Quarterly KPIs: 2016/2017

As at March 2017

Introduction

this series is intended to provide information about our performance available by publishing key performance indicators (KPIs).

What is in this publication?

In order to provide transparency, we provide KPIs for:

- Authorisations[1];
- Variation of Permission;
- Payment Services and E-money; and
- Waivers.

We publish our service standards on our 'Measuring our Performance' webpages, along with quarterly KPIs[2] covering:

- The average processing time (APT) for applications – from the time we receive the application to the time it is determined[3,4];
- The number of applications we determine[3]; and
- The distribution of all decisions, i.e. the percentage of applications that have been authorised, registered, granted, withdrawn or refused.

We also provide analysis and commentary for each of these KPIs. This includes context on why applications are refused or withdrawn and why the APT may have changed.

Current issues and future changes to KPI publications

Current issues

Our APT is influenced by the different levels of risk, complexity, completeness and quality of the required information we receive with each application. It also includes the time that has elapsed while we wait for the applicant to send us the necessary information we ask for.[4]

More significantly, the method used for calculating APT can give a misleading picture. This measure counts the time taken to determine applications that were determined in the period concerned. It does not count the cases that remain open. As a result, it is a measure capable of giving a distorted result because during productive phases when many cases are determined, the APT may rise, whereas during less productive phases when many cases remain open the APT may fall.

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1 Authorisation figures are defined as applications from firms which were primarily applying for regulated non-consumer credit activities only, but include peer-to-peer lending applications.
2 Where the FCA is the sole decision maker.
3 For 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 we make a decision to authorise, but depends on applicants meeting necessary conditions before we can confirm authorisation. This includes applications that may subsequently be withdrawn because they have not met the necessary conditions, or where the applicant subsequently retracts their application. In the case of waivers applications, we use the term 'complete' to mean when we have decided on the application.
4 The waivers APT excludes the time that has elapsed while we wait for the necessary information from the applicant.

Moreover, where there is a large spread in the age of applications, the mean figure of the age of all determined applications may not reflect applicants' actual experience, and a modal average may be a relevant alternative.

Future changes

As part of our desire to improve transparency and enhance our customer service focus, we intend to expand our scope of future KPI publications. We would like the information to cover:

- A wider range of firms seeking authorisation, including consumer credit firms;
- More authorisations application types and processes – for example approved persons, Passporting-related applications and Change in Control;
- A wider and more transparent set of metrics. For example, we currently provide average processing time, the calculation of which only considers applications that have been decided. From time to time there may be tranches of applications that are held for regulatory or operational reasons, and we believe it is important to provide an accurate picture of how long such firms may need to wait. These metrics would include:
  - The number of applications received;
  - The caseload on hand (work in progress) and its age;
  - The status of the work in progress; and
  - The number of cases that should have been completed in the quarter, and the number that were.
- Greater consistency of what we report across the different application types.

Over the next three months we will engage with industry bodies and other interested parties to ensure that our revised KPIs are fit for purpose. If you would like to offer thoughts or feedback, please contact us at auths.opex-feedback@fca.org.uk.

Authorisation quarterly KPIs:2016/2017
Authorisation: to process a solo-regulated firm application for a Part 4A permission

1) Average processing time (APT) of determined applications
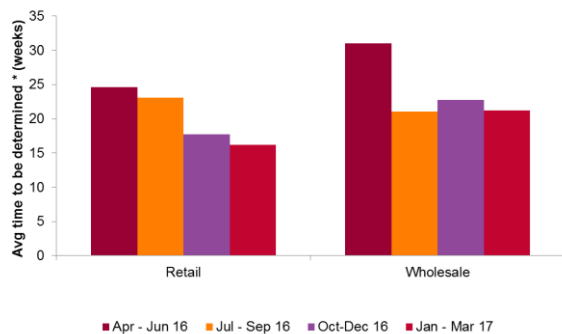
What the chart is saying:

The APT for retail firm type applications reduced for the fourth successive quarter.

The APT for wholesale firm type applications has been broadly static for the past three quarters.

Average processing time measures only the cases that have been completed during the quarter, not those which remain outstanding nor those which should have been completed. When older, often outlier, cases happen to be completed, it can have a distorting effect on averages. The table showing maximum times illustrates this variability.

| Firm type	Minimum and maximum processing times (weeks)							
	Apr–Jun16		**Jul–Sep 16**		**Oct–Dec 16**		**Jan–Mar 17**	
	Min	Max	Min	Max	Min	Max	Min	Max
Retail	0	74	0	90	2	51	2	65
Wholesale	2	53	1	52	0	77	1	106

2) Volume of determined applications

What the chart is saying:

The volume of determined applications for retail firm type applications has reduced slightly to around 150 determinations per quarter. The volume of determined applications for wholesale firms has reduced, mainly due to a reduction of applications being received.

3) Distribution of all applications decided
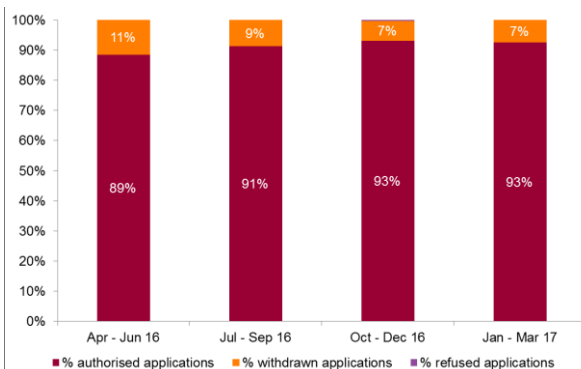
What the chart is saying:

We have not refused any applications in this quarter. The percentage of withdrawals has remained largely consistent throughout the year.

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, or
b. they no longer want to pursue authorisation, typically for commercial reasons

Variation of permission quarterly KPIs: 2016/2017
Variation of permission (VoP): to process an application from a solo-regulated authorised firm for VoP

1) Average processing time (APT) of approved applications
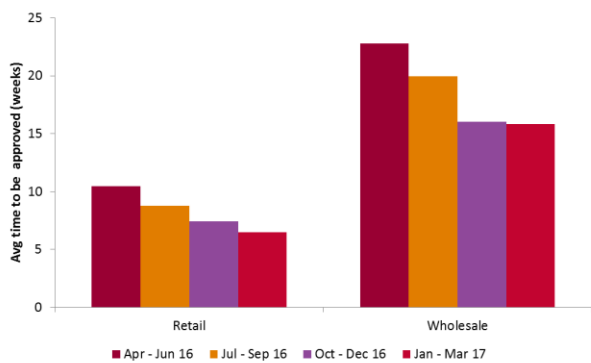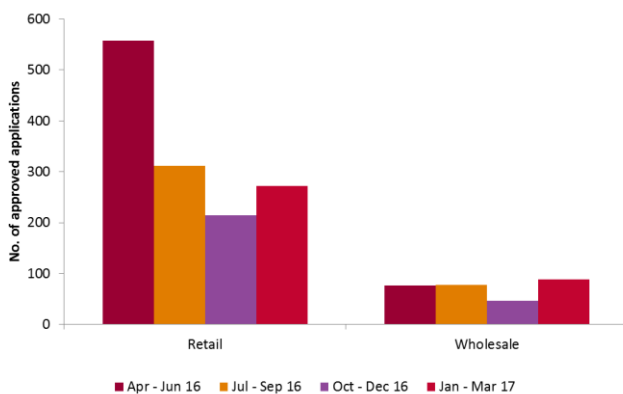

What the chart is saying:

The APT for retail firm type applications reduced for the fourth successive quarter.

The APT for wholesale firm type applications remains similar to the previous quarter.

A minimum processing time of zero weeks reflects applications which have been processed in between one and three days. The table shows there is a large variation between the minimum and maximum time taken to process cases.

Firm type	Minimum and maximum processing times (weeks)							
	Apr–Jun 16		Jul-Sep 16		Oct-Dec 16		Jan–Mar 17	
	Min	Max	Min	Max	Min	Max	Min	Max
Retail	0	44	0	49	0	52	0	52
Wholesale	0	56	0	53	0	58	0	58

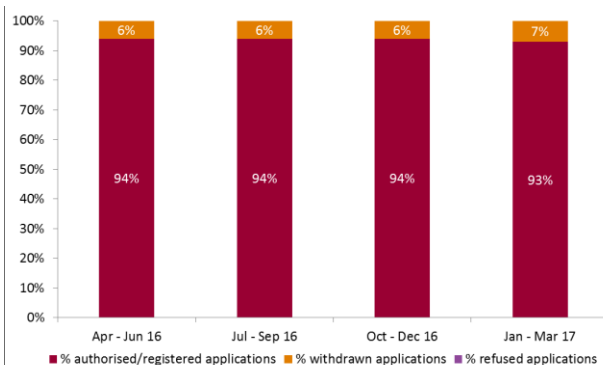### 2) Volume of approved applications

What the chart is saying:

Unlike for Authorisations, this chart only covers approved applications.

The volume of approved applications for retail firm type applications and wholesale firm type applications has increased slightly over the prior quarter.

3) Distribution of all applications decided

What the chart is saying:

We have not refused any applications during this quarter. The number of withdrawals has remained consistent.

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, or
b. they no longer want to pursue the application, typically for commercial reasons

Authorisation and variation of permissions appendix:
Glossary of terms

Firm type category	Application type/firm type
Wholesale	Securities and futures (non-complex)
Wholesale	Securities and futures (complex)
Wholesale	Advisers and arrangers of wholesale funds
Wholesale	Investment manager and CIS operator
Wholesale	Home finance provider
Wholesale	Personal pension scheme providers (including SIPPs)
Wholesale	AIFM (Alternative Investment Fund Managers) Small Authorisation
Wholesale	AIFM (Alternative Investment Fund Managers) Small Registration (excluding EuSEF and EuVECA)
Wholesale	AIFM (Alternative Investment Fund Managers) Full Scope
Retail	Investment and non-investment insurance contracts
Retail	Investment, home finance and non-investment insurance contracts
Retail	Investment
Retail	Non-investment insurance contracts
Retail	Home finance and non-investment insurance contracts
Retail	Peer-to-peer lending
Retail/Wholesale	Change of legal status

Payment services and e-money quarterly KPIs: 2016/2017

Payment services and e-money: to process a solo-regulated firm application for authorisation or registration

1) Average processing time (APT) of determined applications
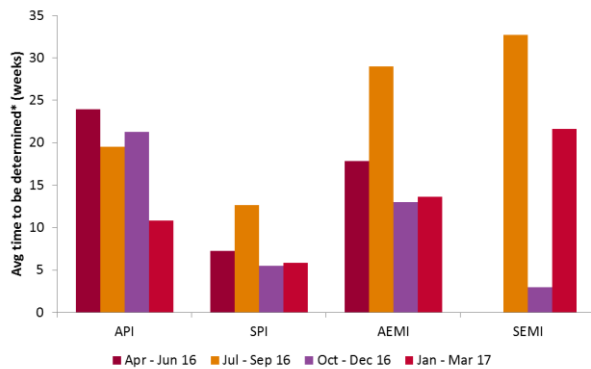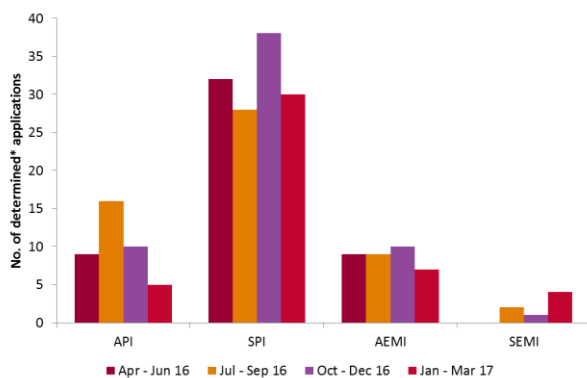

What the chart is saying:

The APT has reduced significantly for authorised payment institutions (APIs) this. The APT for small payment institutions (SPIs) remained low.

The volume of cases determined for each category – especially e-money applications (AEMIs and SEMIs) – is very small, making any average calculation of processing time extremely susceptible to erratic movement.

We expect all firms to be ready, willing and organised before submitting their application for authorisation or registration. Some applicant firms are less so and this delays the processing time which is highlighted in some of the longer processing times in the table.

Firm type	Minimum and maximum processing times (weeks)							
	Apr-Jun 16		Jul-Sep 16		Oct-Dec16		Jan-Mar 17	
	Min	Max	Min	Max	Min	Max	Min	Max
API	6	45	8	47	5	46	5	15
SPI	1	34	2	39	1	24	0	17
AEMI	6	44	6	52	6	21	9	18
SEMI	N/A	N/A	32	33	3	3	11	50

## 2) Volume of determined applications

What the chart is saying:

The number of API cases determined reduced because there were fewer cases under assessment.

The data presented does not set out how many applications were received or on hand. In fact the numbers are small, and this accounts for the low number of determined cases for AEMIs and SEMIs.

3) Distribution of all applications decided
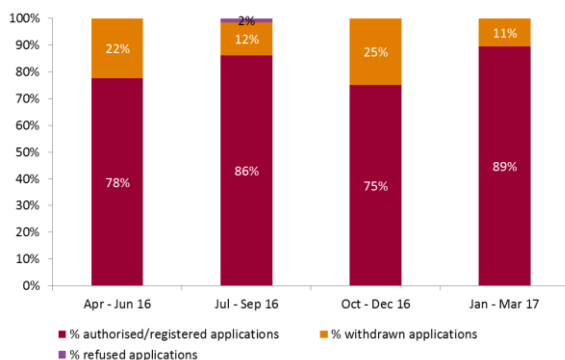
What the chart is saying:

We did not refuse any applications this quarter.

The percentage of withdrawals in this quarter is relatively low but this figure does vary over time dependent on cases. Applications can be withdrawn following challenge before a refusal decision is made or for commercial reasons.

Payment services and e-money appendix:
Glossary of terms

Firm type category	Application type/firm type
API (Authorised Payment Institution)	Authorisation/merchant acquirer
API (Authorised Payment Institution)	Authorisation/mobile phone operator
API (Authorised Payment Institution)	Authorisation/money remitter
SPI (Small Payment Institution)	Registration/bill payment service provider
SPI (Small Payment Institution)	Registration/money remitter
AEMI (Authorised Electronic Money Institution)	Authorisation/e-money issuer
AEMI (Authorised Electronic Money Institution)	Authorisation/e-money issuer and unrelated PSD
SEMI (Small Electronic Money Institution)	Registration/e-money issuer
SEMI (Small Electronic Money Institution)	Registration/e-money issuer and unrelated PSD

Waivers quarterly KPIs: 2016/2017

1) Volume of applications

2) Time to complete
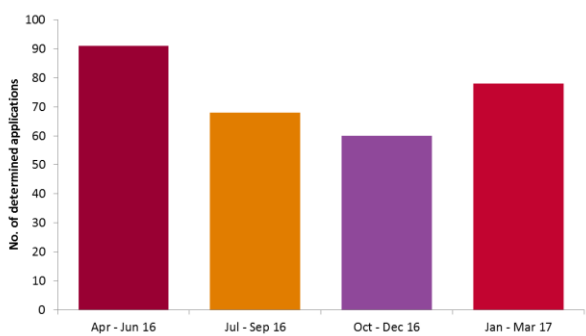
**What the charts are saying:**

In Jan - Mar 2017, 78 applications for waivers were determined, an increase from 60 in the previous quarter.

The average FCA processing time increased to 18 days from 15 days in the previous quarter. The increase is largely due to the closure of 2 complex, very long-running applications.

The average overall time to complete an application, which includes time spent waiting on information from applicants, rose to 39 days from 32 days in the previous quarter. Overall, we spent an average of 21 days waiting on applicants to respond to information requests per case closed during the period.

During the quarter, 73% of applications were approved, 8% were refused and 19% were withdrawn. Applications are typically withdrawn after FCA challenge but before a refusal decision is made; or because a waiver or modification is not needed. Applications are refused when an applicant cannot demonstrate that 1) complying with the rule would be unduly burdensome or would not achieve its purpose or 2) that the waiver would not adversely affect any of our operational objectives.
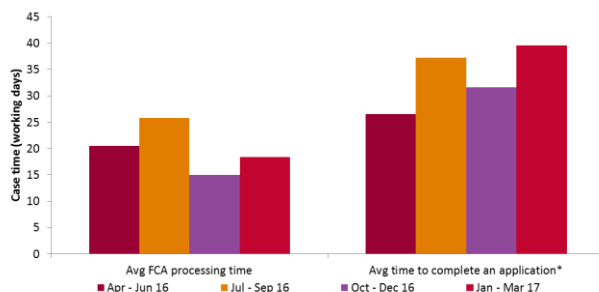
3) Application decisions
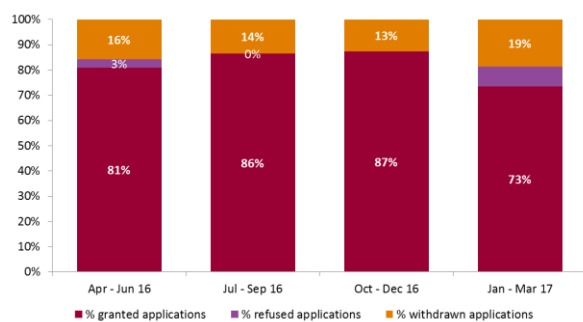
*Average FCA processing time: in some circumstances, we will not be able to progress work on an application due to reasons outside of our control while we wait for information. Average processing time is the time taken to determine an application, minus the time elapsed while we wait. Common reasons for us being unable to process a case immediately are:

- an incomplete application
- waiting for additional information from an applicant