

## Quarterly KPIs: 2014/2015

As of October 2014

### Introduction

We are making more information about our performance available, by publishing key performance indicators (KPIs).

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

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

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

#### Scope

We've provided KPIs for:

- Authorisations
- Variation of Permission
- Payment Services and E-Money
- Waivers

We publish our service standards portfolio on our Performance Account pages, along with quarterly key performance indicators (KPIs),<sup>1</sup> launched in April 2014, covering:

1. the average processing time (APT) for applications- from the time we receive it to the time the application is determined<sup>2,3</sup>
2. how many applications we determine<sup>2</sup> and
3. the distribution of all decisions, i.e. percentage of applications that have been authorised, registered, granted, withdrawn or refused

We supplement each of these KPIs with analysis and commentary, including context on why applications are refused or withdrawn, and why the APT may have changed.

The APT 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 we ask for.<sup>3</sup>

<sup>1</sup> Where the FCA is the sole decision maker

<sup>2</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 This includes applications that may subsequently be withdrawn, having not met the necessary conditions, or where the application was subsequently retracted.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

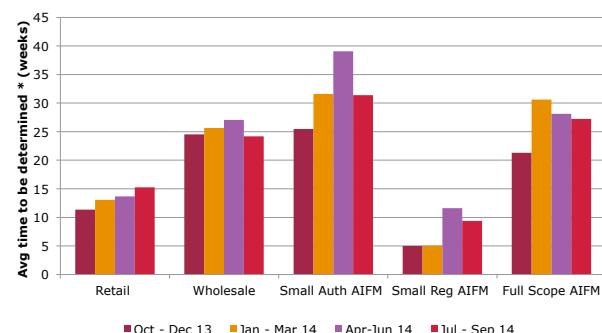
In the case of Waivers applications, we use the term 'complete' to mean when we have decided on the application

<sup>3</sup> The Waivers APT excludes the time that has elapsed while we wait for the necessary information from the applicant.

# Authorisation Quarterly KPIs: 2014/2015

**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 continues to rise. This is due to resources being diverted to key projects, including Alternative Investment Fund Managers Directive (AIFM).

The APT for wholesale firm type applications is the lowest level it has been over the last year and remains broadly stable.

The APT for all AIFM application types has decreased, primarily reflecting the reduction of applications we have received since the key deadline of 22 July 2014.

## Minimum and Maximum Processing Times (Weeks)

Firm Type	Oct - Dec 13		Jan - Mar 14		Apr - Jun 14		Jul - Sep 14	
	Min	Max	Min	Max	Min	Max	Min	Max
Retail	1	44	1	43	0	50	5	43
Wholesale	8	47	4	51	7	51	2	52
Small Auth AIFM	19	38	29	35	23	51	16	55
Small Reg AIFM	2	7	2	7	4	27	2	26
Full Scope AIFM	16	26	25	37	15	45	11	52

## 2) Volume of determined\* applications



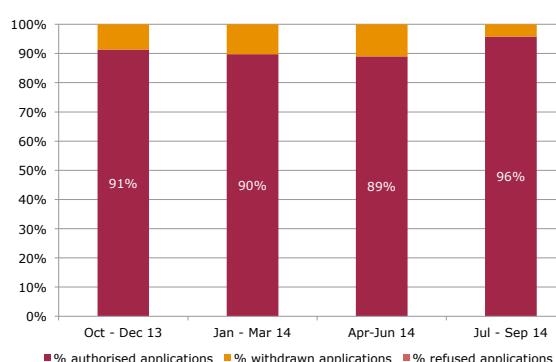
### What the chart is saying:

Retail firm type determinations have risen significantly but remain lower than the first quarter. The first quarter was unusual because we dealt with a high number of lower risk cases. This has not been sustained through the year as the work in progress contains higher risk cases that typically take longer to determine.

The number of determined wholesale firm type applications continues to rise. This is due to improved resource availability.

For AIFM there was a significant increase in the number of applications determined during this period. This was expected because we were successful in determining the vast majority of applications received by 22 April 2014 by the important milestone date of 22 July 2014, which is the date by which we had to determine cases.

## 3) Distribution of all applications decided



### What the chart is saying:

There have been no refusals in this quarter. The percentage of withdrawals has reduced which suggests that the quality of applications is improving. Many AIFM firms applying before 22 July 2014 are relying on transitional provisions that would cease if they were to withdraw their application; this has also reduced the percentage of withdrawals.

Firms most commonly withdraw when:

- they face challenge from the FCA, choosing to withdraw rather than risk receiving a refusal decision on their case
- they no longer want to pursue authorisation, typically for commercial reasons

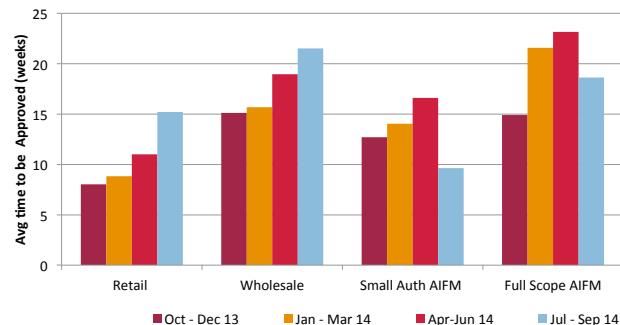
\* 'Determined' is the earlier of when the application is made 'subject to' or authorised. 'Subject to' is a point in time where the FCA makes a decision to authorise, but with conditions to be met before authorisation can be confirmed. This includes applications that may subsequently be withdrawn, having 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: 2014/2015

**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:

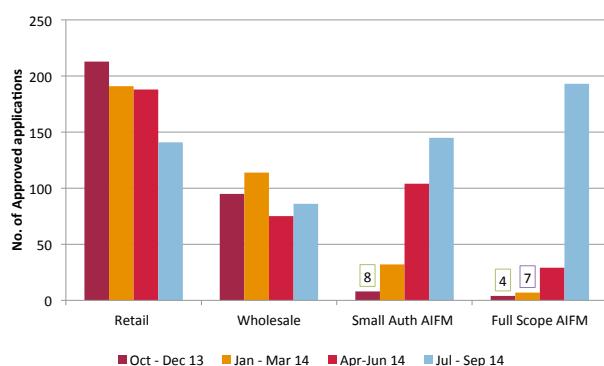
The APT for retail and wholesale firm type applications has risen significantly. This is due to resources being diverted to key projects.

The APT for all AIFM application types has decreased, primarily reflecting the reduction of applications we have received since the key deadline of 22 July 2014.

### Minimum and Maximum Processing Times (Weeks)

Firm Type	Oct - Dec 13		Jan - Mar 14		Apr - Jun 14		Jul - Sep 14	
	Min	Max	Min	Max	Min	Max	Min	Max
Retail	0	47	0	44	0	48	0	48
Wholesale	0	51	1	51	0	58	4	47
Small Auth AIFM	6	35	8	24	7	52	2	37
Full Scope AIFM	14	16	13	31	9	47	2	52

## 2) Volume of approved applications

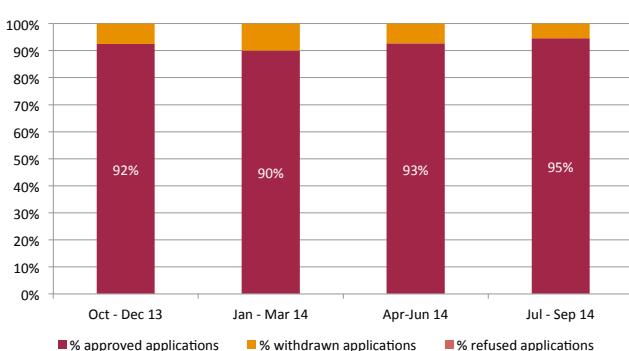


### What the chart is saying:

The volume of approved applications for retail firm type applications has reduced this quarter due to the resource issue mentioned above. The wholesale firm type applications determined has increased slightly compared to the last quarter but is lower than the first half of the year. Overall we receive fewer wholesale firm type applications, hence the lower volume compared to the retail category.

For AIFM there was a significant increase in the number of applications determined during this period. This was expected because we were successful in determining the vast majority of applications received by 22 April 2014 by the important milestone date of 22 July.

## 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 reduced slightly.

Firms most commonly withdraw when:

- they face challenge from the FCA, choosing to withdraw rather than risk receiving a refusal decision on their case
- they no longer wish to pursue authorisation, typically for commercial 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.

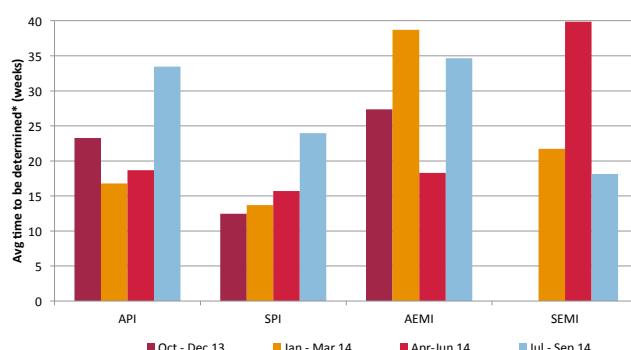
## Authorisation and Variation of Permissions Appendix: Glossary of Terms

Firm Type Category	Application Type/Firm type
<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 SIPPs)
<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: 2014/2015

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:

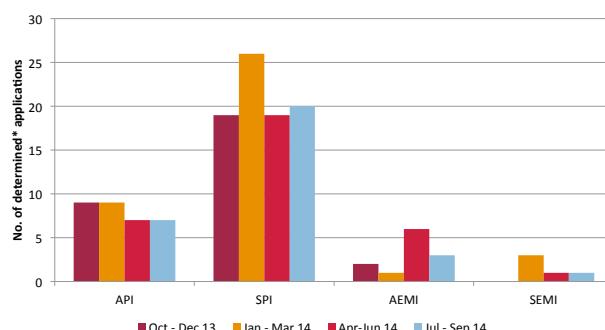
Given the low volume of e-money applications received and determined in any given period, there can be significant swings in APT from period to period as is evident this quarter.

The APT has risen for Authorised Payment Institutions (API) and Small Payment Institutions (SPI) due to resources being diverted to key projects. The APT for API applications is also being affected adversely as applicants are requiring further time to secure proper safeguarding of customers funds, which is preventing us from determining cases as quickly as we would like.

### Minimum and Maximum Processing Times (Weeks)

Firm Type	Oct - Dec 13		Jan - Mar 14		Apr - Jun 14		Jul - Sep 14	
	Min	Max	Min	Max	Min	Max	Min	Max
API	6	51	6	29	5	33	17	49
SPI	6	38	3	48	8	30	13	40
AEMI	26	29	39	39	21	48	26	44
SEMI	n/a	n/a	15	26	40	40	18	18

## 2) Volume of determined\* applications

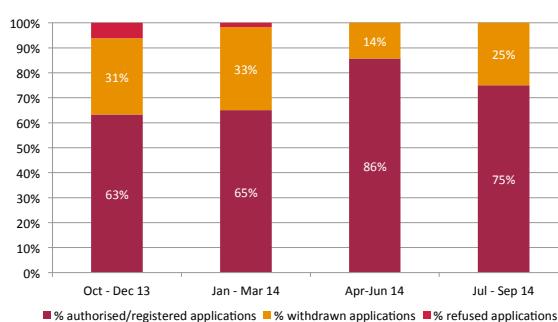


### What the chart is saying:

The volume of determined cases has remained stable for API and SPI cases.

The low volumes of e-money applications received affects the number of determined cases for Authorised Electronic Money Institutions (AEMIs) and Small Electronic Money Institutions (SEMs).

## 3) Distribution of all applications decided



### What the chart is saying:

There have been no refused applications this quarter. There has been an increase in the percentage of withdrawn as safeguarding continues to prove a problem for API applicants.

\* '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.

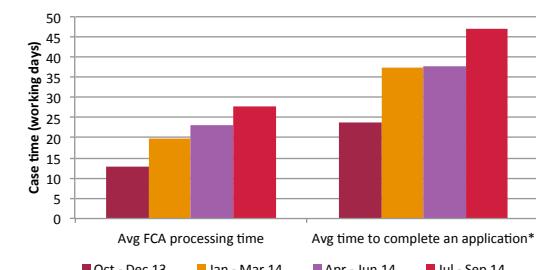
## Payment Services and E-Money Appendix:

### Glossary of Terms

Firm Type Category	Application Type/Firm type
<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

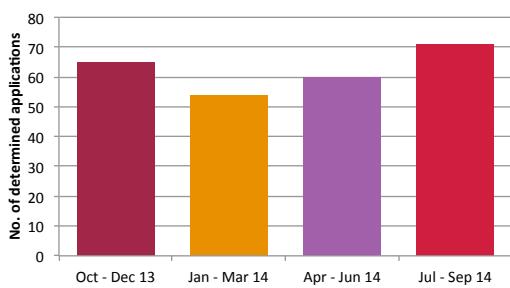
# Waivers Quarterly KPIs: 2014/2015

## 1) Time to complete

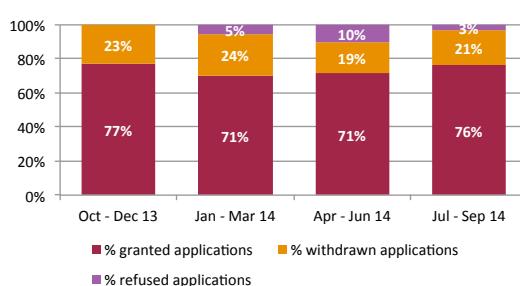


\* this includes lapsed time whilst the FCA waits for more information from applicants.

## 2) Volume of applications



## 3) Application decisions



### What the charts are saying:

Compared to Apr-Jun 2014, this quarter has seen an increase in both average processing time and average time to complete an application by 4.7 and 8.9 days, respectively. We have also seen an increase in volumes, with 71 determined applications, a 20% increase from the previous quarter.

As predicted last quarter, applications relating to the Capital Requirements Directive (CRD IV) contributed significantly to the increase in time. We also determined applications relating to consumer credit, which took longer to process due to the sector being newly FCA-regulated. We expect future applications involving the same Consumer Credit Act requirements to be considerably shorter.

For firms and individuals that applied for a waiver that was not CRD IV or consumer credit related, the average processing time was approximately 20 working days.

In recent months we have been proactively contacting firms and individuals that have a waiver due to expire in November or December. By engaging early we hope to avoid a potential bottleneck of applications during the year-end period and ensure that these waivers (where applicable) are renewed with minimal business impact to firms/individuals.

### 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 we 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. Common reasons for us being unable to process a case immediately are:

- Incomplete application
- waiting for additional information from applicant

Included in the above KPIs are waiver applications where the FCA is the sole decision maker.

In exceptional circumstances we decide to make a modification available to a selection of firms through our website. These are referred to as 'modifications by consent'. Firms simply inform us 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.