

Andrew Bailey and Charles Randell discuss the Annual Report 2017/18

Andrew Bailey, Chief Executive, FCA
Charles Randell, Chair, FCA

Highlights for 2017/18

Andrew Bailey: One is pensions where I think we've got a very big agenda, rightly so, very big changes in the pension landscape.

We've got the Retirement Outcomes Review and all the work that's been going on for retirement outcomes. We've done work on workplace pensions.

In many ways, the single biggest area in this country is mortgages, I think that's always a focus for the FCA. Interest-only mortgages, again something that we've inherited from past practice.

As we face up to different challenges, and particularly the challenges of ageing population, long-term saving, people going into the housing market later, the whole question of lending into retirement and lending into older age is changing and we're having to adapt the rules to meet that.

I'm pleased that actually I think many commentators in the outside world recognise that the FCA is being flexible in that area.

We've also brought to conclusion an implementation of a very important piece of work which is the Asset Management Market Study.

I think the industry has come to accept the importance of it, the conclusions of it, the importance of greater transparency, actually in doing so I think accept more the importance of this industry to savings in this country and to savers.

Our impact on consumers

Charles Randell: There's not an area of people's financial lives that the FCA hasn't been involved in, whether it's their borrowing, a lot of work in high-cost credit and in the mortgage sector or their saving.

Work on the asset management sector and work on retirement outcomes as well.

These are really critical parts of everybody's financial lives and the FCA has a huge amount to do and has done a huge amount in the last year.

Significant regulatory developments

AB: So MiFID II, one of the biggest pieces of European legislation I think that the FCA or its predecessor has had to deal with, fundamental change to the whole structure of regulating financial markets, major changes therefore both in rules and policy and also in the systems we use in all our market regulation.

Second big one this year is one that really sets the scene for the future which is the so-called PSD2, and that's been a very important piece of policy and rule-making for the

FCA, and we've also had to set up a payments department within the FCA, again to handle all of that.

The third thing I would highlight is not an EU thing, it's a UK piece of regulation, is the Senior Managers Regime.

Now that was initially implemented for banks and part of what we've been doing for the last few years is ensuring it's been bedded in for banks and now we're moving it on to both insurance, which has been done through a piece of European legislation initially, but then through the whole of the rest of our set of firms and that's something that's on the way to coming in.

Our European Union (EU) withdrawal work

AB: First of all we've been supporting and advising government obviously on the process on both the transitional or implementation arrangements ie how we see our way through the change and then also obviously on the second and very important part which is what is the long-term steady state relationship in financial services going to look like?

Challenges and opportunities for the future

CR: So we at the FCA have an enormous agenda, there's a lot on our plate and we need to prioritise to make sure that we are using our resources to deal with the most urgent and important issues facing people's financial lives.

And it's incredibly exciting to hear feedback that that the FCA, that we, are making a big difference to people's financial lives.

The other very exciting opportunities that we have this year are to change the way we work as we move to a new building in Stratford and upgrade our technology and I think it's also an opportunity for us to ensure that we have the very latest capabilities to deal with the technological challenges that the financial industry will be facing as a new generation of artificial intelligence, machine learning, big data, fundamentally affect the way that financial products are sold to consumers.