

FCA Chief Executive Nikhil Rathi interview with Bloomberg Europe's Francine Lacqua

Francine Lacqua

Well, good morning, everyone. And welcome to Bloomberg Surveillance: Early Edition. I'm Francine Lacqua here in London. So as promised, our interview this morning, the UK's financial regulator has just published a three year strategy and annual business plan. It hopes that we'll see the body move faster to protect consumers from financial harm and create targets to oversee the UK's financial markets more certainly and efficiently. Well, we're delighted now to be joined by the UK's Financial Conduct Authority, Chief Executive Officer, Nikhil Rathi. Thank you so much for joining us. I know you've also singled out some of the social media platforms on some of the immediate action that they can take, so we'll get to that in a second. But you joined as head in 2020. I mean, this is the middle of the pandemic. You've had to live with Ukraine, with COVID and of course, some of the other things. What's been hardest?

Nikhil Rathi

Well, good morning, Francine. You're right, it's been a very eventful 18 months in the seat as CEO. We've delivered some big changes coming out of the pandemic, a billion pounds of compensation for small businesses, major changes in the insurance market for consumers and now dealing with a tragic situation in Ukraine as well, supporting the multilateral effort there. This morning, we're setting out our three year strategy. We are focusing on three things, reducing harm, setting new standards, particularly for consumer protection and promoting competition and positive change. And the key thing for us is targeting some of the firms that are not meeting basic standards. So we're hiring 80 new people on top of 200 that have joined so far this year to really make sure we sort out standards, also to support those firms that are delivering for consumers.

Francine Lacqua

So the idea to focus on these three cores is actually, I guess, you measure it correctly, because the metrics are easier to, I guess, measure because you've laid it out more clearly, but also act faster.

Nikhil Rathi

Absolutely. So today we're setting out the next step in our transformation. It's always hard as a regulator to set out metrics, but we're having a go this morning so that we can be judged and we can be accountable for our delivery. And we have taken steps to change our governance so that our decisions, particularly against firms that are not meeting standards, can be taken faster. And that then reduces the regulatory cost for the best firms in the market as well.

Francine Lacqua

How much faster? I know it's a difficult question because it all depends on a case by case, but how fast do you need to be to be more efficient?

Nikhil Rathi

Well, we need to be efficient at the gateway. So for example, we've hired 95 new colleagues there over the last year. One in seven firms used to make it through the gateway, now is one in 13. So we've tightened that up quite considerably. And we are also taking action, as you mentioned earlier,

with respect to social media, where we are seeing scams really escalate, particularly during the pandemic. We've been pleased to see Google adjust their policies so that financial promotions in the UK on Google can only be provided by firms that are authorised by the FCA. And this morning we've pressed Meta and Twitter also to give us clear timetables for action.

Francine Lacqua

And Nikhil, these are scams in what space? So is it the crypto space, or is it really just broad ranging?

Nikhil Rathi

It's broad ranging, a whole range of financial scams, whether it's crypto, payments fraud, high-risk investments, firms are subject to standards for financial promotions, we want to make sure everyone's meeting those standards. We're particularly concerned that vulnerable consumers can go online and can get duped very quickly out of very substantial portions of their life savings.

Francine Lacqua

How difficult is it to hire the right people, to finding them and actually then attracting them to the organisation?

Nikhil Rathi

Well, we're really pleased to have had 200 colleagues joining so far this year. We're expanding nationally as well, recruiting in Leeds and Edinburgh. And we're bringing in more diversity of skills, in particular in data and technology. There's been a buoyant labour market in the UK, but we are confident that we can deliver against the targets we've set out.

Francine Lacqua

I mean, technology's extremely difficult because there's of course a danger that some of these are so sophisticated by the time you see what's going on and regulate them, you're too late to the game. So is this one of the most difficult parts that you deal with right now?

Nikhil Rathi

Absolutely. We need to be ready to move fast and in a more agile way. So we're bringing in more technological expertise. We've also been a world leader, I would say, in supporting FinTech innovation. We have a sandbox, which has been emulated by a number of our colleague regulators around the world, to enable FinTech firms to pilot their ideas. We've taken steps to improve our listings regime so that technology firms can raise capital more easily in the United Kingdom. And we're launching this year, what we're calling a scale box, so firms can grow faster and meet regulatory obligations at the same time. So innovation's absolutely central to the future vision for the FCA.

Francine Lacqua

Nikhil, when you look at, of course, the sanctions in Ukraine, how are you keeping up with that? Is there an area of concern of how some of these things are either being put round or how they're being used?

Nikhil Rathi

It is a very fast moving situation, and we are working very closely with governments and our partners around the world to make sure that the financial market is able to adjust to these sanctions and that some of the technical issues that arise are identified and dealt with quickly. We are now pulling together some special teams to monitor compliance with the sanctions, across all domains, whether that's in the banking sector, asset management and insurance sector, but also in areas such as

crypto, where we have to make sure that there are no new avenues for evading the rules that are in place.

Francine Lacqua

Have you seen that so far at all? So, I guess, Russian wealth in e-money, and actually how much of concern is that?

Nikhil Rathi

There has been speculation that that has been happening, and we're watching that very closely. What's really important, I think, is that leaders of these firms, wherever they may sit are cooperative with the effort here to make sure that the sanctions are effective and have the intended outcome.

Francine Lacqua

And have most firms that you've reached out to, have they been cooperative with the FCA?

Nikhil Rathi

Absolutely. I think firms have responded very quickly. I'm also very proud of the team at the FCA who've worked incredibly hard to get these systems in place. And everyone is trying their hardest, I think, to make these as effective as can be in what is a very fast moving and difficult and sad situation.

Francine Lacqua

Nikhil Rathi, thank you so much for joining us today. That was the chief executive there of the UK's Financial Conduct Authority joining us for an exclusive conversation this morning.