

Referencing in the Sector Views

Cross-sector themes	
1. The growing use of Initial Coin Offerings (ICOs), which saw \$5.8 billion of capital raised globally in Q1 2018 and the increasing global use of cryptoassets for transactions	Coindesk, monthly new ICO funding tracker.
2. In its latest inflation report, the Bank of England (the Bank) expected global GDP to slow to 2% in 2021 from 2.75% this year. The predicted slowdown in growth reflects continued trade tensions between the USA and China but also tightening financial conditions, particularly in some emerging economies.	Bank of England quarterly inflation report August 2018.
3. Figure 1: Real year-on-year GDP growth	ONS GDP data 2018
4. UK GDP picked up in the second half of 2018 following a slowdown at the start of the year. It is projected to be modest, remaining below 2% through to 2021 according to the Bank's forecasts.	Bank of England Inflation Report August 2018
5. The Bank has raised official base rates twice, from 0.25% at the beginning of 2017 to 0.75% today. The Bank does not expect, however, interest rates to return to 'normal levels' (which it estimates to be between 2%-3%) for several years.	Bank of England Inflation Report August 2018
6. Figure 2: UK inflation – CPI year-on-year (%)	ONS Consumer price inflation data 2018 ONS Labour market statistics data 2018 ONS Earnings and working hours data 2018
7. Figure 3: Annualised growth in consumer credit lending (%)	Bank of England Consumer credit data 2018
8. Consumer credit growth reached 7.7% in September 2018 having	Bank of England Consumer credit data 2018

decreased relative to the 10.5% growth rate reached at the start of 2017.	
9. The FTSE 100 and All Share Indices have remained strong for most of the past year	Bloomberg FTSE 100 index data
10. The FTSE All Share Index started 2018 above 4,200 and remained around that level before losing ground in September.	Thomson Reuters.
11. The Bank has also noted that spreads on corporate bonds have widened throughout 2018, raising the cost of finance for UK businesses.	Bank of England Inflation Report August 2018
12. Figure 4: FTSE all share vs 10 year gilt year	Bloomberg. FTSE 100 and UK Government bond yields Bloomberg
Retail banking & payments	
1. 73,600 payments are made every minute	UK Payment Markets 2017, UK Finance
2. 97% of adults have a personal current account	GfK Financial Research Survey (FRS), all GfK FRS data sourced from © GfK FRS 12 months ending December 2017, 60,000 adults interviewed
3. The retail banking sector is the gateway into financial services for most consumers and serves individual consumers and 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.
4. The 6 largest personal current account providers have a significant presence in retail lending, especially mortgages, and other markets.	The 6 largest providers of UK personal current accounts are: Barclays Group, HSBC Bank, Lloyds Banking Group, Nationwide Building Society, RBS Group, and Santander UK.
5. The total value of household assets held in non-interest bearing accounts has increased by 8% year-on-year	Table A6.1, data to 29 December 2017, Bank of England
6. 54% of adults hold a cash savings product	GfK FRS, 12 months ending December 2017
7. The total value of household assets held in interest bearing accounts by households has increased by 1.8% year-on-year to £1,124 billion but cash ISAs has remained flat	Table A6.1, data to 29 December 2017, Bank of England
8. 66% of the mortgage market and	GfK FRS, 12 months ending December

62% of the credit card market is held by the big 6 retail banks	2017
9. 74 million consumers hold current accounts	GfK FRS, 12 months ending December 2017
10.26 million consumers hold cash savings accounts	FCA calculation based on GfK FRS, data to December 2017 and ONS data.
11.SMES hold 3.6 million current accounts, and 1.5 million cash savings accounts	SME Finance and Banking Report, Charterhouse Research 2017
12.£189bn held in non-interest bearing accounts	Table A6.1, data to 29 December 2017, Bank of England
13.2% increase in payment volumes and 4% in the total value, excludes CHAPS	UK Payment Markets 2017, UK Finance
14.Over half the charges for unarranged overdrafts are concentrated on just 1.5% of customers	High-Cost Credit Review CP18/3, FCA
15.Total unarranged overdraft charges have also reduced by around £5.6 million per month	High-Cost Credit Review CP18/3, FCA
16.50% of all spontaneous payments and 73% of consumer-to-consumer payments were still made with cash in 2016	UK Payment Markets 2017, UK Finance
17.Consumer payments volume 34.6 billion, up 0.3% year on year, value £1,590bn	UK Payment Markets 2017, UK Finance
18.Business payments volume 4.1 billion, up 7% year on year, value £6,097bn	UK Payment Markets 2017, UK Finance
19.Figure 2 Payment methods (volume) 2016	UK Payment Markets 2017, UK Finance
20.The migration from cash to cards is expected to continue but cash remains an important payment method for low income households	UK Payment Markets 2017, UK Finance
21.Demand for cash savings is fairly static and the number of savings accounts which pay interest over the base rate has fallen	UK Savings Trends, March 2017, Moneyfacts
22.54% of adults hold a cash savings product	GfK FRS, data to Dec 2017
23.The total value of household deposits held in interest bearing accounts increasing by 1.8% compared to last year	Table A6.1, data to 29 December 2017, Bank of England
24.71% of products paid over the base rate compared with 74% of products 12 months ago, Figure 3: Percentage of savings accounts	UK Savings Trends, March 2017, Moneyfacts

paying over the base rate	
25.56% of current account holders also have a savings product with their main bank but only 15% have a mortgage with their main bank	Consumers and Data Sharing in Financial Services, Mintel
26.58% of current account holders are willing to share financial from other providers with their main bank, compared with 12% who would be willing to share financial data with new banks (Figure 4: Willingness to share data with different types of providers)	Consumers and Data Sharing in Financial Services, Mintel
27. Self-reported consumer data show the number of branch interactions has been stable	GfK FRS, 12 months ending December 2017
28. In 2017, 46% of new current accounts were arranged at a branch, and 63% of current accounts were at least partially managed in branch. 11.9 million adults used only the branch to manage their account in 2017, a decrease of 21% since 2011	GfK FRS, 12 months ending December 2017
29. The number of bank and building society branches fell to 8,981 in 2016, down from 12,048 in 2006	UK Payment Statistics 2017, UK Finance
30. 44% of consumers say nothing would encourage them to share their financial data	Consumers and Data Sharing in Financial Services, Mintel
31. In 2017, firms' fraud losses fell by 5% to £731 million. £2 in every £3 of attempted unauthorised fraud across payment cards, remote banking and cheques was prevented.	2017 Annual Fraud Update, UK Finance
32. During 2017, there were 43,875 reported cases of authorised push payment fraud with a total value of £236 million. In 2017, victims lost £2,784 on average. For businesses, the average fraud loss was much higher, at £24,355. Only 26% of authorised push payment losses were returned to consumers.	2017 Annual Fraud Update, UK Finance
Retail lending	
1. Around 39 million people in the UK have outstanding credit borrowing	FCA, Getting affordability right in consumer credit, speech by J Davidson, Director of Supervision, at Credit Summit, March 2018.
2. there are 13.5 million mortgage	Bank of England/ FCA MLAR, 2017.

accounts outstanding	
3. The total amount of lending across the sector is estimated to exceed £1.5trillion	Bank of England, Money and Credit, March 2018.
4. £1,375bn mortgage loans outstanding	Bank of England/ FCA MLAR, 2017.
5. 13.5m mortgage accounts outstanding	Bank of England, Money and Credit, March 2018.
6. 4,536 residential mortgage products	Moneyfacts, UK Mortgage Trends Treasury Report, April 2018.
7. 15% of mortgage holders would struggle to make repayments if their mortgage increased by £99 per month	FCA Financial Lives Survey 2017.
8. £70,841m outstanding credit card lending	Bank of England, Money and Credit, March 2018.
9. C7m personal loans outstanding	FCA CRA data, November 2016.
10.£3.3bn outstanding high-cost debt	FCA CRA data, November 2016.
11.3.1m consumers with outstanding high-cost debts	FCA Financial Lives Survey 2017.
12.C4m motor finance products outstanding	FCA High-Cost Credit Review Technical Annex 1: CRA Data Analysis of UK Personal Debt, July 2017.
13.While average new car finance agreements increased in value, the overall number of agreements reduced in 2017, leading to an overall reduction in lending	The Financing & Leasing Association, March 2018
14.Changes to interchange fees	The interchange fee is a transaction fee paid for by the merchant's bank to the card issuer when a customer makes a card payment
15.Have led to mainstream credit firms starting to slow lending	Bank of England, Credit Conditions Survey, 2018 Q1
16.In the 12 months to February 2018, the total value of outstanding lending increased by 4.2%	Bank of England, Money and Credit, March 2018
17.Growth continues to be driven by FTB and remortgagers, which grew by 5% and 12% respectively	FCA PSD, 2017 Q4
18.Changes to the PRA's requirements on underwriting standards and tax treatment of BTL mortgages led to the share of BTL lending decreasing to 12.7% in Q4 2017, the lowest percentage since Q3 2013	FCA PSD, 2017 Q4
19.Figure 2. Annualised growth in consumer credit	Bank of England, Money and Credit March 2018
20.Figure 3. Mortgage term bands by	FCA PSD, 2017 Q4

borrower type	
21. Figure 4. LTI ratios on new mortgage advances	Bank of England, Financial Stability Report, November 2017
22. Figure 5. UK employment and types of employment	ONS, Labour Force Survey, March 2018
23. Figure 6. UK household debt	ONS, Debt to disposable income, March 2018
24. Those aged between 25-34 have the highest average borrowings and pay an average of 19% of their pre-tax income, repaying an average total debts of £50,900 per person	Resolution Foundation, 'An unhealthy interest? Debt distress and the consequences of raising rates', February 2018
25. The lowest average mortgage debt is held by those aged over 65, whose average debt repayments equate to 4% of pre-tax income	Resolution Foundation, 'An unhealthy interest? Debt distress and the consequences of raising rates', February 2018
26. The FCA recently introduced new rules for retirement interest-only mortgages, excluding the product from the definition of a lifetime mortgage	FCA Retirement Interest-Only Mortgages Instrument 2018, FCA 2018/16
27. Figure 8. Homeownership by age group	English Housing Survey, 2016 to 2017
28. Revisions to our creditworthiness rules as well as proposed remedies in both the Mortgages Market Study	FCA Mortgages Market Study Interim Report (MS 16/2.2), May 2018
29. ...and High Cost Credit Review	FCA High-Cost Credit Review (CP18/22), May 2018
30. Our Credit Card Market Study	FCA Credit Card Market Study (MS14/6.3), July 2016
31. In our policy statement 'Assessing creditworthiness in consumer credit'	FCA Assessing creditworthiness in consumer credit (PS18/19), July 2017
32. As set out in our 2017/18 Business Plan	FCA Business Plan 2017/18, April 2017
GI&P	
1. £32bn total value of personal lines gross written premiums	ALL GWP values, FCA analysis using PRA Returns and Lloyd's Annual Report (all EEA Branch estimated at 10%)
2. 19.7m contents (households); 16.6m buildings (households)	ABI UK Insurance & Long-term Savings Key Facts 2017
3. 27.3m motor policies	ABI Motor Premium Tracker January 2018
4. 17.8m phone and gadget policies	ABI Detailed Analysis of General Insurance (Oct 2017)
5. 10.4m multi-trip policies	ABI Travel Insurance Data (May 2017)
6. 5.2m people covered by private medical policies	FCA calculation based on LaingBuisson Health Cover UK Market Report 14th edition
7. 1.8m new individual policies	Swiss Re Term and Health Watch 2017

8. 12.5m group (people covered, 2017)	Swiss Re Group Watch 2018
9. According to one estimate, nearly 16 million adults in rented accommodation do not currently purchase home contents insurance	Financial Inclusion Commission - Improving the Financial Health of the Nation, November 2017
10. 0.3 million more motor and 1.1 million home insurance customers shopped around in 2017 compared to 2016. They saved an average in premiums of £64 and £34 respectively.	Moneywise, quoting Consumer Intelligence research
11. Figure 2: Individual protection: number of policies, 2016	Swiss Re Term and Health Watch 2017
12. Figure 3: Average premium (£) for private car comprehensive motor insurance policy, Q4 2014-2017	ABI Motor Premium Tracker January 2018
13. Figure 4: Average savings by switching car insurance provider at renewal	Consumer Intelligence (moneywise.co.uk)
14. The cost to the global insurance industry of the 301 recorded catastrophes in 2017 exceeded £100 billion	Swiss Re Institute, - sigma No. 1, 2018
15. £3 billion of Insurance Linked Securities (ILS) were issued globally in the first quarter of 2018	Artemis Q1 2018 Catastrophe Bond & ILS Market Report
16. They have been enabled as regulated activities since the beginning of 2018, with the first ILS securitising a £50 million portfolio for a Lloyd's syndicate	Insurer Neon has broken new ground launching the UK's first catastrophe bond vehicle (cityam.com)
17. Demand for insurance and protection in the UK, while not increasing overall, has not been materially affected by low GDP growth (1.8% in 2017)	ONS GDP data, 2018
18. Figure 5: Average commercial insurance pricing change, Q1 2012 to Q4 2017 (%)	Marsh Global Insurance Market Index Q4 2017
19. 15% say they have difficulty finding information on products and 19% find the information difficult to understand	Mintel Consumers and General Insurance UK, December 2017.

20. Roughly half of the general public consider that insurers do not treat those making claims fairly.	Financial Inclusion – Improving the Financial Health of the Nation, November 2017.
21. Research suggests that consumers would respond positively to loyalty rewards such as renewing at existing rates or matching competitors' quotations	Mintel Consumers and General Insurance UK, December 2017.
22. Research found the reasons include inertia and affordability (real or imagined) as well as a lack of experience in buying insurance in general.	Financial Inclusion – Improving the Financial Health of the Nation, November 2017.
23. Rising expense levels, and recent natural catastrophe claims contributed to Lloyd's £2 billion loss in 2017	Lloyd's Annual Report 2017
Pensions & retirement income	
1. £179bn assets in contract-based workplace pensions, up 7% YoY	Broadridge, UK DC& RI Market Intelligence 2017
2. £1,773bn other assets in trust-based workplace pensions	Broadridge, UK DC& RI Market Intelligence 2017 and PPF, The Purple Book 2017
3. 20m workplace pension consumers	FCA estimate based on Annual Survey of Hours and Earnings (ASHE) and Labour Force Survey (LFS) from ONS, 2017
4. £420bn assets in non-workplace pensions savings market, up 4% YoY	FCA estimate based on FCA, Retirement Income Data, 2017 and Broadridge, UK DC & RI Market Intelligence 2017
5. 6-10m non-workplace pension consumers	FCA estimate based on FCA, Financial Lives Survey, 2017 and Mintel, Personal Pensions, 2017
6. £299bn assets backing annuities, up 0%	Broadridge, UK DC & RI Market Intelligence 2017
7. £95bn assets in drawdown, up 9%	FCA, Retirement Income Data, 2017
8. 9m retirement income consumers	FCA, Financial Lives Survey, 2017
9. 2017 saw the three biggest firms with over half of the 9.3m consumers with lifestyled pensions all announcing design updates to align legacy products more closely with retirement choices	FCA, Supervisory work, 2017
10. Figure 2: Annual GPP sales vs annual change in master trust membership	TPR, DC Trust: presentation of scheme data 2017 & FCA, Product Sales Data, 2017
11. Figure 3: Total average contribution rate (employer and employee) defined contribution (%)	PPI, The Future Book 2017

12. Figure 4: Average single premium values (£000) and total sales volumes (000) for non-workplace pensions	FCA, Product Sales Data, 2017
13. Of the 55% who are taking full withdrawals, data from the FCA's Retirement Outcomes Review (ROR) suggest 52% are placing these assets in cash or investments within ISAs, savings or bank accounts	FCA, Retirement Outcomes Review - Interim Report, 2017
14. Long-term care costs in England averaging £28,000-38,700 p.a.	FCA, Ageing Population Occasional Paper, 2017
15. Figure 5: DB-DC transfers	FCA, Retirement Income Data, 2017
16. Figure 6: Retirement income products sales volumes	FCA, Retirement Income Data, 2017
17. Figure 7: Past and future population growth by additional number of people (000)	ONS, population estimates, 2017
18. Figure 8: Annual cost of health, long-term care and welfare, per person by age (£000)	OBR, Government spending estimates, 2017
19. Further work published in the ROR showed 52% of these pots end up back in savings/investment products, strongly suggesting consumers want to continue to save/invest but not in pensions	FCA, Retirement Outcomes Review - Interim Report, 2017
20. DWP analysis shows 98% of charges for current contract-based members are below the 0.75% charge cap	DWP, Pensions Charge Survey, 2017
21. Six platforms reported average delays upgrading legacy platform technology of 15 months in 2017	Professional Adviser, "Re:Platforming' - Average delays hit 15 months...and counting", 2017
22. Figure 13: Workforce with defined benefit or defined contribution pension and self-employed (%)	ONS, Annual Survey of Hours and Earnings (ASHE) and Labour Force Survey (LFS), 2017
23. Figure 14: Borrower age at maturity (% of mortgage advances)	FCA, Product Sales Data, 2017
24. The FCA reviewed a sample of defined benefit transfer recommendations and found only 47% suitable	FCA, DB transfer advice suitability review, 2017
25. Consumers in cash could increase the income from their pot by up to 37% over 20 years by moving to a mix of assets	FCA, Retirement Outcomes Review - Final Report, 2017
26. By switching from a higher cost provider to a lower cost provider ROR estimated that consumers could increase their annual income	FCA, Retirement Outcomes Review - Final Report, 2017

by 13%	
Retail investments	
1. £926bn total assets held or invested in wealth management	Compeer, UK Wealth Management Quarterly Update Q4, 2017
2. (of which...) £736bn by wealth managers, up 11% vs 2016	Compeer UK Wealth Management Quarterly Update 2016-17
3. (and...) £190bn execution only, up 18% vs 2016	Compeer UK Wealth Management Quarterly Update Q4 2017
4. £497bn assets held or invested in platforms	FCA Investment Platforms Market Study, Interim Report, MS17/1.2. N.B. Numbers updated subsequent to publication of the Interim Report.
5. £185bn on D2C platforms, up 10% vs 2016	FCA Investment Platforms Market Study, Interim Report, MS17/1.2 N.B. Numbers updated subsequent to publication of the Interim Report.
6. £311bn on adviser platforms, up 12% vs 2016	FCA Investment Platforms Market Study Interim Report, MS17/1.2 N.B. Numbers updated subsequent to publication of the Interim Report.
7. £507bn assets held or invested by financial advice and guidance	FCA Investment Platforms Market Study Interim Report, MS17/1.2
8. Assets invested via platforms have doubled in the last 4 years	FCA Investment Platforms Market Study Interim Report, MS17/1.2
9. 1.1m consumers using wealth managers, 2.1m using execution-only brokers	Compeer estimates
10. 4.1m consumers on D2C platforms, 3.1m on adviser platforms	FCA Investment Platforms Market Study Interim Report, MS17/1.2
11. Only a third (33%) of the UK population hold any form of investment product, regulated or unregulated (excluding pensions)	FCA, Financial Lives 2017
12. Figure 2: Platforms market, number of consumers (m)	FCA, Investment Platforms Market Study Interim Report, MS17/1.2
13. Figure 3: ISA subscriptions	HMRC, Individual Savings Accounts (ISA) statistics, August 2017
14. Figure 4: Investment based crowdfunding (£m)	University of Cambridge, Entrenching Innovation: The 4 th UK Alternative Finance Industry Report, December 2017
15. Figure 5: Structured products 2016/17	StructuredRetailProducts.com
16. Figure 7: Method of arranging stocks and shares ISAs	FCA, Financial Lives 2017. Multiple responses were allowed.
17. Figure 8: Important factors when choosing a stocks and shares ISA (%)	Mintel, ISAs UK 2017 report
Investment management	
1. Figure 1: Total AUM In the UK (£tn)	The Investment Association Annual Surveys, Asset Management in the UK 2012 to 2017

2. Figure 3: UK passive investments increasing slowly, % total AUM	The Investment Association Annual Surveys, Asset Management in the UK 2012 to 2017
3. Figure 4: Retail investors account for only 20% of AUM	The Investment Association Annual Surveys, Asset Management in the UK 2012 to 2017
4. Figure 5: Net sales into UK funds (unit trusts and OEICS) (£bn)	The Investment Association monthly fund statistics, 2012-2017
5. Total assets under management (AUM) in the UK reached £9.1 trillion in 2017.	The Investment Association Annual Survey, Asset Management in the UK 2017-2018
6. In 2017 net retail flows into UK funds were over £47 billion compared to only £7 billion in 2016.	The Investment Association monthly fund statistics, 2010-2017
7. Net institutional flows also grew, although less significantly, from £9 billion in 2016 to £16 billion in 2017.	The Investment Association monthly fund statistics, 2010-2017
8. 25% of total UK AUM is now passively managed,	The Investment Association Annual Survey, Asset Management in the UK 2016-2017
9. On the retail side only 13% of funds are passively managed but this too is growing.	The Investment Association monthly fund statistics, January 2018
10. Passively-managed pooled funds saw net sales in 2017 nearly double compared to 2016, to £9.1 billion compared to £4.9 billion (Figure 7)	The Investment Association monthly fund statistics, 2016-2017
11. Figure 6: European assets under management by country, May 2017	EFAMA Asset Management Report, May 2017
12. Figure 7: Total passive retail pooled fund AUM, market appreciation and flows (£bn)	The Investment Association monthly fund statistics, 2012-2017
13. Figure 8: Top 10 firms by assets managed in the UK, 2016 (£bn)	The Investment Association Annual Survey, Asset Management in the UK 2016-2017
14. Figure 9: UK assets managed for overseas clients (£tr)	The Investment Association Annual Survey, Asset Management in the UK 2016-2017
15. Figure 10: Location of overseas-domiciled funds managed in the UK (%)	The Investment Association Annual Survey, Asset Management in the UK 2016-2017
Wholesale	
1. Nearly £6 trillion of UK equities were traded in 2017 and the UK has one of the largest equity trading venues in terms of market capitalisation(the London stock Exchange)	Fidessa
2. The UK is also home to the world's largest foreign exchange market accounting for over a third of the c\$2 trillion global spot FX traded daily (Figure 2) and large debt, derivative and	BIS Triennial Central Bank Survey of foreign exchange and OTC derivatives markets, 2016.

commodity trading markets.	
3. In 2017, UK markets ranked fourth globally in terms of equity issued, behind America, China, and Japan, and fifth in terms of debt issued (Figure 3).	Dealogic, April 2018.
4. There has been growing global interest in Initial Coin Offerings (ICOs) as a form of capital raising. Although the market remains relatively small in the UK, we released a consumer warning recognising the risk of such investments.	FCA, ICO consumer warning, 2017.
5. In execution, for example, early data suggest that Systematic Internalisers have taken on a large proportion of equity market activity previously carried out on Broker Crossing Networks,	Fidessa Fragulator, April 2018.
6. Figure 4: Market shares of UK listed equity trading, 2017	Fidessa Fragulator, July 2018.
7. Value of contracts and transactions cleared, 2016.	BIS Statistics on Payment, Clearing, and Settlement system in the CPMI countries, 2016.
8. Figure 6: UK exchange-traded derivatives volume (in lots) by exchange, 2017	Futures and Options World (FOW)
9. Figure 7: Registered CRAs' EU market share, 2016	ESMA, December 2017.
10. In July 2018, we published a Discussion Paper jointly with the Prudential Regulation Authority and the Bank of England	FCA, Building the UK financial sector's financial operational resilience, Discussion paper, July 2018.
11. We have also made several other interventions domestically. These include issuing a 'Dear CEO' letter on Payment for Order Flow in December 2017	FCA, 'Dear CEO' letter, December 2017.
12. For example, in February 2018 we reported on examples of good and poor practice relating to the use of algorithms in the trading activities of wholesale firms	FCA, Multi Firm Review, Algorithmic Trading Compliance in Wholesale Markets, February 2018.