



## Financial Advice Working Group

### Terms of Reference

#### **Background**

The Financial Advice Market Review (FAMR) was a joint review between HM Treasury and the Financial Conduct Authority (FCA), which reported in March 2016 and recommended a package of measures in order to improve access to advice and guidance. The report's co-authors noted that 'For our vision of more affordable and accessible advice and guidance to be realised, there will need to be continued commitment and co-operation not only from regulators and Government but also employers, consumer groups and the financial services industry. This collaboration will be a critical part of the ongoing success of FAMR'. To that end FAMR recommended the establishment of a Financial Working Group, formed of consumer and industry experts, to support progress in the 12 months following the Review's final report.

#### **Scope**

The Working Group will be responsible for taking forward the three recommendations assigned to it by FAMR.

Other than this, the Working Group will not be responsible for taking forward the implementation of FAMR. The FCA and HM Treasury will be responsible for their respective recommendations and will be accountable to the FCA Board and the Economic Secretary. However, the Working Group will act as a source of ongoing expertise to the FCA and HM Treasury during implementation of the FAMR recommendations, providing background on current business practices in the financial advice market and on consumer needs. The FCA and HM Treasury will also keep the Working Group updated on implementation progress and invite its response on consultations which arise from FAMR's recommendations.

FAMR focused primarily on advice in relation to investing, saving into a pension and taking an income in retirement. A number of the FAMR recommendations also sought to address barriers to consumers accessing advice and guidance on life insurance and protection. When undertaking its activity the Working Group should reflect FAMR's focus on these consumer needs.

## **Outputs**

The Working Group will take forward the following recommendations from FAMR:

- Recommendation 12: The Financial Advice Working Group should work with employer groups to develop a guide to the top ten ways to support employees' financial health, and devise a strategy for rolling this out. It should align the timing of this with the FCA and TPR joint factsheet for employers and trustees, which is due to be published in early 2017.
- Recommendation 17: The Financial Advice Working Group should publish a shortlist of potential new terms to describe 'guidance' and 'advice' by Q3/Q4 2016.
- Recommendation 18: The Financial Advice Working Group should lead a task force formed of interested stakeholders to design a set of rules of thumb and nudges with the aim of increasing consumer engagement. The Working Group should consider the crucial life stages at which these nudges and rules of thumb could be delivered and complete initial testing of these by Q1 2017.

The Working Group may commission such research as it considers necessary in order to take forward this work.

The Working Group should engage regularly with the FCA and HM Treasury and consult these organisations regarding the work it carries out.

When taking forward these recommendations, the Working Group should also seek to involve interested stakeholder groups, in particular through the task force on rules of thumb and nudges, and also engage with the existing FCA Statutory Panels, while maintaining autonomy for the final output of each recommendation.

The Working Group's recommendations and publications shall not have regulatory status.

## **Objectives**

In undertaking its work the Working Group should seek to pursue FAMR's aim of stimulating the development of a market that provides affordable and accessible financial advice and guidance for everyone, at all stages of their lives. It should do so by taking into account the success factors set out in the FAMR final report:

- Good availability of affordable, high quality advice and guidance, which consumers at all stages of their lives are able to access to help them with their particular needs.

- Greater innovation in the interests of consumers, encouraged by a flexible and well-understood regulatory framework for advice.
- A range of channels through which consumers are able to access advice and guidance, including in the workplace, and appropriate flexibility in the way consumers are able to pay for advice.
- Consumers engaged with their own financial affairs and so seeking out the advice and guidance they need.

### **Membership and structure**

The Working Group should include a selection of consumer and industry experts from the FAMR Expert Advisory Panel, the Financial Services Consumer Panel, the FCA Practitioner Panel, and the FCA Smaller Business Practitioner Panel.

Members of the Working Group will be appointed by the Working Group Chair, Nick Prettejohn, in consultation with the FCA and HM Treasury. Working Group members will be selected on the basis of their expertise and interest in advice and guidance, and also their ability to attend meetings and to contribute to its work. The Working Group's membership should seek to balance the different stakeholder groups interested in its work.

All members will act in a personal capacity rather than represent the views of their firm or organisation and will be expected to contribute with a view to furthering the interests of the financial advice market as a whole. The Working Group will present its work in such a way that it is not attributable to individual members.

Working Group members will serve for 12 months.

### **Accountability**

The Working Group will report to the FCA Board and the Economic Secretary after 12 months on the progress of its work. In this report it will set out any further work that it considers is necessary to complete the recommendations it has taken forward.

### **Confidentiality**

There will be a duty of confidentiality imposed on all Working Group members. Members may be exposed to sensitive information as part of Working Group discussions. Confidentiality is obviously extremely important and, while it is understood that Working Group members' staff may see some documents

connected to their work as a Working Group member, unnecessary involvement of third parties in handling this material is strongly discouraged.

In all cases where third parties see Working Group documentation, individual Working Group members are expected to accept responsibility for ensuring that those third parties are aware of and respect the confidentiality and sensitivity which attaches to the Working Group and to the documents in question.