

Minutes

Meeting:	FCA Board	
Date of Meeting:	25 June 2014	
Venue:	25 The North Colonnade, Canary Wharf, London E14 5HS	
Present:	Clive Adamson	Mick McAteer
	Andrew Bailey	Tracey McDermott
	Amanda Davidson	Jane Platt
	Amelia Fletcher	Sir Brian Pomeroy
	John Griffith-Jones (Chair)	Lesley Titcomb
	David Harker	Martin Wheatley
In attendance:	Set out in Annex A	

Quorum and Conflicts

The Meeting noted there was a quorum present and proceeded to business.

Members were asked to declare conflicts of interest at the start of any relevant items.

Mr Griffith-Jones explained that Mr Harker had been asked to Chair the Pensions Advisory Service. The Board noted that it was required to approve Board members taking on other roles (acting in consultation with HM Treasury) and subsequently agreed to this appointment. The Board agreed that Mr Harker should step down from the Oversight Committee with effect from 1 August 2014 in order to avoid any conflicts that might arise from him being involved in the oversight of the Money Advice Service.

1 Specific items of business

1.1 External Stakeholder Research

The Board received the research results, noting the following key points:

- the research addressed stakeholders who were neither “firms” nor “consumers”. The research, which the Board noted had been conducted prior to the events of 28 March, found that stakeholders had broadly positive initial impressions of the FCA, although it was recognised that some were positive and sceptical and others positive and hopeful;

- most stakeholders were receiving some form of direct contact from the FCA, which was seen to be positive;
- stakeholders wanted to see evidence of how the FCA's actions were achieving its objectives and also how it was using expertise to inform its work; and
- the results of the research were being used to inform the communications strategy for the forthcoming year.

Andrew Bailey joined the meeting at 5.00pm

1.2 High-Cost Short-Term Credit Price Cap

The Board received the report and noted and discussed the following key points:

- the rigorous methodology that had been used to provide evidence for setting the price cap, which included a thorough analysis of the impact on firms and consumers. The approach had been explained to stakeholders and it had been welcomed. Quality assurance work had been carried out to ensure that the calculations for the cost benefit analysis were well-founded;
- the recommendation consisted of three parts to the cap, including an initial cap on interest and fees, a cap on the fees and charges for default and a total cap of a percentage of the principal on all interest, fees and charges. In addition it was proposed that the cap should apply cumulatively to rolled over loans;
- the Board recognised that the FCA was required to consult the Treasury before publishing the CP and draft rules and noted the views that had been expressed; the Board then discussed the impact of different levels of the total cost cap on consumers and the number of firms likely to provide HCSTC in different scenarios;
- the Executive believed that the level of the total cost cap proposed balanced a reduction in consumer detriment by curbing excessive charges against the impact on the economic interest of firms and also the impact on competition including by reducing access to credit;
- the Board noted that the decision on the way to structure the cap and its level was finely balanced and necessarily included matters of social policy;
- the Board was keen to ensure that the consultation highlighted that there would be a review of the cap once it was in place and the FCA would not look favourably on firms seeking to avoid the cap through "gaming" the rules; and
- the Board noted the views of the Consumer Panel on the definition and scope of the HCSTC proposals.

After considering the options, the Board decided to consult on the basis recommended and agreed that the consultation paper should explain that a range of caps had been considered in the light of the extensive information that had been gathered and analysed.

1.3 FCA Board and Committees Effectiveness Review

Mr Barma outlined the observations that had been drawn from the review. In general, he considered that the Board was functioning well.

Mr Barma and Mr Hayward noted that the review had highlighted a number of questions and challenges facing the Board. There followed a wide-ranging discussion of the review.

It was agreed that Mr Griffith-Jones, together with the Secretary and relevant members of the executive, would for the next meeting prepare a plan for addressing the recommendations of the review.

1.4 Accountability and governance

The Board noted the report.

The meeting closed at 7.30pm

Claire Strong
Deputy Company Secretary

Annex A: Attendees

Sean Martin	General Counsel
Claire Strong	Deputy Company Secretary (except item 1.3)
Simon Pearce	Company Secretary
Hanif Barma	Independent Audit (for item 1.3)
Nadege Genetay	Head of Department, Banking, Lending and Protection (for item 1.2)
Jonathan Hayward	Independent Audit (for item 1.3)
Stefan Hunt	Manager, Chief Economists Department (for item 1.2)
Abigail Seal	Manager, Communications & International - Stakeholder Relations (for item 1.1)
Ben Shimshon	BritainThinks (for item 1.1)
Emma Stranack	Head of Department, Comms & International - Consumer Comms & Engagement (for item 1.1)
Chris Woolard	Director, Policy Risk & Research (for item 1.2)

Relevant associates and technical specialists also attended the meeting.