

Referencing in the Sector Views

Retail banking	
1. The sector serves consumers, including small and medium-sized enterprises (SMEs).	The Bank of England defines SMEs as those (non-financial) businesses with an annual debit account turnover on the main business account of up to £25 million. The FCA does not regulate all lending to SMEs, but most of the five million plus small and medium-sized enterprises in the UK need access to credit and lending products.
2. 97% of adults in Great Britain have a current account	GfK Financial Research Survey, six months ending March 2015 data.
3. In 2014, personal current accounts generated revenues of approximately £8.7 billion	CMA Retail banking market investigation provisional findings report (October 2015).
4. 84% of SMEs use a business bank account	SME Finance Monitor Q2 2015, BDRC Continental.
5. In a survey of 4,500 consumers in 2015, nearly two thirds of personal current account holders said they had an overdraft facility.	GfK, 'Personal Current Account Investigation: A Report for the Competition and Markets Authority' by GfK NOP, (April 2015)
6. In 2014, providers derived 34% of their total income from personal current accounts from overdrafts.	Arranged and unarranged overdrafts. CMA Retail banking investigation provisional findings report, table 5.6 (October 2015).
7. At the time of our review there were 38 providers of personal current accounts and 31 providers of business current accounts, which between them offered 387 different products.	Data from Moneyfacts as at 31 March 2016. Figures include student and graduate current accounts.
8. At the time of our review, these banking groups accounted for 86% of the personal current account market.	GfK Financial Research Survey, data six months ending March 2015.
9. The five largest banking groups accounted for 89% of the business current account market	Mintel Small Business Banking (June 2015).
10. At the time of our review, 25 million consumers used online or mobile channels and 13.9 million consumers relied on branches. The use of mobile channels in particular has grown,	GfK Financial Research Survey, six months ending March 2015 data.

with 2.5 million consumers accessing their current account solely through mobile channels	
11. 28% of individual consumers held all their banking products with their main bank.	GfK, 'Personal Current Account Investigation: A Report for the Competition and Markets Authority' by GfK NOP, (April 2015)
12. 88% of those with a company credit card obtained it from the same provider as their business current account, while 72% of those with a business mortgage purchased it from the same provider as their business current account.	Charterhouse Q3 2013, Banking services to small and medium-size enterprises: A CMA and FCA market study (July 2014).
13. At the time of our review around 55% of UK adults had a cash savings account	GfK Financial Research Survey (FRS), six months ending March 2015 data.
14. Our Cash Savings Market Study ¹⁵ showed there are 69 million easy access accounts in operation holding £354 billion of savings.	Based on data for 2013, covering the 21 largest providers.
15. Over 66% of consumers with a cash savings account held it with their main current account provider	GfK, 'Personal Current Account Investigation: A Report for the Competition and Markets Authority' by GfK NOP, (April 2015)
16. At the time of our review, SMEs held £67 billion in business savings accounts.	BBA Bank support for SMEs, Q2 2015
17. At the time of our review there were 117 providers offering 1,737 different products.	Moneyfacts Treasury Report, UK Savings Trends, November 2015.
18. 73% of [cash savings] market share by volume was held by...	GfK Financial Research Survey, six months ending March 2015 data.
19. ...the largest six bank account providers	Lloyds Banking Group, HSBC Group, Barclays, RBS Group, Santander UK and Nationwide
20. According to data from Payments UK....	UK Payments Market 2015, Payments UK.
21. Spontaneous payments	Spontaneous payments are all non-regular payments
22. Credit card transactions remained steady at 6% of all transactions.	UK Payments Market 2015, Payments UK.
23. Bacs Payment Schemes Ltd operates the Bacs payment system. In 2014 it enabled 5.8 billion transactions with a total value of £4.4 trillion	UK Payments Market 2015, Payments UK.
24. Faster Payments made 1.1 billion transactions in 2014 at a value of £904 billion, but we expect to see	UK Payments Market 2015, Payments UK.

<p>this grow as the system becomes more established.</p>	
<p>25. CHAPS is the smallest payment system in terms of volume, but the largest by value at £67.9 trillion in 2014.</p>	<p>UK Payment Statistics 2015, Payments UK.</p>

<p>Retail lending</p>	
<p>1. At the end of 2015 UK households owed £1.27 trillion in mortgages and £179 billion in consumer credit.</p>	<p>Bank of England Statistics, Bankstats (Monetary & Financial Statistics), Money and Lending table A5.2 (January 2016). Bank of England data (balances outstanding) are updated each month and may be subject to adjustment due to changes in the reporting population, classification changes reflecting any updated sector classification guidance produced by ONS, foreign currency revaluation effects, write-offs, or miscellaneous other causes such as adjustments made on the basis of information provided by reporting institutions. A full explanation can be found here: http://www.bankofengland.co.uk/statistics/Pages/iadb/notesiadb/Changes_flows_growth_rates.aspx</p>
<p>2. Mortgages are loans secured on a property</p>	<p>A regulated mortgage contract is one under which the borrower is an individual or trustees and the obligation of the borrower to repay is secured against land in the EEA as a first or second charge, provided that at least 40% of the land is used or is intended to be used as or in connection with a dwelling. For more information, see section 4.4 of our Perimeter Guidance manual.</p>
<p>3. Buy-to-let mortgages are generally not regulated.</p>	<p>The exception is a consumer buy-to-let (CBTL) mortgage, which is subject to the legislative framework set out in the Mortgage Credit Directive Order 2015.</p>
<p>4. Advised sales increased from 75% of mortgage sales in 2012 to 97% in 2015.</p>	<p>FCA Product Sales Data Q4 2015.</p>
<p>5. According to Moneyfacts data, there are around 6,000 different mortgage</p>	<p>Moneyfacts Monthly Treasury Report (January 2016).</p>

products (including buy-to-let mortgages) available to new consumers.	
6. Loans typically last for six months and annual percentage rates charged range between 70% and 130%	Based on FCA analysis and information from National Pawnbrokers Association (2013).
7. In 2015 gross annual lending was £520 million	Pawnbrokers & High-Street Loan Stores: Apex Insight Report (August 2015).
8. [logbook loans] tend to be short to medium-term loans (typically between 6 and 18 months). Interest varies, but APR is usually around 400%.	Based on FCA analysis of Citizen Advice and BIS data (2015).
9. In 2014 60% of consumers...	FCA Credit Card Market Study Interim Report - Market Overview (November 2015).
10....and 48% of SMEs were active users of credit cards	CMA Retail Banking Market Investigation Report (November 2015).
11.In total, over 30 million consumers had over £63 billion in outstanding debt.	FCA Credit Card Market Study Final Findings report (July 2016).
12.In mid-2014 over 25% of outstanding balances were on 0% balance transfers.	FCA Credit Card Market Study Final Findings Report (July 2016).
13.In recent years, some banks have moved away from charging overdraft fees based on a percentage of the amount borrowed, and have moved instead to flat fees and charges	Firms typically charge different rates for arranged and unarranged overdrafts.
14.45% of personal current account customers and 43% of SMEs are overdraft users...	CMA Retail Banking Market Investigation Report (November 2015).
15....with outstanding balances of £7 billion.	BBA High Street Banking Statistics (December 2015). Note: this data only covers the main high street banks.
16.Personal loans are prominent in the fixed-sum market, with £36 billion in outstanding balances	BBA High Street Banking Statistics (December 2015). Note: this data only cover the main High Street Banks.
17.The largest banking groups are the major providers of personal and business loans in the UK, with 66% of the market	Mintel 'Unsecured Loans - UK'(January 2016).
18....the value of advances for cars bought on finance by consumers reached £32.7 billion in 2014.	FLA Annual Review (2015).
19.£2.1 billion was outstanding (£0.91	P2P Finance Association data for Q4

billion to individuals and £1.2 billion to businesses).	2015 (January 2016).
20. Dedicated peer-to-peer platforms form marketplaces for borrowers and lenders, with some specialising in business lending.	The FCA is undertaking a post-implementation review of the peer-to-peer market, and a call for input was published in July 2016.
21. At its 2013 peak, it was estimated at roughly £2.5 billion, with 10 million payday loans made to 1.6 million consumers.	FCA CP14/10: Proposals for a price cap on high-cost short-term credit (July 2014).
22. In 2015 there were an estimated 2.3 million home-collected credit customers in the UK.	'The impact on business and consumers of a cap on the total cost of credit', Personal Finance Research Centre, University of Bristol (2013).
23. Around £20 billion is passed from lenders to debt collectors every year.	NOCN Level 2 Award for Working in the Debt Collection Industry (QCF) - 2014 Overview.
24. Almost half a million consumers hold debt management plans with the top ten providers	FCA Consumer Credit Authorisations (August 2015).
25. There are approximately 29,000 credit brokers in the UK.	FCA permissions data (August 2016).
26. During the third quarter of 2015 there were 127 providers of new mortgage products.	FCA Product Sales Data (PSD), Q3 2015.
27. ...most mortgage lending is concentrated among the UK's largest banks, with the top six lenders accounting for 77% of regulated mortgage balances market share.	FCA Mortgage lending statistics (MLAR) Q4 2015.
28. The large banks, supermarkets and monoline card issuers	A monoline provider is a firm that focuses on one specific financial product.
29. The top nine card-issuing groups account for an estimated 81% of the credit card market.	Mintel Credit Card Study (May 2015).
30. The largest five banks are the main providers of personal and business loans in the UK, as well as overdrafts.	CMA Retail Banking Market Investigation Report (November 2015).
31. ...in the peer-to-peer loan market three firms have an 83% share.	P2PFA quarterly data release for Q4 2015 (January 2016).
32. ...three firms account for around 70% of the high-cost short-term credit market.	CMA Payday lending market investigation (February 2015).
33. This is forecast by the Office for Budget Responsibility to rise to 149% by 2021, which, although high, is still below the pre-crisis peak of 160%. In the mortgage market, lending figures have been more subdued since the	Economic and Fiscal Outlook, Office for Budget Responsibility (November 2016).

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GI&P	
1. The sector underwrites over £80 billion a year in the UK and overseas.	Total Market Statistics, ABI (2015).
2. The UK is a significant market both in Europe and globally.	Key Facts, ABI (2016). The UK is the fourth largest insurance and the largest long-term savings industry in the world.
3. 87% of these consumers have home insurance compared with just 26% of consumers in the 'Hard Pressed' segment of our Spotlight Model'.	Consumer insight data, FCA (2013).
4. Over 20 million drivers have motor insurance,	Key Facts, ABI (2016).
5. 90% of which are for comprehensive cover.	Motor Insurance UK, Mintel (March 2016).
6. The average cost of a comprehensive policy fell between 2012 and 2014 (from £442 to £398) but began to rise again in 2015, when the average cost of a policy was £427.	Average motor insurance premium tracker, ABI (Q1 2016).
7. Of the 26.7 million households in the UK in 2013, over 17 million had buildings insurance and 20 million had contents insurance.	Key Facts, ABI (2016).
8. In 2016, the ABI estimated the average annual premium for building insurance was £254, contents £138, and combined policies £309.	Average household insurance premium tracker, ABI (Q2 2016).
9. Over 15 million policyholders have whole life policies (which pay out on death).	Business in Force – Full Results, ABI (2015).
10. Slightly fewer consumers (11.6 million) have term assurance, which typically covers outstanding mortgage debt in the event of early death	Business in Force – Full Results, ABI (2015).
11. Other forms of protection, such as income and critical illness cover, are less widely held, with 3.2 million and 0.8 million policies in force respectively	Business in Force – Full Results, ABI (2015).
12. Accident and health is another	Key Facts, ABI (2015).

major part of the retail subsector, providing cover in the event of ill health, injury and death. This includes 5.1 million consumers with private medical insurance.	
13. Pet insurance is a growing market, with over 3.4 million policyholders.	Key Facts, ABI (2015).
14. Price comparison websites also feature prominently in home insurance, although to a slightly lesser extent; around 25% of new business comes directly from these websites, with similar proportions sold by retail banks and by insurers directly.	UK Personal Lines Insurance: Distribution and Marketing, GlobalData (2016).
15. By contrast, 84% of whole life policies are sold through non-advised channels.	Protection Overview Tables, ABI (Q3 2016).
16. There are 340 authorised providers of general insurance (with an additional 563 headquartered in Europe and passporting in under Solvency II).	Key Facts, ABI (2016).
17. In private medical insurance market one provider holds a market share of 40%	Private Medical Insurance UK, Mintel (October 2016).
18...while two firms dominate the income protection	Income Protection UK, Mintel (February 2017).
19...and term assurance markets	Term Assurance UK, Mintel (June 2015).
20. Business consumers are particularly diverse, ranging from sole traders and SMEs through to the largest corporates and multinational businesses	Business Population Estimates for the UK and Regions, Department for Business Innovation & Skills (2016).
21. The most widely held commercial products are property insurance and employers' liability insurance (both of which are held by around two thirds of SMEs) and public and product liability insurance.	Detailed Premium Analysis, ABI (2013).
22. Most commercial insurance is sold through intermediaries.	Product Distribution, ABI (2015).
23. Although the phone remains the most popular way for SMEs to access insurance products, a growing proportion (just over a third in 2015) are choosing to buy online.	UK SME Insurance Survey, GlobalData (2015).
24. Lloyd's houses 106 syndicates which, in 2015, wrote £26.7 billion	Lloyd's of London website (2016).

of gross written premiums, with profits of £2.1 billion on behalf of their (largely corporate), members who provide the capital to support the underwriting	
25. Our recent Call for Inputs on Big Data in Retail General Insurance found that pricing based on non-risk factors could disadvantage certain individuals or groups.	FS 16/5 feedback Statement - Call for Inputs on Big Data in Retail General Insurance (September 2016).

Pensions and retirement income	
1. 7.8 million retired consumers are taking a regular income, of which 0.6 million consumers are in a drawdown product.	FCA Retirement Income Data Request (September 2016).
2. There are over 20 million consumers with over £500 billion of assets in defined contribution schemes...	FCA Retirement Income Data Request (September 2016).
3. ...and £1.3 trillion of assets in defined benefit schemes	The Pensions Regulator, The Purple Book (March 2016).
4. There is over £80 billion of assets in drawdown products...	FCA Retirement Income Data Request (September 2016).
5. ...and over £300 billion invested in annuities.	Synthesys Insurance Returns (December 2015).
6. In accumulation, the top five firms offering employer-based defined contribution schemes had a 68% share of the market in terms of assets under management.	OFT Defined Contribution Workplace Pensions Market Study (September 2013).
7. The top five firms providing personal and stakeholder pensions had a 67% share of the market in terms of gross written premiums	Mintel, Personal and Stakeholder Pensions - UK (April 2015).
8. In decumulation there were 17 firms offering annuities with the top five having a 68% share of the market by value of income paid out to existing annuities in payment.	FCA Retirement Income Data Request (September 2016).
9. For drawdown, the top five had a 43% share of the market of assets available.	FCA Retirement Income Data Request (September 2016).
10. The number of active members accumulating a defined benefit pension in the private sector has fallen by 50% since 2006.	The Pensions Regulator, The Purple Book (March 2016).
11. Auto-enrolment rollout is now in its third phase and is being introduced to up to 1.5 million small employers in 2017/18.12	Automatic enrolment: commentary and analysis 2016, the Pensions Regulator (March 2016).

12. While drawdown is a more popular choice overall, a higher proportion of consumers aged 65-69 chose an annuity in each of the past four quarters.	FCA Retirement Income Data Request (September 2016).
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Retail investments	
1. Approximately 12.6 million British consumers have retail investments products	GFK Financial Research Survey, six months ending June 2016 data. Retail investments definition: any investment product, any alternative investment (excluding property bought-to-let), unit linked endowment or Premium Bonds.
2. Retail investment products are worth approximately £1.8 trillion in the UK	FCA calculation based on various sources: a) Nesta and University of Cambridge, Alternative Finance Report (2014); b) Datamonitor (2015); c) UK Government (2015); d) Investment Association (2015); e) NS&I website (Oct 2015); f) FCA returns data (2015); g) FCA Supervisory estimates (2015).
3. This compares to £1.5 trillion held in cash deposits and savings accounts.	Bank of England data taken from Moneyfacts Treasury Report (October 2016).
4. 32% of total savings and investments are held by 0.6% of the UK population	'Wealth in the UK: sizing the market opportunity', GlobalData (September 2015).
5. They also vary significantly in size, with 11% of advisers operating as sole traders.	The financial advice market in numbers 3.0, APFA (2015).
6. It is estimated that 13% of the British population holds risk-based investments (down from 21% in 2006).	GFK Financial Research Survey, six months ending December 2006/16. Data based on adults 18+. Risk based investment includes any investment product, unit linked endowment or with profits endowment. 2016 percentage also includes any alternative investment (excluding property) is 18%.
7. More than 80% of advisers charge an upfront fee, which according to data collected by FAMR, is normally 3% (median value) of the assets.	FAMR survey of firms providing financial advice (February 2016).

Investment management markets	
1. The Asset Management Market Study: interim report findings	https://www.fca.org.uk/publications/market-studies/asset-management-market-study

Wholesale financial markets	
1. In 2015, the total value of transactions in UK equity capital markets (ECM) was \$63 billion, while \$272 billion was raised through new debt issuance.	Dealogic, includes financial and non-financial but not government debt.
2. An estimated \$50 trillion in equity and debt instruments were traded in the UK in 2014.	FCA estimates based on Trax, a MarketAxess company, data for debt and Fidessa Fragulator data for equity.
3. Around 40% of global daily volumes of both interest rate derivatives and global FX transactions are undertaken in the UK.	FCA calculations based on BIS derivatives statistics.
4. Gross fees generated, around \$12 billion.	FCA Investment and Corporate Banking Market Study MS15/1 (2016).
5. HFTs now account for 43% of the value traded on EU exchanges.	ESMA, High-frequency trading activity in EU equity markets (2014).
6. Deutsche Bank research found around 73% of participants in the OTC derivatives markets cite hedging as their motive to trade, 17% arbitrage and 10% speculation.	Deutsche Bank Research: Who are the end users in the OTC derivatives market? (2 Dec 2015).
7. Non-financial counterparties account for 3%, 13% and 21% of notional outstanding interest rate, FX and commodity derivatives respectively.	Calculation based on BIS data, detailed tables on semiannual OTC derivatives statistics at end-December 2014 (April 2015).
8. In April 2016, the UK's average reported daily spot FX turnover was \$784 billion dollars.	BIS derivatives statistics.
9. The EU Commission has estimated that the global physical market for major commodities amounted to over \$5 trillion in 2009/10.	EU Commission, Impact Assessment of Benchmarks Regulation (2013.)

<p>10. Transaction services are fundamental to the functioning of the economy. They enable corporates, governments...</p>	<p>For the purpose of this sector view, users include corporates other than small and medium-sized enterprises (SMEs). SMEs, i.e. firms with fewer than 250 employees and/or turnover lower than £25million, are covered within the Retail Banking sector.</p>
<p>11. Wholesale transaction services – including payments, cash management and trade finance – account for around 10% of global banking revenues.</p>	<p>Based on data from Global Payments 2016: Competing in Open Seas, The Boston Consulting Group 2016</p>
<p>12. Our analysis suggests UK based wholesale banks earned over \$13 billion from transaction services in 2015.</p>	<p>Estimates based on analysis of FCA data and publically available data from firms’ annual reports.</p>
<p>13. The majority of this, up to 80%, comes from payment services and cash management.</p>	<p>Coalition, referenced in Global Finance, ‘The State Of Transaction Banking Today’, 9 September 2016</p>
<p>14. Transaction services revenue for wholesale banks has grown steadily since the crisis, in both real and percentage terms, and this is expected to continue</p>	<p>See McKinsey, Global Payments 2016 and The Boston Consulting Group, Global Payments 2016</p>
<p>15. Supply of wholesale transaction services in the UK seems mildly concentrated with the top four banks accounting for around 70% of revenues.</p>	<p>Estimates based on analysis of FCA data and publically available data from firms’ annual reports.</p>
<p>16. Figure 12: Wholesale transaction banking revenue</p>	<p>Based on data from Global Payments 2016: Competing in Open Seas, The Boston Consulting Group 2016.</p>
<p>17. Bank of England data show all gross lending for UK based major financial corporations to UK corporations has grown steadily since 2012, reaching an estimated £480 billion in 2015.</p>	<p>Bank of England, Bankstats. Lending to non-Financial Corporations from Table A8.1. Lending to Financial Corporations estimated based on outstanding loan ratios, calculated from BoE tables LPMVWMO and LPMVWMP.</p>
<p>18. In 2016 there was a reported €473 billion of UK syndicated lending to both UK and international clients.</p>	<p>Bloomberg syndicated loans data, UK, 2016</p>
<p>19. Money markets include the issue of unsecured instruments like</p>	<p>Bank of England, Money Market Liaison Committee, Money Market Survey</p>

commercial paper and certificates of deposit, as well as secure instruments like repo agreements. In 2016 there were £78 billion...	2016 H1.
20...analysis conducted by the FCA estimated that the contraction of spreads since 2012 could represent reduced trading costs of £46m per annum	FCA Insight - UK equity trading costs continue to decline 02 November 2016.
21. The two largest trading venue operators still account for around 90% (in 2015) of the total traded value of UK equities and LCH accounts for around 95% of cleared global OTC interest rate swaps	Fidessa and LCH Swapclear website.
22. Global money laundering transactions are estimated to account for 2-5% of global GDP.	PwC, Global Economic Crime Survey (2016).
23. the Bank of England (including the Financial Policy Committee) have noted that repo market participants perceive (the market) to be 'functioning poorly' overall...	Bank of England, Money Market Liaison Committee, Money Market Survey 2016 H1.