

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 turnover on the main business account of up to £25 million. The majority of lending to SMEs for business purposes is outside the FCA's regulatory perimeter, but most SMEs need access to credit and lending products.
2. 73 million Personal current accounts	GfK FRS, data six months to December 2016.
3. 4 million Business current accounts	Bank Support for SMEs, Q4 2016, BBA.
4. 26 million British adults have a savings account	FCA calculation based on GfK FRS December 2016 data and ONS data.
5. People in unbanked households, 2013/14: 730,000 ^11% vs 2012/13. Unbanked adults in the UK, 2013/14: 1.71m ^14% vs 2012/13	Financial Inclusion Annual Monitoring Report 2016, University of Birmingham.
6. The average value of savings held has also increased by 3% to £17,403 from the previous year.	GfK FRS, data six months to December 2015 and December 2016
7. Consumers accounted for 89% of all UK payment volumes and 21% of their value (excluding CHAPS)	UK Payment Markets 2017, Payments UK.
8. The current account continues to be the most widely held financial product with 96% of UK adults holding a personal current account.	GfK FRS, data six months to December 2016.
9. Financial Inclusion Annual Monitoring Report (2016) identified that 1.71 million adults were unbanked in 2013/14.	Financial Inclusion Annual Monitoring Report 2016, University of Birmingham.
10. Switching rates have remained static, with 1.01 million current accounts switched through the switching service in 2016.	Current Account Switch Service Dashboard, issue 13, Q4 2016, Bacs.
11. 44% of consumers have more than one current account.	UK Consumer Payments 2016, Payments UK.

12. Remote banking channels	Telephone, online or mobile banking.
13. Consumers increasingly use mobile and digital channels with over 40 million adults using remote ¹² banking channels in 2016.	UK Consumer Payments 2016, Payments UK.
14. Mobile banking has seen an increased uptake in the last three years with 19.6 million mobile banking users in 2016, compared to 8.9 million in 2013.	UK Consumer Payments 2017, Payments UK
15. Personal current accounts 12.4m 96% UK adults	GfK FRS, data six months to December 2016.
16. Business current account 4m 5.5m SMEs	Business current account 4m: Bank Support for SMEs, Q4 2016, BBA. SME 5.5m Business Population Estimates for the UK and Regions 2016, Department for Business, Energy and Industrial Strategy.
17. Recent trends in users of remote banking on main current account	UK Payments Market 2017, Payments UK.
18. Since 2012 it has fallen by 14%, to 12.4 million in 2016.	GfK FRS, data six months to December 2016.
19. The big six group	Barclays Group, HSBC Bank, Lloyds Banking Group, Nationwide Building Society, RBS Group, and Santander UK.
20. market share of savings by value fell from 63% in March 2015 to 56% in September 2016.	GfK FRS, data six months to March 2015 and September 2016.
21. Additionally, their share of new business fell from 59% in March 2015 to 45.6% in September 2016.	GfK FRS, data six months to March 2015 and September 2016.
22. Technology is also changing the payments market; in December 2016, 32% of consumers made a mobile payment.	Mobile payments include all the payment methods which can be made via a mobile phone. This includes, but is not limited to, payments via mobile banking apps; purchases made online by shopping in a mobile browser; in-app purchases and purchase from app stores; using a phone to initiate in-store contactless payments; and payments initiated though online messaging service. Data from GfK FRS, December 2016 data.

23. Household saving ratio as a percentage of disposable income (excluding pension equity adjustment)	UQ4 figures, OBR.
24. Average interest rates easy access accounts, one year bond	Moneyfacts Treasury Report, UK Savings Trends, May 2017.
25. £1,569bn Total value of retail deposits ²⁵	Moneyfacts Treasury Reports, UK Savings Trends, May 2017.
26. £39bn Total value of payments	UK Payments Market 2017, Payments UK.
27. Payment volumes, 2016	UK Payments Market 2017, Payments UK.
28. There were a number of high-profile incidents in 2016 and the 2016 Verizon Data Breach Report found that ten vulnerabilities accounted for 85% of successful breaches.	2016 Data Breach Investigations Report, Verizon.
29. In 2016 there were 172,919 incidents of identity fraud, an increase of 52% since 2014.	Identity fraud reaches record levels, CIFAS, 15 March 2017.
30. There are concerns that firms' procedures for handling cases of push payment scams can be unclear or not consistently applied, and there are insufficient data to understand the scale of these scams.	The Payment Systems Regulator (PSR), the FCA and the payments industry have been undertaking work to reduce the harm to consumers from authorised push payment scams. The PSR published a report and consultation in November 2017 (CP17/2).

Retail lending	
1. Consumer credit lending continued to increase, with an annual growth rate of 10.3% in the twelve months to April 2017.	Bank of England, Money and Credit, April 2017 The annual growth rate has since slowed and stood at 9.5% for the 12 months to December 2017
2. This was driven primarily by increases in the amounts borrowed on credit cards, motor finance, and unsecured personal loans.	Bank of England, Financial Stability Report, June 2017.
^{3.} There was also notable growth in some of the smaller credit markets including peer-to-peer lending and some of the high-cost credit models, although growth in these markets was from a lower base.	FCA High – Cost Credit Review Technical Annex, July 2017 and Peer2Peer Finance Association, http://p2pfa.info/data

4. The increase in consumer credit lending raises questions about the long-term sustainability of this growth,	FCA Insight, 'Who's driving consumer credit growth?', https://www.fca.org.uk/insight/whos-driving-consumer-credit-growth
5. Growth in the mortgage market was steadier, with balances outstanding growing by 3% in the twelve months to April 2017.	Bank of England Statistics - Money and Credit, April 2017
6. The consumer credit market grew to £198 billion in the twelve months to April 2017.	Bank of England Statistics - Money and Credit, April 2017
7. This was driven primarily by an increases of 9.7% borrowed on credit cards and a 10.7% increase in personal loan borrowings.	Bank of England Statistics - Money and Credit, April 2017
8. There are some indications that interest rates for loans less than this are increasing to subsidise headline rates on larger loans.	A Moneyfacts UK Treasury Report found that the average rate on loans of £3,000 over three years has now breached 15%, compared to a rate of 14.6% in October 2016. Loans of £1,000 and £2,000 have also increased in the same period by an average of 0.5% and 0.8% respectively. (Moneyfacts UK Credit Trends Q1 2017.)
9. In the credit card market, firms are competing strongly on price for prime consumers, with 0% balance transfer and purchase rates on credit cards at record lengths of time.	As of Q1 2017, the average purchase term was 316 days (an increase of 22 days over the quarter), while the average balance transfer term has risen to 657 days (up from 637 days in December 2016). Moneyfacts Treasury Report, UK Credit Card Trends, Q1 2017
10. The motor finance market grew 8.5% in the twelve months to April 2017	FLA Data. The FLA has subsequently stated that the annual rate of growth slowed to 2% in the twelve months to November 2017.
11. New lending for motor vehicles totalled £32.6 billion in the twelve months to the end of Q1 2017	FLA Data. Per the FLA new lending for motor finance in the twelve months to £33.4 billion in the twelve months to November 2017.
12. Figure 4: Annualised growth in consumer credit lending (%)	Bank of England Statistics - Money and Credit, April 2017
13. The number of borrowers grew 37% in 2016 with the total amount of	Peer to Peer Finance Association

loans outstanding increasing by 29% in the twelve months to the end of Q1 2017 to £3.2 billion.	
14. There are signs that the rate of growth in this market is starting to slow.	By way of comparison, new lending in the twelve months to Q1 2016 was 96%. Peer to Peer Finance Association
15. Figure 5: Consumer car finance: total value of new lending, 12 month total (£bn)	FLA data, May 2017.
16. Home collected credit number of consumer/sales 2016. 700,000	High-Cost Credit Review Technical Annex, 1 July 2017.
17. Value of new peer-to-peer lending (12 months to end Q1 2017)	Based on P2PFA Data (Q1 2017) published April 2017.
18. Financial Lives data suggest that 3% of UK adults used debt advice or debt management services in the last twelve months and, of these, 19% used a paid-for service	FCA Financial Lives Survey, 2017.
19. Mortgage lending	The FCA's Mortgages Market Study collected more data and qualitative information on how the market works (including data on internal product switches). This data was not available during the development of the 2017 sector views. The Mortgages Market Study interim report findings will be published in Spring 2018.
20. There are early signs that some firms are starting to offer loans to consumers who have found it harder to get mortgages in the past	See Figure 8. For example one provider is now offering mortgages to self-employed borrowers with accounts for a single year of trading, another has stated that it will lend to those on zero-hours contracts, and both two more have developed have developed products for older borrowers.
21. Value of new mortgage advances	MLAR (data to Q4 2016) - publication April 2017.
22. Figure 8: Products seen as higher risk % of total mortgage sales	Product Sales Data, extracted April 2017.
23. Figure 9: UK employment and types of employment growth	ONS, Employment and labour market, data ending January-March 2017.
24. There are indications that a wider	As noted in the mortgage lending

range of firms are starting to lend to consumers who are less able to withstand a financial shock	section above, we have seen firms providing mortgages to less mainstream consumers.
GI&P	
1. This sector is a key component of the UK economy, generating at least £78 billion in premiums for UK insurers.	FCA estimates using PRA Returns and Lloyd's Annual Report (all EEA Branch estimated at 10%).
2. For example, of UK adults, 61% currently hold motor insurance and 49% buildings and contents insurance	FCA Financial Lives 2017.
3. £32.9bn Total retail written premium, 2015	FCA estimates using PRA Returns and Lloyd's Annual Report (all EEA Branch estimated at 10%).
4. Switching rates for home and motor insurance remain largely static, although there is evidence of more consumer engagement at renewal for motor insurance.	GlobalData - UK Insurance Aggregators, April 2017.
5. Consumers are increasingly using price comparison websites to compare premiums, although not all customers complete the transaction online.	GlobalData - UK Insurance Aggregators, April 2017.
6. A growing proportion of drivers are over 70, and fewer under-25s have a driving licence.	National Travel Survey (Government Statistics – DfT)
7. Gross written premium for the UK general insurance market, by business sector (£bn)	Figures 11-13: FCA estimates using PRA Returns and Lloyd's Annual Report (all EEA Branch estimated at 10%).
8. Number of consumers (households)	ABI Key Facts.
9. There is increasing evidence of consumers using price comparison websites (PCWs) to compare prices before buying or renewing, although not all complete the purchase through this channel	GlobalData - UK Insurance Aggregators, April 2017.
10. Nearly three quarters of those covered by private medical policies are members of corporate schemes,	FCA estimates using Laingbuisson Heath Cover, 13th Edition, January 2017.

which account for over half of total premiums.	
¹¹ . While numbers covered by these schemes are estimated to have fallen by 600,000 since 2008, ¹	FCA estimates using Laingbuisson Heath Cover, 13th Edition, January 2017.
12.policy numbers rose slightly in 2015	FCA estimates using Laingbuisson Heath Cover, 13th Edition, January 2017.
13.Figure 14: Market participants' share of London Market Premiums, 2015	London Market Group, May 2017.
14.Figure 15: Average premium for combined buildings and contents home insurance policies, quarter by quarter	ABI Property Premium Tracker, April 2017.
15.Figure 16: Average premium (£) for new and renewed private car comprehensive motor insurance policy (including sales via PCWs), Q1 2017	ABI Motor Premium Tracker, April 2017
16.Figure 17: Share (%) of gross written premiums by distribution channel for household insurance	ABI Product Distribution 2015.
17.Figure 18: Individual protection: number of policies, 2016	Swiss Re Term and Health Watch 2017.
18.Figure 19: Group protection: number of people covered, 2016	Swiss Re Group Watch 201
19.Figure 20: Group protection in-force market premiums (£m)	Swiss Re Group Watch 2017
²⁰ . The global market is estimated to generate \$2.5bn in premiums, and the London Market reported a 50% growth in the number of cyber insurance policies taken out in 2016.	Financial Times, 29 December 2016, quoting data compiled by CFC Underwriting.
21.ABI members uncovered 130,000 fraudulent claims worth £1.32 billion in 2015.	ABI - General Insurance Detected Fraud 2015.

Pensions and retirement income	
1. £403bn personal pensions	FCA calculation using FCA retirement

savings market	income data 2016 and Broadridge, UK DC Market Intelligence Report 2016.
2. Assets held or invested: workplace pensions savings market	Defined benefit schemes: TPR, The Purple Book 2016. Contract-based and master trusts: Broadridge, UK DC Market Intelligence Report 2016. Single employer trust: FCA calculation using Broadridge and TPR data
3. Assets held or invested: equity release	FCA, MLAR 2016 and PSD 2016.
4. Assets held or invested: bulk annuity/derisking	Lane, Clark & Peacock, Pensions De-risking report 2016.
5. Figure 22: Annual GPP sales vs annual change in master trust membership	FCA, PSD 2016 and TPR.
6. ONS figures published in the first quarter of 2017 show that 68% of all employees enrolled in a pension. This equates to 78% of all eligible employee.	ONS, Annual Survey of Hours and Earnings 2016. ONS, Workplace Pension Participation and Savings Trends of Eligible Savers Official Statistics: 2006 to 2016.
7. According to one ONS estimate, less than 6% of enrolled employees are making member contributions of more than 7% of their salary	ONS data in Professional Pensions, "AE continues to impress as 68% now have pensions", March 2017.
8. For example, one report estimated that there may be over 100,000 workers earning annual total salaries over the £10,000 threshold who have not been auto-enrolled.	Citizen's Advice, "People in multiple jobs missing out on a workplace pension", February 2017.
9. The data also show that, on average contract-based members pay fees of 54bps versus 48bps for master trust, and 38bps for bundled trust members	DWP, Pension Charges Survey 2016.
10. Decumulation: size of assets held or invested:	Broadridge, UK Retirement Income Market Intelligence Report 2016. FCA retirement income data 2016.
11. Figure 23: Workplace defined contribution scheme investment design	Broadridge, UK DC Market Intelligence Report 2016.
12. Personal pension advice and	FCA, PSD 2016.

guidance, 2016 data	
13. Figure 24: Retirement income sales (volume)	FCA, retirement income data 2016.
14. Figure 25: Annuities sales (volumes)	ABI in Broadridge, UK Retirement Income Market Intelligence Report 2016.
15. Despite the high levels of demand for drawdown, our retirement income data suggest that many of the pots accessed through pension freedoms are not yet being used to provide retirement incomes. 60%-80% of new drawdown customers are in zero-income drawdown	FCA, Retirement Outcomes Review – Interim Report 2017.
16. In the consumer space, our retirement income data, drawn from a sample of providers, show a 92% increase in reported transfers from defined benefit to defined contribution schemes in the six months to March 2017	FCA, retirement income data 2017 preliminary analysis.
17. Data in 2017 showed an estimated one million consumers and £70 billion of liabilities are now covered by buy-out or buy-in arrangements in the bulk annuity market.	Lane, Clark & Peacock, Pensions De-risking report 2016.
18. Figure 26: Life expectancy at age 65	ONS, Life expectancy at age 65 2015.
19. Figure 27: Economic activity rates for individuals aged 65 and over	UK Data Service, Annual population survey 2016.
20. Figure 28: UK household debt (% disposable income)	ONS, OBR, Spring Budget Statement 2017.
21. Figure 29: FTSE all share vs 10 year gilt year	Thompson Reuters, 2017.

Retail investments	
1. 3.2 million consumers received financial advice from regulated firms in 2016/17	FCA/PRA Financial Advice Market Review (FMAR) Baseline.
2. The wealth management market continues to have the highest level	Compeer – UK Wealth Management Q4 2016 update.

of assets (£663 billion)	
3. Assets held or invested	Wealth management: Compeer – UK Wealth Management Q4 2016 update. Platforms: Platform: UK D2C Guide: Market Size and Structure - February 2017, Platform: UK Adviser Platform Guide - Issue 27 September 2016. Crowdfunding: Cambridge Centre for Alternative Finance – Pushing Boundaries: The 2015 UK Alternative Finance Industry Report.
4. Stocks and shares ISAs accounted for just £21 billion of the nearly £80 billion subscribed to ISA accounts in 2015/16. (Figure 32).	Gov.uk – Individual Savings Account (ISA) statistics April 2017 release
5. Equity crowdfunding was the fastest growing product in this market, although this is from a low base, with the amount invested growing by 295% in 2015 alone	Cambridge Centre of Alternative Finance – Pushing Boundaries: The 2015 UK Alternative Finance Industry Report
6. In contrast to the crowdfunding market, structured products have seen a significant 85% fall in sales since 2009	structuredretailproducts.com - UK Database Analysis: Product Types by Provider Report 2007-2016.
7. Direct-to-consumer (D2C) platforms and share dealing services currently administer £170 billion of assets, and the assets under administration in both the D2C and adviser platform market grew rapidly in 2016 (Figure 34).	Platform – UK D2C Guide, February 2017.
8. 378 billion in assets is currently administered on platforms targeted at supporting the financial advice market.	Platform – UK Adviser Platform Guide, September 2016.
9. Figure 35: UK household savings ratio	OBR for the forecasts, Economic and fiscal outlook, March 2017.
10. Meanwhile, younger consumers may have lower financial resilience than older generations, as well as changing attitudes towards savings, which could lead them to de-	ONS, Population estimates.

prioritise their engagement with this sector.	
11. Assets in UK ethical funds have grown 80% from £7.6 billion in 2012 to £13.7 billion in June 2017, although they still only account for 1.2% of total UK assets	IA Data

Investment management markets	
1. They accounted for 43% of UK industry assets as of end-2016. They include authorised funds, unauthorised funds and life and pension funds.	The Investment Association Annual Survey, Asset Management in the UK 2015-2016.
2. Figure 38: Assets under management in the UK (£tn)	The Investment Association Annual Surveys, Asset Management in the UK 2012 to 2016
3. Figure 39: European assets under management by country, May 2017	EFAMA Asset Management Report, May 2017.
4. They accounted for 57% of UK industry assets as of end-2016 and are used predominantly by institutional investors.	The Investment Association Annual Survey, Asset Management in the UK 2015-2016.
5. Figure 40: UK assets under management pooled versus segregated accounts (%)	The Investment Association Annual Surveys, Asset Management in the UK 2014 to 2016.
6. Figure 41: UK assets under management split by active versus passive management (%)	6. The Investment Association Annual Surveys, Asset Management in the UK 2011 to 2016.
7. Figure 42: Concentration in the passive management sector - top five firms' market share by AuM	The Investment Association Annual Survey. Asset Management in the UK 2015-2016. Morningstar Direct data extract on 27 June 2017.
8. Figure 43: UK assets managed for overseas clients (£tn)	FCA Asset Management Market Study – Interim Report – November 2016 Asset Management in the UK 2012-2016.
9. Figure 44: Assets managed in the UK by client type, 2016	The Investment Association Annual Surveys. Asset Management in the UK

	2011-2016.
^{10.} In addition, there are over 1,000 other smaller firms safeguarding assets for clients, ranging from prime brokers to wealth managers.	FCA Custody Service in the UK, July 2017.

Wholesale financial markets	
1. Figure 46: Market share of UK trading venues for UK listed equities, 2016	Fidessa Fragulator data.
2. Figure 47: Total UK equity and debt issuance (\$bn)	Dealogic data.
3. Figure 48: UK global ranking in equity and debt issuance	Dealogic data.
4. Figure 49: Value of UK equities trading (£bn)	Fidessa Fragulator data