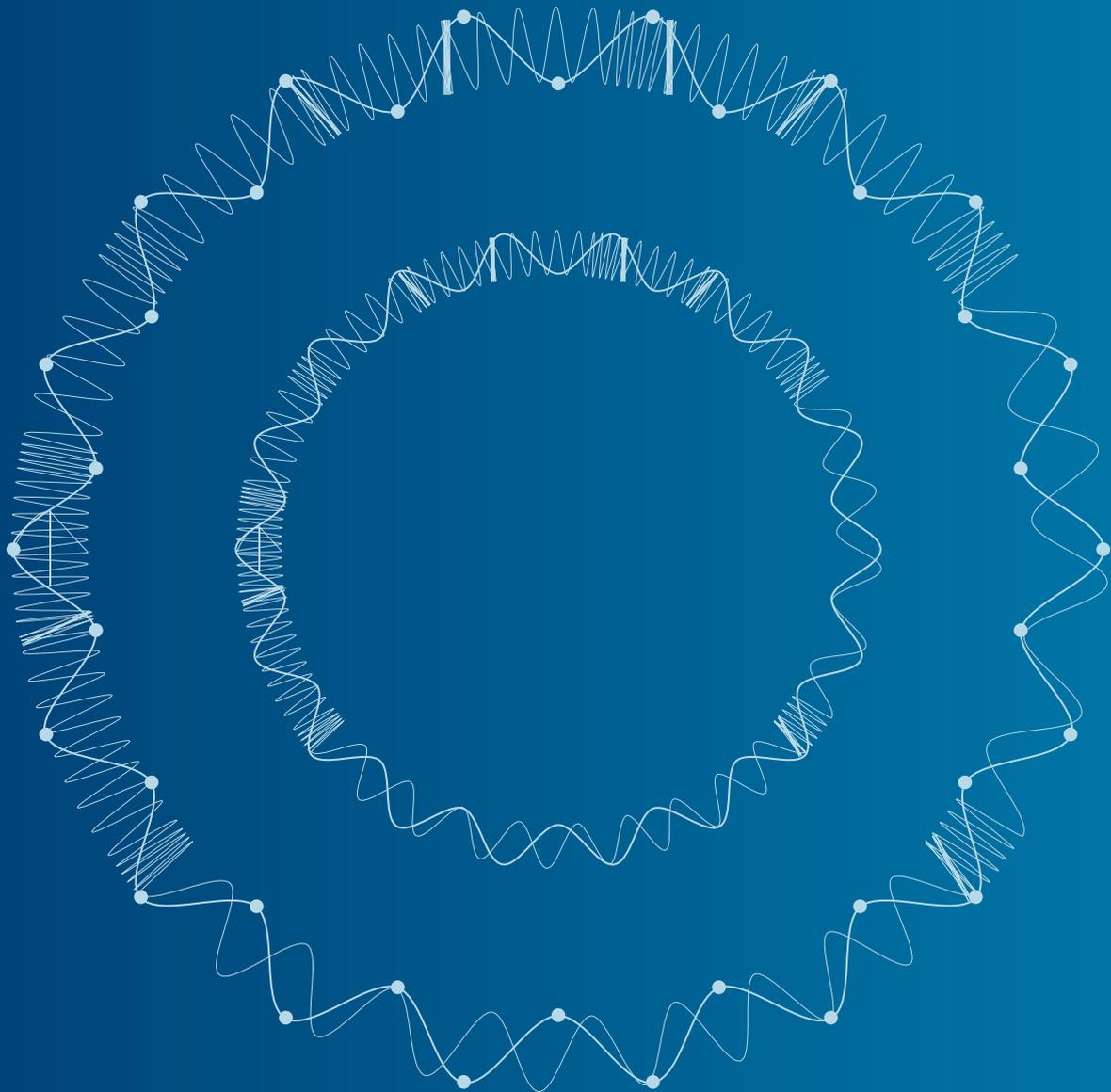


FCA Innovation Pathways



Contents

- 3** Innovation Pathways
- 5** Innovation Pathways support
- 6** Our eligibility criteria
- 7** How to apply
- 8** Our application timeline
- 9** Support provided to eligible firms
- 10** Application checklist
- 11** Sign up for application support & Contact us

Innovation Pathways

Innovation Pathways helps firms to launch innovative products and services for consumers, including automated advice and guidance platforms. We do this by explaining FCA rules in a clear and engaging way.

We aim to promote innovation by:

- helping innovative firms understand how regulation relates to their activities
- removing barriers to entry through ongoing monitoring of our rules
- clarifying existing rules in relation to new business models
- helping firms understand their obligations as regulated firms

Innovation Pathways is focused on helping firms with regulatory questions or issues and is part of a wider group of services provided by Innovate.

If you wish to test an innovative new financial services product with real customers in a live environment, then you can apply to the Regulatory Sandbox.

Who we can help

Innovation Pathways can support firms at all stages of development and from any sector, providing that:

- you're doing something that relates to regulated financial services
- you meet our eligibility criteria

For example, you could be a technology business looking to deliver innovation in the UK financial services market.

Who we've supported

We've supported firms from a range of sectors, but the majority fall under:

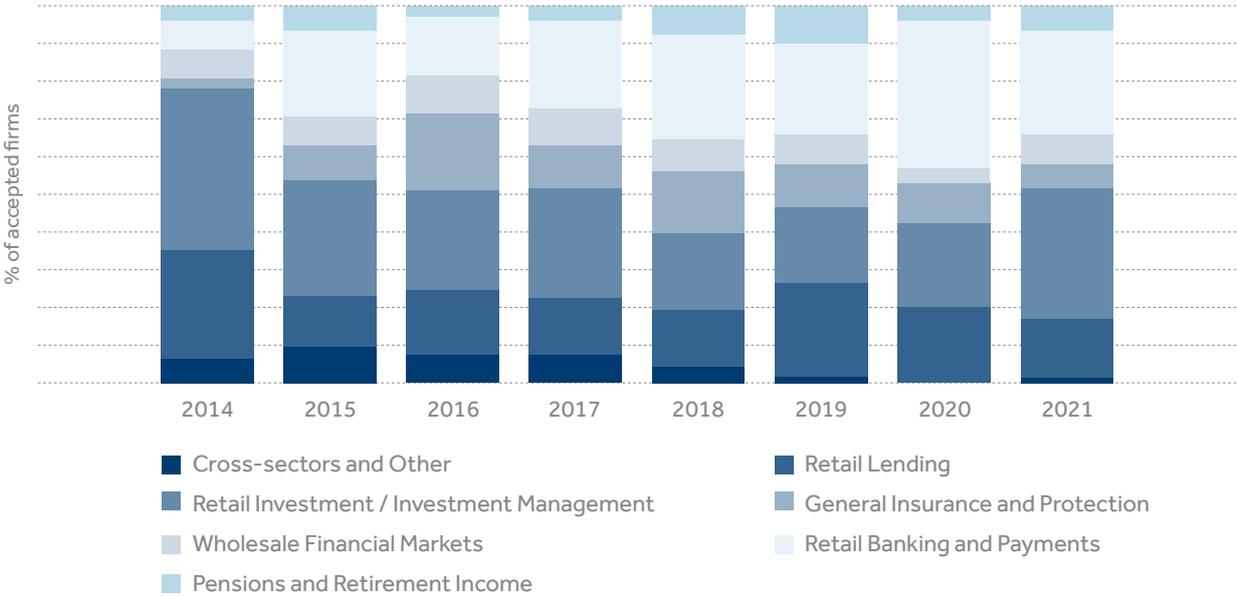
- consumer investments
- retail banking and payments
- retail lending

While London is a globally recognised hub for FinTech, innovative businesses in the UK are not restricted to London. Nearly half of all applications to Innovation Pathways come from outside the city.

And while our remit is UK financial services, we're happy to receive applications from firms based overseas who want to expand into the UK. More than 1 in 10 firms that we supported between 2019 and 2021 were from another country.

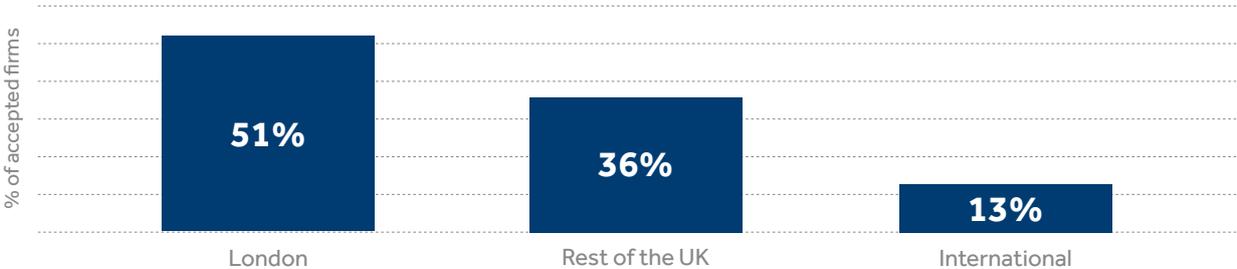
Sector breakdown of Innovation Pathways Firms 2014 - 2021

Source : FCA Data



Location of Innovation Pathways Firms 2019 - 2021

Source : FCA Data



Innovation Pathways support

Financial regulation can be complex, particularly if you're doing something nobody has done before. Our support helps firms understand the complexities of regulation. We don't tell you how to organise your business, but we do help you understand our rules, the implications for your business model, and what you need to do to launch a regulated business.

Our service includes:

- guiding firms through regulation through one-to-one discussions with a dedicated case manager assigned to provide insight, clarity, and feedback on their business model
- supporting firms to understand our regulation and navigate our processes through customised signposting
- helping firms to understand whether a specific rule or piece of guidance applies to their business. Through discussions and feedback with FCA subject matter experts, we can provide informal steers designed to clear up grey areas of regulation or to clarify where guidance may be ambivalent
- explaining our expectations of regulated firms in a clear and understandable way, making the process less complex and burdensome. To help firms in this area, we can offer pre-authorisation meetings to clarify the authorisation process and the standards firms must meet
- providing dedicated supervisory support for the first year after authorisation to ensure a seamless experience of regulatory processes



Our eligibility criteria



In scope

We only support proposals intended for the UK financial services market. This means your proposition must either involve regulated activities or support firms doing regulated activities.



Genuine innovation

An innovative business can be something completely unprecedented, a new spin on an existing idea, or an idea that has yet to gain traction in the wider market. For example, it can be a new way of allowing underserved consumers to get access to financial services, or it can be a new market for existing products.



Consumer benefit

All proposals that we support must benefit consumers and not expose them to undue risk. This can mean anything from making an existing service cheaper or more efficient, making it more widely available, or aiming a service at groups who are not well-served by existing markets. For example, firms looking to encourage diversity and inclusion in financial services.



Readiness

Generally, we expect your business model to have been developed to the stage that you can come to us with specific questions. This means that you should make a good faith effort to research how our rules apply to you. However, it doesn't mean that we can only support firms who are near to launch, we can provide feedback at any stage. But the more detail you can provide and the more specific questions you can ask, the better we will be able to help you.



Need for Innovation Pathways support

To be eligible for Innovation Pathways support, you need to be able to explain why you need it. You might have limited resources, for example, or you might have a complex regulatory question. There might be an FCA rule that we need to clarify in response to a technological development that has created a regulatory grey area. It could be that a new business model doesn't fit neatly into any existing regulatory category, or that our existing rules don't cover a particular situation.

Since we're responsible for our rules, we may be able to provide greater certainty on where an innovative model sits. However, it's important to remember that we aren't a replacement for legal or compliance advice.

How to apply

You can apply to Innovation Pathways via our [web form](#). We will review applications and confirm whether your firm is eligible within 4 weeks.

How to complete an application

Before you apply, read our guidance to maximise your chances of making a successful application:

- **The more information you can provide, the easier the assessment becomes for us.** We understand that your proposal may be under development and that you may not have a finished model at the time of applying, but please respond to each question in as much detail as you can.
- **Please explain how you meet each criteria individually.** You must meet all the criteria to qualify for our support.
- **Consider providing supporting documents.** We're happy for you to provide supporting documentation if you have it. For example, if you've already completed a pitch deck, a white paper, or a business plan, then please feel free to include it.
- **Explain how your proposal is different to other businesses in the same sector.** Your business may be innovative, but it's unlikely to be completely unique. Help us to understand why it's innovative by comparing yourself to other services that your customers might use.
- **Explain why and how it's better than existing services.** Your business will need to benefit consumers and you will need to be able to explain how. Is it cheaper, faster, or more secure, or example?
- **Describe how it works as a business.** We need to understand how your proposal will work in terms of how it makes money, who your customers will be, and how it will be viable.
- **Be clear on what you want from us.** We can't help with vague questions, like 'please help us meet the rules'. You should carefully explain what you need our help with.
- **If your firm is developing an automated advice or guidance proposition,** read our case studies based on previous questions submitted to us. You can find these case studies in Chapter 5 of [FG17/8: Streamlined advice and consolidated guidance](#).

You don't need the services of a lawyer or compliance consultant before applying for our support. However, if you've spoken to a lawyer it might be helpful to include any legal advice you've received (if you can share it). You should consider taking on a compliance consultant before applying for our authorisation.

Our application timeline

- You complete our application form, taking care to explain what you're doing, how you meet our criteria, and what you need our support with.
- On receipt, your request will be assigned to a case handler. They will review the information you've provided and consider whether your firm is eligible. This may involve carrying out desk-based research or discussing the model with expert colleagues. If any additional information or clarification is needed, the case handler will get in touch with you.
- Once the case handler has considered the case, they will make a recommendation to either support or reject your request. This will then be discussed at a fortnightly eligibility panel, attended by senior FCA colleagues, including our Policy and Supervision teams, and other relevant areas.
- You will be told the panel's decision within 4 weeks of submitting your application. If you're unsuccessful, you're free to reapply again in the future. The decision won't affect your ability to apply for authorisation.
- If your firm is eligible for support, then the support period generally lasts for 6 months. This can be extended if you have a good justification for doing so.



Support provided to eligible firms

The type of support provided depends on what you are doing and what you need our help with.

A lot of firms come to us looking for help with becoming authorised or varying their permissions. Generally, the support period starts with exploring questions around the regulatory perimeter, your interpretation of our rules and guidance in relation to a new business model, or any other regulatory query you may have.

We may signpost to relevant rules or provide informal steers to help answer specific questions that aren't easily answered. This will often progress into helping you understand our expectations of regulated firms and may include a pre-authorisation meeting if your firm needs authorisation.

For firms that won't be carrying out regulated activities, we can help with questions about our rules, our policy, or any other aspect of the regulatory landscape.

Support usually ends with your firm applying for authorisation. At this point, your application will be handed over to our Authorisations team.

Once you're authorised, you'll be entitled to 1 year of post-authorisation supervisory support. This includes a named supervisory contact who can help with any regulatory questions you may have.



Application checklist

If you want to apply for Innovation Pathways support, then the checklist below may prove helpful. It contains some questions that highlight what we are looking for when we assess a request for our support. Please don't think you need to be at an advanced stage of development to apply for our support – we can accept firms at any stage, from startup to market player – but you may improve your chances of success if you consider the points below.

Key questions

What you might need to consider when applying

Is your proposal or business aimed at UK financial services?

- Do you intend to set up a UK office?
- Do you intend to have UK clients?
- Will your business involve UK financial services in some way?

Is your proposal genuinely innovative?

- Can you explain who your competitors are, and why your business is significantly different from them?
- Do you have competitors at all?
- Are there any similar products or services on the market?
- Do you intend to provide an automated guidance or advice model? We consider these innovative.

Does your proposal offer benefit to consumers?

- Who will your customers be, and how will this benefit them?
- Will your product or service be cheaper, faster, more secure, more convenient, or more widely available?
- Will you target a client base who have only limited (or no) access to financial services?

Have you considered the risks to consumers in your proposal?

- Have you considered how clients might be harmed by your business, if something goes wrong?
- Does your business model or payment structure encourage risky or harmful behaviour?
- How will you protect the interests of your clients?

Are you ready to apply for our support, and have you carried out any background research?

- Have you looked at any existing FCA guidance?
- Do you have specific questions for us?
- Have you considered whether or not you need to be authorised?
- If you have sought a legal opinion, can this be included in the application?

Do you have a need for our support?

- Do you have existing compliance support?
- Does existing FCA guidance cover your question?
- Is this something that is within the FCA's remit?

If you're happy that you understand our eligibility criteria, then please feel free to apply. If you have any questions on the application process, you can email us at innovationpathways@fca.org.uk.

Sign up for application support

We hold regular support sessions on how to complete an effective application. These sessions are not to discuss your innovation, or to answer any regulatory questions.

To sign up for our application support sessions, please email Innovation Pathways Application Support.

Contact us

If you have any questions about Innovation Pathways, please email us at innovationpathways@fca.org.uk.

© Financial Conduct Authority 2022
12 Endeavour Square London E20 1JN
Telephone: +44 (0)20 7066 1000
Website: www.fca.org.uk

All rights reserved