high priority areas for improvement.

Fixed firms were more likely to report a positive view; 72% agreed that supervisors had sufficient experience, 68% agreed that supervisors exercise good judgement, and 70% agreed that supervisors have sufficient knowledge to understand their firm.

Figure 5.3 – Proportion of firms that agree (strongly or slightly) with statements about FCA supervisors/ staff



Base: All firms – 2015 (4,055); 2016 (3,357)

6. Understanding of regulation and regulatory burden

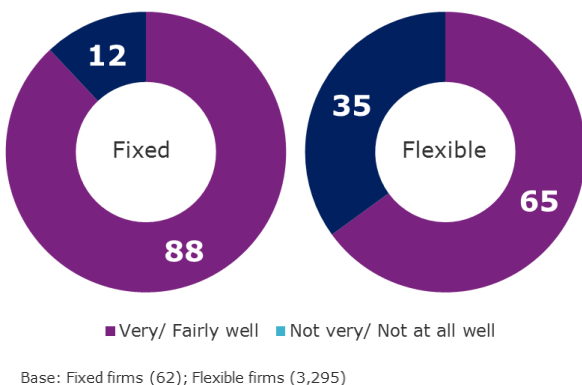


6.1 New Regulatory Approach

In Autumn 2015 the FCA introduced a new supervisory approach which included a more risk-based model for smaller firms and the use of a whole market as well as individual perspective for larger firms. The Panel were keen to investigate the perceived impacts of these changes and to gage the level of understanding of the new approach.

Overall, just over two-thirds of firms (65%) felt they understood the new approach either fairly or very well. Fixed firms were more likely to feel comfortable with their understanding of the changes (88%) than flexible firms (65%).

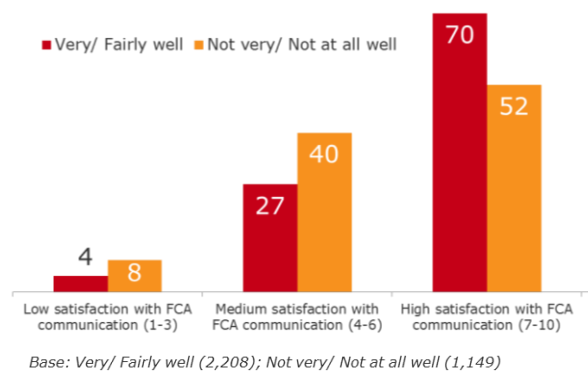
Figure 6.1 - How well firms understand regulatory changes



A significant minority of firms (35%) claimed not to understand the change in regulatory approach (including 12 per cent of fixed firms). Firms that said they did not understand the change were more likely to perceive the level of the FCA’s communications as being unsatisfactory (Fig. 6.2). Among firms saying they did not understand the new approach, eight per cent gave a low rating for FCA communication (compared with four per cent of firms who understood the change) and half (52%) gave a high rating (compared with 70% of firms

that understood the change). This suggests the FCA could be doing more to educate firms about the new supervisory approach.

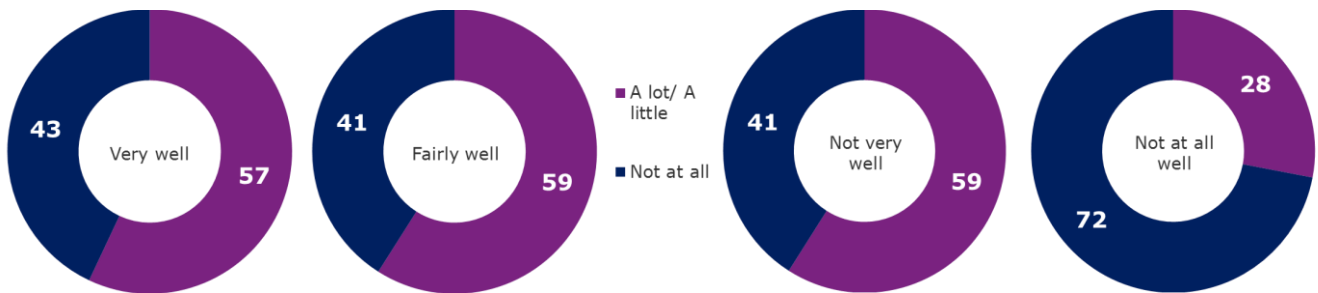
Figure 6.2 – Firms satisfaction with FCA communication, by level of understanding of new supervisory approach



Understanding of the new approach varies across sectors. Capital Market and Retail Banking are most likely to understand the changes very or fairly well (75% and 72% respectively) while understanding is lowest among Long Term Savings & Pensions (64%), Retail Lending (64%), and Wholesale Banking (60%).

Firms were also asked whether they thought they would be affected by the new approach, and if so, to what extent. A sizeable minority (42%) thought that they would not be affected at all, while more than half (54%) thought that they would be affected a little and five per cent thought that they would be affected a lot. While responses from fixed and flexible firms differed somewhat, the proportion of each group expecting to be unaffected was comparable (41% of fixed firms; 42% of flexible firms). Fixed firms were, however, more likely to think that they would be affected a lot (12%, compared with five per cent of flexible firms).

Figure 6.3 – Firms perception of how the new regulatory approach will affect them, but how well they understand it



Base: All firms who understand the new regulatory approach very well (279); fairly well (2,068); not very well (1,204); not at all well (177)

For the most part, firms’ level of understanding of the new supervisory approach does not seem to have influenced their perception of how they will be affected (Fig. 6.3). There is, however, a notable difference among firms who do not understand the new approach at all. These firms are more likely to think that they will not be affected (72%) when compared to firms with a greater level of understanding (Very well, 57%; Fairly well, 59%; Not very well, 59%).

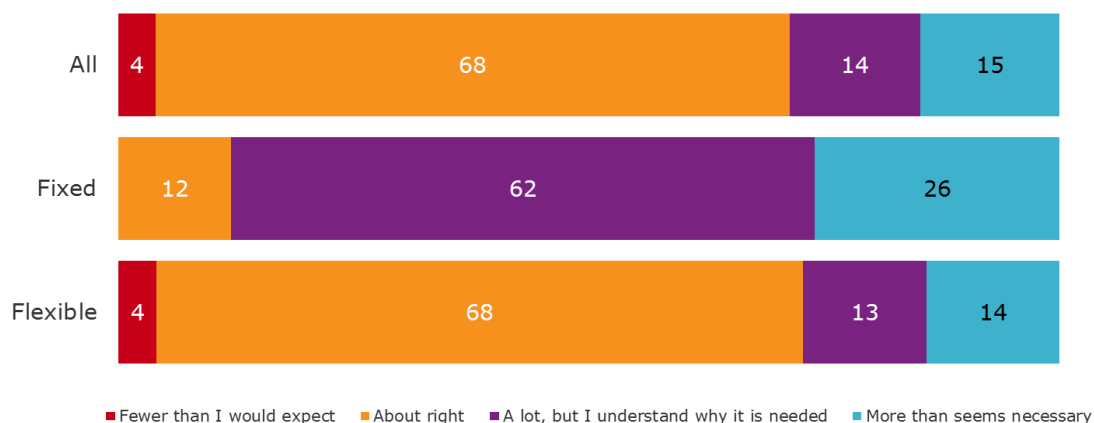
6.2 Information requests

Firms were asked how they felt about their firm’s level of interaction with the FCA. The vast majority of firms felt the level of interaction to be about right (92%). Fixed firms were more likely to find it too much (16%) compared with flexible firms (3%).

In order to better understand their perceptions of their level of interaction with the FCA, firms were asked to assess the number of information requests made by the regulator (Fig. 6.5). Over two thirds of firms (68%) regarded the number of information requests as about right, 14% felt there were a lot but for understandable reasons and 15% felt there were more than seemed necessary. Four per cent of firms felt the number of information requests were fewer than they would expect.

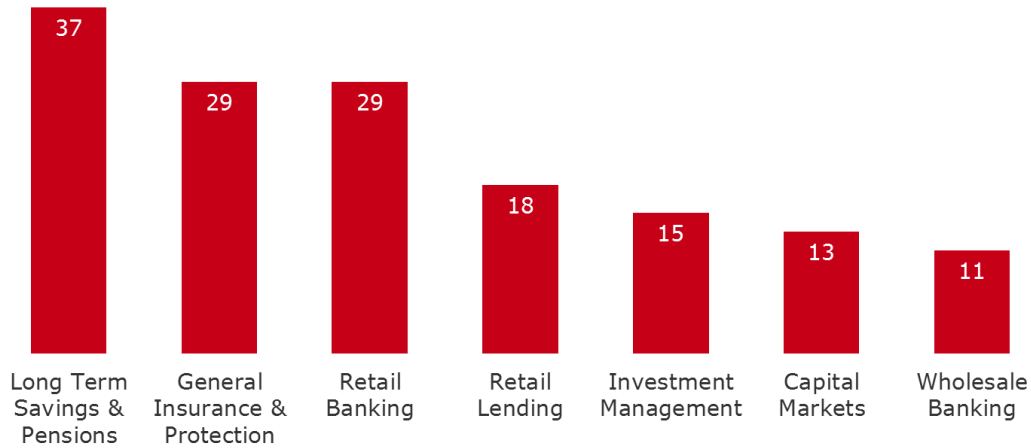
Fixed firms were significantly more likely than flexible firms to report that the number of requests was a lot, but for understandable reasons (62% compared with 13%) and more likely to feel that the requests were more than seemed necessary (26% compared with 14%).

Figure 6.5 – Firms’ perception of FCA information requests, by firm type



Base: All firms (3,357); Fixed firms (62); Flexible firms (3,295)

Figure 6.6 – Proportion of firms that feel the amount of information they are required to provide to customers is more than seems necessary, by sector



Base: Long Term Savings & Pensions (982), General Insurance & Protection (671), Retail Banking (44), Retail Lending (953), Investment Management (634), Capital Markets (112), Wholesale Banking (332)

When perceptions on the level of information requests are broken down by sector, one sector in particular stands out. A higher proportion of firms within the Long Term Savings & Pensions sector felt the number of information requests to be more than seems necessary (37%) compared with firms in other sectors (14%).

Firms were asked how they felt about the amount of information they are required to provide to their customers as a result of regulation.

Overall, four in ten firms (43%) felt that the amount of information they were required to provide to their customers was about right, 30% felt it was a lot, but understandably so and 27% felt it was unnecessarily high.

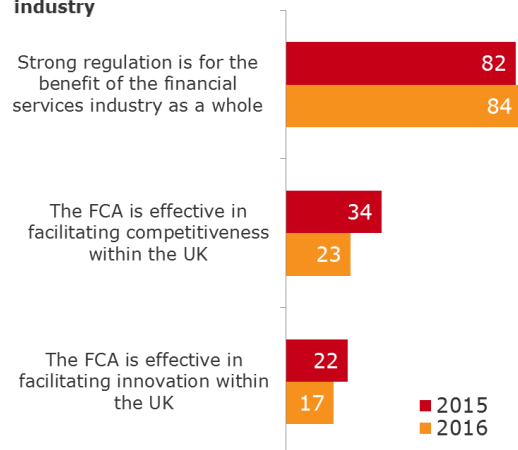
Fixed firms were more likely to feel that the amount of information required was too high (36% compared with 27% of flexible firms). Firms in the Long Term Savings & Pensions sector were more likely than any other sector to believe the information they were required to give customers was more than seemed necessary (37%).

6.3 Impact of regulation

Firms were asked to consider financial regulation as it relates to the industry as a whole and their own firm (Fig. 6.7).

There is a high level of support across the industry for strong regulation; 84% of firms agreed that strong regulation benefits the industry as a whole.

Figure 6.7 – Proportion of firms agreeing (strongly or slightly) with statements about regulation's impact on the industry



Base: All firms – 2015 (4,055); 2016 (3,357)

Agreement is especially high among fixed firms, 91% of which agreed that strong regulation benefits the industry as a whole (compared with 84% of flexible firms). Agreement is high across all sectors, with at least 80% of firms in each sector agreeing with this statement.

Only 23% of firms in the 2016 survey agreed that the FCA is effective in facilitating competitiveness within the UK, compared with 34% of firms in 2015. This is reflected by firms' lower confidence in the FCA's ability to deliver on its third objective of promoting effective competition (discussed in Chapter 3).

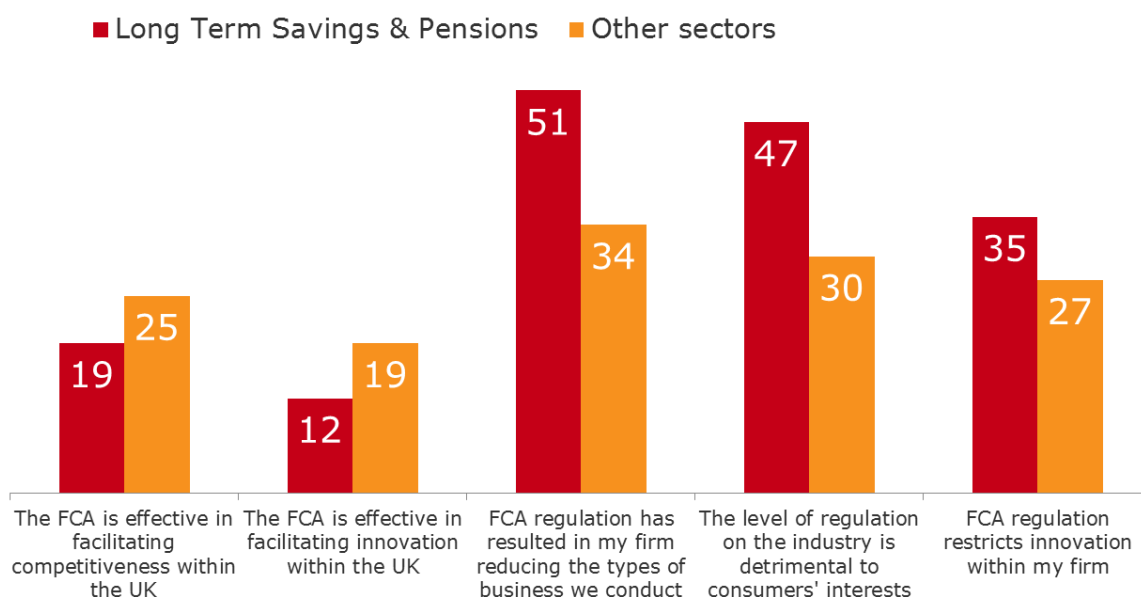
There was also a drop in firms' agreement that the FCA is effective in facilitating innovation within the UK (from 22% in 2015 to 17% in 2016).

Agreement with these two statements is particularly low among fixed firms. Just 13% of fixed firms agreed that the FCA is effective in facilitating competitiveness (compared with 23% of flexible firms) while five per cent agreed that that the FCA is effective in facilitating innovation (compared with 17% of flexible firms).

Correspondingly, fixed firms were significantly more likely than Flexible firms to believe that FCA regulation restricts innovation within their organisation (51% and 29% respectively) and that it put the firm at a disadvantage when competing globally (52% and 22% respectively).

Firms in the Long Term Savings & Pensions sector expressed very negative views towards the impact of regulation (Fig. 6.8). Half of these firms (51%) felt that regulation had reduced the type of business they conducted (compared with 34% in other sectors), 47% felt the level of regulation was detrimental to consumer interests (30% in other sectors) and 35% felt that it restricted innovation within their firm (27% across all other sectors).

Figure 6.8 – Proportion of firms agreeing (strongly or slightly) with statements about regulation



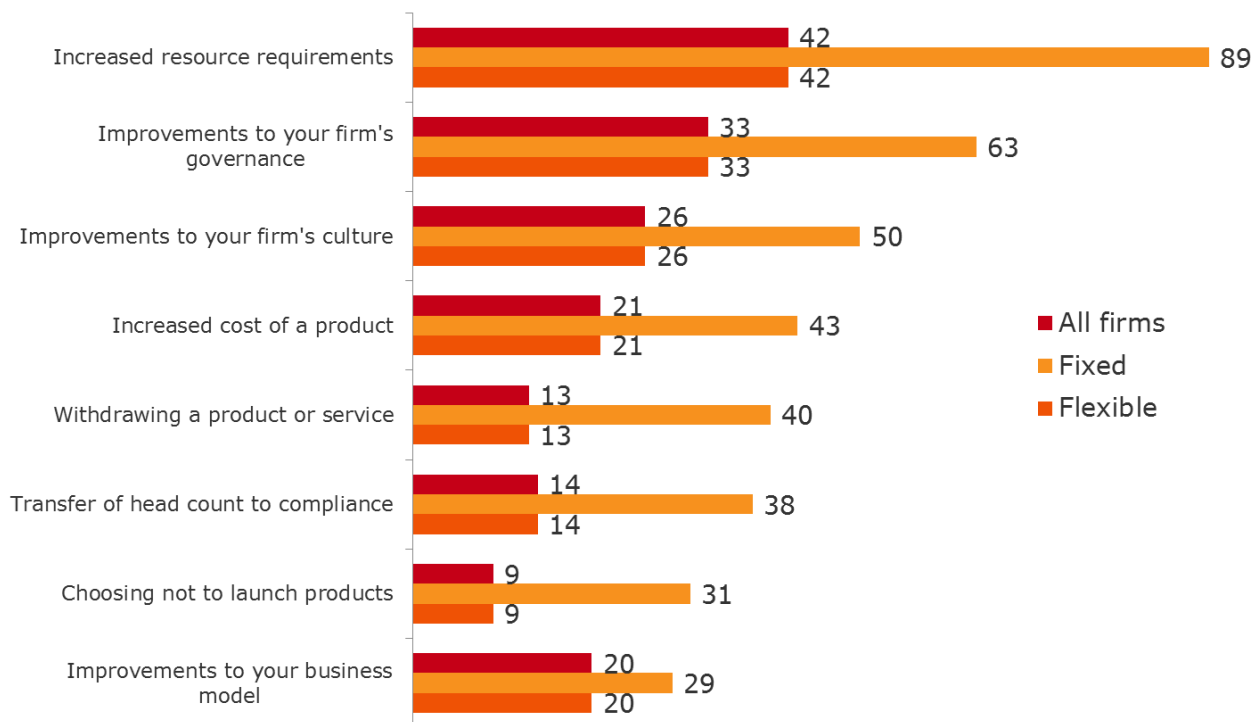
Base: Long Term Savings & Pensions (976); Other sectors (2,381)



Firms were asked to state the ways in which regulation had had a direct impact on their business (Fig. 6.9). Overall, the most frequently cited impact was increased resource requirements (42% of firms had experienced this) followed by improvements to the firm's governance (33%) and improvements to the firms' culture (26%).

Fixed firms reported a higher level of impact on their firm compared with flexible firms. Nine in ten firms (89%) reported that regulation had resulted in increased resource requirements, 63% said that it had resulted in improvements to the firm's governance and 50% in improvements to the firm's culture.

Figure 6.9 – Action taken as a direct result of regulation, by firm type



Base: All firms (3,357); Fixed (62); Flexible (3,295)

7. Enforcement

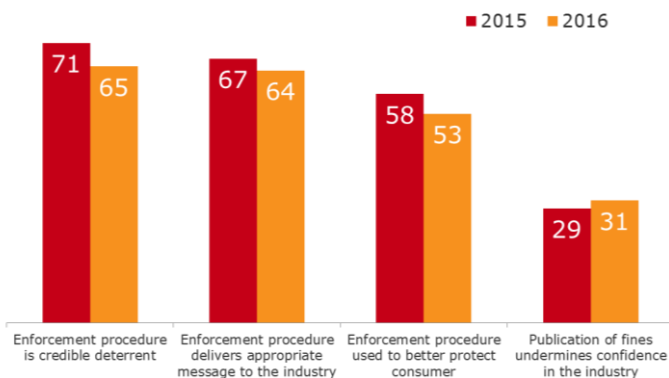


7.1 Attitudes to Enforcement

Under the conditions of the Financial Services and Market Act 2000 (FSMA), the FCA is required to follow a prescribed enforcement procedure. The Panel are keen to understand perceptions of this and to map any changes over time.

In comparison with 2015, perceptions of the FCA’s enforcement procedure have become less positive. Figure 7.1 shows that in terms of the enforcement procedure being a credible deterrent, delivering the appropriate message and better protecting consumers, firms were less likely to agree that this was the case than they were in 2015.

Figure 7.1 – Proportion of firms agreeing (strongly or slightly) with statements about enforcement



Base: All firms – 2015 (4,055); 2016 (3,357)

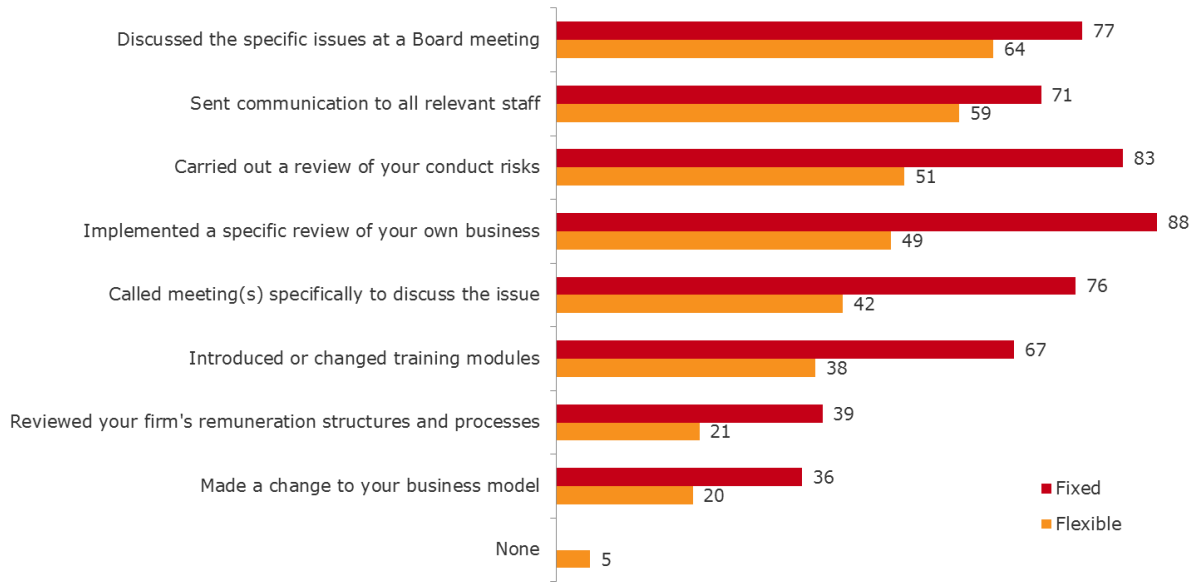
Fixed firms are more likely to view the FCA’s enforcement procedure as being a credible deterrent (81%) compared with flexible firms

(65%). This follows a pattern whereby fixed firms are more confident in the FCA’s effectiveness in terms of enforcement and protecting the integrity of the industry (see 1.3.2).

When asked if they could recall any enforcement action in the past two years that was relevant to their business, only 15% of firms were able to do so. This did however vary greatly by firm type. Over two-thirds of fixed firms (68%) could recall such actions compared with 14% of flexible firms. Awareness was also higher among certain sectors, including Capital Markets (36%), Investment Management (30%) and Wholesale Banking (22%). Firms in Long Term Saving and Pensions had the lowest awareness at seven per cent.

Most firms took some action when they were aware of relevant enforcement action, with only 5% of firms saying that they took no action as a result (Fig. 7.2). The most prevalent actions taken by firms included discussing the action at a board meeting (64%), sending out relevant communication to staff (59%) and carrying out a review of conduct risks (51%). Echoing the finding that fixed firms are more likely to have experienced impacts from regulation (1.6.3), they are also more likely to take actions when aware of relevant enforcement activity. Particularly high differences with flexible firms include implementing a specific review of their own business, calling a meeting to specifically discuss the issue and carrying out a review of conduct risks.

Figure 7.2 – Actions taken as a consequence of enforcement activity, by firm type



Base: All firms who are aware of enforcement activity over the last two years relevant to their business - Fixed (42); Flexible (528)

8. International Issues



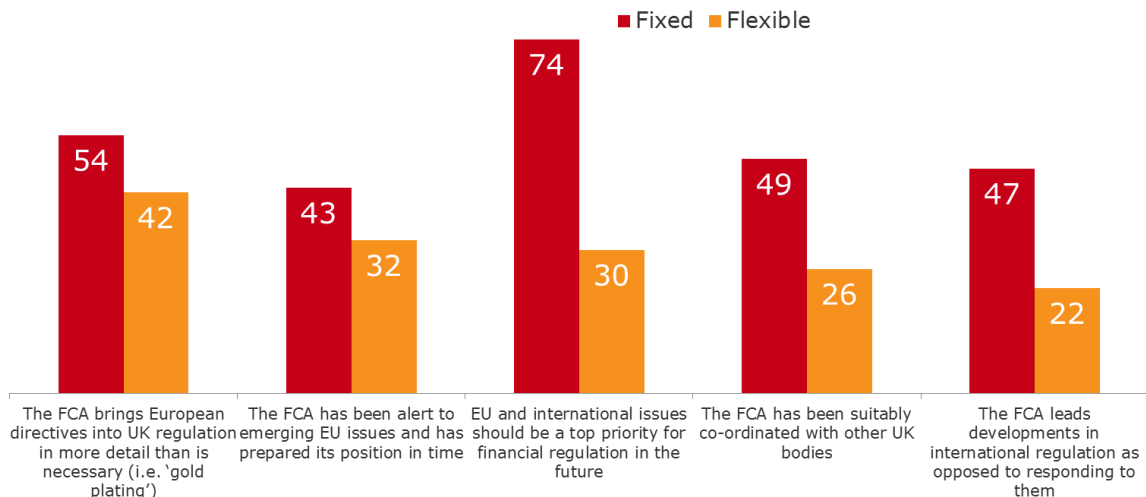
All firms were asked to whether they agreed or disagreed with a number of statements regarding the FCA’s approach to EU regulation. Perhaps unsurprisingly there was a high level of uncertainty reported at these questions, particularly among flexible firms (across all five statements between 11% and 29% of firms gave a ‘Don’t know’ response).

There were significant differences between fixed and flexible firms in terms of their attitudes towards EU regulation. Three quarters of fixed portfolio firms (74%) felt that EU and International issues should be a top priority for the FCA compared with just three in ten flexible portfolio firms (30%). A quarter of flexible firms (25%) disagreed that this should be a priority compared with just six per cent of fixed firms.

Almost half of fixed firms (49%) agreed that the FCA has been suitably coordinated with other UK bodies and that it leads developments in international regulation (47%) compared with 26% and 22% respectively among flexible firms.

Across the sectors Capital Markets and Wholesale Banking were most likely to agree that EU and International issues should be a top priority for financial regulation in the future (60% and 57% respectively compared with 20% in both Retail Lending and Long term savings and pensions and 30% in General Insurance and protection).

Figure 8.1 – Agreement with statements about the FCA’s approach to EU regulation



Base: All firms – Fixed (62); Flexible (3,295)

9. Consumer Credit Firms



In April 2014 the FCA was tasked with the regulation of the UK's approximately 40,000 consumer credit firms – marking a significant increase in the regulatory reach of the FCA.

The Panel are committed to incorporating these firms into the discussions of the FCA's performance as a regulator. As a result Consumer Credit firms were included in the survey for the first time in 2015. The response rate among Consumer Credit firms in 2016 was lower than for the survey overall, with only 15% of consumer credit firms taking part compared to an overall response rate of 30%.

As in the 2015 report, the results are presented separately and not incorporated into the headline figures. This allows the views of the consumer credit sector to be heard whilst maintaining vital trend data.

At the time of the 2015 study only 2,124 consumer credit firms had been authorised and available from the FCA's TARDIS database. As a result, year-on-year comparisons cannot be directly made due to the large change in the composition of the populations.

9.1 Satisfaction and effectiveness

Firms were asked to consider their satisfaction with the relationship they currently have with the FCA. Levels of satisfaction among consumer credit firms were strong with 71% rating their satisfaction as high. This slightly higher when compared with the industry as a whole (69%).

Looking at effectiveness of the FCA as a regulator, 68% of consumer credit firms gave a high score, significantly more than was the case for all other firms (60%).

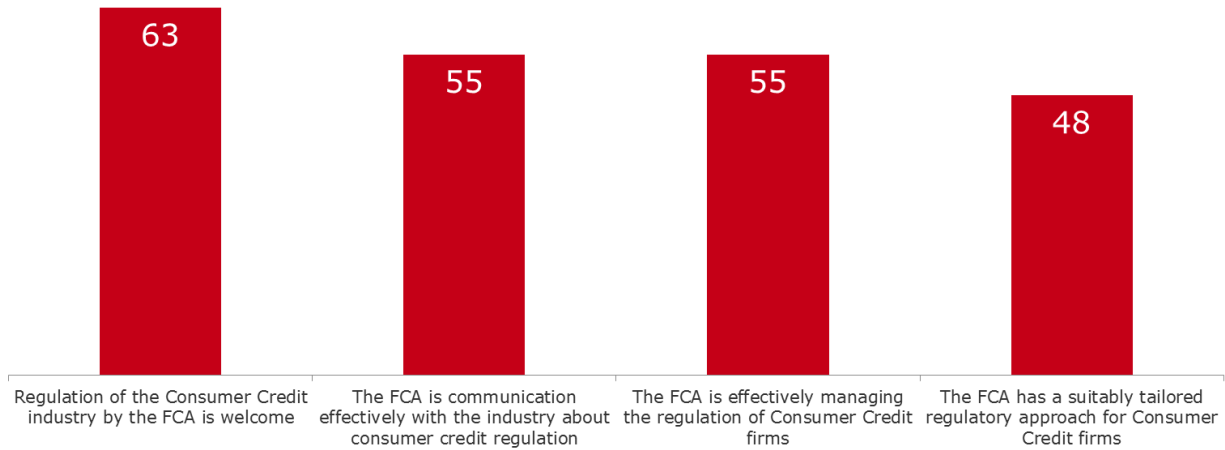
9.2 Regulation of the consumer credit sector

Agreement that regulation of the consumer credit sector by the FCA is welcome was also found to be widespread, which may be reflective of the high levels of satisfaction with the FCA. Just under two-thirds of consumer credit firms (63%) agreed that regulation by the FCA was welcome. Over half of consumer credit firms agreed that the FCA was communicating effectively (54%) and managing the regulation of the sector well (55%).

Agreement that the FCA had suitably tailored regulation for consumer credit firms was slightly lower with 48% of firms agreeing.

Conversely, 17% of consumer credit firms disagree that the FCA has tailored regulation for the sector – indicating a possible route for future improvement.

Figure 9.1 – Levels of agreement with statements about regulation of Consumer Credit industry



Base: All Consumer Credit firms (371)

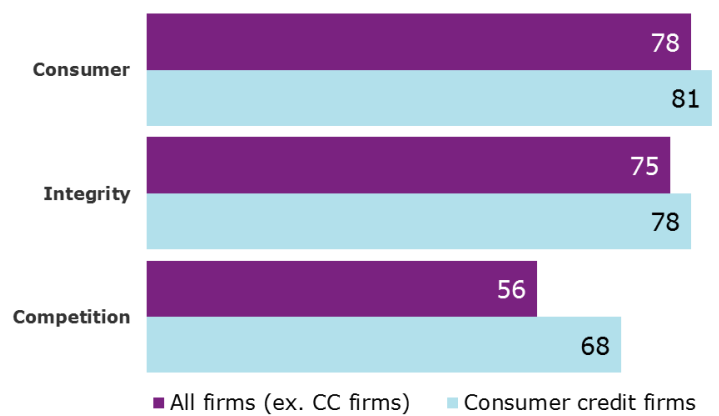
9.3 Performance of the FCA against objectives

Confidence that the FCA will deliver against its three objectives – protecting consumers, ensuring the integrity of the financial industry and promoting effective competition – was high among consumer credit firms.

Consumer credit firms were significantly more likely to have confidence in the FCA to promote effective competition (68%) compared with the wider industry (56%). Across the other objectives, consumer credit firms reported similar levels of confidence in the FCA’s ability to deliver compared with other regulated firms.

On the FCA’s strategic objective of ensuring financial markets function well, nearly three-quarters of consumer credits (74%) are confident that the FCA is delivering against this. This matches the figure found among all firms (74%).

Figure 9.2 – Level of confidence that the FCA is capable of meeting its objectives (% very/ fairly confident)



Base: All firms (3,357); All Consumer credit firms (371)

APPENDIX A – Questionnaire

FCA Practitioner Panel Survey 2016

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

SURVEY ID

The **FCA** Practitioner Panel is conducting an independent and confidential survey to understand your views about regulation. The aggregated feedback from the survey will provide practitioners such as yourself with an opportunity to shape regulation.

Although the **FCA** conducts its own Firm Feedback Surveys, the Practitioner Panel's survey is overseen by Panel members and results are collated and reported by TNS BMRB to provide professional and independent feedback from regulated firms to the **FCA**.

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 15 minutes to complete. The questionnaire consists of specific questions to quantify opinions as well as questions where you have the opportunity to give your views in your own words.

The final question will allow you to provide open comments on any topics that you feel have not been addressed elsewhere in the questionnaire.

Your individual response to the survey will be **completely confidential**. In reporting the survey answers, TNS BMRB will always group responses together to ensure that no individual's or firm's answers can be identified. This is in accordance with the Market Research Society Code of Conduct.

Completing the questionnaire

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

The role of the FCA

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

Q1. Taking into account all of your firm's dealings with the Financial Conduct Authority (FCA), how satisfied are you with the relationship?

Please cross one box only.

Extremely
dissatisfied

Extremely
satisfied

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

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

Please cross one box only.

Extremely
dissatisfied

Extremely
satisfied

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



TNS BMRB



Q3. Please use the space below to say in your own words why you gave this score for effectiveness?

Information and Communication

Q4. What information sources do you use to learn about regulation and the **FCA**? Of those you have selected (if any), please indicate in the second column which you would say is the most important.

Please cross as many boxes as apply.

	(a) Source(s) used	(b) Most important
Conferences – FCA	<input type="checkbox"/>	<input type="checkbox"/>
Conferences – other	<input type="checkbox"/>	<input type="checkbox"/>
External advisers (lawyers, compliance consultants etc.)	<input type="checkbox"/>	<input type="checkbox"/>
FCA 'Regulation Round-up' email	<input type="checkbox"/>	<input type="checkbox"/>
FCA customer contact centre	<input type="checkbox"/>	<input type="checkbox"/>
FCA speeches	<input type="checkbox"/>	<input type="checkbox"/>
FCA Handbook	<input type="checkbox"/>	<input type="checkbox"/>
FCA newsletters	<input type="checkbox"/>	<input type="checkbox"/>
FCA supervisor discussions	<input type="checkbox"/>	<input type="checkbox"/>
FCA Website	<input type="checkbox"/>	<input type="checkbox"/>
FCA information packs	<input type="checkbox"/>	<input type="checkbox"/>
Letters from the FCA	<input type="checkbox"/>	<input type="checkbox"/>
The media	<input type="checkbox"/>	<input type="checkbox"/>
Social media (e.g. Twitter)	<input type="checkbox"/>	<input type="checkbox"/>
Trade Associations	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>
<input style="width: 100%; height: 15px;" type="text"/>		
Nothing	<input type="checkbox"/>	

Q5. Thinking about the information you have seen in the public domain over the last 12 months regarding financial regulation (e.g. media reporting, statements from the **FCA**). To what extent do you agree or disagree that this information has provided an accurate impression of the financial services industry? *Please cross one box only.*

Strongly agree <input type="checkbox"/>	Slightly agree <input type="checkbox"/>	Neither agree nor disagree <input type="checkbox"/>	Slightly disagree <input type="checkbox"/>	Strongly disagree <input type="checkbox"/>	Don't know <input type="checkbox"/>	Not seen any information <input type="checkbox"/>
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**IF YOU ANSWERED 'SLIGHTLY DISAGREE' OR 'STRONGLY DISAGREE' AT Q5, PLEASE ANSWER Q6.
IF YOU ANSWERED ANYTHING ELSE AT Q5, PLEASE GO TO Q7**

Q6. What do you think is the most important thing the **FCA** could do to ensure that the public has an accurate impression of the financial services industry?

Q7. How regularly would you say your firm has contact with the **FCA** through each of the following methods?
Please cross one box in each row.

	At least once a month	At least once every 3 months	At least once every 6 months	At least once a year	At least once every two years	Less often	Never	Don't know
Telephone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Email	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Face to Face	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Through the FCA website	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Through FCA events	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q8. Since January 2015 in which of the following ways, if any, have you had contact or direct engagement with the **FCA**?
Please cross as many boxes as apply.

Thematic, industry or sector study	<input type="checkbox"/>
Firm Specific 'Deep Dive' assessments	<input type="checkbox"/>
Proactive Engagement Scheduled meetings with Senior Management	<input type="checkbox"/>
FCA Market Study or call for industry input	<input type="checkbox"/>
FCA Consultation Papers (requesting industry views)	<input type="checkbox"/>
FCA Road Shows	<input type="checkbox"/>
FCA Conferences	<input type="checkbox"/>
FCA Round Tables	<input type="checkbox"/>
FCA Contact Centre	<input type="checkbox"/>
FCA Enforcement	<input type="checkbox"/>
FCA Regulation Round Up	<input type="checkbox"/>
Other FCA events	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>
<input type="text"/>	
None of the above	<input type="checkbox"/>

Q9. How would you rate your firm's level of interaction with the **FCA**? Please cross one box only.

Too much <input type="checkbox"/>	Too little <input type="checkbox"/>	About right <input type="checkbox"/>
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Q10. Do you have anything further to add in relation to your firm's level of interaction with the **FCA**?

Q11. Thinking of **all** the information that you have seen, heard or read from the **FCA** – how would you rate the **tone** of that information? Please cross one box only.

Too positive <input type="checkbox"/>	About right <input type="checkbox"/>	Too negative <input type="checkbox"/>	Don't know <input type="checkbox"/>
--	---	--	--

Q12. And still thinking of **all** the information that you have seen, heard or read from the **FCA** how satisfied are you with the communication from the **FCA**? Please cross one box only.

Extremely dissatisfied										Extremely satisfied
1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>	8 <input type="checkbox"/>	9 <input type="checkbox"/>	10 <input type="checkbox"/>	

Q13. Do you have anything further to add in relation to communication from the **FCA**?

Q14. 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)	<input type="checkbox"/>
Ensure communications are concise	<input type="checkbox"/>
Include summaries in longer communications	<input type="checkbox"/>
Improve the usability of the handbook	<input type="checkbox"/>
Access to more conferences and roadshows	<input type="checkbox"/>
Targeted communications for different types of firms	<input type="checkbox"/>
Improve the website	<input type="checkbox"/>
Be more responsive when dealing with firms	<input type="checkbox"/>
Improve the tone of communications	<input type="checkbox"/>
Nothing to improve – the communications are fine	<input type="checkbox"/>
Something else (please specify)	<input type="checkbox"/>
<input type="text"/>	
Don't know	<input type="checkbox"/>

IF YOU ARE COMPLETING THIS QUESTIONNAIRE ON BEHALF OF A CONSUMER CREDIT FIRM, PLEASE ANSWER Q15. OTHERWISE, PLEASE GO TO Q16

Q15. Thinking about the regulation of the Consumer Credit Industry in particular, to what extent do you agree or disagree that...
Please cross one box in each row.

	Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	Don't know
Regulation of the Consumer Credit industry by the FCA is welcome	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA is communicating effectively with the industry about consumer credit regulation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA has a suitably tailored regulatory approach for Consumer Credit firms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA is effectively managing the regulation of Consumer Credit firms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

FCA Statutory Objectives

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

Q16. How confident are you that the **FCA's** oversight of the industry will deliver on the following statutory objectives?
Please cross one box in each row.

	Very confident	Fairly confident	Not very confident	Not at all confident	Don't know
Securing an appropriate degree of protection for consumers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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"/>
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"/>

Q17. And overall how confident are you that the **FCA's** oversight of the industry delivers on its single strategic objective of ensuring financial markets function well?
Please cross one box only.

Very confident	Fairly confident	Not very confident	Not at all confident	Don't know
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q18. What do you consider to be the most accurate measure of whether or not the **FCA** is successful in meeting its objectives?

Q19. Do you have anything further to add in relation to the **FCA's** objective of ensuring financial markets function well?

Q20. To what extent do you agree, or disagree, with the following statements about **FCA** regulation?
Please cross one box in each row.

	Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	Don't know enough to answer
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"/>
The FCA is an effective conduct regulator	<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"/>

Q21. In relation to your **FCA** supervisors/ the **FCA** staff (supervisors' teams or the **FCA** customer contact centre), to what extent to do you agree with the following statements: *Please cross one box in each row.*

	Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	Don't know enough to answer
My FCA supervisors/ 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"/>
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/ FCA staff exercise good judgement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My FCA supervisors/ 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"/>
My FCA supervisors' approach/ The approach of 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"/>
My FCA supervisors / FCA staff 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"/>

Q22. Which of the following best describes how you feel about the number of information requests your firm receives from the **FCA**? *Please cross one box only.*

Fewer than I would expect <input type="checkbox"/>	About right <input type="checkbox"/>	A lot, but I understand why it is needed <input type="checkbox"/>	More than seems necessary for the FCA to do its business <input type="checkbox"/>
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Q23. Which of the following best describes how you feel about the amount of information you are required to provide to your customers as a result of regulation? *Please cross one box only.*

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

Q24. Over the last 12 months, would you say your firm's trust in the **FCA** has...
Please cross one box only.

Increased <input type="checkbox"/>	Decreased <input type="checkbox"/>	Stayed the same <input type="checkbox"/>	Don't know <input type="checkbox"/>
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Q25. Do you have anything further to add in relation to your firm's trust in the **FCA**?

The impact of FCA regulation on your own business

We would now like to ask you a few questions about regulation in relation to the industry as a whole and your firm.

Q26. To what extent do you agree or disagree with the following statements? *Please cross one box in each row.*

	Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	Don't know
Strong regulation is for the benefit of the financial services industry as a whole	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FCA regulation has resulted in my firm reducing the types of business we conduct	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FCA regulation places my firm at a disadvantage compared to our competitors based abroad	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FCA regulation restricts innovation within my firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA is effective in facilitating innovation within the UK	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA is effective in facilitating competitiveness within the UK	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The level of regulation on the industry is detrimental to consumers' interests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q27. And to what extent do you agree or disagree with the following statements regarding the **FCA's** enforcement procedure? *Please cross one box in each row.*

	Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	Don't know
The FCA's enforcement procedure is understood by the industry to be a credible deterrent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The publication of fines undermines confidence in the industry overall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA's enforcement procedure is being used in a way that serves to better protect the consumer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA's enforcement procedure 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"/>

Q28. To what extent do you agree or disagree with the following statements regarding the **FCA's** approach to EU regulation? *Please cross one box in each row.*

	Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	Don't know
The FCA has been suitably co-ordinated with other UK bodies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA has been alert to emerging EU issues and has prepared its position in time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA leads developments in international regulation as opposed to responding to them	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA brings European directives into UK regulation in more detail than is necessary (i.e. 'gold plating')	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EU and international issues should be a top priority for financial regulation in the future	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q29. Over the last year, which of the following, if any, has your firm experienced as a **direct result** of regulation? Of those you have selected (if any) please indicate in the second which you would say has had the greatest impact on your firm. Please cross as many boxes as apply in column a, and up to three boxes in column b.

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

Q30. Are you aware of any enforcement actions in the last two years which have been relevant to your business? Please cross one box only.

Yes No

**IF YOU ANSWERED 'YES' AT THE PREVIOUS QUESTION, PLEASE ANSWER Q31.
IF YOU ANSWERED 'NO' AT THE PREVIOUS QUESTION, PLEASE GO TO Q32.**

Q31. What actions, if any, have you taken as a consequence of this enforcement activity? Please cross as many boxes as apply.

Discussed the specific issues at a Board meeting	<input type="checkbox"/>
Implemented a specific review of your own business	<input type="checkbox"/>
Carried out a review of your conduct risks	<input type="checkbox"/>
Made a change to your business model	<input type="checkbox"/>
Reviewed your firm's remuneration structures and processes	<input type="checkbox"/>
Called meeting(s) specifically to discuss the issue	<input type="checkbox"/>
Introduced or changed training modules	<input type="checkbox"/>
Sent communication to all relevant staff	<input type="checkbox"/>
Other (please specify) <input type="text"/>	<input type="checkbox"/>
None	<input type="checkbox"/>

Q32. What are your firm's main concerns about regulatory policy over the next 12 months, whether thinking about both UK or European proposals? *Please write your answer in the box below.*

Q33. How well do you feel the **FCA** is working with the financial services industry to restore consumer confidence in the industry? *Please cross one box only.*

Very well <input type="checkbox"/>	Fairly well <input type="checkbox"/>	Not very well <input type="checkbox"/>	Not at all well <input type="checkbox"/>
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Q34. Do you have anything further to add in relation to how you feel the FCA is working with the financial services industry to restore consumer confidence in the industry?

Q35. The **FCA's** new supervisory approach was launched in autumn 2015. This represents a shift in approach to supervision for smaller firms, removing the distinction between C3 and C4 firms, supervising individual firms on a more risk-based model, and removing much of the **FCA** standard Pillar 1 activity for those firms. For larger firms, the **FCA** will take a whole market as well as a firm specific view of each firm, largely continuing the existing three pillar supervision model for C1 and C2 firms.

To what extent do you think your firm will be affected by this change in approach?

Please cross one box only.

A lot <input type="checkbox"/>	A little <input type="checkbox"/>	Not at all <input type="checkbox"/>
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Q36. How well do you understand this change in regulatory approach for firms?

Please cross one box only.

Very well <input type="checkbox"/>	Fairly well <input type="checkbox"/>	Not very well <input type="checkbox"/>	Not at all well <input type="checkbox"/>
---------------------------------------	---	---	---

Q37. How confident are you that new directives, such as MiFID2, benefit consumers?

MiFID2 (The Markets in Financial Instruments Directive) is the EU legislation regulating firms providing services to clients linked to 'financial instruments' (shares, bonds, units in collective investment schemes and derivatives), and the venues where those instruments are traded.

Please cross one box only.

Very confident <input type="checkbox"/>	Fairly confident <input type="checkbox"/>	Not very confident <input type="checkbox"/>	Not at all confident <input type="checkbox"/>	Don't know enough to answer <input type="checkbox"/>
--	--	--	--	---

Q38. To what extent do you agree or disagree that the **FCA** is working effectively with other regulators, both in the UK and internationally? Please cross one box only.

Strongly agree <input type="checkbox"/>	Slightly agree <input type="checkbox"/>	Neither agree nor disagree <input type="checkbox"/>	Slightly disagree <input type="checkbox"/>	Strongly disagree <input type="checkbox"/>	Don't know <input type="checkbox"/>
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IF YOU ANSWERED 'STRONGLY DISAGREE' OR 'SLIGHTLY DISAGREE' AT THE PREVIOUS QUESTION, PLEASE GO TO Q39.

IF YOU ANSWERED ANYTHING ELSE AT THE PREVIOUS QUESTION, PLEASE GO TO Q40.

Q39. Can you provide any examples of how the **FCA** is NOT working effectively with other regulators?

Q40. If you could deliver a single message to the Board of the **FCA**, what would it be?

Please write your answer in the box below.

Finally, so that we can put your views into context, could you please answer the following questions on your type of business?

Q41. 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
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q42. How many customer facing staff does your firm have? *Please cross one box only.*

0-9	10-19	20-49	50-99	100-499	500-999	1,000 or more	Not applicable	Don't know
<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"/>

Q43. How would you describe the wholesale business that your firm conducts? *Please cross as many boxes as apply.*

Clearing/Settlement	<input type="checkbox"/>
Trading venue	<input type="checkbox"/>
Wholesale banking/Investment banking	<input type="checkbox"/>
Investment Management	<input type="checkbox"/>
Trading Firm – inter-deal brokers	<input type="checkbox"/>
Trading Firm – prop trading	<input type="checkbox"/>
Trading Firm – HFT	<input type="checkbox"/>
Trading Firm – Commodity	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>
My firm does not conduct any wholesale business	<input type="checkbox"/>

Q44. And where are your customers located? *Please cross one box only*

Only in the UK	<input type="checkbox"/>	Partly in the UK, partly overseas	<input type="checkbox"/>	Only overseas	<input type="checkbox"/>	Don't know	<input type="checkbox"/>
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Q45. This questionnaire may have been completed by one or more individuals. Who has completed this questionnaire?
Please cross as many boxes as apply.

Chief Executive/MD	<input type="checkbox"/>
Partner/Principal in the firm	<input type="checkbox"/>
Group/Head of Compliance (responsible for 2 or more regulated areas of authorised activities)	<input type="checkbox"/>
Senior/Principal Compliance Officer (responsible for single area or regulated activities)	<input type="checkbox"/>
Financial Director	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>

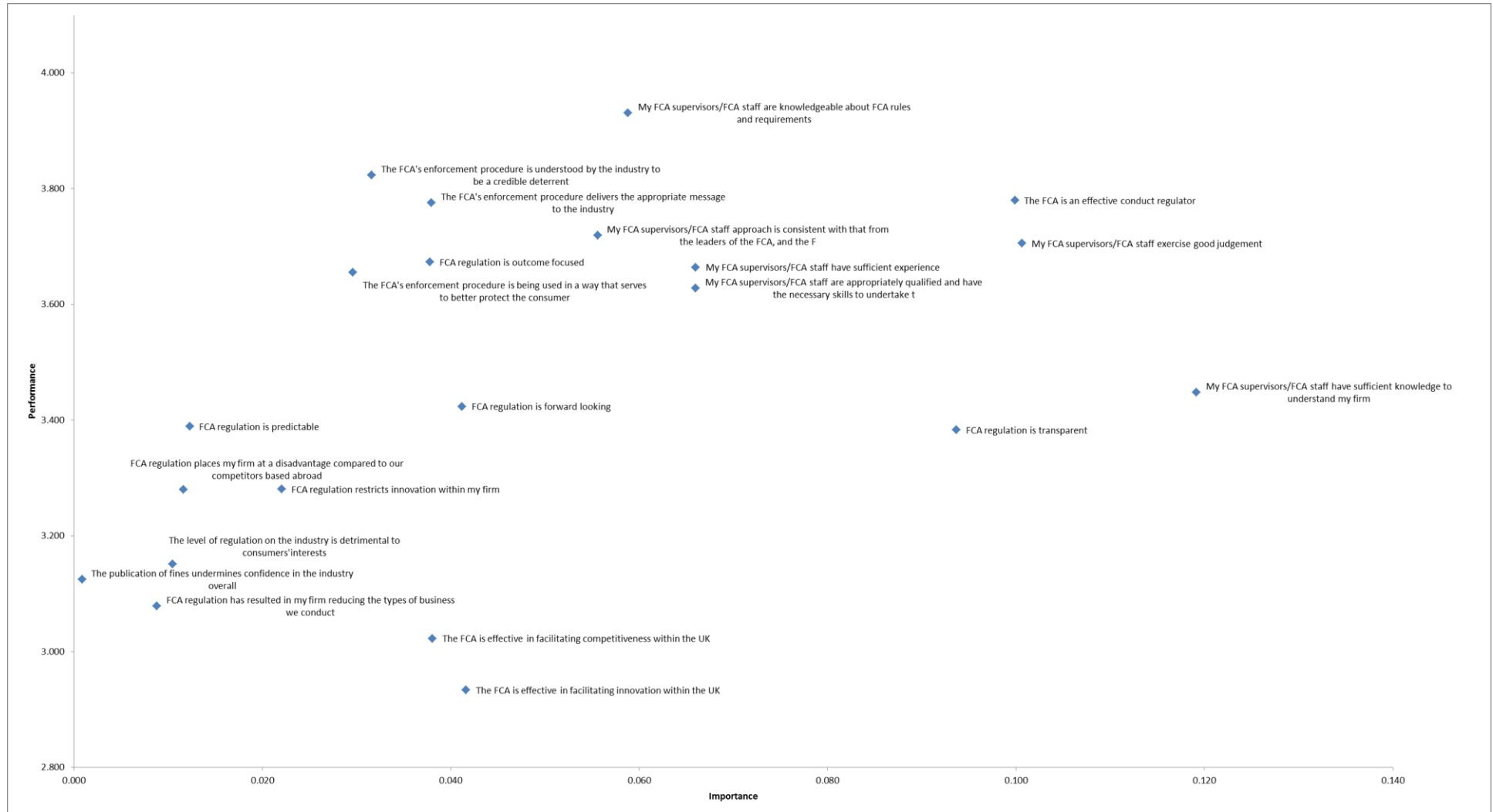
Q46. Thinking about the topics we have covered, are there any major issues about regulation and the industry which you feel should have been covered in this survey?

Please write your answer in the box below.

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 TNS BMRB at the following address:

APPENDIX B – KEY DRIVER ANALYSIS

Drivers of satisfaction



Drivers of perceived effectiveness

