

## Quarterly KPIs: 2013/2014

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### Introduction

We are making more information about our performance available, by publishing some key performance indicators for the first time.

#### Why are we making more information available?

Transparency is a priority for the FCA. We are committed to:

- exercising our functions as transparently as possible
- providing appropriate information on our regulatory decisions and
- being open and accessible to the regulated community and the general public

This is why we publish our service standards portfolio on our Performance Account pages. But we are now going further by publishing the following key performance indicators (KPIs) once a quarter, starting from 1 April 2013, where the FCA is the sole decision maker.

1. Average Processing Time (APT) for applications – from the time we receive it to the time the application is determined<sup>1 2</sup>.
2. The volume of applications we determine<sup>1</sup>.
3. The distribution of all decisions, i.e. the percentage of applications that have been authorised/registered/granted, withdrawn and refused.

We supplement each of these KPIs with analysis and commentary, including context on why applications are refused or withdrawn, and why the APT may have changed.

It is important to note that the Average Processing Time is influenced by the varying degrees of risk, complexity, completeness and quality of the required information we encounter with each application. It also includes the time that has elapsed while we wait for the applicant to send us necessary information.<sup>2</sup>

#### Key Performance Indicators (KPIs)

We have gone beyond our response to our Transparency discussion paper (DP13/1) where we said we will publish enhanced information about our authorisation process. So you can find out more about:

Authorisations KPIs

Variation of Permission KPIs

Payment Services and E-Money KPIs

Waivers KPIs

<sup>1</sup>In the case of Payment Services and E-Money, and Authorisations 'determined' is the earlier of when the application is made 'subject to' or authorised/registered. 'Subject to' is a point in time where the FCA makes a decision to authorise, but with conditions to be met before authorisation can be confirmed. This includes applications that may subsequently be withdrawn, having not met the necessary conditions or where the application was subsequently retracted.

In the case of Variation of Permission, 'determined' is when we approve the application.

In the case of Waivers applications, we use the term 'complete' to mean when we have decided on the application.

<sup>2</sup> The Waivers APT excludes the time that has elapsed while we wait for the necessary information from the applicant.

# Authorisation Quarterly KPIs: 2013/2014

Authorisation: To process a solo-regulated firm application for a Part 4A permission

## 1) Avg Processing Time (APT) \*\* of determined\* applications



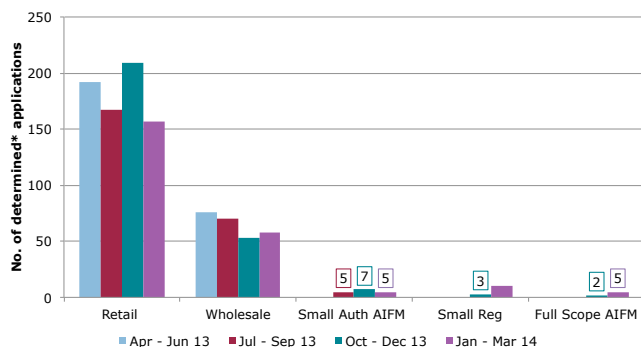
Firm Type	Minimum and Maximum Processing Times (Weeks)							
	Apr - Jun 13		Jul - Sep 13		Oct - Dec 13		Jan - Mar 14	
	Min	Max	Min	Max	Min	Max	Min	Max
Retail	2	59	5	43	1	44	1	43
Wholesale	2	51	8	51	8	47	4	51
Small Auth AIFM	N/A	N/A	17	28	19	38	29	35
Small Reg AIFM	N/A	N/A	N/A	N/A	2	7	2	7
Full Scope AIFM	N/A	N/A	N/A	N/A	16	26	25	37

### What the chart is saying:

The APT for retail firm type applications has reduced during the financial year to approximately 13 weeks because we have improved our processes. For wholesale firm type applications there has been less of a discernible trend with an APT across the financial year of 24 weeks. In general the greater risk, complexity, and incompleteness of wholesale applications means they typically take us longer to determine than retail applications.

It is difficult to provide any meaningful commentary on the APT for Alternative Investment Fund Managers (AIFM) firm type applications due to the recent introduction of Alternative Investment Fund Managers Directive (AIFMD) and the low number of applications we have determined so far. However, we have a significant number of applications in-flight which we have detailed below.

## 2) Volume of determined\* applications

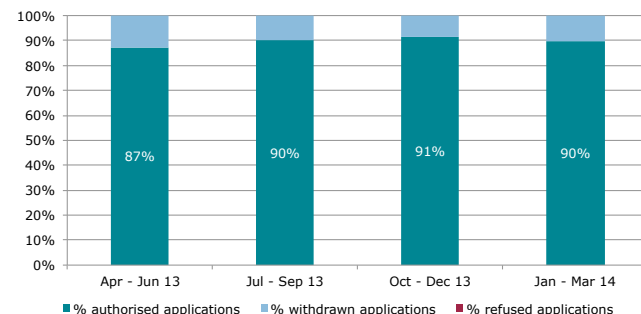


### What the chart is saying:

There has been a decline in the number of wholesale applications determined as we have needed to divert some staff to AIFM applications.

To date we have received 151 AIFMD new firm authorisation and registration applications. Since we received the majority of AIFMD applications between January and March 2014 it is not surprising there have been relatively few determinations to date.

## 3) Distribution of all applications decided



### What the chart is saying:

There have been no refusals during the financial year. The percentage of cases withdrawn has fallen slightly over the year, but is now broadly stable at around 10%.

Firms most commonly withdraw when:

- a) they face challenge from the FCA, choosing to withdraw rather than risk receiving a refusal decision on their case, and/or
- b) where they no longer wish to pursue authorisation, e.g. for commercial or business reasons

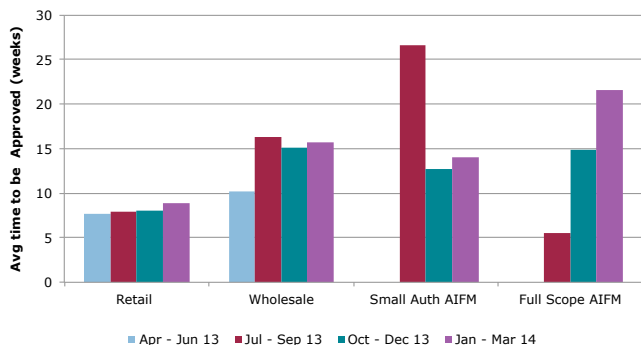
\*'Determined' is the earlier of when the application is made 'subject to' or authorised. 'Subject to' is a point in time where the FCA makes a decision to authorise, but with conditions to be met before authorisation can be confirmed. This includes applications that may subsequently be withdrawn, having not met the necessary conditions or where the application was subsequently retracted.

\*\*APT: The processing time of applications on average over a specified period; from the time we receive the application to the time we determine it\*. It includes the time that has elapsed while we wait for the necessary information from the applicant.

# Variation of Permission Quarterly KPIs: 2013/2014

Variation of Permission (VoP): To process an application from a solo-regulated authorised firm for VoP

## 1) Avg Processing Time (APT) \*\* of approved applications



Firm Type Category	Minimum and Maximum Processing Times (Weeks)							
	Apr - Jun 13		Jul - Sep 13		Oct - Dec 13		Jan - Mar 14	
	Min	Max	Min	Max	Min	Max	Min	Max
Retail	0	50	0	52	0	47	0	44
Wholesale	1	52	0	51	0	51	1	51
Small Auth AIFM	N/A	N/A	27	27	6	35	8	24
Full Scope AIFM	N/A	N/A	3	12	14	16	13	31

### What the chart is saying:

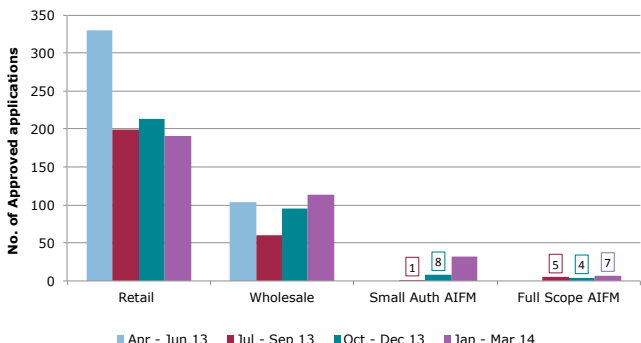
The APT for Retail firm type applications has increased slightly during the financial year to approximately eight weeks due to an increase in complexity of VoPs and the need to shift some of this resource to Wholesale VoPs, offset somewhat by the realisation of benefits of process improvement work.

The APT for wholesale firm type applications increased significantly from 10 weeks in Apr-Jun 13 to just over 15 weeks in Jul-Sep 13 where it has remained broadly static for the final three quarters of the year. In general, the greater risk, complexity and incompleteness of wholesale applications means that they require greater resources and time to determine compared to retail applications.

We have needed to divert some staff to AIFM applications during the second half of last year and this mainly accounts for the rise in time taken to determine wholesale applications.

It is difficult to provide any meaningful commentary on the APT for AIFM firm type applications due to recent introduction of AIFMD and the low number of applications determined to date. However, we have a significant number of applications in-flight which we have detailed below.

## 2) Volume of approved applications



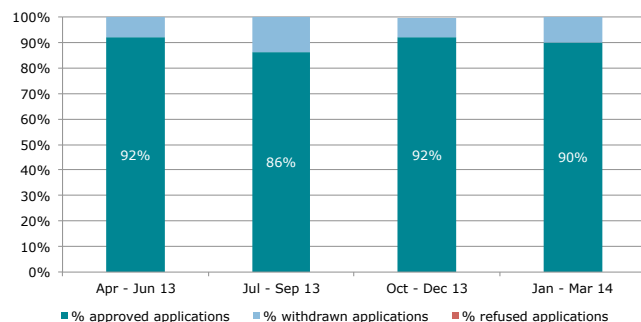
### What the chart is saying:

There was a peak in the number of retail firm type applications determined in the first quarter of the financial year, due to processing the sharp increase in Retail Distribution Review related VoPs we received in the period Dec 12-Mar 13. The number of VoPs determined during the final three quarters of the year was stable at around 200 per quarter.

Following a significant dip in the number of wholesale applications determined between Jul-Sep 13 the average number of approved applications has risen to around 100 per quarter, reflecting a shift in some retail VoPs resources to wholesale VoPs within the Authorisations Division.

To date we have received 456 AIFMD VoP applications. During January 2014 alone we received 103 full-scope and 95 small authorisation VoP applications. With us receiving most AIFMD applications between January and March 2014 it is not surprising there have been relatively few determinations to date.

## 3) Distribution of all applications decided



### What the chart is saying:

We did not refuse any applications during the financial year. The percentage of cases withdrawn has been broadly stable at around 10%.

Firms most commonly withdraw when:

- a) they face challenge from the FCA, choosing to withdraw rather than risk receiving a refusal decision on their case, and/or
- b) where they no longer wish to pursue authorisation, e.g. for commercial or business reasons

\*\*APT: The processing time of applications on average over a specified period; from the time we receive the application to the time we approve it. It includes the time that has elapsed while we wait for the necessary information from the applicant.

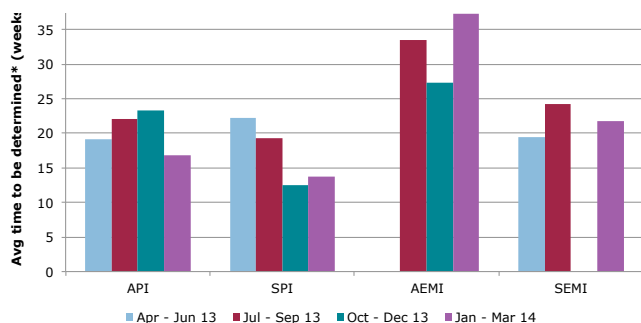
## Authorisation and Variation of Permissions Appendix: Glossary of Terms

<b>Firm Type Category</b>	<b>Application type/Firm type</b>
<b>Wholesale</b>	Securities and Futures (Non Complex)
<b>Wholesale</b>	Securities and Futures (Complex)
<b>Wholesale</b>	Advisers and arrangers of wholesale funds
<b>Wholesale</b>	Investment manager and C.I.S operator
<b>Wholesale</b>	Home Finance Provider
<b>Wholesale</b>	Personal pension scheme providers (incl SPPs)
<b>Retail</b>	Investment and Non Investment Insurance Contracts
<b>Retail</b>	Investment, Home Finance and Non Investment Insurance Contracts
<b>Retail</b>	Investment
<b>Retail</b>	Non Investment Insurance Contracts
<b>Retail</b>	Home Finance and Non Investment Insurance Contracts
<b>AIFM (Alternative Investment Fund Managers) Small Auth</b>	Investment manager and C.I.S operator
<b>AIFM (Alternative Investment Fund Managers) Small Reg</b>	Investment manager and C.I.S operator
<b>AIFM (Alternative Investment Fund Managers) Full Scope</b>	Investment manager and C.I.S operator
<b>Retail/Wholesale</b>	Change of legal status

# Payment Services and E-Money Quarterly KPIs: 2013/2014

Payment Services and E-Money: To process a solo-regulated firm application for authorisation or registration

## 1) Avg Processing Time (APT) \*\* of determined\* applications



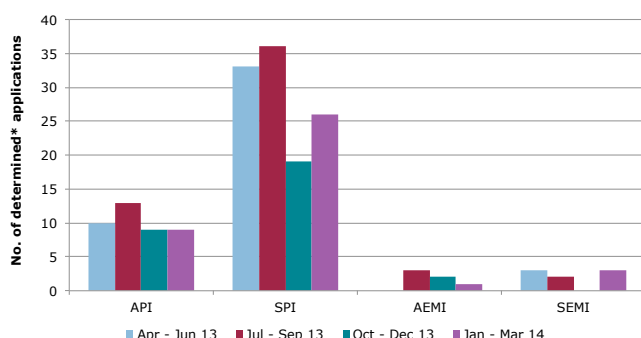
Firm Type Category	Minimum and Maximum Processing Times (Weeks)							
	Apr - Jun 13		Jul - Sep 13		Oct - Dec 13		Jan - Mar 14	
	Min	Max	Min	Max	Min	Max	Min	Max
API	10	31	13	38	6	51	6	29
SPI	8	49	4	47	6	38	3	48
AEMI	n/a	n/a	25	39	26	29	39	39
SEMI	13	30	20	29	n/a	n/a	15	26

### What the chart is saying:

The APT for Authorised Payment Institution (API) applications has fallen overall during the financial year to 17 weeks despite a peak in Oct-Dec 13 due to the difficulty firms experienced in securing safeguarding arrangements.

The fall in APT for Small Payment Institution (SPI) applications during the financial year from 27 to 14 weeks reflects the realisation of process improvement work. The APT for Authorised Electronic Money Institution (AEMI) applications is relatively volatile reflecting a combination of few determinations and the greater complexity of assessing the robustness of their technology infrastructure. The APT for Small Electronic Money Institution (SEMI) applications has been broadly static at 22 weeks against a backdrop of relatively few applications and determinations.

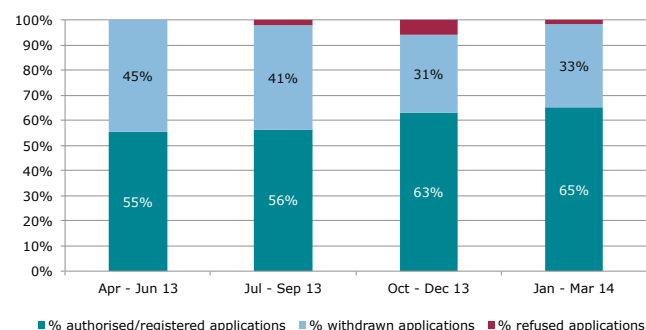
## 2) Volume of determined\* applications



### What the chart is saying:

The number of API applications determined has been stable over the last four quarters, whereas the number of SPIs determined has been more volatile. The high number of SPIs determined in Apr-Jun 13 and Jul-Sep 13 can be attributed to us creating a specialist Payment Services Team in March 2013. More recently, available resource has been reduced or redirected towards other applications (VoPs and new authorisations). There have been a very low number of AEMI and SEMI determined during the financial year to date, which reflects the small number of applications we receive per quarter.

## 3) Distribution of all applications decided



### What the chart is saying:

We refused a small number of applications during the financial year. The proportion of applications withdrawn declined, but at one-third of applications it is significantly more than we experience in other authorisations and VoPs.

The significant proportion of applications withdrawn can largely be attributed to a lack of relevant practical experience in SPI applicants, and an inability of applicant APIs to secure adequate safeguarding arrangements.

\*'Determined' is the earlier of when the application is made 'subject to' or authorised. 'Subject to' is a point in time where the FCA makes a decision to authorise, but with conditions to be met before authorisation can be confirmed. This includes applications that may subsequently be withdrawn, having not met the necessary conditions or where the application was subsequently retracted.

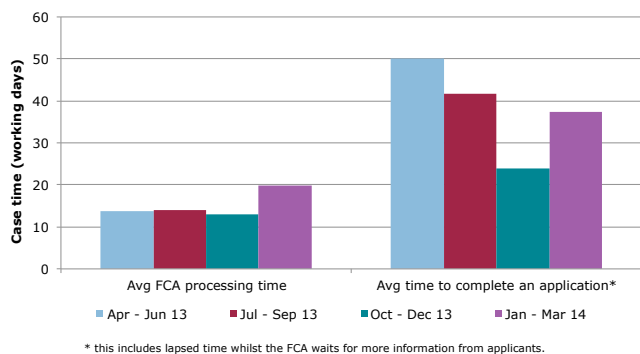
\*\*APT: The processing time of applications on average over a specified period; from the time we receive the application to the time we determine it\*. It includes the time that has elapsed while we wait for the necessary information from the applicant.

## Payment Services and E-Money Appendix: Glossary of Terms

<b>Firm Type Category</b>	<b>Application type/Firm type</b>
<b>API (Authorised Payment Institution)</b>	Authorisation/Merchant Acquirer
<b>API (Authorised Payment Institution)</b>	Authorisation/Mobile Phone Operator
<b>API (Authorised Payment Institution)</b>	Authorisation/Money Remitter
<b>SPI (Small Payment Institution)</b>	Registration/Bill Payment Service Provider
<b>SPI (Small Payment Institution)</b>	Registration/Money Remitter
<b>AEMI (Authorised Electronic Money Institution)</b>	Authorisation/E-Money Issuer
<b>AEMI (Authorised Electronic Money Institution)</b>	Authorisation/E-Money Issuer & Unrelated PSD
<b>SEMI (Small Electronic Money Institution)</b>	Registration/E-Money Issuer
<b>SEMI (Small Electronic Money Institution)</b>	Registration/E-Money Issuer & Unrelated PSD

# Waivers Quarterly KPIs: 2013/2014

## 1) Time to complete

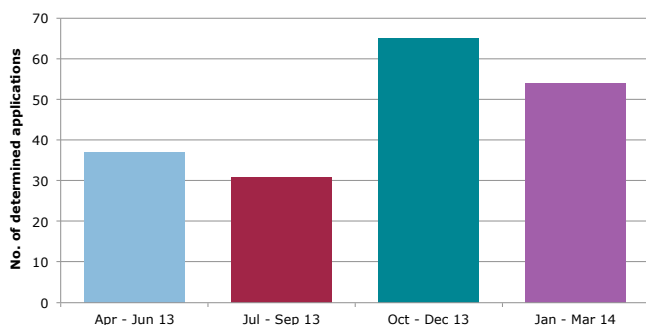


### What the charts are saying:

January to March 2014 saw an increase in average processing time of 6.8 working days to a total of 19.7 compared to the previous quarter of 12.9 working days. This was due to a comparably high number of 'precedent' cases, i.e. applications to waive/modify a rule that has not previously been applied for. These applications were predominantly based around the incoming new projection rates for Pension & Life products and changes to the Mortgages: Conduct of Business rules resulting from the Mortgage Market Review (MMR). Precedent cases generally involve higher engagement with various areas of the FCA (Supervision, Policy, Legal) and the applicants. As a result these applications take us longer to process – approximately 33 working days for the **FCA to process an application** and approximately 70 days to reach a decision (**time to complete an application**).

Next quarter we expect to receive more applications based on the Capital Requirements Directive (CRD-IV), which we envisage will result in processing times remaining similar to current timeframes given they are also precedent cases. If you are applying for a waiver based on CRD-IV, we estimate that the total time taken for us to reach a decision will be 70 working days, with a processing time for the FCA of 30-35 working days.

## 2) Volume of applications



### Definitions of terms:

#### Average time to complete an application:

This is the total time taken from when the FCA receives an application to when a decision is made.

#### Average FCA processing time:

In some circumstances the FCA will not be able to progress work on an application due to reasons out of our control while we wait for information. Average processing time is the time taken to determine an application less the time elapsed whilst we wait for the necessary information. Common reasons for the FCA to be unable to process a case immediately are:

- Incomplete application
- Waiting for additional information from applicant

Included in the above key performance indicator are waiver applications where the FCA is the sole decision maker.

In exceptional circumstances the FCA takes the decision to make a modification available to a selection of firms through our website. These are referred to as modifications by consent. Firms simply inform the FCA that they wish to take advantage of the modification as opposed to completing an application form. As the time taken to complete a modification of consent is significantly shorter than our standard application process they are excluded from the above data.

Liquidity modifications are also excluded from the data due to the complexity of the decision. While most waivers take 10 – 20 working days to process, in 2013 a liquidity waiver averaged 46 working days to process.

## 3) Application decisions

