



Practitioner Panel Financial Services Industry Survey 2014

A report by GfK for:

FCA Practitioner Panel

Published: July 2014

FCA PRACTITIONER PANEL SURVEY OF REGULATED FIRMS – 2014

FOREWORD

After having set a benchmark with our survey of industry views and expectations of the FCA at the beginning of 2013, I am pleased to present the results of the 2014 Practitioner Panel Survey after the FCA's first year of operation.

Overall, there has been an improvement in firms' views about the FCA between 2013 and 2014: the perceived effectiveness has improved from an average of 4.6 to 6.5 out of 10; and satisfaction with the relationship with the regulator has improved from 5.9 to 6.9 out of 10.

While encouraged by the headline results, it is clear there are a number of areas where firms feel the FCA needs to improve. Firms still have significantly less confidence in the FCA achieving its objective of supporting competition in the interest of consumers, versus the other statutory objectives of consumer protection and market integrity, a key issue identified in the 2013 results. In addition much of the improvement has been driven by improved perception of smaller C3 and C4 firms, who make up a large proportion of the sample.

The respondents to the survey were mainly chief executive level, and 3,146 firms responded, achieving a response rate of 32%, spread across all sizes of firms. The initial results have been discussed with the senior leadership of the FCA, who have expressed a desire to continue the positive trends seen in the results.

The main areas of feedback for the FCA are as follows:

1. Firms welcome a more collaborative and constructive approach:

The move towards a more collaborative and constructive approach to regulation has been welcomed by firms. This improvement was one of the main drivers of the increased effectiveness rating firms awarded the FCA and was a common theme amongst both large and small players. Firms of all sizes noted this was an area in which they would like to see further improvements made.

In addition firms stated that there needs to be increased collaboration between policy and supervision teams within the FCA, as conflicting messages are often received. For example messages conveyed in speeches by the FCA leadership are not always replicated in firm discussions with the FCA.

2. Firms need time to embed changes

A large number of firms felt that the industry needs a period of stability in the regulatory landscape to allow time to embed and absorb existing changes. Given the raft of recent domestic, European – and in the case of wholesale firms – US regulation, many firms feel overwhelmed. This feeling, which is particularly acute among the smaller players who were heavily impacted by the RDR, contributes to the view that the FCA does not do enough to promote effective competition and that the burden of regulation is too high.

3. Improved competition in the interests of consumers:

Firms' confidence in the FCA achieving its third statutory objective – to promote competition in the interest of consumers – significantly lags confidence in achievement of the consumer protection and market integrity objectives. This feeling was particularly strong amongst C1 and C2 firms, with only 25% feeling that the FCA could deliver on this objective, a decrease on the previous year.

The FCA needs to consider how to deliver an effective and efficient system of regulation, which does not hamper the ability of firms to compete or forces firms to withdraw from a market due to perceived regulatory risks.

Looking forward

I believe that the Practitioner Panel survey provides a broad appraisal of the industry's current perception of the FCA, from firms of all sizes, in a wide variety of market segments. The results of the survey are an opportunity for the FCA to understand where the pressure points are in the system and to attempt more effectively to dispense its duties.

To its credit, the FCA has made a number of positive changes resulting from the findings of the 2013 survey, especially around communication with smaller firms and taking an increasingly proactive, proportionate and predictable approach. These are areas which have seen improved sentiment. However, there are other areas which are still a concern or have shown a deterioration, namely the FCA's impact on effective competition, tone of voice and the cumulative burden of existing regulation.

We will continue to conduct this survey on an annual basis to garner industry views on the performance of the FCA and financial services regulation. It is clear that while the FCA has made progress in a number of key areas, there is still much work to do.

Graham Beale
Chairman, FCA Practitioner Panel

Practitioner Panel membership – as at 30 June 2014

Graham Beale <i>Chairman</i>	Chief Executive Officer, Nationwide Building Society
John Pollock <i>(Deputy Chairman)</i>	Chief Executive , Legal & General Assurance Society
David Bellamy	Chief Executive Officer, St. James's Place plc
Alison Brittain	Director of Retail Banking, Lloyds Banking Group
Peter Crook	Chief Executive, Provident Financial plc
Michael Dobson	Chief Executive Officer, Schroder plc
Paul Geddes	Chief Executive, Direct Line Insurance Group
John Hitchins	Global Chief Accountant and Financial Services Partner, PwC
Stephen Jones	Executive Director, Chief Financial Officer, Santander UK plc
Anne Richards	Chief Investment Officer, Head of EMEA and Executive Director of Aberdeen Asset Management plc
Antonio Simoes	CEO UK, HSBC Bank plc
Malcolm Streatfield	Chief Executive, Lighthouse Group plc
Paul Swann <i>(MPP Chairman)</i>	President and Managing Director, ICE Clear Europe
Andrew Turberville Smith <i>(SBPP Chairman)</i>	Chief Operating Officer and Finance Director, Weatherbys Bank Ltd



RESEARCH REPORT by GfK

CONTENTS

1) Objectives and methodology	2-3
2) Views of the FCA	4-8
• Satisfaction with the relationship	
• Perceived effectiveness	
3) The regulatory regime	9-14
• Levels of knowledge	
• Confidence in the FCA	
• Opinions of regulatory style and operation	
4) Information and communications	15-19
• Sources of information	
• Opinions of website, call-centre and supervisors	
• Perceived consistency of information	
5) The impact on firms	20-23
• Consequences of regulation	
• Changes made to business	
• Impact of enforcement action	
6) Industry wishes	24-25
7) Appendices	26-43
• Technical report	
• Questionnaire	
• Mailings to firms	

GfK Research Report

1. OBJECTIVES AND METHODOLOGY

The FCA Practitioner Panel (the “Panel”) has undertaken surveys of the industry’s view of the regulator and its operations since 1999. These have provided an on-going picture of the financial services industry’s reaction to regulatory policies and how they work in practice.

This is the eighth survey and is the first to review the new regulator – the FCA – since its inception on 1st April 2013. The survey was conducted by GfK on behalf of the Panel.

Methodology

As last year, an online¹ quantitative survey was conducted to measure practitioners’ perceptions. A census was taken of all regulated firms from the FCA TARDIS database of firms with the exception of home finance brokers, financial advisers and general insurance intermediaries, where a representative sample was taken, due to the size of these sectors.

The survey ran over an eight week period (13th January – 7th March 2014). Overall 3,146 firms took part in the survey and a response rate of 32% was achieved. This compares to a response-rate of 15% in 2013 and 43% in 2010. This is largely a function of the fieldwork period – in 2013 interviewing was conducted over four weeks, and in 2010 over three months.

The questionnaire consisted of 25 questions in total, of which five were open-ended. The target population was the most senior person in the firm; 79% of the interviews were completed by CEO, MD, Partner or Prinicipal.

The data presented in this report has been weighted to be representative of the population of regulated firms, using data from the FCA TARDIS database. The risk-based system of supervision distinguishes between firms according to their size and the potential impact of any problems occurring in that firm. The supervision system for the FCA has changed from the previous FSA approach. Now, there are fewer firms with a dedicated supervisory team, but the FCA takes a thematic view across industry sectors. Firms are now categorised according to the potential impact of that firm or group on the FCA’s objectives using C1 to C4 categorisation as set out below. This is different to the FSA’s system which

¹ Prior to 2013 a postal methodology was used to conduct this survey.

classified according to 'relationship managed' versus 'non-relationship managed'. This transition has been gradual so some C3 firms for example have been migrated away from dedicated supervision during this period. The current 'C' classification has been used in this report although the initial firm classification on the TARDIS database, at the time the sample was drawn, was the original 'relationship' – 'non-relationship managed' variable. This change means that comparison with the 2013 results for individual categories of firms is imperfect. However, where possible references to changes by type of firm will be made where these are significant.

Smaller firms are also classified as retail or wholesale and again this classification is taken from the TARDIS database. Credit unions are a separate category and analysed separately as last year.

It is worth noting that C3C4 retail firms account for around 80% of the industry, and as such the total figure will always be very similar to that for this group. In contrast, the largest C1C2 firms make up only 1% of the total number of firms but their performance has significant potential to impact on the performance of the financial system as a whole, as they impact on around 80% of consumers of financial services.

FCA Supervision categorisation

C1 – Groups with the largest number of retail customers, and wholesale firms with the most significant market presence. They have a named supervisor and a high level of firm-specific supervision. This currently covers 11 major groups.

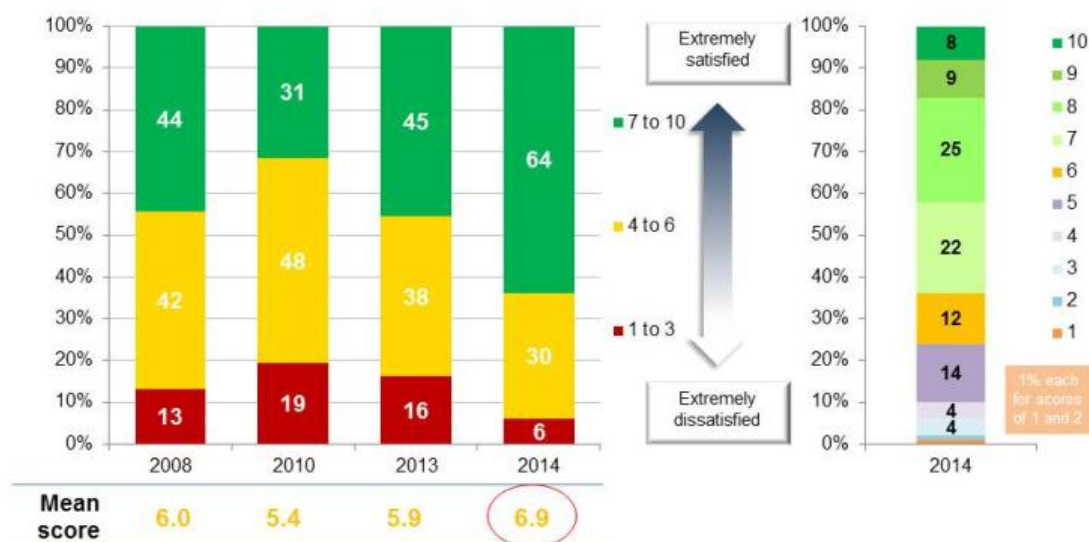
C2 – Firms and groups with large retail customer numbers and wholesale firms with a significant market presence. They have a named supervisor and a high level of firm-specific supervision. This currently covers around 120 groups.

C3 – Retail and wholesale firms with a medium-sized customer base. They are supervised with a sector-based approach, with less frequent firm-specific engagement. This currently covers around 400 firms and groups.

C4 – Retail and wholesale firms with a small number of customers. They are supervised with a sector-based approach, with less frequent firm-specific engagement. This currently covers around 25,000 firms.

2. VIEWS OF THE FCA

Figure 2.1 Satisfaction with the regulatory relationship



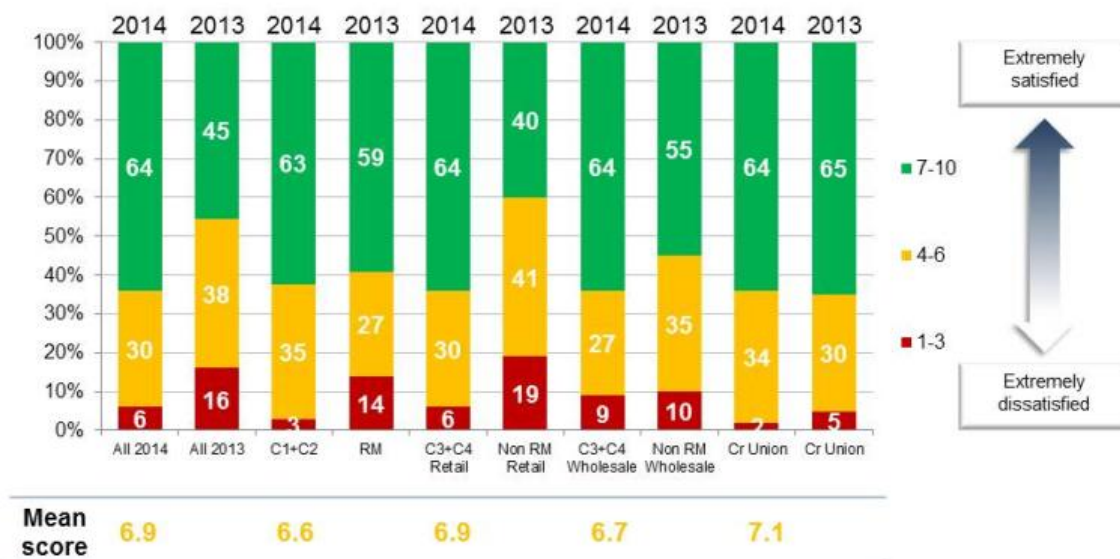
Q1 Taking into account all of your firm's dealings with the Financial Conduct Authority (FCA) how satisfied are you with the relationship?
 Base: 2008 (4,459), 2010 (4,256), 2013 (1,470), 2014 (3,146)

Firms were asked to give the FCA a mark out of 10 for their satisfaction with the relationship. The proportion of firms awarding the FCA seven or more increased from 45% in 2013, to 64% in 2014. Reflecting the growth in these positive scores, there was a corresponding decline in the percentage scoring three or less – which fell from 16% to only 6%. Such a large improvement in satisfaction is unusual for most organizations and indicates a significant shift in perceptions. This is partly a reflection of the impact of RDR in 2013 – which generated a lot of low scores from small retail firms, and the nadir that relationships with the FSA had reached in 2010.

The choice of seven as a cut-off is somewhat arbitrary. If instead, one used the NPS model of scores of nine or ten as 'promoters' and six or less as detractors (bearing in mind that NPS also uses zero) then the NPS score would be minus 19 (17% of responses being 9 or 10 minus the 36% of responses of six or less). However, this does also show an improvement on 2013 with the 'top two box' score (9-10) increasing from 9% to 17% in 2014.

The increase in mean score from 5.9 in 2013 to 6.9 in 2014 again indicates a significant increase in the industry's satisfaction with the regulator relationship, to a level of just under seven out of ten.

Figure 2.2 Satisfaction with the FCA by firm type



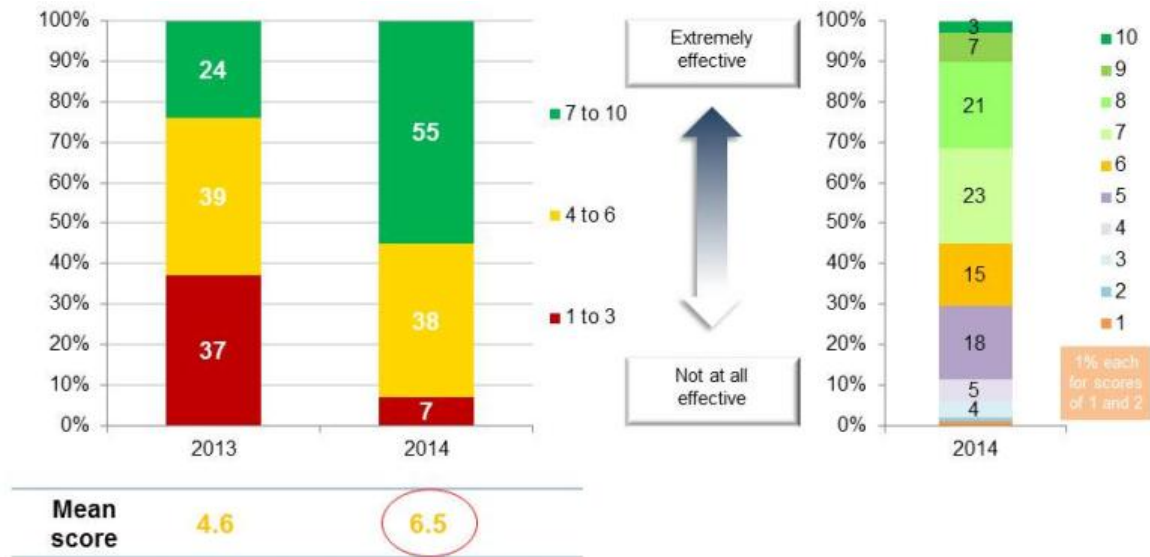
Q1 Taking into account all of your firm's dealings with the Financial Conduct Authority (FCA) how satisfied are you with the relationship?
 Base: Total 3146 (1470), C+C2 78 (RM 167), C3+C4 Retail 2594 (Non RM Retail 764) C3+C4 Wholesale 300 (Non RM Wholesale 398) Credit Unions 174 (113): (2013 base size in italics)

Satisfaction with the FCA is consistently high across all types of firms. As mentioned in the introduction, comparisons over time are hindered by the change in the FCA firm classification system. The chart above compares C1C2 firms in 2014 with all 'relationship-managed' in 2013 and C3C4 firms with 'non-relationship managed' (split by retail and wholesale); credit unions are unchanged.

Whilst recognising that the comparison is not perfect, there is strong evidence of a particularly major improvement in satisfaction amongst the C3C4 retail firms, with 64% of firms satisfied compared with just 40% in the previous year.

There has also been a notable increase in satisfaction amongst C3C4 wholesale firms, with 64% of firms satisfied compared with 55% in 2013. Conversely, the satisfaction levels of the largest firms in 2014 show little increase on those recorded among the relationship-managed firms the previous year, although the level of dissatisfaction is lower. The perceptions of credit unions are relatively unchanged.

Figure 2.3 Effectiveness of the regulator



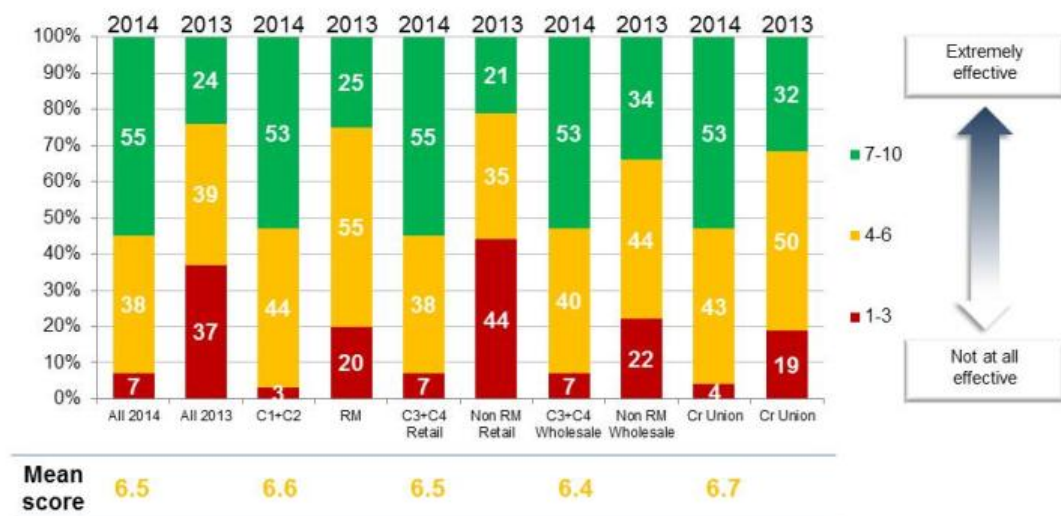
Q2 Overall, from your firm's perspective, how effective has the FCA been in regulating the financial services industry since its creation in April 2013?
 Base: 2008 (4,459), 2010 (4,256), 2013 (1,470), 2014 (3,146)

As with satisfaction with the regulatory relationship, perceptions of the effectiveness of the regulator have increased markedly over the last twelve months. The percentage of firms giving a score of seven or above is now more than half. This marks a significant improvement from 2013 where less than a quarter gave a score of this amount for the effectiveness of the FSA.

Less than one in ten firms believe the FCA to have been ineffective (that is, have given a score of 1 to 3). Again, this indicates a clear improvement on the previous year when over a third of firms believed this to be the case.

As with satisfaction, the choice of bands (7-10 and 1-3) is arbitrary and an NPS style analysis generates a score of minus 34 (10% scoring nine or ten minus 44% scoring 1-6).

Figure 2.4 Effectiveness of the regulator by firm type



Q2 Overall, from your firm's perspective, how effective has the FCA been in regulating the financial services industry since its creation in April 2013?
 Base: Total 3146 (1470), C+C2 78 (RM 167), C3+C4 Retail 2594 (Non RM Retail 764) C3+C4 Wholesale 300 (Non RM Wholesale 398) Credit Unions 174 (113): (2013 base size in italics)

Amongst all types of firms, at least half rate the FCA highly in terms of effectiveness (that is, give a score of 7 or more out of 10).

One of the most noticeable features of the above analysis is the dramatic reduction in the proportion of C3C4 retail firms returning a low score (i.e. a score of three or less). Whilst nearly half of 'non-relationship managed' retail firms gave a poor score in 2013, this was true for just 7% in 2014. Given the dominance of this group in terms of the number of firms in the market, this is also reflected in the total column. That being said, there is a decline in low scores for all categories of firm.

Firms were asked to say in their own words why they had given the effectiveness score that they had. Amongst the larger firms one of the main reasons for giving a high score was the perceived willingness of the FCA to listen and engage with the industry and associated with this a more collaborative working style. Another common theme was the perceived greater pro-activity and forward-looking stance of the FCA. There were also mentions of the quality or frequency of communications from the FCA and the clarity around the regulator's objectives and priorities. Virtually no large firms gave low scores.

Smaller firms echoed the sentiment above about the FCA's openness and willingness to listen; collaborative was a word also used by this group to explain their positive response. On a more specific point, the survey found a positive reaction to the seminars, open days and 'roadshows' run by the FCA. The other main reason why smaller firms gave a positive score for effectiveness was the perceived willingness of the FCA to take effective action against those firms who 'flout the rules'. The FCA was also credited with being responsive to queries from firms and for displaying such qualities as being prompt, helpful and sensible. And, as with the larger firms, this group liked the clarity of the FCA's framework, the thematic approach and how the organisation planned to work.

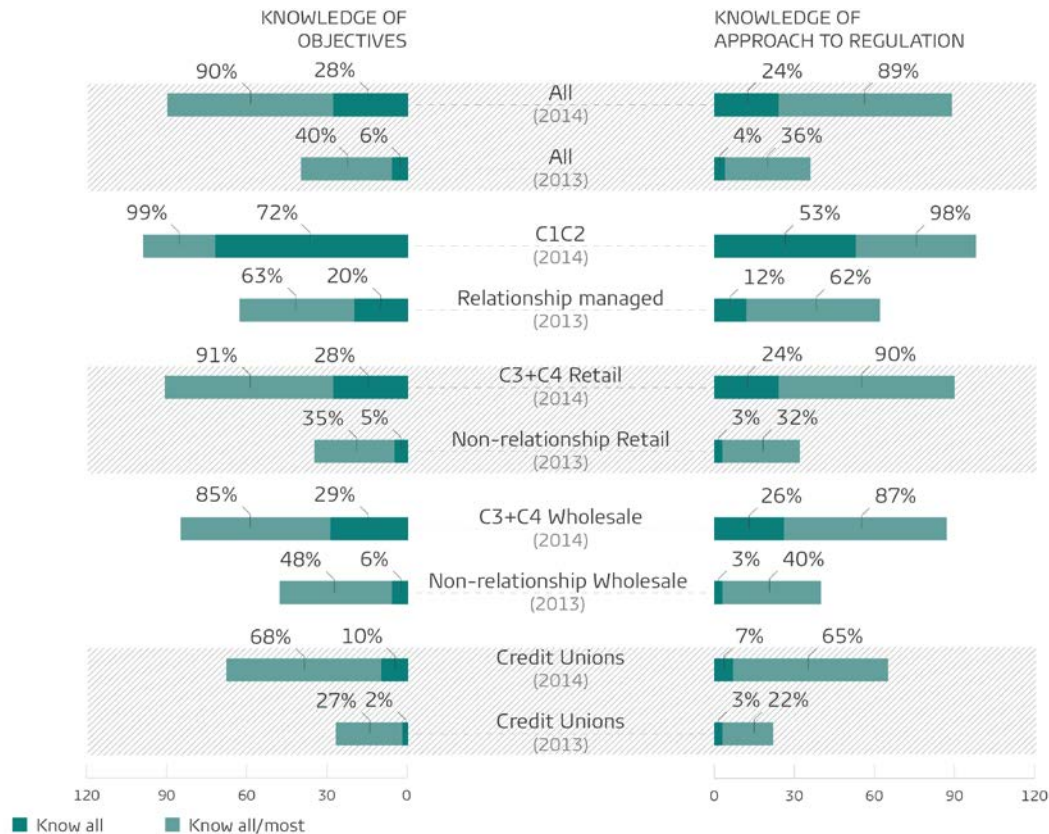
Whilst some firms were positive about the FCA's willingness and ability to take action against the rule breakers, a perceived lack of action was the main reason why smaller firms returned low scores. A common response was that the FCA had not done enough to "sort out the banks" or the "big boys". Whilst the industry has moved on from the real anger about RDR reported in last year's survey, this subject still attracts criticism and is a reason for smaller retail firms giving the FCA a low score for effectiveness.

The third main theme to emerge is the perceived level of bureaucracy and cost of regulation that seems disproportionate to many small firms, in particular the time and effort required to complete the GABRIEL returns. In a similar vein there was some mention of the perceived micro-management of the industry and that the rules imposed by the FCA are overly complicated, too complex and hard to interpret. Some respondents also questioned how the FCA could be more effective than the FSA when the organisation employed the same staff.

Finally, some firms – more commonly in general insurance or wholesale markets – felt that the FCA had an insufficient depth of knowledge about their own sector.

3. THE REGULATORY REGIME

Figure 3.1 Claimed level of knowledge by firm type



*Based on 2013 firms that were Relationship Managed
 **Based on 2013 firms that were Non-Relationship Managed Retail
 ***Based on 2013 firms that were Non-Relationship Managed Retail

Q4 How much do you know about the FCA in relation to... a) the FCA objectives b) its approach to regulating the financial services industry?
 Base: Total 3146 (1470), C+C2 78 (RM 167), C3+C4 Retail 2594 (Non RM Retail 764) C3+C4 Wholesale 300 (Non RM Wholesale 398) Credit Unions 174 (113): (2013 base size in italics)

There has been a huge increase in the number of smaller firms that claim to have the information they need in relation to the FCA objectives and its approach to regulating the financial services industry.

In terms of knowledge of the FCA objectives, there has been a significant rise in the number of C3C4 retail firms saying they have most or all of the information they need. Less than half of these firms felt they had the information in 2013 compared with 91% now. Similarly C3C4 wholesale firms also show a steep rise from 54% in 2013 stating they had all/most of the information they need, compared with 85% now.

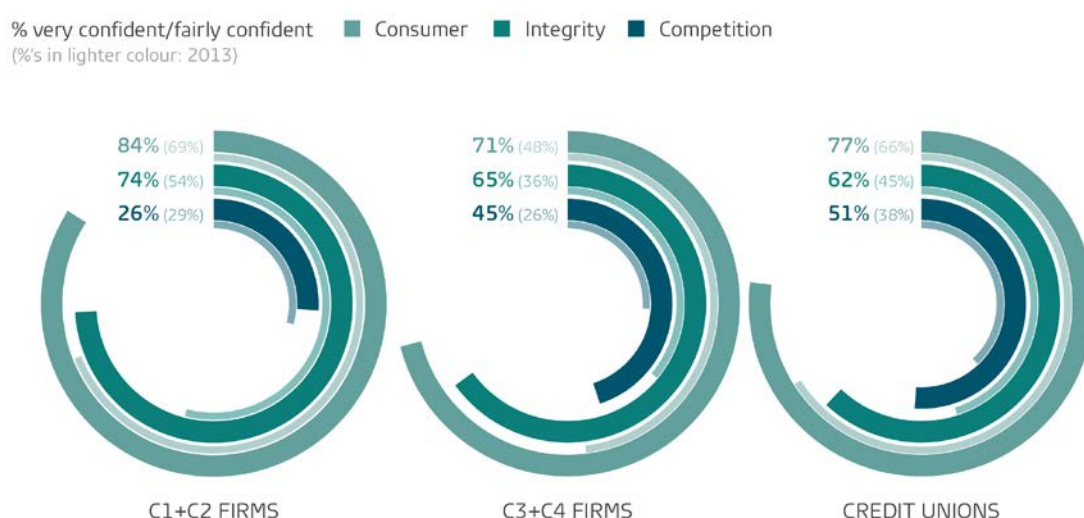
C3C4 firms also show a large improvement in regards to the information they have about the FCA's approach to regulating the financial services industry. In 2013 less than half of firms felt they had everything or most of what they needed to know, whereas in 2014 nearly all firms (89%) felt this way.

Figure 3.2 Confidence in the FCA's oversight of statutory objectives

Respondents were asked how confident they were that the FCA's oversight of the industry would deliver on the following 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

FIGURE 3.2 CONFIDENCE IN THE FCA'S OVERSIGHT OF STATUTORY OBJECTIVES



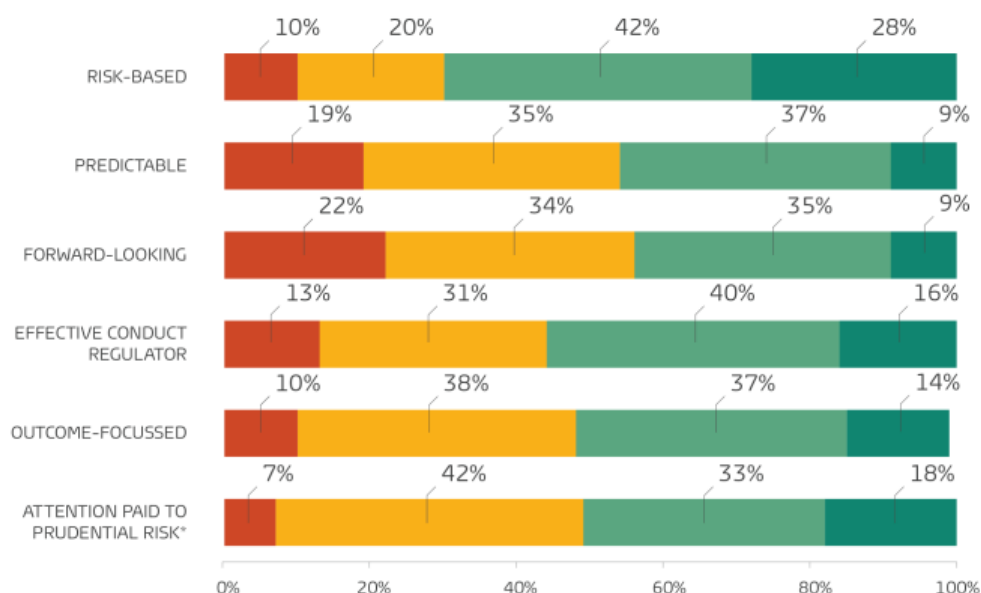
Q11 How confident are you that the FCA's oversight of the industry will deliver on the following statutory objectives?
 Base: All (3,146), C1C2 (78), C3C4 (2894), Credit Unions (174)

Of the three objectives, firms are most confident in the FCA's ability to secure protection for consumers. Roughly three-quarters of each firm type stated they were very or fairly confident the FCA could deliver this. The figure for C3C4 firms is now much more in line with that for larger firms and credit unions

Confidence in the FCA's ability to protect and enhance the integrity of the UK financial system was also high. This was particularly true for C1C2 firms, 74% of whom were very or fairly confident the FCA could deliver. Other firms were slightly less confident, although the figures for C3C4 do show significant improvement on 2013.

Firms were much less confident in the FCA's ability to deliver the objective of promoting effective competition. C1C2 firms were particularly pessimistic with only one quarter of firms very or fairly confident the FCA could deliver, representing a fall from last year.

Figure 3.3 Agreement with statements about FCA regulation



Q13: To what extent do you agree, or disagree, with the following statements about FCA regulation?

Base: All (3,146) except *FCA regulated only (2,649)

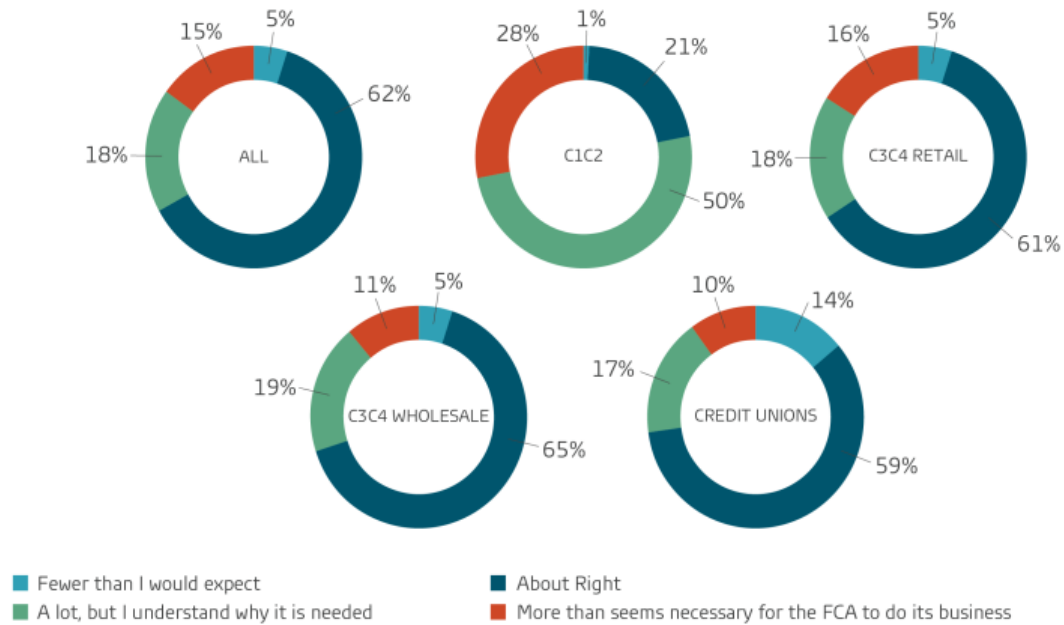
■ Agree strongly
 ■ Agree slightly
 ■ Neither/Nor*
 ■ Disagree

*including "Don't know"

Opinions of the FCA’s regulatory style are generally positive. Agreement was strongest for the statement “the FCA regulation is risk-based” with seven in ten in agreement with this statement, and within this figure over one-quarter (28%) agreed strongly. This is the highest proportion of ‘strongly agree’ across all the statements.

In contrast, the proportion of firms agreeing that FCA regulation was either predictable or forward-looking was lowest with less than half agreeing this was the case and around one in five actively disagreeing.

Figure 3.4 Opinion of number of requests from the FCA



Q17 Which of the following best describes how you feel about the number of information requests you receive from the FCA?
 Base: All (3,146), C1C2 (78), C3C4 retail (2594), C3C4 wholesale (300), Credit Unions (174)

Most firms view the number of requests from the FCA as reasonable; with two in three stating the number of requests were “fewer than expected” or “about right”.

C1C2 firms were markedly different with half of firms in this category stating the number of requests were “a lot, but I understand why it is needed” and a further quarter of firms stating the requests were “more than seems necessary for the FCA to do its business”. Of the eight C1 firms, half stated that the number of requests were “more than seems necessary for the FCA to do its business”.

Figure 3.5 Opinions of dual regulation (dual-regulated firms only)



Q15a : To what extent would you agree that the FCA and the PRA are effectively managing the differences or conflicts in their requirements from your firm due to the different statutory objectives of the two regulators?

Q.15b: To what extent would you agree that the FCA and the PRA are sufficiently co-ordinated in their day-to-day supervisory activities?

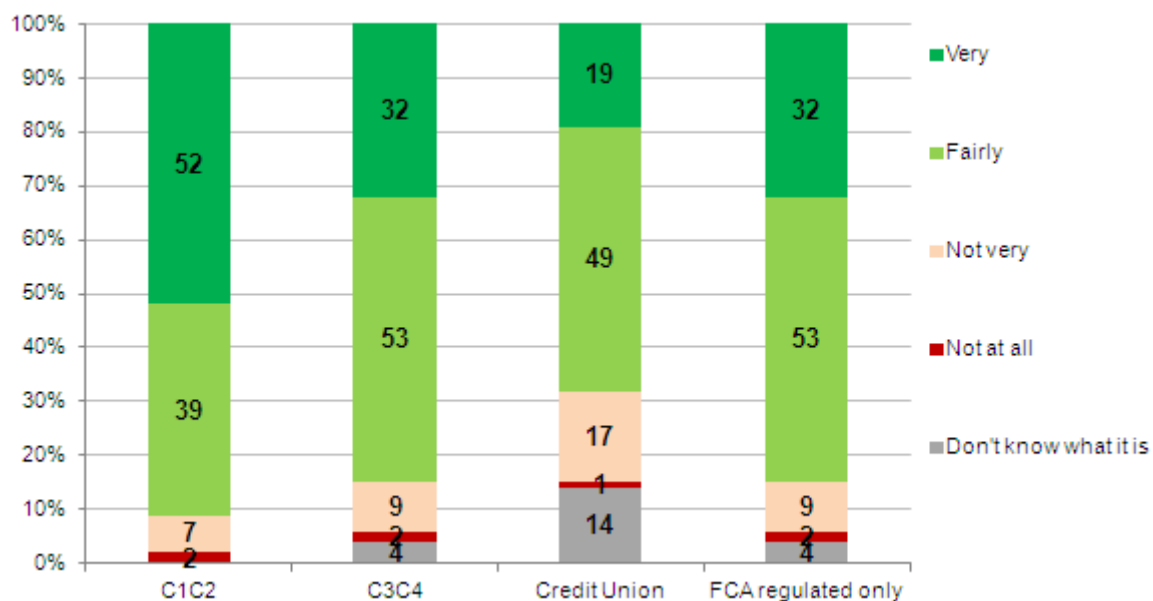
Base: All (3146), C1C2 (78), C3C4 (2894), Credit unions (174)

Roughly four in ten of firms agree (strongly or slightly) that the FCA are effectively managing the differences or conflicts from firms due to the different statutory objectives of the two regulators.

There is a lower opinion of the FCA’s ability to manage the differences amongst the larger C1C2 firms. A quarter of these firms disagreed that the FCA was effectively managing in comparison to just 11% of firms generally.

In terms of co-ordination, just over a third of firms agreed that the FCA and the PRA were sufficiently co-ordinated. Again criticism was stronger amongst the larger C1C2 firms with 42% disagreeing (strongly or slightly) that the two regulators were sufficiently co-ordinated.

Figure 3.6 Confidence in understanding the FCA classification



Q16 How confident are you that you understand the reasons behind the FCA's conduct and where not PRA-regulated the FCA's prudential rating classification of your firm?
 Base: All (3146), C1C2 (78), C3C4 (2894), Credit unions (174)

Confidence in understanding the classification system which the FCA uses to determine the level of supervision is high. This is particularly true amongst C1C2 firms, where just over half say that they are very confident that they understand the rationale.

Confidence was lower amongst credit unions; 14% of them did not know what the classification was at all.

4. INFORMATION AND COMMUNICATIONS

Figure 4.1 Information sources used to learn about the FCA



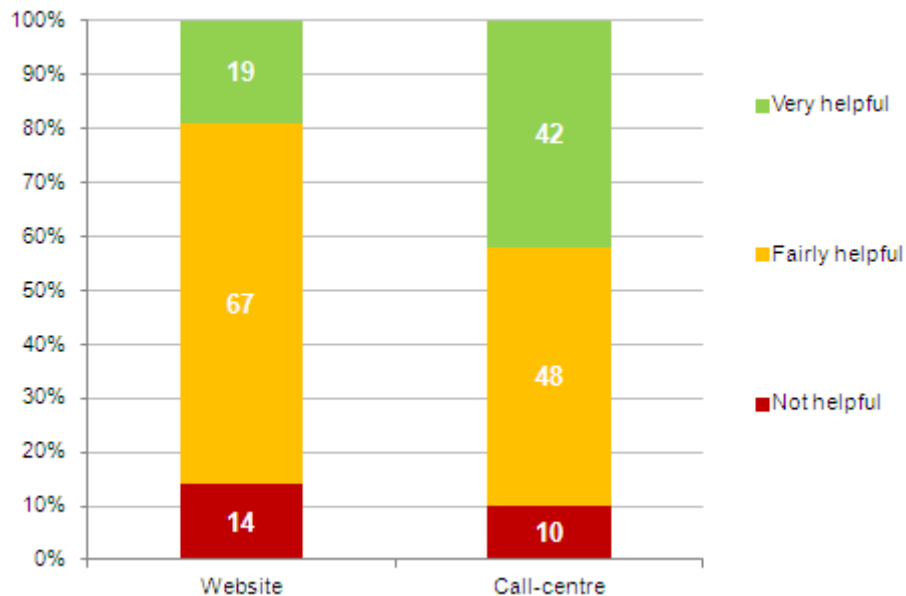
Q5a What information sources have you used to learn about the new regulatory body the FCA?
 Base: All (3,146), C1C2 (78), C3C4 (2,894), Credit Unions (174)

Information source usage does differ by firm type. Whilst all C1-C4 firms identify external advisors as one of the two most frequently used sources, these are not in the top five for credit unions. C1C2 firms mention FCA speeches most frequently, but these do not feature among the other firms

Conversely, the 'Regulatory Round-Up' which is the most popular source for C4 firms and in the top five for C3 firms and credit unions, is not important for C1C2 firms. The handbook is particularly important for C3 firms, whilst the website features in third to fifth place across the industry.

Credit unions place most reliance on written communications – with letters and newsletters from the FCA most frequently mentioned by them.

Figure 4.2 Helpfulness of the website and call centre (amongst users)



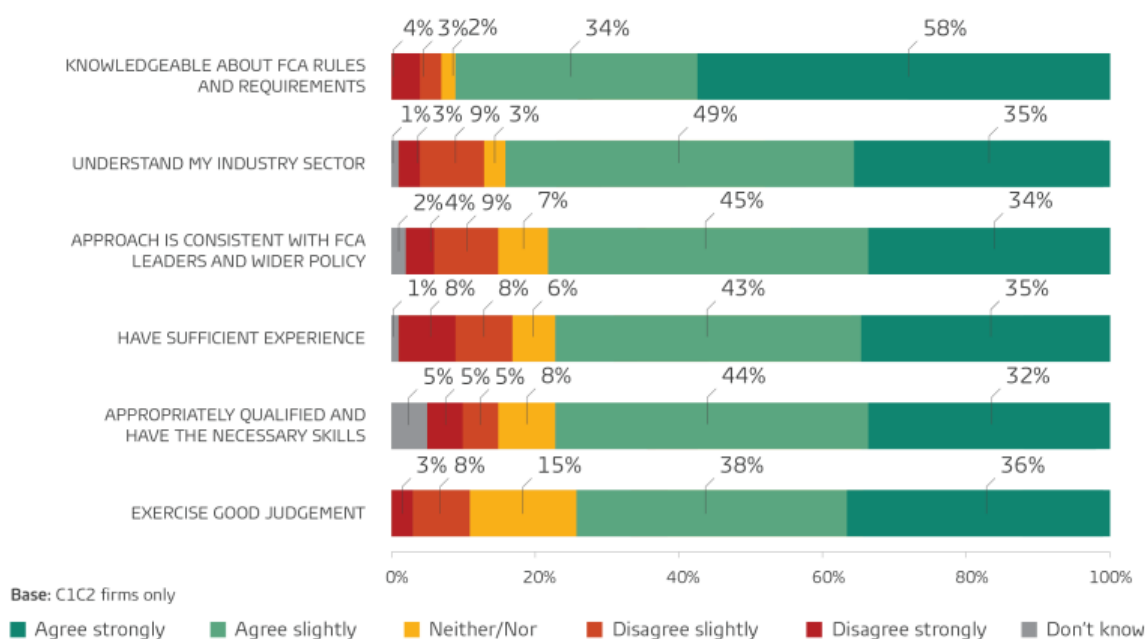
Q6 How helpful do you find the FCA Website? Q8 How helpful do you find the PCA call-centre?
Base: all who use the FCA website (2057), all who use the call-centre (827)

The 2013 report highlighted a number of issues with the FSA website and contact-centre. Questions have been added therefore to track firms' experience with these communications channels.

Overall, two-thirds of firms use the FCA website. A smaller proportion use the customer contact centre – amongst the non-relationship-managed firms, who are the target for this channel, the percentage using is just over one-quarter (28%).

The data above shows that both the website and call-centre are considered helpful by users, with 86% rating the website “very or fairly helpful” and a similar proportion (90%) giving the same rating for the call centre. However, the “very helpful” rating was much higher for the call-centre (42%) than for the website (19%).

Figure 4.3 Opinions about FCA Supervisors (C1C2 firms only)

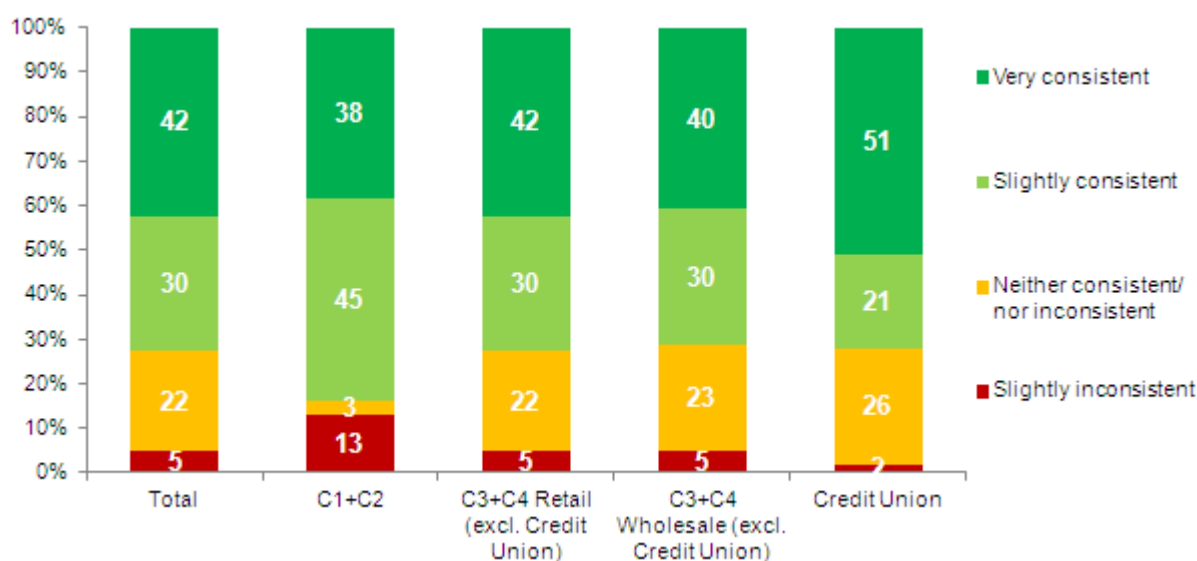


Q14 In relation to your FCA supervisors, to what extent do you agree with the following statements:
Base: All C1C2 (78)

Amongst the 78 C1C2 firms interviewed, opinions of the FCA supervisors are fairly positive, with between 74% and 92% agreeing with each of the attributes. The most positive response was to the statement about supervisors' knowledge about the FCA rules – where 58% agreed very strongly. The level of 'strong' agreement to all other dimensions was around one-third.

At the other end of the spectrum, around one in six disagreed that their supervisors had sufficient experience and one-quarter could not agree that their supervisor exercised good judgement

Figure 4.4 Consistency of the information received from the FCA.



Q9 Thinking of all the information that you have seen, heard or read from the FCA - how would you rate the consistency of that information?
 Base: All (3,146), C1C2 (78), C3C4 retail (2594), C3C4 wholesale (300), Credit Unions (174)

Information from the FCA is seen as broadly consistent across all types of firms. However, C1C2 firms are the most confident with 93% of firms in this group stating information is “very or fairly consistent”.

Respondents were also asked an open-ended question about how the FCA could improve its communication with firms. Whilst the table above shows that communications are generally seen as consistent, there were comments about the need for greater consistency between policy-makers and the supervisory teams. One specific criticism referred to the difference between statements made to the media or ‘in speeches’, compared to what was discussed with firms. The former were seen by some as ‘headline grabbing’ and there was a concern that such public pronouncements could undermine the relationship with the industry. A request was also made by some respondents to make comparison across the different FCA information sources easier.

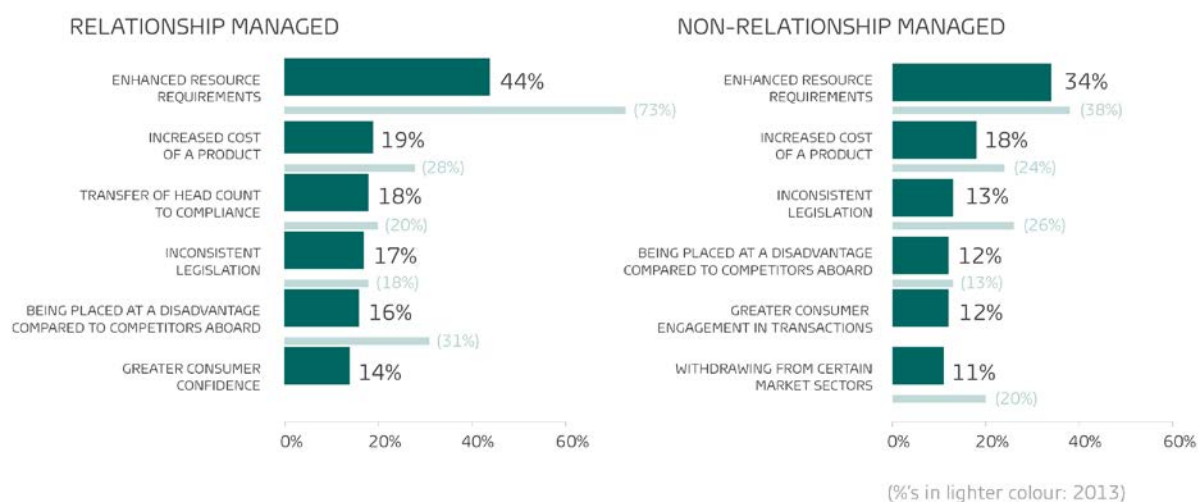
Quite a lot of comments were made about possible improvements to the clarity of the FCA’s communications. Respondents talked about the use of ‘regulator speak’ or ‘lawyer speech’ when what they wanted was ‘simple, straightforward language’. There was also feedback on the website, which some firms felt could be made easier to navigate and to search. Suggestions included the use of practical explanations and summaries, as well as a general desire for improved speed and accessibility.

If the FCA wants its communications to be compelling then a key aspect of this is relevance, and for this to be achieved there needs to be a recognition of the different needs of the different sectors within the industry. Wholesale firms in particular wanted more information tailored to their needs, which they felt differed to those serving the retail sector. This applied to all forms of communication including the structure of the website.

On the positive side the roadshows were well received and this stimulated requests for more such events, including other formats such as seminars and meetings. Similarly, it was felt that the 'Regulatory Round-Up' could be improved further with links to webinars, speeches and discussions.

5. THE IMPACT ON FIRMS

Figure 5.1 The main consequences of regulation (*prompted, top six*)



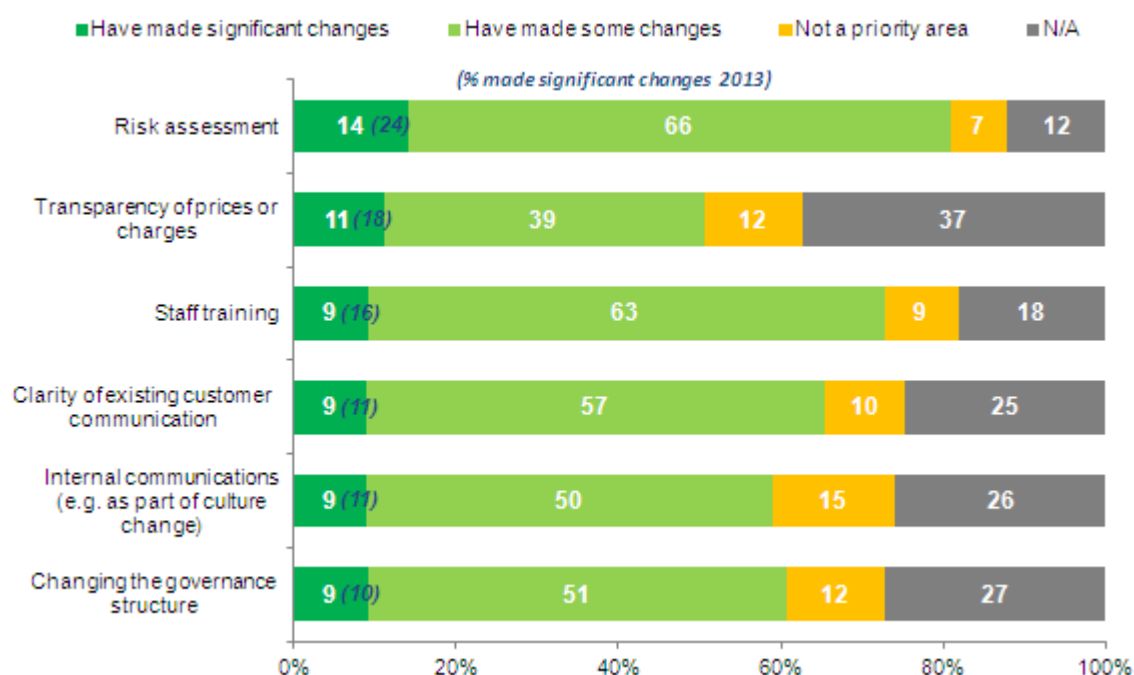
Q19 Over the last year, which of the following, if any, has your firm experienced as a direct result of regulation?
 Base: Relationship managed (300), Non-relationship managed (2,846)

Firms had reported more internal changes as a result of regulation in the 2013 Survey than in the 2014 Survey. Just 44% of relationship managed firms mentioned experiencing enhanced resource requirements as a result of regulation. This is much lower than 2013, where the comparable figure was 74%.

Fewer relationship managed firms are now experiencing negatives such as “increased cost of a product” (just 19% experienced it compared with 29% in 2013). Similarly, fewer relationship managed firms feel they are being disadvantaged compared to competitors abroad, with just 16% of firms stating this was an impact compared to nearly a third a year ago.

Amongst non-relationship managed firms, smaller drops in impact are being recorded. The percentage of firms experiencing “inconsistent legislation” dropped from 25% in 2013 to just 13% this year. Withdrawing from market sectors was experienced by one in five non-relationship managed firms last year. This year, that figure is just one in ten.

Figure 5.2 Changes made to business (prompted, top six)



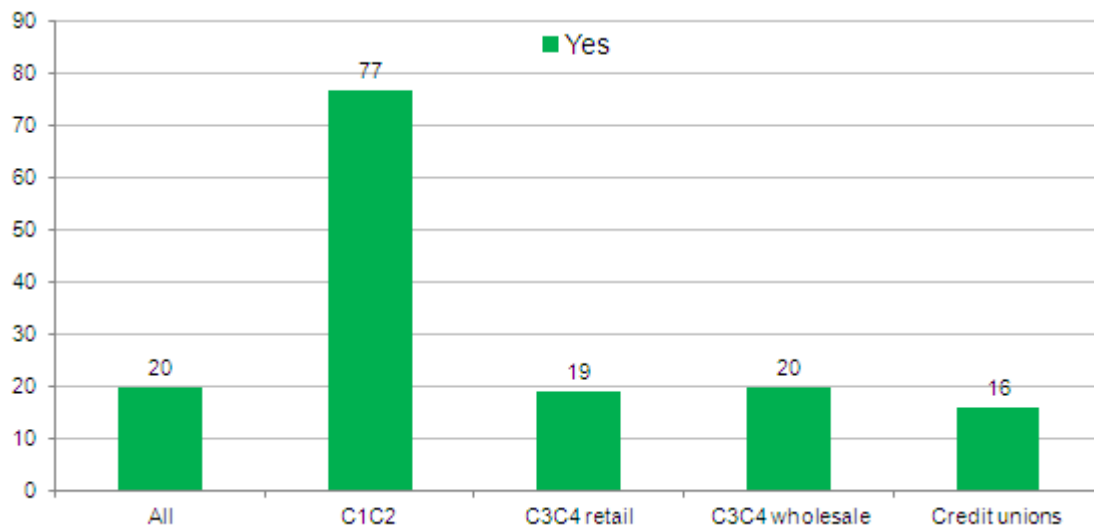
Q18 Looking at the various areas of business below, in the last year, to what extent has your firm made changes in these areas?
Base: All (3,146)

The majority of firms have made changes to their risk assessment, with 14% of firms making significant changes. This is a large drop on last year, when 24% of firms made significant changes. The need for change in risk assessment was highest amongst relationship managed firms where one in five firms made some/significant change to risk assessment.

Transparency of prices is also an area where considerable change has occurred. One in ten firms made significant changes which was much lower than 2013, when nearly one in five firms had made significant changes.

Relationship managed firms were very active in changing their governance structures. One fifth of these types of firms made some/significant changes.

Figure 5.3 Awareness of enforcement actions in the last two years relevant to the business



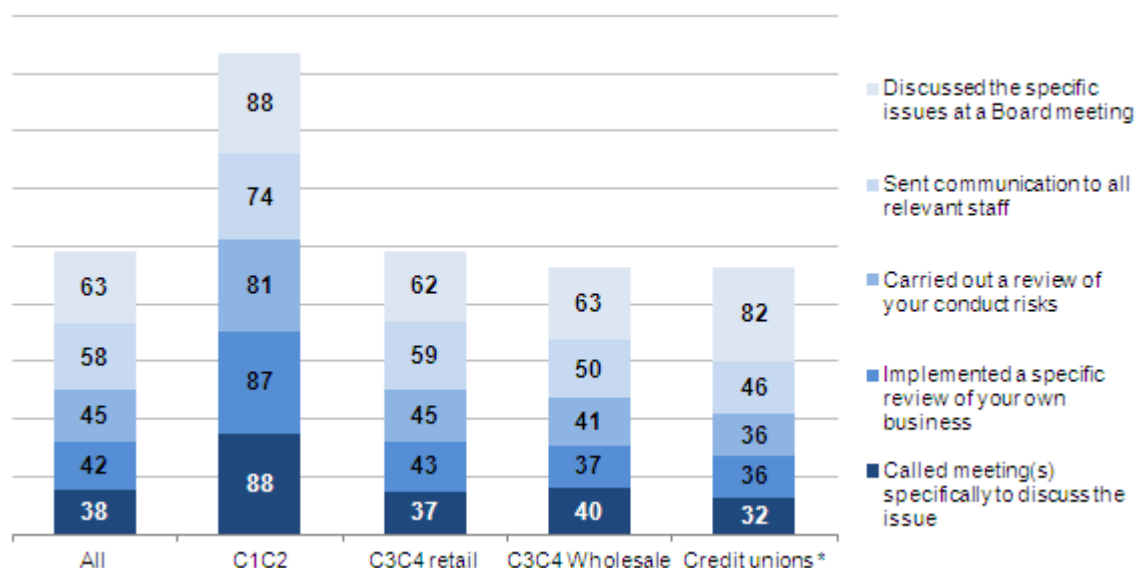
Q21 Are you aware of any enforcement actions in the last two years which have been relevant to your business
Base: All (3,146), C1C2 (78), C3C4 retail (2594), C3C4 wholesale (300), Credit Unions (174)

Awareness of enforcement activity does differ by firm size. All C1 firms were aware of action by the FCA over the last two years, and across the C1C2 category this figure was just over three-quarters.

However, amongst C3C4 firms the proportion aware was around one in five, with a slightly lower figure still for credit unions.

Figure 5.4 Action taken as a consequence of this enforcement activity

(% of those aware taking each action)



Q22 What actions, if any, have you taken as a consequence of this enforcement activity?

Base: All aware of enforcement over the last two years: All (611), C1C2 (60), C3C4 retail (458), C3C4 wholesale (65), Credit unions (28)

*note: very low base size

A range of measures have been taken as a result of enforcement activity, across all types of firms.

C1C2 firms have been the most active, with nearly all firms calling a meeting specifically to discuss the issue and as well as raising the specific issues at a Board meeting. A high number (87%) of C1C2 firms also implemented a specific review of their own businesses.

For smaller firms such as credit unions, most (82%) discussed the specific issues at a Board meeting, though less than half took other measures such as sending communication to all relevant staff and conducting a review of the business.

6. INDUSTRY WISHES

At the end of the interview firms were asked three open-ended questions :

- What their main concerns were about regulatory policy over the next 12 months, including both UK and Europe;
- What they wanted the Practitioner Panel to focus on;
- A 'single message' to the FCA.

6.1 Concerns about regulatory policy

Two over-riding themes from large and small firms alike were the need for a period of stability and the need for consistency between UK and EU legislation. Respondents in the retail sector felt that they needed time to consolidate and take stock after RDR and other changes. Another consistent message from the industry was to avoid 'politically motivated' legislation.

Firms in both the retail and wholesale sectors were concerned about the impact of national, European and, in the case of wholesale, US legislation. This multiple legislation can lead to conflicts in style and requirements (there was mention of EU regulation being more detailed and 'box-ticking'), UK firms being put at a disadvantage or simply the additional time and cost of serving several masters. Larger firms, in particular, were keen to avoid 'gold-plating'.

This time and cost of compliance also manifests itself in the use of compliance advisors by small firms. Apart from the need to pay for such third parties, there was also a concern that they might not always act in the best interests of their clients. Respondents talked of being recommended to make changes too early with subsequent additional changes and costs. Another aspect of cost is how fees or levies are calculated. Some respondents were quite angry that they had to pay for the misdemeanours of others – for example new firms paying for PPI mis-selling or more generally for products that they themselves did not sell.

Across the industry, firms are concerned that regulation doesn't recognise the inherent differences by sector or size of firm. Respondents from all categories were adamant that 'one size does not fit all'. In the case of smaller firms they were concerned that 'good' firms were unnecessarily penalised in the pursuit of the 'bad guys' (who they were keen to see rooted out), and that the regulatory burden on small firms was "stifling". As already mentioned, the time and cost of regulation is a major concern to many small firms. Larger firms often felt that they were unfairly targeted whilst smaller firms were able to escape effective supervision. And wholesale firms worried that regulation targeted at the retail sector was applied to them unnecessarily.

Wholesale firms made specific mention of the need to clarify the capital adequacy requirements for SIPP providers and both wholesale and retail firms raised concerns about AIFMD. There was a whole raft of specific concerns including competitors who had passported in from other regulatory regimes in Europe, and specific legislation such as MMR, FATCA, and EMIR.

6.2 Focus for the Practitioner Panel

Reflecting the responses to the previous question, firms wanted the Practitioner Panel to encourage stability and less change. Smaller firms wanted the FCA to be encouraged to ‘catch the bad boys’ and support smaller firms, including working more closely with trade associations.

Again, as previously identified, many respondents were keen that the Panel should encourage the FCA to recognise the different groups that exist within the industry and how their respective needs differ. Also, to be aware that some sectors pose a higher risk to consumers and the wider economy and some a much lower level of risk.

Another major theme to emerge from this question was that many firms feel the financial services industry only ever gets ‘a bad press’. There have been successes and these should be celebrated; the FCA should be encouraged to operate on a “constructive and co-operative” basis with the industry, and there should be some recognition that consumers have to take some responsibility for their own actions.

It is perhaps no surprise that reducing the cost of compliance and the perceived level of bureaucracy was also a concern.

6.3 Single message to the FCA

Last year’s report summarised the responses to this question as the need to be proportionate, pro-active and predictable. Again in 2014, there was quite a lot of mention of the need for proportionality, and as identified above, a reduction in the regulatory burden for small firms.

The responses to this question reflect some of the topics identified in the other two open questions. Namely, engage with the industry, recognise the ‘good guys’ and be sensitive to the differing needs of the various sub-sectors. The FCA should protect the UK industry from the EU and the rest of the world and finally – provide some stability.

7. APPENDICES

APPENDIX 1 - Technical report

QUESTIONNAIRE DESIGN

Where possible and relevant, the questionnaire included key questions from previous waves to allow the Panel to track key measures over time. However, given the significant changes in the regulatory landscape, including the transition from the FSA to the FCA in April 2013 a number of new questions were introduced.

The final questionnaire (see Appendix 2) consisted of the following sections:

The role of the FCA

Firms' overall satisfaction with the FCA, the perceived effectiveness of the FCA and firms' overall knowledge of the FCA's objectives and approach to regulation.

Information and communications

The sources of information used to learn about regulation and the FCA, opinions of those different media and how they might be improved.

Statutory objectives

Confidence in the FCA to deliver on its objectives, opinions of the FCA's regulatory style and the quality of supervision, including where appropriate the interaction between the FCA and the PRA

The impact on firms

Changes that firms have made themselves and the impact of regulation, plus the impact of enforcement activity. Finally, concerns for the future, where firms would like the Practitioner Panel to focus its activities and their message to the FCA

SAMPLING

The sample for the quantitative survey was obtained from the FCA's TARDIS database.

There was a number of duplicate firms in the TARDIS database, particularly where firms had more than one type of operation. Prior to sample selection a comprehensive check for duplicate records was conducted with duplicates removed from the sample.

Once all the duplicates had been removed, as with other waves of this study, a census of all firms were taken with the exception of firms that were financial advisors, general insurance intermediaries and home finance brokers. Within each of these categories the sample was stratified (according to size and location) and then a certain number of firms selected, ensuring the selected firms were representative of the overall sample populations provided.

The final sample is as shown in Table 7.1 overleaf

Table 7.1

Primary category	Universe	Sample
Advising and Arranging Intermediary (exc. FS & Stockbroker)	2729	832
Advising only intermediary (exc. FA)	241	93
Arranging only Intermediary (exc. Stockbroker)	446	177
Asset Management	6	5
Authorised Professional Firm	762	207
Bank (other than Wholesale only)	489	153
Broker	3	3
Building Society	88	37
CIS Administrator	113	30
CIS Trustee	20	5
Clearer/Settlement Agent	20	5
Composite Insurer	47	8
Connected Travel Insurance only	2	2
Corporate Finance Firm	1342	426
Credit Union	662	481
Custodial Service Provider	36	5
Custodian	1	1
Custody banks and Fund Administrators	1	1
Discretionary Investment Manager	7,573	1,497
Dormant Account Fund Operator	1	0
Energy (including Oil) Market Participant	63	31
Financial Adviser (FA)	7,102	1,842
General Insurance	8	8
General Insurance (Run off)	1	1
General Insurance Company	1	1
General Insurance Intermediary	6,661	2,049
General Insurer	686	222
Hedge fund	2	2
Hedge Fund Managers	1	1
Home Finance Administrator	30	14
Home Finance Broker	1,522	503
Home Finance Provider	170	61
insurance	1	1
Insurance intermediary	1	1
Insurer	3	3
Investment Bank	1	1
Investment Banking	6	6
ISPV	6	0
Life Assurance	1	1
Life Insurer	403	124
Lloyds's	2	0
Lloyds's Managing Agent	87	53
Lloyds's Member Agent	9	5
Mainstream Fund Managers	3	3
Market Maker	138	28
Media Firm	13	10
MTF Operator	45	17
Non-discretionary Investment Manager	131	23
Own Account Trader	111	28
Personal Pension operator	138	56
PMI	1	1
Retail insurance intermediary	1	1
Retail Insurer	2	2
Secondary Appointed Rep	1	0
Service company	34	16
Stockbroker	414	138
Venture Capital Firm	1691	282
Wholesale Market Broker	253	64
Wholesale only Bank	57	20
Not stated	40	40
Blanks	81	81
Total	34,503	9,708

WARM UP LETTER

An initial warm up letter was sent to all firms before the start of the fieldwork. This letter was dispatched on Practitioner Panel letterhead and signed by Graham Beale, Chairman of the Panel, to encourage response.

FIELDWORK

The survey fieldwork was conducted over the eight weeks from 13th January to 7th March. During fieldwork firms were sent an initial invitation plus reminder emails, letters or telephone calls encouraging them to complete the questionnaire. In total, firms who had not yet completed the questionnaire were sent up to two reminder emails or letters and a telephone call.

RESPONSE RATE

The overall response rate achieved was 32%. This is higher than in 2013 as the fieldwork period was extended to eight, instead of four weeks.

Table 7.2 - Response rate by type of firm

Firm type	Issued	Achieved	Response rate
C1C2	125	78	62%
Relationship managed –retail	118	37	31%
Relationship managed –wholesale	61	16	26%
Non relationship managed –retail	7904	2,557	32%
Non relationship managed –wholesale	1250	284	23%
Credit Unions	481	174	36%
Total	9709	3,146	32%

WEIGHTING

The data was weighted to reflect the total universe of firms and the weights were derived in two stages:

Design weight

This was applied to compensate for differences in the probability of selection. When a census of all firms was conducted a weight of "1" was applied. For firms that required selection the design weight was calculated and applied based on a firm's probability of selection.

Non –response weight

The achieved sample profile was compared against the universal sample according to supervisor division and primary category. This indicated where particular types of firms were under-represented in the achieved sample. The application of a non response weight to the data, in addition to the design weight, ensures that views of firms are closely representative of the universe.

APPENDIX 2 QUESTIONNAIRE

THE FCA PRACTITIONER PANEL INDUSTRY SURVEY 2014

INTRODUCTION

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.

The Panel's previous survey, conducted at the beginning of 2013, provided clear feedback to the FCA, as it took over from the FSA, on the industry's views of the challenges ahead for the regulator. The FCA has asked the Panel to undertake this survey on an annual basis, to help them to monitor progress. Although the FCA conducts its own Firm Feedback Surveys, the Practitioner Panel's survey is overseen by Panel members and results are analysed and anonymised by GfK 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 10 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.

Your individual response to the survey will be **completely confidential**. In reporting the survey answers, GfK NOP 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.

This questionnaire will cover your opinions of the FCA, the changes since the FCA replaced the FSA, and the implications for your own business.

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?

(SINGLE CODE)

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 since its creation in April 2013?

(SINGLE CODE)

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

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

OPEN ENDED QUESTION

*Q4 How much do you know about the FCA in relation to...

- a. The FCA's objectives?
- b. Its approach to regulating the financial services industry?

(SINGLE CODE) – GRID

- Everything I need to know
- Most of what I need to know
- A little
- Nothing

Information and Communication

*Q5a What information sources do you use to learn about regulation and the **FCA**?
Please tick all that apply

(MULTI CODE)

Conferences - FCA
Conferences - other
External advisers (lawyers, compliance consultants etc)
FCA 'Regulatory Round-up' email
FCA customer contact centre
FCA speeches
FCA Handbook
FCA newsletters
FCA supervisor discussions
FCA Website
"Journey to the FCA" document
Letters from the FCA
The media
Trade Associations
Other (please specify)
Nothing

*Q5b Which of those you have chosen would you say is the most important?

ONLY SHOW THE CODES BELOW WHICH THE RESPONDENT SELECTED AT Q5a

(SINGLE CODE)

Conferences - FCA
Conferences - other
External advisers (lawyers, compliance consultants etc)
FCA 'Regulatory Round-up' email
FCA customer contact centre
FCA speeches
FCA Handbook
FCA newsletters
FCA supervisor discussions
FCA Website
"Journey to the FCA" document
Letters from the FCA
The media
Trade Associations
Other (please specify)
Nothing

If 'Website' @ Q5a

Q6 How helpful do you find the FCA website?

(SINGLE CODE)

- Very helpful
- Fairly helpful
- Not very helpful
- Not at all helpful

If 'RM' (flagged in Tardis) AND 'Discussions with FCA' @ Q5a

Q7 Overall how helpful do you find the information you receive during your discussions with the FCA supervisory team?

(SINGLE CODE)

- Very helpful
- Fairly helpful
- Not very helpful
- Not at all helpful

If 'Non-RM' (flagged in Tardis) AND 'FCA call centre' @ Q5a

Q8 How helpful do you find the FCA call centre?

(SINGLE CODE)

- Very helpful
- Fairly helpful
- Not very helpful
- Not at all helpful

Q9 Thinking of **all** the information that you have seen, heard or read from the FCA – how would you rate the **consistency** of that information?

(SINGLE CODE)

- Very consistent
- Slightly consistent
- Neither consistent/ nor inconsistent
- Slightly inconsistent
- Very inconsistent

Q10 And overall, in what way could FCA improve communications?

Please type your answer in the box below.

OPEN ENDED QUESTION

ALLOW NO COMMENT

FCA Statutory Objectives

DESCRIPTION

The FCA has a **single strategic objective of ensuring 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

Q11 asked for each of the three objectives

*Q11 How confident are you that the **FCA's** oversight of the industry will deliver on the following statutory objectives?

(SINGLE CODE)

Very confident

Fairly confident

Not very confident

Not at all confident

Too early to say

Q12 Which of the following is your firm currently regulated by?

(SINGLE CODE)

The FCA only

The FCA and the PRA

Q13 To what extent do you agree, or disagree, with the following statements about FCA regulation?

FCA regulation is risk-based

FCA regulation is predictable

FCA regulation is forward looking

The FCA is an effective conduct regulator

FCA regulation is outcome-focussed

The FCA pays sufficient attention to prudential risk for single-regulated firms

(ask to FCA-only regulated)

(SINGLE CODE)

Strongly agree

Slightly agree

Neither agree / nor disagree

Slightly disagree

Strongly disagree

Don't know enough to answer

Q14 In relation to your FCA supervisors (supervisors' teams or the FCA customer contact centre), to what extent do you agree with the following statements:

My FCA supervisors are knowledgeable about FCA rules and requirements;
My FCA supervisors understand my industry sector;
My FCA supervisors have sufficient experience;
My FCA supervisors exercise good judgement;
My FCA supervisors are appropriately qualified and have the necessary skills to undertake the role;
My FCA supervisors approach is consistent with that from the leaders of the FCA, and the FCA's wider policy approach.

(SINGLE CODE)

Strongly agree
Slightly agree
Neither agree / nor disagree
Slightly disagree
Strongly disagree
Don't know enough to answer

IF DUAL REGULATED (FCA and PRA)

Q15a To what extent would you agree that the FCA and PRA are effectively managing the differences or conflicts in their requirements from your firm due to the different statutory objectives of the two regulators.

(SINGLE CODE)

Strongly agree
Slightly agree
Neither agree / nor disagree
Slightly disagree
Strongly disagree

IF DUAL REGULATED (FCA and PRA)

Q15b To what extent would you agree that the FCA and PRA are sufficiently coordinated in their day to day supervisory activities (e.g. supervisory activities and data requests)

(SINGLE CODE)

Strongly agree
Slightly agree
Neither agree / nor disagree
Slightly disagree
Strongly disagree

Q16 How confident are you that you understand the reasons behind the FCA's conduct (C1 to C4) and – WHERE NOT PRA REGULATED – the FCA's prudential (P1 to P4) rating classification of your firm?

(SINGLE CODE)

Very confident
Fairly confident
Not very confident
Not at all confident
Don't know what the C&P classification is

Q17 Which of the following best describes how you feel about the number of information requests you receive from the FCA ...

(SINGLE CODE)

Fewer than I would expect
About right
A lot but I understand why it is needed
More than seems necessary for the FCA to do its business

The impact of FCA regulation on your own business

We would now like to ask you a few questions about your own business in relation to regulation.

*Q18 Looking at the various areas of business below, in the last year, to what extent has your firm made changes in these areas?

Changing the governance structure
Clarity of existing customer communication (i.e. statements, valuations etc.)
Complaints handling
Financial crime prevention
Internal communications (e.g. as part of culture change)
Made marketing communications more clear & transparent
Post sales process and customer service
Product design & targeting
Recruiting different staff to those the organisation had previously
Risk assessment
Sales processes (e.g. review of distribution channels)
Specific culture change programme
Staff reward structure (e.g. bonuses, sales incentive)
Staff training
Transparency of prices or charges (e.g. in pre-sales literature)

(SINGLE CODE)

Have made significant changes

Have made some changes

Not a priority area

N/A

- *Q19 Over the last year, which of the following, if any, has your firm experienced as a **direct result** of regulation? Please tick all that apply.

(MULTI CODE) - RANDOMISE

Enhanced resource requirements

Regulatory enforcement action

Withdrawing a product or service or from serving specific consumers groups

Choosing not to launch products

Increased cost of a product (e.g. increase APR, premium etc)

Transfer of head count from customer facing roles to compliance

Being placed at a disadvantage compared to competitors based abroad

Needed to move activities overseas

Inconsistent legislation

Changes in regulation being applied retrospectively

Greater consumer confidence

Increased sales

Greater market stability

Greater consumer engagement in transactions

More competitive marketplace

ONLY SHOW Q20 IF THE RESPONDENT TICKED 3 OR MORE AT Q19

- *Q20 Which would you say have had the greatest impact on your firm? Please tick all that apply.

Select up to three

ONLY SHOW THE CODES BELOW WHICH THE RESPONDENT SELECTED AT Q17

Enhanced resource requirements

Regulatory enforcement action

Withdrawing a product or service or from serving specific consumers groups

Choosing not to launch products

Increased cost of a product (e.g. increase APR, premium etc)

Transfer of head count from customer facing roles to compliance

Being placed at a disadvantage compared to competitors based abroad

Needed to move activities overseas

Inconsistent legislation

Changes in regulation being applied retrospectively

Greater consumer confidence

Increased sales

Greater market stability

Greater consumer engagement in transactions

More competitive marketplace

Q21 Are you aware of any enforcement actions in the last two years which have been relevant to your business?

(SINGLE CODE)

Yes

No

IF AWARE AT Q21

Q22 What actions, if any, have you taken as a consequence of this enforcement activity?

(MULTICODE)

Discussed the specific issues at a Board meeting

Implemented a specific review of your own business

Carried out a review of your conduct risks

Made a change to your business model

Reviewed your firm's remuneration structures and processes

Called meeting(s) specifically to discuss the issue

Introduced or changed training modules

Sent communication to all relevant staff

Other (please specify)

None

Q23 What are your firm's main concerns about regulatory policy over the next 12 months, whether thinking about both UK or European proposals?
Please type your answer in the box below.

OPEN ENDED QUESTION

ALLOW NO COMMENT

Q24 The Practitioner Panel is independent from the FCA. Together with the Small Business Practitioner Panel and the Markets Practitioner Panel, they represent the interests of the financial services industry and provide early input and challenges to FCA policies and practices. Given this remit, what do you think the Practitioner Panels should focus on in the next 12 months?
Please type your answer in the box below.

OPEN ENDED QUESTION

ALLOW NO COMMENT

*Q25 If you could deliver a single message to the Board of the FCA, what would it be? Please type your answer in the box below.

OPEN ENDED QUESTION

ALLOW NO COMMENT

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

*F1 How many full time staff (or equivalent) are employed by your firm in the UK?

(SINGLE CODE)

0-9
10-19
20-49
50-99
100-499
500-999
1000 or more

*F2 How many customer facing staff does your firm have?

(SINGLE CODE)

0-9
10-19
20-49
50-99
100-499
500-999
1000 or more
N/A

*F3 How would you describe the type of business you conduct?

(SINGLE CODE)

All retail
Mainly retail
Part retail, part wholesale
Mainly wholesale
All wholesale

*F4 And where are your customers located?

(SINGLE CODE)

Only in the UK

Partly in the UK, partly overseas

Only overseas

*F5 This questionnaire may have been completed by one or more individuals. Who has completed this questionnaire?

(MULTI CODE)

Chief Executive/MD

Partner/Principal in the firm

Group/Head of Compliance (responsible for 2 or more regulated areas of authorised activities)

Senior/Principal Compliance Officer (responsible for single area or regulated activities)

Financial Director

Other (please specify)

*Q26 Thank you for completing the survey. 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 type your answer in the box below.

OPEN ENDED QUESTION

ALLOW NO COMMENT

Thank & Close

Title Forename Surname
Firm name
Address Line 1
Address Line 2
Town
City Postcode



Date

An opportunity to give independent feedback to the FCA

I am writing to invite you to contribute to the 2014 Practitioner Panel Survey. This aims to follow up on our survey of regulated firms from last year, which provided clear messages to the FCA as it took over conduct regulation. We now want to take the temperature again, and to provide independent and confidential feedback – sponsored by the FCA's industry panels, and conducted by the market research firm, GfK.

This is an opportunity to voice your views on regulation to the heart of the FCA. It should only take 10 minutes of your time, and we can guarantee that the results will be listened to by the FCA Board and executive.

The results of last year's survey continue to influence thinking and direction in the FCA. The key themes were the need for the FCA to i) foster competition as well as protecting consumers; ii) improve communications with non-relationship managed firms; and iii) provide more proportionality, proactivity and predictability in its supervision. The report is available on our website*.

The FCA Practitioner Panel is a statutory body, consisting of senior executive practitioners – details of whom are on our website*. The Panel is uniquely positioned to feed the views of the industry about regulation back to the FCA, and works together with the FCA Smaller Business Practitioner Panel and FCA Markets Practitioner Panel.

An important element of this survey is that it collects the views of people running regulated firms. This is why we are asking that the most senior executive in your organisation completes this survey. GfK will be contacting you in the next few days with the survey details. If you have any questions, you can contact Claire Barter in GfK Financial on 020 7890 9829 or you can call Rebecca Tabor in the Practitioner Panels' Secretariat at the FCA on 020 7066 0902.

I will share the headline results of this survey with you in May 2014. Thank you for your contribution.

Yours faithfully

A handwritten signature in black ink that reads 'Graham Beale'.

Graham Beale
Chairman, FCA Practitioner Panel
(CEO Nationwide Building Society)

***THE FCA PRACTITIONER PANEL WEBSITE IS WWW.FS-PP.ORG.UK, WHICH CONTAINS THE LIST OF MEMBERS AND REPORT FROM LAST YEAR'S SURVEY. INFORMATION ON THE FCA SMALLER BUSINESS PRACTITIONER PANEL IS AVAILABLE ON ITS WEBSITE – WWW.SBPP.**



Date

Forename Surname

Firm name

Address Line 1

Address Line 2

Town

City Postcode

FCA Practitioner Panel survey 2014

Graham Beale Chairman of the FCA Practitioner Panel ("the Panel") has recently written to you regarding the above survey. The survey provides an excellent opportunity for the industry to present its views to the Financial Conduct Authority (FCA). The Panel has statutory independence from the FCA, under the Financial Services and Markets Act 2000.

The survey canvasses the opinions of a wide range of businesses currently regulated by the FCA, from the smallest to the largest, from those dealing with UK business only to those operating internationally. GfK NOP is an independent market research company and we have been commissioned by the Panel to conduct the survey.

GfK NOP will treat all survey responses in the strictest confidence, according to the Market Research Society Code of Conduct. In reporting the survey results to the Panel, GfK NOP will always group responses together to ensure that no answers can be identified in terms of individual, firm or group. No information which will identify individual firms will be passed directly to the FCA.

The questionnaire should be completed by the most senior person in your firm or group (Chief Executive or equivalent). If your firm is a member of a group, please answer from the group's perspective as much as possible. The questionnaire is only sent to one contact in each group. The questionnaire should take approximately **10 minutes** to complete online using the following web address.

Web address:- [INSERT WEB LINK](#)

When prompted to do so, please enter your unique ID:- [INSERT UNIQUE ID](#)

We hope you will participate - the higher the response-rate the more authoritative and convincing the results will be. Previous surveys have achieved a high response rate and allowed the Panel to have a direct impact on front-line FCA policy-making.

Yours faithfully,

Nick Watkins

GfK NOP

Managing Director – Financial Services GfK NOP