



Practitioner Panel Survey

2017 Report

July 2017

KANTAR PUBLIC



Foreword

The FCA Practitioner Panel has carried out a survey each year of regulated firms to gauge the industry's perception of the FCA and to what extent it is meeting its objectives. The Survey is a substantial piece of work and in many areas it was operating in parallel with the FCA's own Firm Feedback Questionnaire. For 2017 we have joined forces to carry out a single Survey, which is more efficient and reduces the amount of data requested from firms.

Overall findings

In total, 2,080 firms completed the Survey, a response rate of 21%. Although this represents a significant sample of the industry, it is a lower response rate than in previous years, and we are looking into the reasons for this.

The results show that the industry's satisfaction with its relationship with the FCA and its rating of the FCA's effectiveness have continued to increase. Firms' overall rating for the FCA's effectiveness, which was 6.7 out of 10 last year, has risen to 7.0. Satisfaction with the regulator has increased steadily, from a low of 5.4 out of 10 in 2010 to 7.5 this year.

We have continued to track many of the key indicators which the previous surveys have used to monitor the work of the regulator, such as effectiveness and satisfaction. We are now obtaining tracking data from the questions introduced last year, such as measuring industry trust and views on the FCA's supervisory approach. The particular challenges faced this year have been reflected in new questions about Brexit and about the work the FCA has been undertaking to articulate its Mission.

FCA Objectives

The FCA particularly values the feedback on how well it is achieving its three operational objectives:

- Securing an appropriate degree of protection for consumers;
- Protecting and enhancing the integrity of the UK financial system;
- Promoting effective competition in the interests of consumers in the financial markets.

This year firms have reported increased confidence in the FCA's ability to deliver against all three objectives. The competition objective, which is the newest of the FCA's objectives, has always scored lower than the others, and last year the Panel expressed disappointment that there had been no real progress in this area. This year, however, 60% of firms reported that they were very or fairly confident in this objective, up from 56% last year, although still lower than the score for the other objectives. An increase in the score this year is welcome, but there is still further work to be done on this objective.

Long-term savings and pensions

Last year there was concern that in almost every area lower levels of satisfaction were apparent for the long-term savings and pensions sector. The Panel encouraged the FCA to focus on this area in particular, and this year there have been significantly more positive results for this sector. Satisfaction and effectiveness scores have both risen, as has their confidence in the FCA's ability to meet its objectives. Levels of trust in the FCA have also increased in this sector.

Consumer Credit

We continue to analyse the consumer credit sector separately from the main survey in order to retain trend data. This sector, which represents a very large number of firms, continues to show similar satisfaction and effectiveness scores to the other sectors but rates the FCA's ability to deliver on competition more highly. We have noted, however, that firms in this sector are less likely to believe they have a clear understanding of the FCA's objectives, which means there is scope for further communication in this area.

Key areas for attention

Analysis of the drivers of firms' responses on satisfaction and effectiveness show that there are particular areas for improvement where performance is lower in the areas identified as important by firms.

Communications Approach

One of these areas is making sure that the FCA's remit is clearly communicated and understood. The FCA has undertaken extensive consultation in this area, and shortly after the fieldwork for the survey took place, published the Mission document expressly to address this issue. The survey also highlighted the communication channels most used by firms, which showed clearly that the majority of firms, which do not have their own supervisors but rely on other communication channels, use the Regulatory Roundup emails and the website to learn about regulation. This information is helping the FCA to focus its communications efforts more effectively.

António Simões
Chair, FCA Practitioner Panel

Managing Regulatory Change

A further key driver of industry views is the need to support firms adequately during regulatory change. The vast majority of firms replied that the main impact of regulation on firms is increased resource requirements. In this area transparency of regulation and the FCA's ability to be forward-looking is important to firms. The most popular response to the question of what the FCA's objective should be during the process of exiting the EU was that the FCA should work to minimise upheaval, disruption and change for UK firms.

Brexit communications

We asked firms to give us their views on the FCA's role during the Brexit process. It was clear from the results that few respondents agreed that the FCA is currently communicating effectively on Brexit. Clearly there is more work to be done in this area, and the Panel is encouraging the FCA to communicate directly with firms on an ongoing basis, even although specific details of post-Brexit regulation may not yet be clear and the message is that firms should continue, as far as they can, with business as usual.

Conclusions

In this first year of carrying out the survey as a joint project we have found it valuable to work together to ensure we have asked the right questions of the industry which will enable the FCA to focus on the right areas for change. Both the Panel and the FCA will continue to address the important issues raised by the survey in the challenging regulatory environment to come, as they seek to build on the FCA's mission to build consent, trust and confidence.

Andrew Bailey
Chief Executive, FCA

Research Report by Kantar Public

Contents

1. Executive Summary	5
2. Methodology	7
3. Performance of the FCA as a regulator	8
3.1 Satisfaction with relationship with the FCA	8
3.3 Reasons for low effectiveness score	9
4. Contact and Communication	16
4.1 Awareness of the Practitioner Panels	16
4.2 Regularity of contact with the FCA	17
4.3 Sources of information	19
4.4 Satisfaction with FCA communication	20
4.5 Public perception of the industry	22
4.6 Improving communications	23
5. Trust	24
5.1 Overall trust in the FCA	24
5.2 Trust in FCA supervisors/ staff	27
6. Understanding of regulation and regulatory burden	30
6.1 Information requests	31
6.2 Understanding and impact of regulation	31
6.3 Impact of regulation	32
7. Enforcement	33
7.1 Attitudes to Enforcement	33
7.2 Enforcement action	33
8. International Issues	35
8.1 International regulation	35
8.2 Impact and implications of the UK leaving the EU	36
9. Consumer Credit Firms	37
9.1 Satisfaction and effectiveness	37
9.2 Performance of the FCA against objectives	37
9.3 Understanding of the FCA objectives	38

1. Executive Summary

The FCA and Practitioner Panel Survey offers firms regulated by the FCA the opportunity to feedback their views on the performance of the regulator.

The latest wave of the survey was conducted by Kantar Public on behalf of the FCA and the Panel. Fieldwork took place between March and April 2017. In total, 2,080 firms completed the survey, constituting a response rate of 21%. Results for Consumer Credit firms are presented separately and are based on responses from 150 firms.

Satisfaction and Effectiveness

Overall the survey shows that the majority of firms are generally satisfied with the regulatory relationship and believe that the FCA is an effective regulator. Satisfaction has increased year on year from 7.2 to 7.5 out of 10, as has the effectiveness score rising from 6.7 to 7.0 out of 10. In 2016 satisfaction and effectiveness scores were lower in the Long Term Savings and Pensions sector. The 2017 survey shows an improvement in both these measures for this sector but although the satisfaction score is now broadly in line with the rest of the industry the effectiveness score remains low in this sector. Overall firms felt their level of interaction with the regulator to be at about the right level.

Objectives

As in 2016, fixed portfolio firms, for whom regulation has a greater impact on their business, tend to be less satisfied with their regulatory relationship and with the effectiveness of the FCA overall but do have more confidence in the FCA's ability to deliver against the first two out of three of its operational objectives;

- Securing an appropriate degree of protection for consumers
- Protecting and enhancing the integrity of the UK financial system
- Promoting effective competition in the interests of consumers in the financial markets

The industry as a whole continues to express lower levels of confidence in the FCA's ability to deliver on its third objective of promoting competition and confidence is lower here among fixed portfolio firms compared with flexible portfolio firms. Overall though, firms are slightly more positive about the FCA's prospects in terms of promoting confidence than they were this time last year. The proportion of firms expressing confidence that the FCA can meet this objective has risen to 60% (from 56% in 2016).

Firms are more likely to be confident that the FCA can meet its overall objective of ensuring that financial markets function well (79% of firms, compared with 74% in 2016).

Drivers of satisfaction and effectiveness

Analysis of firms' responses shows the factors which are important to firms in driving their satisfaction with the FCA and their perception of the effectiveness of the regulator. This identified two main priorities for improvement where performance is lower in the areas identified as important by firms. These priorities for improvement were;

- The FCA's remit being clearly communicated and understood
- The FCA supporting firms adequately during significant regulatory changes

It is likely that the priorities identified reflect the circumstances in which the survey was conducted and firms may be potentially anticipating a period of regulatory change as the Brexit strategy becomes clearer. The 2017 results indicate changing priorities for the FCA over the next 12 months. The priorities identified for improvement in 2016 were:

- FCA staff/supervisors having sufficient knowledge to understand firms
- Transparent regulation
- Forward looking regulation

In relation to regulation being transparent and forward looking there are signs of progress being made, with firms reporting slightly more positive views than 12 months ago. Results for staff/ supervisors having sufficient knowledge are largely unchanged since 2016 and there is clearly still room for improvement in relation to staff knowledge/ ability.

Enforcement

Views on enforcement activity have improved slightly in 2017, following a dip in performance in 2016. Firms are more likely to feel that the enforcement procedure is a credible deterrent, delivers an appropriate message to the industry, and is used in a way that better protects consumers. There has, however, been a small increase in the proportion of firms which feel that the publication of fines undermines confidence in the industry.

Trust

In the area of trust, the majority of firms felt that their level of trust in the regulator had stayed the same over the last year. However, firms were slightly more likely than in 2016 to say that their level of trust had increased. Many of these firms cited regular, personal contact with FCA staff as having a positive impact on their trust in the FCA. Where firms reported a decrease in trust they raised concerns about low levels of experience/ knowledge among FCA staff and a general lack of understanding if smaller firms.

Contact and communication

Overall firms were broadly satisfied with communication from the FCA, with an average satisfaction score of 7.0 out of 10.

Overall around half of firms feel that information regarding financial regulation they had seen in the public domain over the last 12 months had provided an accurate impression of the financial services industry. Fixed firms are still more negative on this subject when compared with flexible firms, but are more positive than they were 12 months ago.

International issues

The 2017 survey placed greater focus on international regulatory issues, reflecting the need to gather views on the UK's impending exit from the European Union.

Only a small minority of firms (14%) feel that the FCA is communicating effectively with firms on the process of preparing to exit the EU. When firms were asked what they consider the FCA's objectives should be during this process, the most common responses were to minimise upheaval/ disruption for UK firms, and to provide clear guidance about new regulation/ changes to regulation.

Long Term Savings and Pensions

In 2016, across almost every area measured by the survey lower levels of satisfaction were apparent in the Long Term Savings and Pensions sector. There was a clear need to address specific issues in this sector. The results from the latest survey show a markedly more positive picture for this sector. Among these firms, satisfaction and effectiveness scores have risen, as has their confidence in the FCA's ability to meet its objectives, however, despite this improvement, this sector continues to report slightly lower scores across most measures. This indicates that a continued focus on this sector will be important in the near future.

2. Methodology

The FCA and the FCA Practitioner Panel (the “Panel”) have previously undertaken two separate surveys of the industry’s view of the regulator and its operations. These have provided an ongoing picture of the financial services industry’s reaction to regulatory policies and how they work in practice. In 2017, the two bodies agreed to undertake a joint survey. This report details the results from the combined 2017 survey, whilst incorporating trend series data from previous waves of the Panel Survey.

From 2014 the FCA started to become responsible for the regulation of consumer credit firms. Therefore since 2015 consumer credit firms have been included in the survey. Results for these firms are presented separately in Chapter 9.

The latest wave of the survey was conducted by Kantar Public on behalf of the FCA and the Panel. Fieldwork took place between March and April 2017. Overall 10,026 firms were invited to take part, including all fixed portfolio firms and a sample of flexible portfolio firms. The selected sample included firms from all seven FCA supervision sectors. Contact details were obtained from the FCA’s TARDIS database of regulated firms. The intended respondent was the most senior person in the firm. Selected firms were sent an invitation email containing a

link to the online survey. In total, 2,080 firms completed the survey, constituting a response rate of 21%. An additional 150 Consumer Credit firms took part, at a response rate of 6%. The breakdown of response rate by firm type is shown in Figure 2.1.

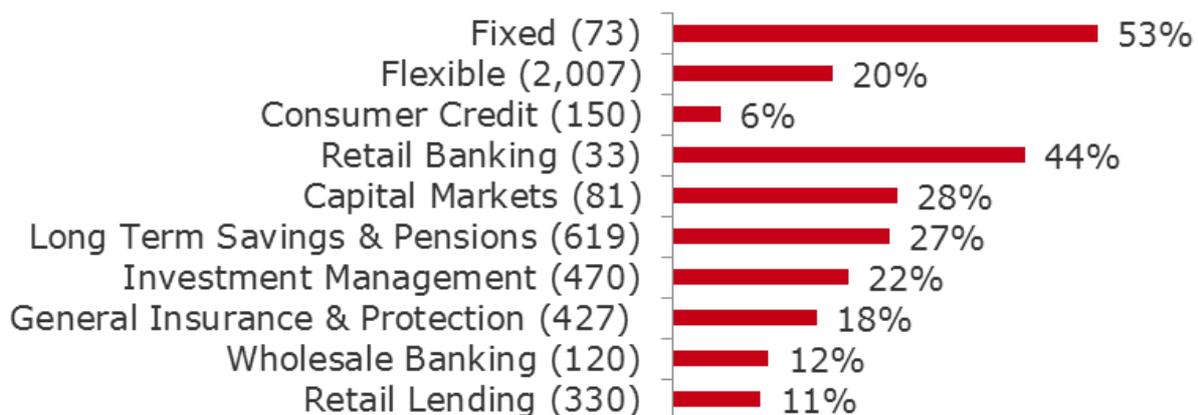
FCA Supervision categorisation

Fixed portfolio firms are a small population of firms (out of the total number regulated by the FCA) that, based on factors such as size, market presence and customer footprint, require the highest level of supervisory attention. These firms are allocated a named individual supervisor and are proactively supervised using a continuous assessment approach.

Flexible portfolio firms are proactively supervised through a combination of market-based thematic work and programmes of communication, engagement and education activity aligned with the key risks identified for the sector in which the firms operate. These firms use the FCA Customer Contact Centre as their first point of contact as they are not allocated a named individual supervisor.

The makeup of the final achieved sample is such that flexible firms constitute the majority of respondents (96%). This reflects the fact that flexible firms also represent a majority of all regulated firms. In light of this, results for the whole sample will be almost identical to results for the flexible firms in isolation.

Figure 2.1 – Response rate by firm type/ sector



3. Performance of the FCA as a regulator

This chapter explores the industry view of the FCA’s performance as a regulator based on three key metrics; firms’ satisfaction with the relationship with the FCA, firms’ perceptions of the effectiveness of the FCA as a regulator, and finally firms’ perceptions of the FCA’s performance against its objectives.

3.1 Satisfaction with relationship with the FCA

Firms were asked to rate their satisfaction with the relationship they have with the FCA on a scale of 1 to 10, with 1 being extremely dissatisfied and 10 being extremely satisfied.

Overall over three quarters of firms (77%) gave a high satisfaction score (7 to 10), representing an increase from 2016 (Fig. 1.1). The mean score has also increased between 2016 and 2017 from 7.2 to 7.5.

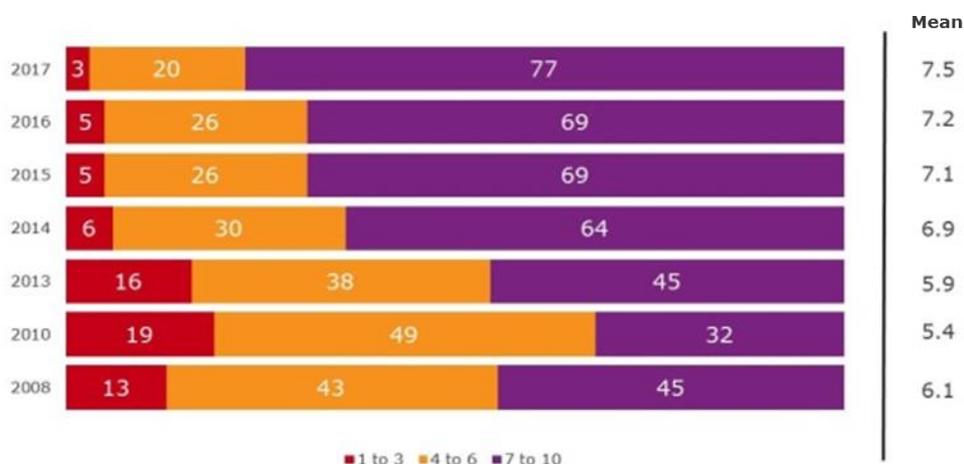
Satisfaction levels were lower among fixed firms compared with flexible firms (6.9 compared with 7.5). Across the sectors there was little difference in levels of satisfaction with the relationship with the FCA. In 2016 we reported a lower level of satisfaction among the Long Term Savings and Pensions sector with a mean score of 6.9. In 2017 this score has improved to 7.4 and is much more in line with the rest of the industry.

3.2 Effectiveness of the FCA in regulating the financial services industry in the last year

Firms were asked how effective the FCA has been in regulating the financial services industry in the last year (again using a 10 point scale with 1 being not at all effective and 10 being extremely effective).

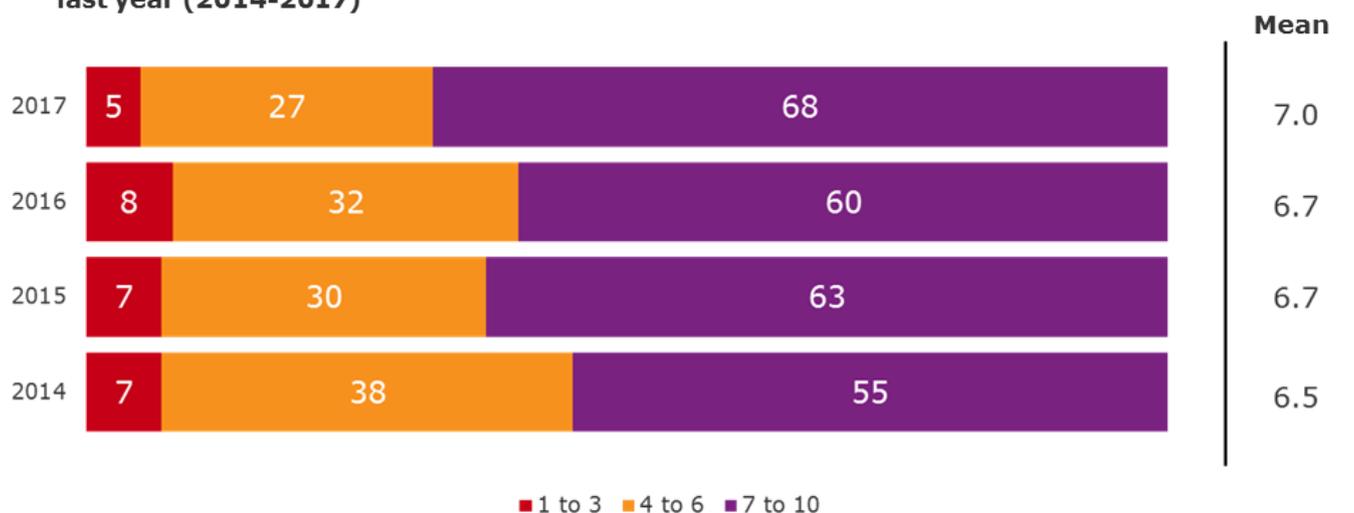
Between 2016 and 2017 firms’ rating of the effectiveness of the FCA in regulating the industry has increased from 6.7 to 7.0. (Fig. 3.2).

Figure 3.1 – Satisfaction with relationship with the FCA (2008-2017)



Base: All firms – 2017 (2,080) 2016 (3,357); 2015 (4,055); 2014 (3,146); 2013 (1,470); 2010 (4,187); 2008 (4,407)

Figure 3.2 – Effectiveness of the FCA in regulating the financial services industry in the last year (2014-2017)



Base: All firms: 2014 (3,146); 2015 (4,055); 2016 (3,357); 2017 (2,080)

As with satisfaction scores, the fixed firms gave a lower score on average than flexible firms (6.8 compared with 7.0). There has however been an improvement year on year across both fixed and flexible firms. The score given by fixed firms has increased from 6.5 to 6.8 while that given by flexible firms has increased from 6.7 to 7.0.

Perceptions of the effectiveness of the FCA were lower among the Long Term Savings and Pensions sector (6.7) and highest among the Wholesale Banking and Retail Lending sectors (7.5 and 7.2 respectively).

3.3 Reasons for low effectiveness score

Firms were invited to give more detailed feedback regarding the reasoning behind their perceptions of the FCA’s effectiveness. Among those who gave a low score (1-3) the most common reasons were:

- The FCA should be doing more to prevent wrong doing (24%)
- Focus of regulation is on the wrong kinds of activities (13%)
- Regulation should be tailored and proportionate to the size of firm/level of risk (12%)

These are similar reasons to those given in 2016, although in 2016 the second most common reason for a low effectiveness score

was that the FCA is or has been ineffective in dealing with large firms.

Among the Long Term Savings and Pensions sector who gave low effectiveness scores, firms were more likely to feel that the FCA is or has been ineffective in dealing with larger firms.

- The FCA should be doing more to prevent wrong doing (38%)
- Focus of regulation is on the wrong kinds of activities (18%)
- The FCA is/has been ineffective in dealing with larger firms (17%)

Where firms gave a high score for effectiveness the most common responses were:

- Performance is good/we have no issues
- The FCA operates in an effective and efficient manner
- Communication/information/contact is good or clear

3.4 Drivers of satisfaction and effectiveness

As a regulator the FCA needs to consider the importance of each of these measures of its performance.

Not surprisingly there is a high level of correlation between the scores given for satisfaction and effectiveness. However, looking at the drivers of both satisfaction and effectiveness some differences can be identified in the underlying drivers for each of these areas.

The top four most important drivers for satisfaction were:

- Understanding of objectives (particularly around consumer protection)
- FCA's remit is clearly communicated and understood
- FCA supports firms adequately during significant regulatory changes
- FCA is an effective conduct regulator

The top four most important drivers for effectiveness were:

- FCA supports firms adequately during significant regulatory changes
- FCA enforcement action in your market(s) is effective at reinforcing the FCA's expectations
- My firm has a clear understanding of the FCA's role and objectives regarding protecting and enhancing the Integrity of the UK financial system
- FCA regulation is forward looking

Overall performance levels across these areas were relatively high so while some are identified for improvement, this would be to build on a relatively good position.

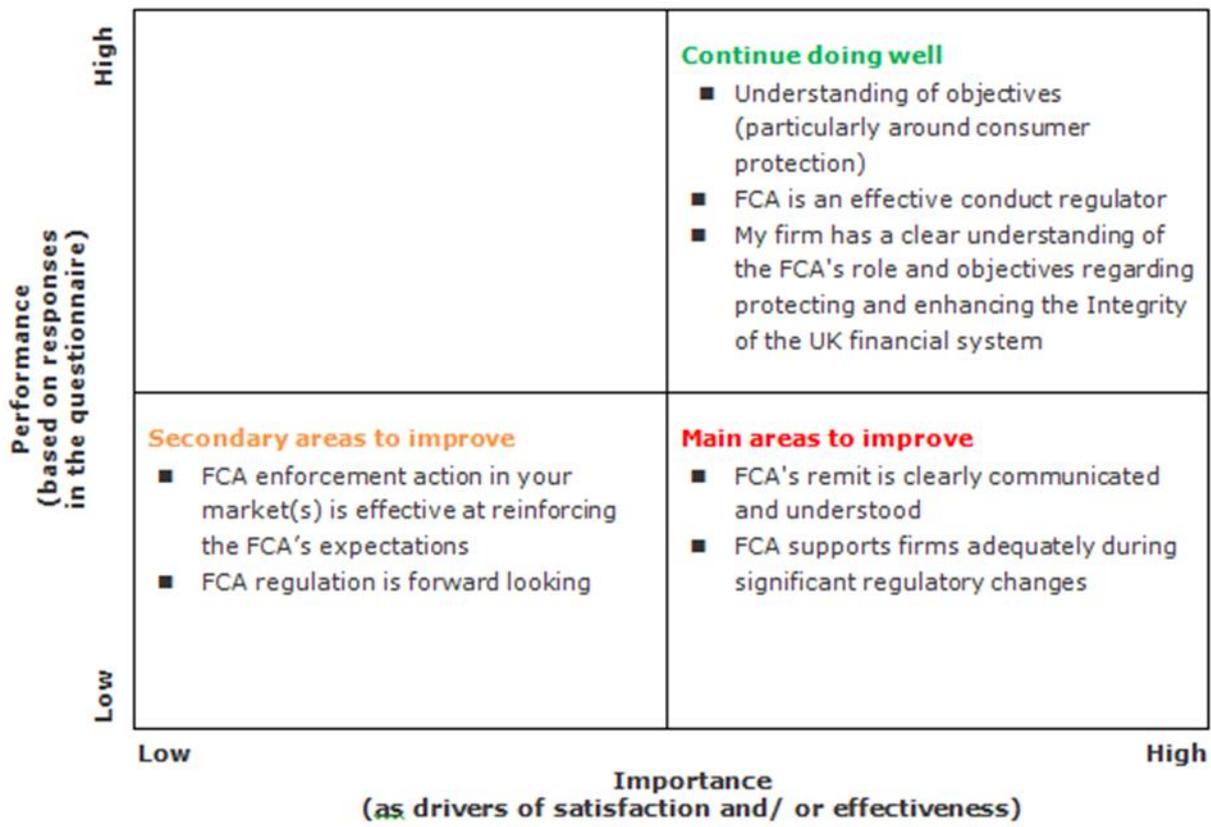
The main areas to improve are summarised in Figure 3.3 below while the detailed analysis is shown in Figures 3.4 to 3.7.

In terms of driving satisfaction there is a clear theme around firms' understanding of the work being done by the FCA, either understanding the objectives or the overall remit of the FCA. While both of these are important areas performance is slightly lower around ensuring the FCA's remit is clearly communicated and understood so this has been highlighted as a priority for improvement.

There was clearly some concern among firms about the level of support from the FCA during periods of regulatory change which likely reflects the wider environment at the time the survey took place and uncertainties around Brexit. This is flagged as an important driver of firms' perceptions of the FCA but performance is slightly lower in this area than a number of other measures so this should be a priority for the FCA over the next year.

These themes have largely supplanted the more detailed measures around particular contact points that were highlighted in the 2016 report but firms are still concerned that the FCA's regulation should be forward looking and that enforcement action should be effective in reinforcing the FCA's intentions so these have been flagged as secondary areas to improve.

Figure 3.3 – Key Driver Analysis: main areas to improve



3.5 Performance against objectives

All firms were asked how confident they felt in the FCA’s performance against its objectives, including the single strategic objective of ensuring financial markets function well and the three operational objectives;

- Securing an appropriate degree of protection for consumers
- Protecting and enhancing the integrity of the UK financial system
- Promoting effective competition in the interests of consumers in the financial markets

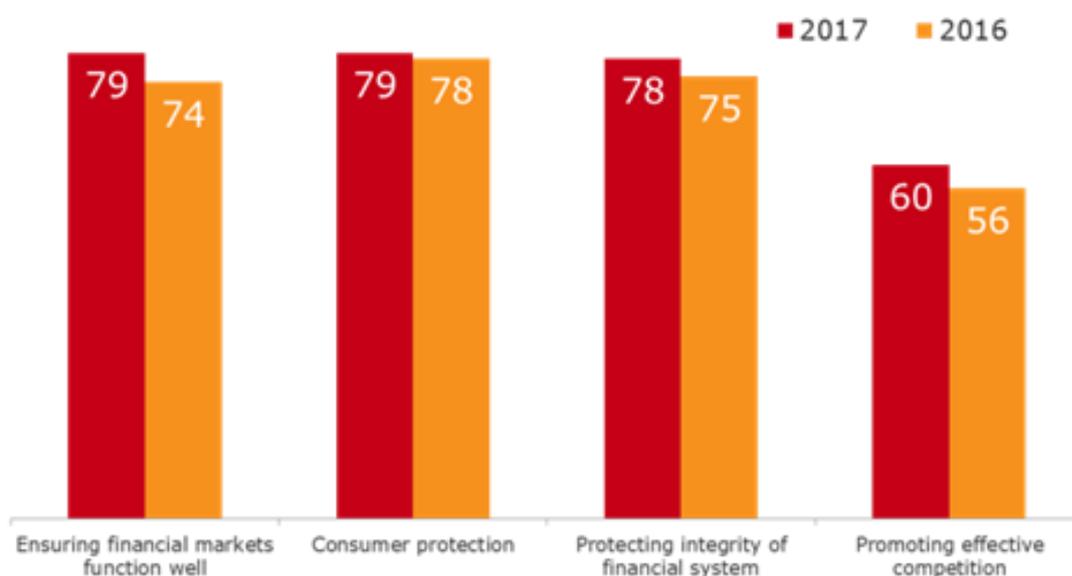
Between 2016 and 2017 there has been an improvement in firms’ perceptions of the FCA’s performance across all of its objectives. This follows a slight falls between 2015 and 2016 in the level of confidence in the FCA’s performance in ensuring markets function well and in securing an appropriate degree of protection for consumers. The 2016 report highlighted the need to improve performance against the third operational objective in promoting effective competition in the interest of consumers.

Although there has been some improvement in levels of confidence here (60% of firms were very or fairly confident compared with 56% in 2016) levels of confidence remain low compared with the other objectives (Fig. 3.4).

Promoting effective competition was a new objective for the FCA, introduced in 2013. The industry has consistently reported lower levels of confidence in the FCA’s performance against this objective compared with its other objectives.

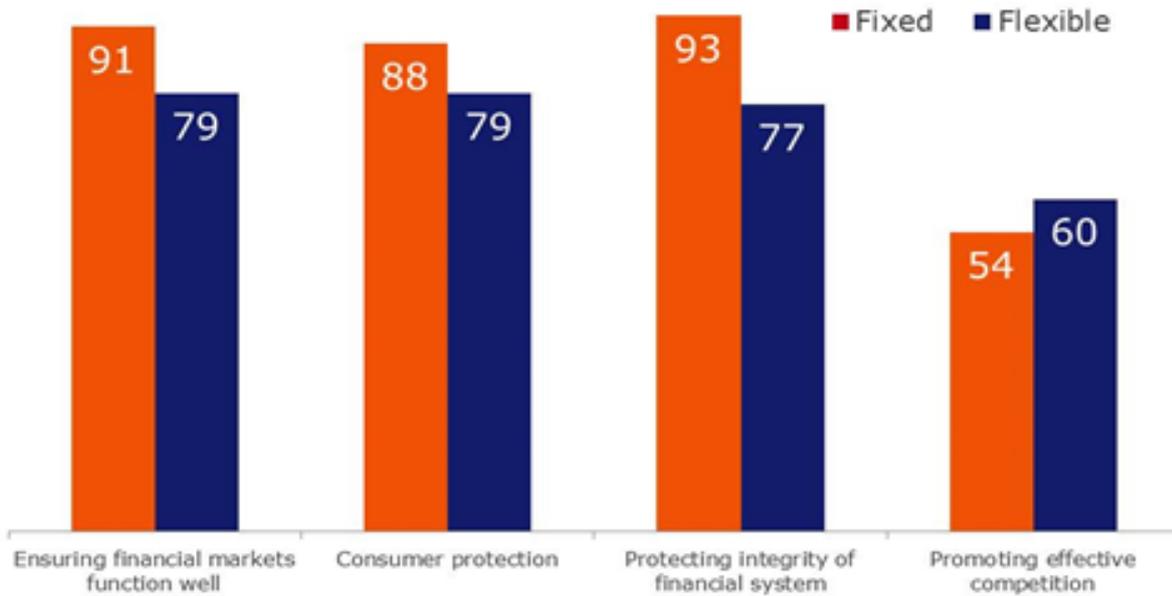
Fixed firms tended to be more confident than flexible firms in the FCA’s performance against its objectives (Fig. 3.4), with the exception of promoting effective competition where only 54% of fixed firms felt confident in the FCA delivering on this objective compared with 60% of flexible firms. There has however been a significant improvement among fixed firms in this area in the last year with levels of confidence increasing from 43% in 2016 to 54% in 2017).

Figure 3.4 – Level of confidence in the FCA’s performance against objectives (% very/ fairly confident)



Base: All firms 2017 (2,080); 2016 (3,357)

Figure 3.5 – Level of confidence in the FCA’s performance against objectives (% very/ fairly confident), by firm type



Base: All Fixed firms (73); All Flexible firms (2,007)

Confidence was lower among the Long Term Savings and Pensions sector across all three objectives, although there was some improvement since last year;

- **Consumer protection** - 72% of firms in the Long Term Savings and Pensions were confident compared with 79% of firms overall and 69% of these firms in 2015
- **Protecting integrity of the financial system** - 69% of firms in the Long Term Savings and Pensions sector were confident compared with 78% of firms overall (67% in 2015)
- **Promoting effective competition** - 56% of firms in the Long Term Savings and Pensions sector were confident compared with 60% of firms overall (47% in 2015)

Slightly lower levels of confidence were also seen this year in the General insurance and protection sector. There was little significant difference in levels of confidence among the other sectors.

In 2017, for the first time in this survey, firms were also asked how well they understood each of these objectives. Levels of understanding were high, 89% of firms agreed that they had a clear understanding of the consumer protection objective, 86% agreed for protecting the integrity of the financial system and 72% felt they understood the third objective for promoting effective competition. Almost all fixed firms felt that they understood the first two objectives (99% and 98% respectively) compared with eight in ten fixed firms (80%) who felt that they clearly understood the third objective of promoting effective competition.

3.6 Restoring consumer confidence in the industry

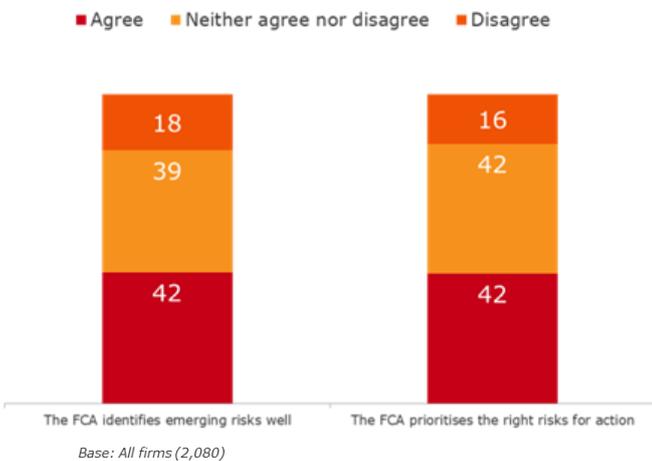
All firms were asked how well they felt the FCA was working to restore consumer confidence in the industry. Over three-quarters of firms (78%) felt that the FCA was working very or fairly well in this area compared with 73% in 2016. Fixed firms were slightly less likely than flexible firms to feel the FCA was working well in this area (73% compared with 78% respectively).

3.7 Dealing with risks

In this section we explore firms’ perceptions of how the FCA deals with managing risk in the industry.

Overall, firms did not seem to have much confidence in the FCA’s ability to identify emerging risks well, just 42% of firms agreed with this and the same proportion (42%) felt that the FCA prioritised the right risks for action. Just fewer than one in twenty firms (18%) disagreed that the FCA identified emerging risks well as 16% disagreed that they prioritised the right risks for action (Fig 3.6).

Figure 3.6 – Agreement with statements about risk



Fixed firms were more likely to agree that the FCA dealt with risks well, 61% of fixed firms agreed that the FCA identified emerging risks well and 60% felt that they prioritised the right risks for action.

The Long Term Savings and Pensions sector was less likely to agree that the FCA managed risk well (this also was reflected in their reasons for giving a lower effectiveness score). In this sector 37% of firms felt agreed that the FCA identified emerging risks well and the proportion (37%) felt that they prioritised the right risks for action. In the General insurance and protection sector agreement lower for the second of the two risk statements, 38% of these firms agreed that that the FCA prioritised the right risks for action.

All firms were asked whether they felt that there were any significant risks in their industry that the FCA was not aware of. Overall 13% of firms felt there were risks that the FCA was unaware of.

3.8 FCA Processes

Firms were asked to what extent they agreed or disagreed that a number of different FCA processes were working effectively (Fig 3.7)¹.

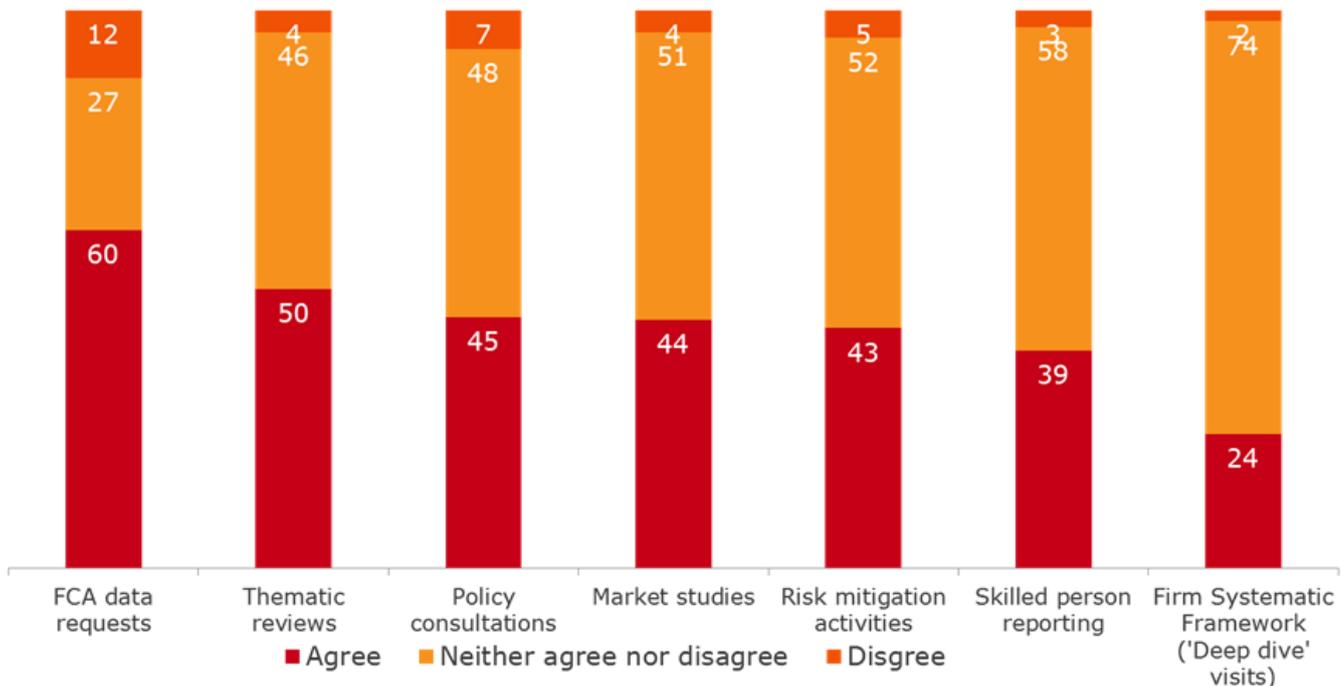
Firms were most likely to agree that data requests were effective, although conversely they were also most likely to disagree with this compared with all other processes. Six in ten firms (60%) felt that the data requests were working effectively, while 12% disagreed with this.

Half of all firms (50%) felt that thematic reviews were working effectively, and around 45% of firms felt that policy consultations, market studies and risk mitigation activities were working effectively. Only a quarter of firms (24%) felt that the firm systematic framework was working effectively.

¹ Firms who did not feel the process applied to them could record a 'not applicable' code and these answers have been removed from the analysis.



Figure 3.7 – Agreement that FCA processes are working effectively



Base: All firms (2,080)

3.9 The role of the Practitioner Panels

Almost two-thirds of all firms were aware of the Practitioner Panels before taking part in the survey. Nine in ten fixed firms (90%) and six in ten flexible firms (63%) were aware.

The Practitioner Panels have a number of priorities. Almost half of all firms (47%) felt that evaluating the FCA as an effective regulator

should be the most important priority, 40% felt that considering the strategic impact of regulation was most important and 11% felt that building on the Panel's relationship with the FCA was most important. The order of priorities was the same across both fixed and flexible firms.

4. Contact and Communication



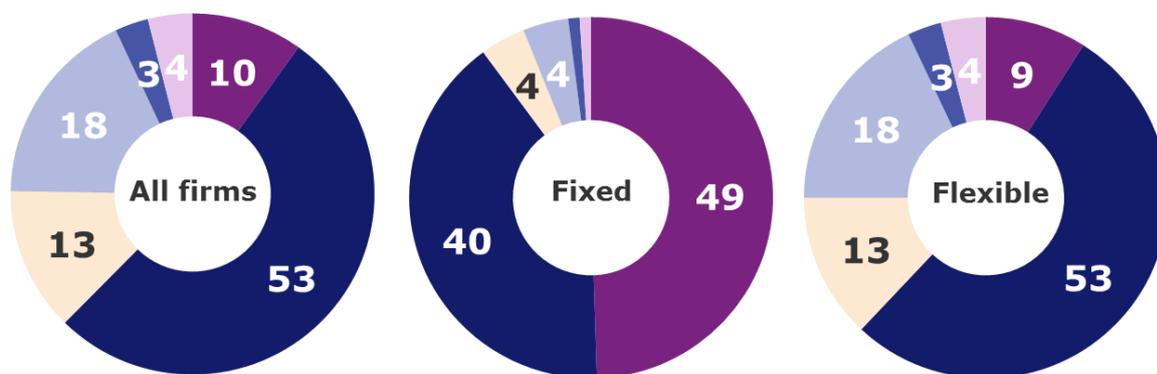
4.1 Awareness of the Practitioner Panels

A new question was included in the 2017 survey to assess awareness of the Practitioner Panels across the industry (Fig. 4.1). Since the survey itself would naturally make firms aware of the Panels, firms were asked to think about their awareness before taking part in the survey.

There is a clear difference here between fixed and flexible firms. Nine in ten fixed firms (90%) agree that they were previously aware of the Practitioner Panels (49% saying strongly agree), compared with six in ten flexible firms (63%).

Across sectors, awareness levels differ. Firms in the Retail banking (88%), Wholesale Banking (71%) and Long Term Savings and Pensions sectors (71%) were most likely to agree that they were aware of the Practitioner Panels before taking part in the survey. Awareness levels were substantially lower among Retail Lending (61%), Capital Markets (60%) and General Insurance & protection firms (53%).

Figure 4.1 – To what extent would you agree or disagree?: Before receiving this Survey my firm was aware of the Practitioner Panels



■ Strongly agree ■ Slightly agree ■ Neither agree nor disagree ■ Slightly disagree ■ Strongly disagree ■ Not applicable

Base: All firms (2,080); Fixed (73); Flexible (2,007)



4.2 Regularity of contact with the FCA

Firms were asked how regularly they had contact with the FCA, through any method. As might be expected given their contrasting supervisory approaches, fixed and flexible firms reported very different levels of contact for each of the methods mentioned (Fig. 4.2). More than eight in ten fixed firms had email contact with the FCA at least once a month (89%) and a similar proportion (85%) reported contact by telephone at least once a month (compared with 21% and three per cent of flexible firms respectively).

Levels of contact overall were lower among flexible firms. Four in ten flexible firms (41%) had some form of contact with the FCA at least once a month, 27% at least once every three months, and 19% at least once every six months. By contrast, nine in ten fixed firms (93%) reported some form of contact with the FCA at least once a month.

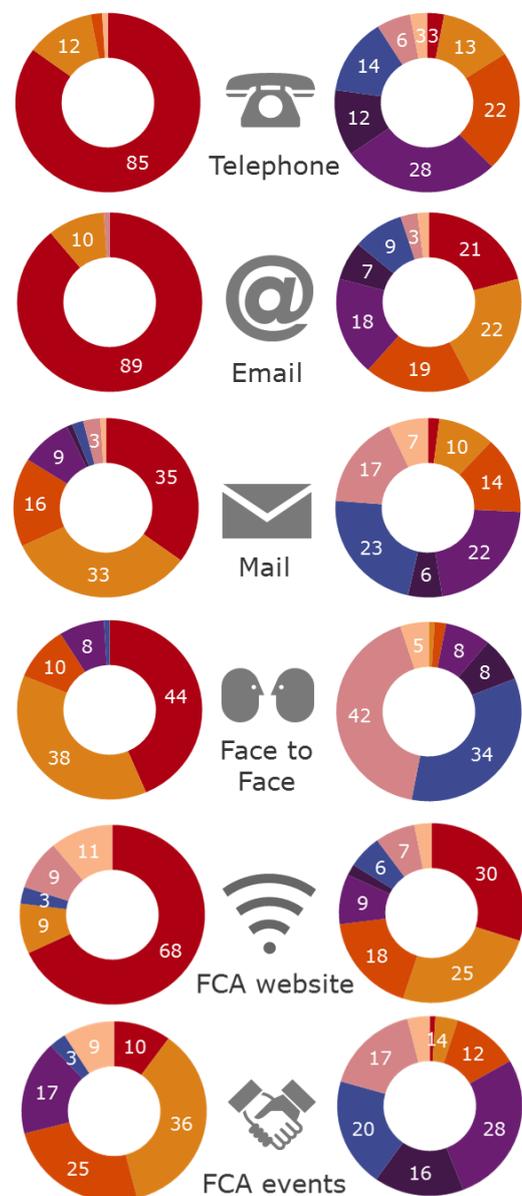
Among flexible firms, the most regular form of contact with the FCA was via the FCA website, with 30% using the site at least once a month and 25% at least once every three months.

The overall finding here mirrors that highlighted in the 2016 report - that interaction with the FCA for flexible firms is generally more passive when compared with fixed firms. Four in ten flexible firms (42%) reported that they have never had face to face contact with the FCA, and less than two in ten (17%) had never attended an FCA event.

With regards to fixed firms, the picture has changed since 2016 (Fig. 4.3). With the exception of the FCA website, the proportion of fixed firms reporting contact with the FCA at least one a month has fallen in relation to all methods of communication. This change may be driven by firms who have moved from being flexible to fixed portfolio since the 2016 survey was carried out, as their experience of flexible supervision would naturally have entailed a lower level of contact with the regulator.

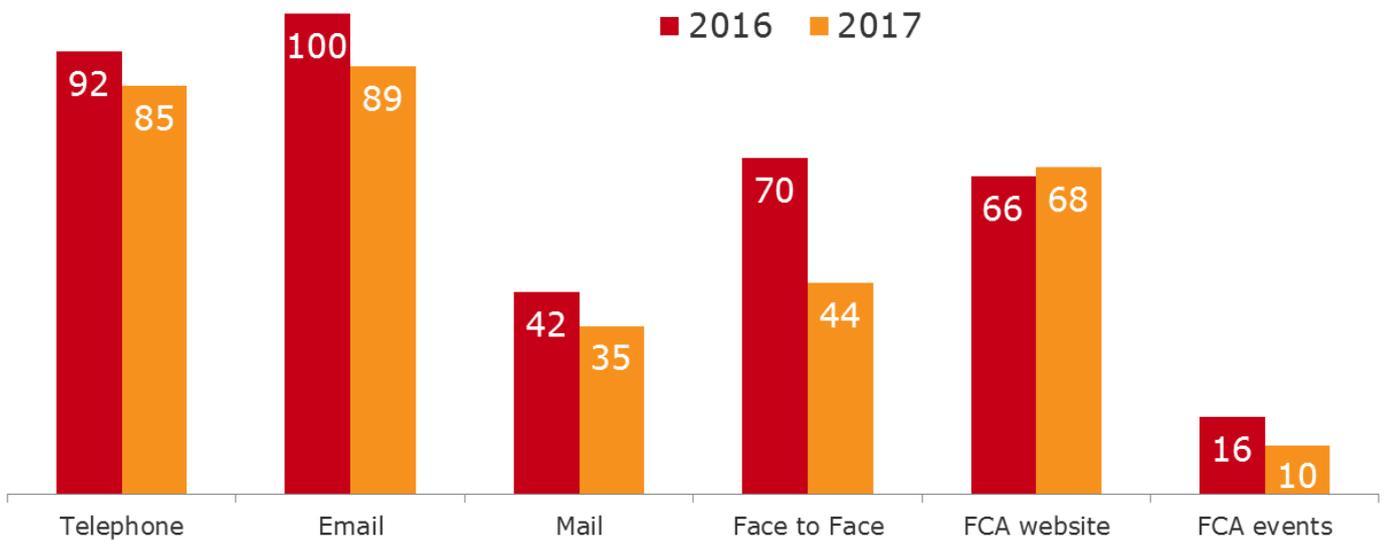
Firms were also asked to rate their level of interaction with the FCA. The vast majority (92%) felt the level of contact to be 'about right', three per cent felt it was 'too much' and six per cent felt it was 'too little'. These results are broadly comparable to those seen in 2016. A notable change this year is the drop in the proportion of fixed firms saying that the level of contact was 'too much', from 14% in 2016 to 6% in 2017.

Figure 4.2 – How regularly would you say your firm has had contact with the FCA through each of the following methods?



Base: All Fixed firms (73); All Flexible firms (2,007)

Figure 4.3 – Proportion of fixed firms that have had contact with the FCA at least once a month through each of the following methods

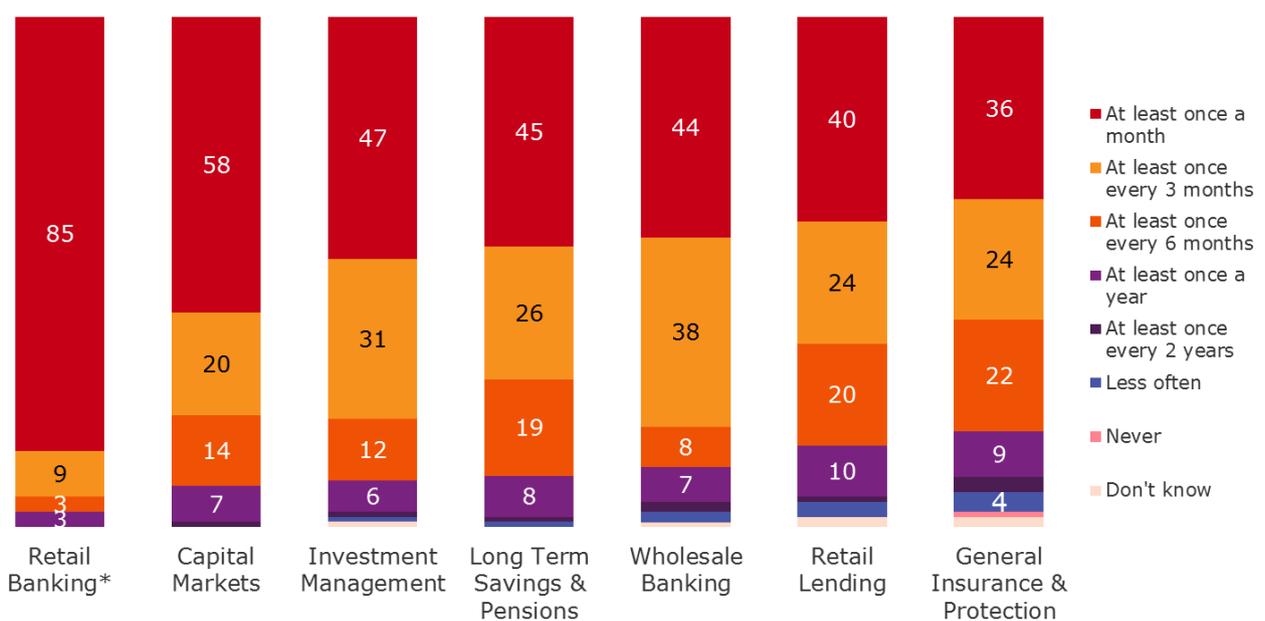


Base: All Fixed firms: 2016 (62); 2017 (73)

There was some variation across sectors in terms of overall levels of contact (Fig. 4.4). Retail Banking firms experienced the most regular contact with the FCA. More than eight in ten (85%) had contact at least once a month. Contact levels are notably lower among firms in the Retail Lending and General Insurance & Protection sectors, with just four in ten firms

reporting contact with the FCA at least once a month (40% and 36% respectively). A sizeable minority of firms in both sectors have had contact less regularly than once every 6 months (17% among General Insurance firms; 14% among Retail Lending firms).

Figure 4.4 – Regularity of contact with the FCA (via any method) by Sector



Base: Retail Banking (33); Capital Markets (81); Investment Management (470); Long Term Savings & Pensions (619); Wholesale Banking (120); Retail Lending (330); General Insurance & Protection (427)



4.3 Sources of information

Firms were also asked to state which sources of information they used to learn about the FCA (Fig. 4.5). The most common sources were unchanged between 2016 and 2017. More than eight in ten firms (84%) used the FCA 'Regulation Round-up' email and seven in ten (73%) used the FCA website. Small increases are evident in the proportion of firms using each source, with the exception of external advisors: 59% of firms said that they use external advisors, compared with 67% in 2016. Use of external advisors has declined most prominently among Long Term Savings and Pensions firms (down from 73% to 57%) and Retail Banking firms (down from 73% to 63%). The overall change in use of external advisors can be largely attributed to the drop among Long Term Savings and Pensions firms. In fact, usage has actually increased among Capital Market firms (up from 70% to 79%) and Wholesale Banking firms (up from 77% to 82%).

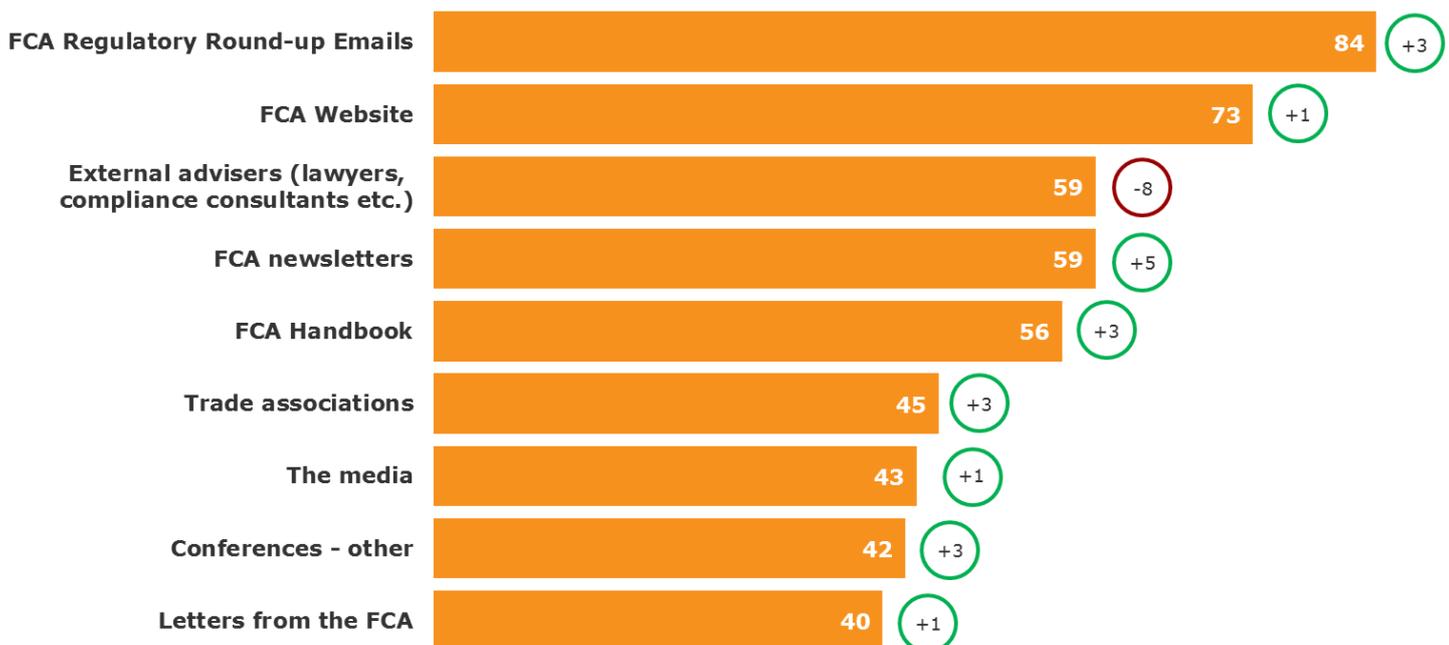
There were some clear differences in the types of information sources used by fixed and flexible firms.

The most common source cited by fixed firms was letters from the FCA (98%), followed by FCA supervisor discussions (89%), FCA speeches (88%) and external advisors (88%). Fixed firms were much more likely to use these sources than flexible firms. While there have been increases since 2016 in the proportion of fixed firms using letters from the FCA (up from 92%) and external advisors (up from 84%) the proportion using FCA supervisor discussions has fallen slightly (down from 94%). Again, this may reflect the fact that some former flexible firms have only been assigned a supervisor relatively recently.

Compared with 2016, fixed firms are now more likely to use information provided by the FCA, such as the Regulation Round up email (up from 64% to 75%), the FCA Handbook (up from 70% to 80%) and FCA newsletters (up from 62% to 71%).

Sources used by flexible firms were largely unchanged year on year. With the exception of external advisors (discussed above), the proportion of flexible firms using each source was very similar to 2016.

Figure 4.5 – What information sources do you use to learn about regulation and the FCA? (Top responses)



Base: All firms 2017 (2,080); 2016 (3,357). Circles indicate change since 2016



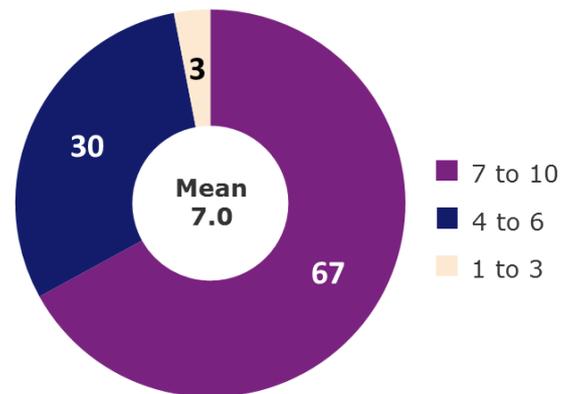
4.4 Satisfaction with FCA communication

When asked to consider their level of satisfaction with communications from the FCA, firms were generally satisfied (Fig. 4.6). Around two-thirds of firms (67%) gave a high satisfaction score for communication (7 to 10). Only three per cent of firms gave a low rating (between 1 and 3). These figures represent a slight improvement since 2016, when 64% gave a high score and five per cent gave a low score. The mean satisfaction score remains largely unchanged (7.0, compared with 6.9 in 2016).

Satisfaction levels were slightly higher among flexible firms, with a mean score of 7.0 compared with 6.8 among fixed firms.

Across sectors, satisfaction with communication was generally fairly high, with all sectors giving a mean satisfaction score of around 7.0 (Fig. 4.7). Firms in the Retail Lending and Wholesale Banking sectors reported the highest levels of satisfaction – firms in both sectors gave a mean score of 7.3 (up from 7.0 in 2016). In addition to an overall satisfaction rating, firms were asked to state their level of agreement with a range of statements related to FCA communication. With regards to many of these statements, Retail Lending and Wholesale

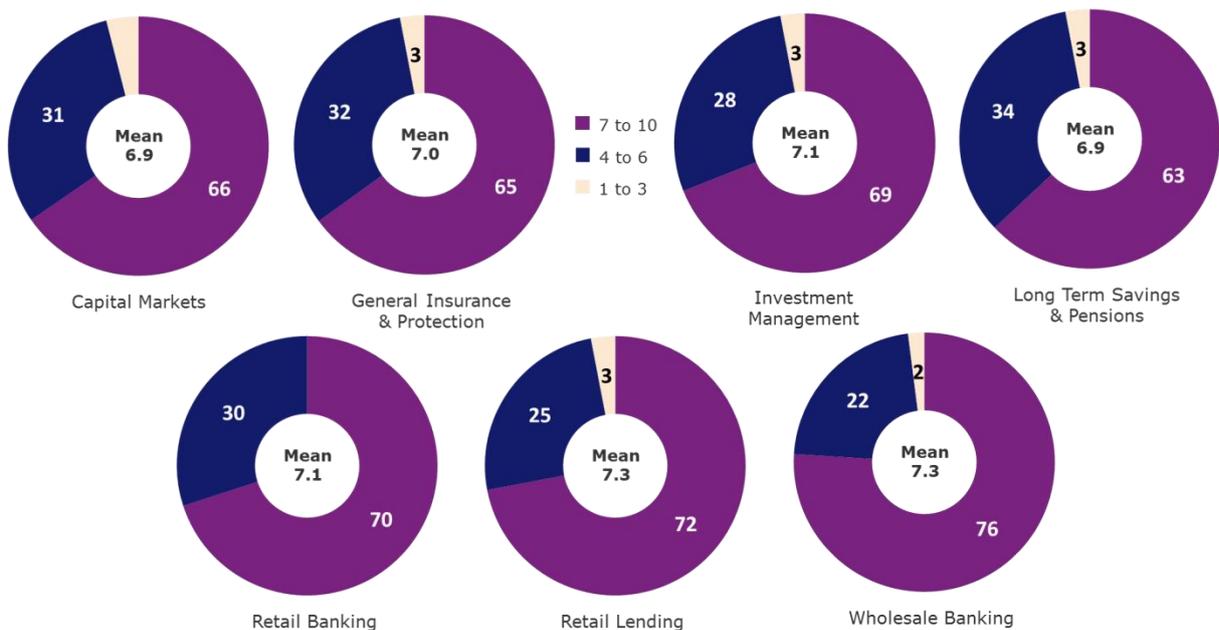
Figure 4.6 – After all the information that you have seen, heard or read from the FCA, how satisfied are you with the communication from the FCA?



Base: All firms (2,080)

Banking firms are not noticeably more positive than other sectors. However, differences can be found in relation to some aspects of communication. Retail Lending firms and Wholesale Banking firms were more likely to agree that information put into the public domain about financial regulation in the last 12 months has provided an accurate impression of the financial services industry (51% and 54% respectively) when compared with firms in all sectors (45%).

Figure 4.7 – Satisfaction with communication from the FCA, by Sector



Base: Capital Markets (81); General Insurance & Protection (427); Investment Management (470); Long Term Savings & Pensions (619); Retail Banking (33); Retail Lending (330); Wholesale Banking (120)



The 2016 report drew attention to the low level of satisfaction among Long Term Savings and Pensions firms, which reported a mean satisfaction score of 6.5 – significantly lower than firms in other sectors. As shown in Figure 4.7, the last 12 months have seen an improvement here, with this sector’s mean satisfaction score rising to 6.9.

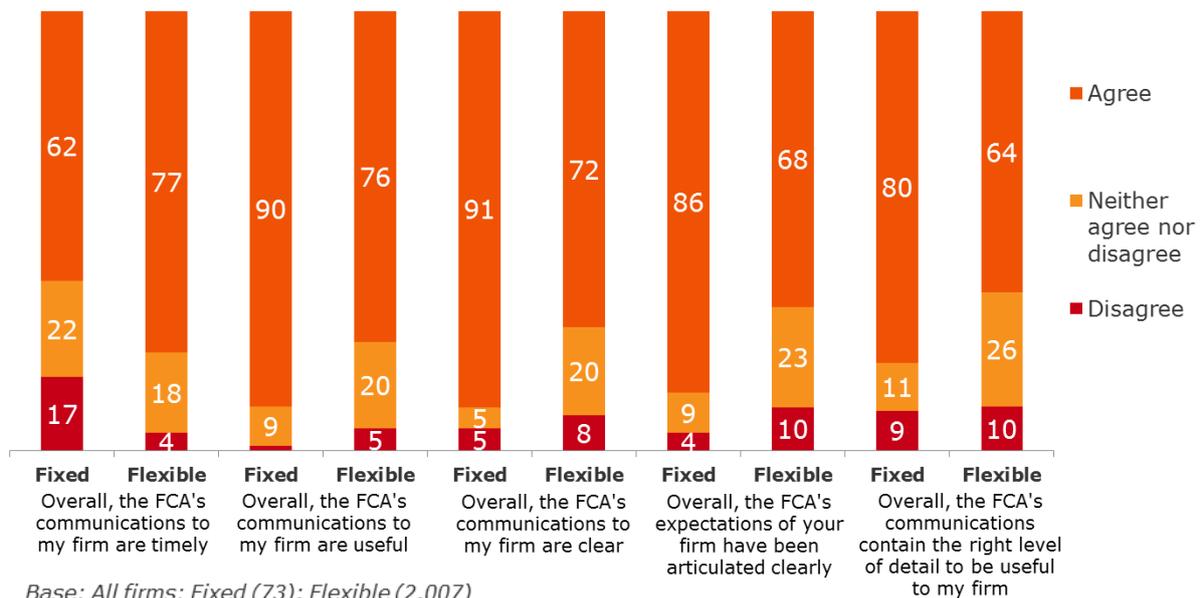
In order to contextualise this improvement, it is useful to examine other ways in which this sector’s approach towards FCA communication has changed. There has been some moderate change in the way in which Long Term Savings and Pensions firms access information about regulation and the FCA. These firms are now more likely to use the FCA ‘Regulation Round-up’ email (91%, compared with 85% in 2016), FCA newsletters (61%, compared with 54% in 2016), the FCA handbook (47%, compared with 43% in 2016), and non-FCA conferences (53%, compared with 47% in 2016). They are also less likely to use external advisors (57% compared with 73% in 2016) and the media (42%, compared with 45%). While there is no evidence of a direct correlation between changes in the information sources used and increased satisfaction, these small shifts may have played a role in changing firms’ perceptions of FCA information.

Regularity of contact has not changed for Long Term Savings and Pensions firms. Around four in ten of these firms reported having some form of contact with the FCA at least once a month in 2016 (42%) and 2017 (44%).

As noted above, firms were also shown a series of statements about specific aspects of FCA communication and asked whether they agree or disagree with each statement (Fig. 4.8). These statements were included for the first time in 2017.

In general, fixed firms had a more positive outlook on FCA communication than flexible firms. Around nine in ten fixed firms agreed that FCA communications are useful (90%, vs. 76% of flexible firms), clear (91%, vs. 72% of flexible firms) and that FCA expectations of their firm have been clearly articulated (86%, vs. 68% of flexible firms). The only aspect in which fixed firms are less positive is FCA communications being timely. Six in ten fixed firms (62%) agreed with this statement, compared with just under eight in ten flexible firms (77%). While two in ten fixed firms (22%) took a neutral stance with regards to communication being timely, saying they neither agree nor disagree, a sizable minority (17%) said that they disagreed with this statement.

Figure 4.8 – Agreement with statements about FCA communication, by firm type





4.5 Public perception of the industry

Firms were asked whether they thought that information regarding financial regulation they had seen in the public domain over the last 12 months had provided an accurate impression of the financial services industry. Overall more than four in ten firms (45%) agreed that it had, two in ten (20%) disagreed and a further three in ten (32%) said that they neither agreed nor disagreed. While agreement levels were similar among fixed and flexible firms (44% and 45% respectively), fixed firms were more likely to disagree with this statement (35%, compared with 20% of flexible firms). However, there has been a shift in fixed firms' perspective since 2016. The proportion of fixed firms agreeing that information regarding financial regulation they had seen in the public domain over the last 12 months had provided an accurate impression of the financial services industry has risen from 32% to 44%, while the proportion disagreeing has fallen slightly from 40% to 35%.

So while fixed firms are still more negative on this subject when compared with flexible firms, they appear to be more positive than they were 12 months ago.

Firms who disagreed that information in the public domain had provided an accurate impression of the industry were asked an open-text follow-up question, asking what they thought was the most important thing the FCA could do to ensure that the public has an accurate impression of the financial services industry (Fig. 4.9). The most common responses have not changed since 2016, and were to do more to publicise examples of good practice and positive behaviour in the industry (mentioned by 28% of firms asked) and to provide more context and/or perspective when publicising non-compliance (mentioned by 14% of firms asked).

While only a small number of fixed firms (27) answered this question, some differences by supervision type can be discerned. The most common factor cited by fixed firms was the need for more context/ perspective when publicising non-compliance, mentioned by 38% of fixed firms (compared with 13% of flexible firms). Fixed firms were less likely to identify a need for clearer/ simpler language (2%, compared with 12% of flexible firms) and none of the fixed firms who answered said that the FCA should promote the benefits of financial advice.

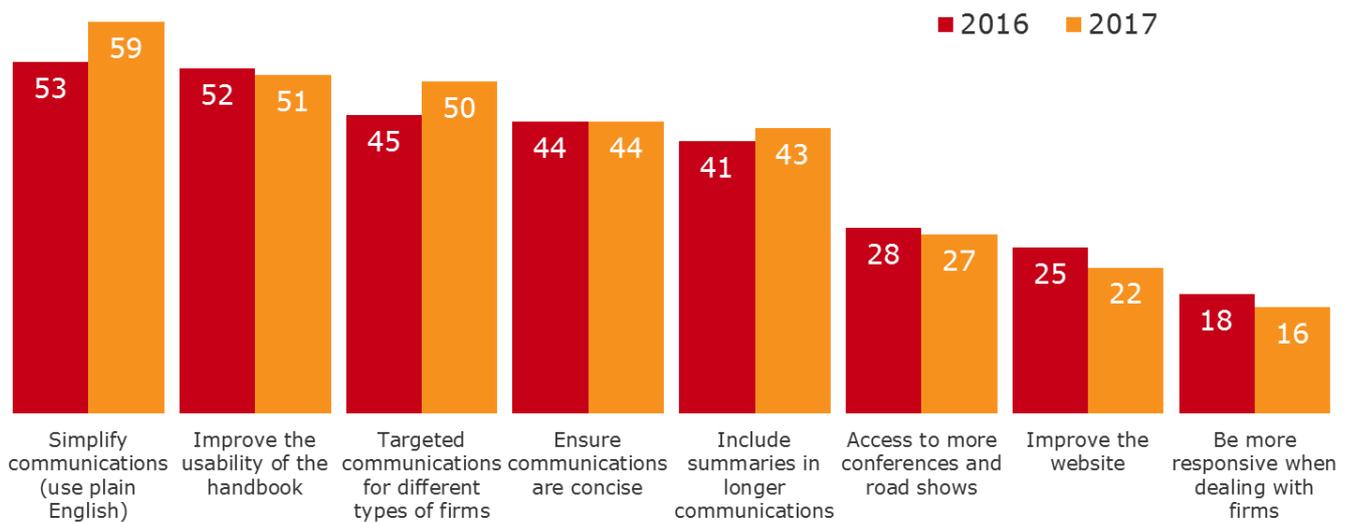
Figure 4.9 – What do you think is the most important thing the FCA could do to ensure that the public has an accurate impression of the financial services industry? (Top responses)



Base: All firms disagreeing that information in the public domain over the last 12 months regarding financial regulation has provided an accurate impression of the industry: 2017 (369); 2016 (538)



Figure 4.10 – In which, if any, of the following ways would you most like to see the FCA improve communication?



Base: All firms: 2016 (3,357); 2017 (2,080)

4.6 Improving communications

Firms were asked by the Panel to consider how the FCA could best improve future communications (Fig. 4.10). Overall the most commonly cited improvements were to simplify communications (59%), improve the usability of the handbook (51%), and target communications for different types of firms (50%). The three improvements were also the most commonly cited in 2016. In relation to simplifying communications and targeting communications, the proportion of firms suggesting these improvements has risen slightly since 2016 (from 53% and 45% respectively) suggesting that progress still needs to be made in these areas. However, the proportion suggesting improvement to the handbook is largely unchanged since 2016 (52%).

Priorities for fixed firms in this regard have changed somewhat over the last 12 months. In 2016, fixed firms were most likely to cite the need for communications to be targeted to different types of firms, and for communications to be concise. While fixed firms are still focussed around delivering information more efficiently, this year's most common suggestion was to improve the usability of the handbook (50%, up from 39% in 2016). Targeted communications

for different types of firms remains a relatively high priority, selected by 45% of fixed firms (compared with 46% in 2016), and 43% of fixed firms would like to see summaries included in longer communications (up from 36% in 2016).

5. Trust



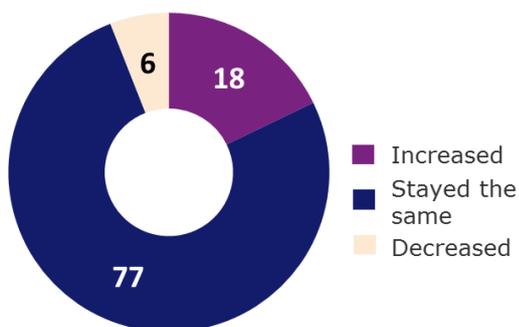
5.1 Overall trust in the FCA

The 2016 report explored in some detail the issue of firms' trust in the regulator. While it was found that most firms had not experienced any change in their level of trust over the previous 12 months, for those who had more or less trust the survey provided some important insights into what may have been driving that change. Many firms who reported an increased level of trust mentioned that the FCA was taking a more collaborative approach with the industry and paying more attention to firms' points of view, while firms whose trust had decreased tended to focus on what they considered to be excessive fees imposed as a result of regulation.

These questions were asked again in 2017, allowing for an updated picture of firms' trust in the FCA (Fig. 5.1).

As was the case last year, the majority of firms (77%) reported that their level of trust in the FCA had stayed the same over the previous 12 months. However, we have seen a slightly higher proportion of firms say that their trust has increased – 18%, compared with 13% in 2016.

Figure 5.1 – Over the last 12 months, would you say your firm's trust in the FCA has increased, decreased, or stayed the same?



Base: All firms (2,080)

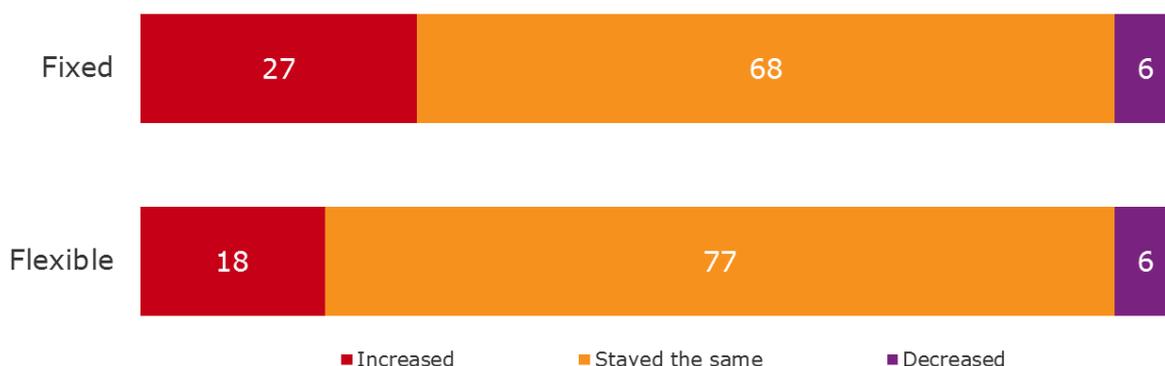
At another point in the survey firms were shown a list of possible actions/ events they may have experienced as a direct result of regulation, and asked to select all that applied to them. Perhaps unsurprisingly, there is a broad correlation between changes in levels of trust and the (reported) outcomes of regulation. Loss of trust is connected to perceived negative outcomes as a result of regulation. When compared with those whose trust has increased, firms whose trust has decreased were more likely to have:

- Increased resourced requirements (57% vs. 39%);
- Experienced increased cost of a product (40% vs. 14%);
- Withdrawn a product or service (22% vs. 11%);
- Been placed at a disadvantage compared to competitors abroad (20% vs. 3%).

Conversely, firms whose trust has increased were more likely to have experienced positive outcomes of regulation:

- Improvements to their firm's governance (54% vs. 18%);
- Improvements to their business model (35% vs. 10%);
- Greater consumer confidence (34% vs. 3%);
- Greater market stability (21% vs. 2%).

Figure 5.2 – Change in level of trust with the FCA over the last 12 months, by firms type



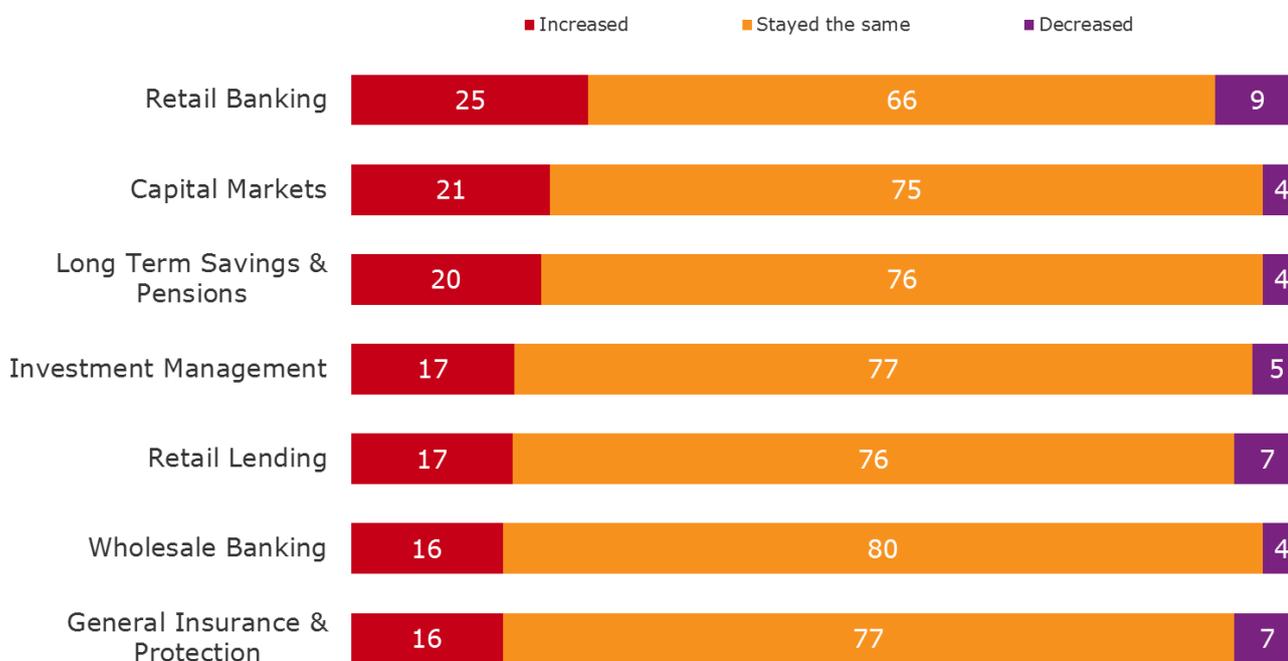
Base: All firms: Fixed (73); Flexible (2,007)

As shown in Figure 5.2, fixed firms are more likely to show an increased level of trust (27%) compared with flexible firms (18%).

Trust levels across sectors are broadly the same (Fig. 5.3), although Retail Banking firms are most likely to report some change on the level of trust (25% increased; 9% decreased).

Responses in the Long Term Savings and Pensions sector suggest a generally improved level of trust compared with 12 months ago. In 2016, 11% of firms in this sector reported an increased in trust, compared with 20 this year. The proportion saying their trust has decreased is lower, falling from 10% in 2016 to 4% this year.

Figure 5.3 – Change in level of trust with the FCA over the last 12 months, by sector



Base: Retail Banking (33); Capital Markets (81); Long Term Savings & Pensions (619); Investment Management (470); Retail Lending (330); Wholesale Banking (120); General Insurance & Protection (427)

In order to provide greater context around the issue of trust, all firms were invited to give further comments in an open-text follow-up question. While only 15% of firms provided a response, these comments provide some indication of what is driving trust levels. As identified in the 2016 report, the responses here showed that firms interpret 'trust' in two distinct ways. Some firms responded in terms of whether they trust the FCA to act honestly, fairly, and with integrity. Others expressed their trust (or lack thereof) as a reflection of the FCA's competence and ability (i.e. 'Do I trust that the FCA is capable of performing its duties adequately?').

Many firms who reported an increase in trust stressed the importance of having regular contact/ interaction with FCA personnel (e.g. supervisors):

'A close, continuous, open relationship with the regulator coupled with proportionate reactions from a supervisory team which has the necessary expertise and knowledge will undoubtedly increase trust in the FCA.'

Fixed, Long Term S & P

'Interaction with the FCA at a senior management level is valued by our firm.'

Fixed, Capital Markets

'Being able to meet face to face to discuss matters helps build trust. The roadshows provide this opportunity. We need to feel that those who set the policy have relevant experience and understand those whom they are regulating.'

Flexible, Long Term S & P

'Face-to-face contact has helped considerably in establishing a better understanding and relationship.'

Flexible, Retail Lending

Among firms who reported a decrease in trust, the issues raised in 2016 around quality of FCA staff do not appear to have changed over the last 12 months. Some firms specifically commented that high turnover of staff within the FCA has led to a lower level of trust in their knowledge and experience:

'Recently various teams within the FCA have had a high instance of staff turnover. On occasions we deal with different people who are often relatively junior and demonstrate a lack of experience. We mention the above because trust is about the building of robust relationships with team and lead supervisors.'

Fixed, Retail Banking

'The people at the FCA do not generally understand what financial planning is all about and have limited knowledge of the technicalities of what they are regulating.'

Flexible, Long Term S & P

'Staff at FCA hardly know the difference between a hedge fund and a private equity fund. Most of them have never traded a financial instrument. They should be seconded to asset managers. Escalation of questions should bring back more educated answers.'

Fixed, Retail Banking

One aspect that has emerged this year is a sense of dissatisfaction among smaller firms, who feel that the FCA is not set up to regulate them effectively:

'Our concern with the FCA is that they still do not understand how small firms work within the local geographical areas and we have been concerned with the Add-Ons and Transparency that the FCA have taken this too far, when it adds little value to local firms with local customers. Sometimes a "one size fits all" approach is not helpful to small brokers.'

Flexible, General Insurance & Protection

'The FCA is over bearing on smaller firms that try and do the right thing but let bigger firms get away with murder.'

Flexible, Long Term S & P

'The FCA is too big, and too unaccountable, to be an effective regulator for smaller, retail firms.'

Flexible, Investment Management

'Have believed statements made in the past about simplifying regulation for smaller business, now no longer believe it as nothing changed, damaged my trust in FCA.'

Flexible, Long Term S & P

While a small number of firms mentioned concerns about excessive fees and the cost of regulation, this appears to be a less prevalent issue than was evident in 2016.

5.2 Trust in FCA supervisors/ staff

Firms were shown a series of statements about FCA regulation and FCA staff, some in relation to trust-based qualities, and asked whether they agreed or disagreed with each statement. The statements were worded slightly differently depending on firm type, with fixed firms asked about FCA supervisors and flexible firms asked about FCA staff, such as supervisory teams or the customer contact centre (as they do not have a dedicated FCA supervisor).

As was the case in 2016, fewer than half of firms agreed with these trust-based statements (Fig. 5.4): 44% agreed that 'FCA supervisors/ staff have sufficient experience', 44% agreed that 'FCA supervisors/ staff exercise good judgement', and 42% agreed that 'FCA supervisors/ staff have sufficient knowledge to understand my firm'. These results suggest that little progress has been made in improving the ability and experience of staff.

While fixed firms were more positive than flexible firms, there has similarly been no improvement with regards to these measures of supervisor/ staff ability (Fig. 5.5). In fact, the proportion of fixed firms agreeing that FCA supervisors have sufficient knowledge to understand their firm has fallen substantially, from 70% to 58%.

Figure 5.4 – Agreement with statements about FCA supervisors/ staff

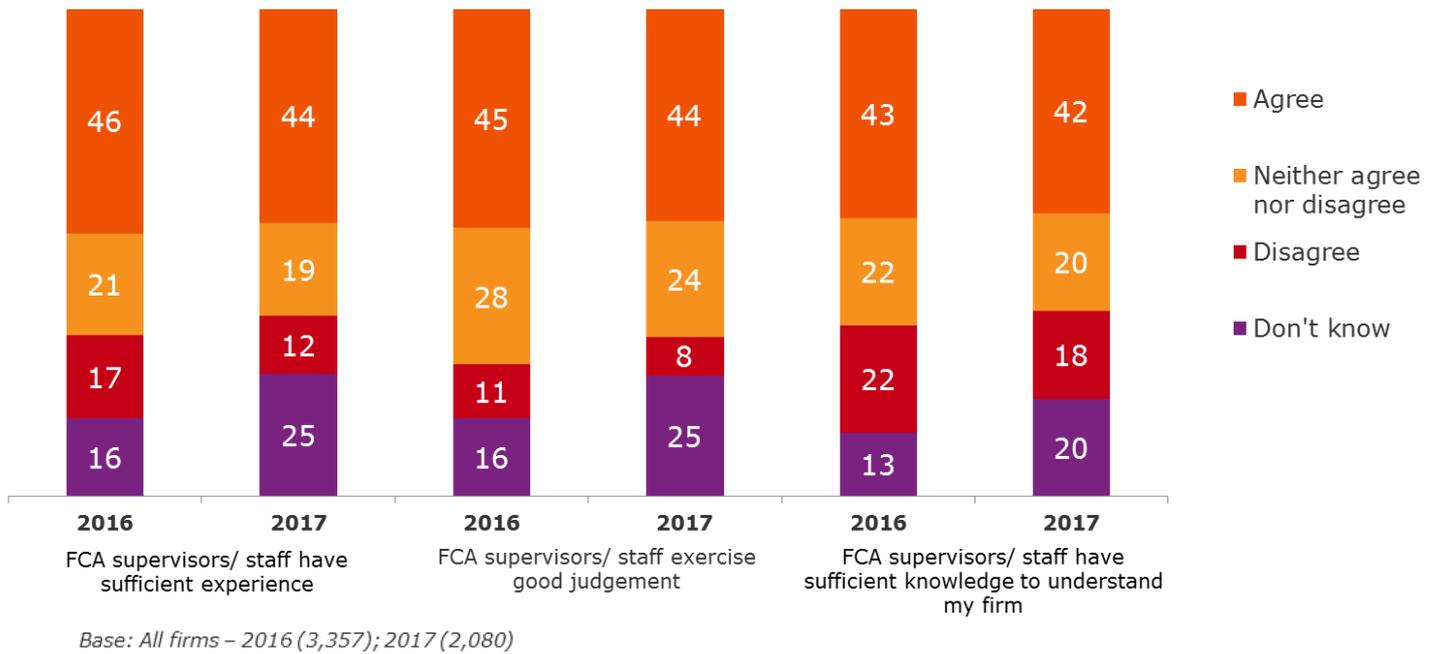
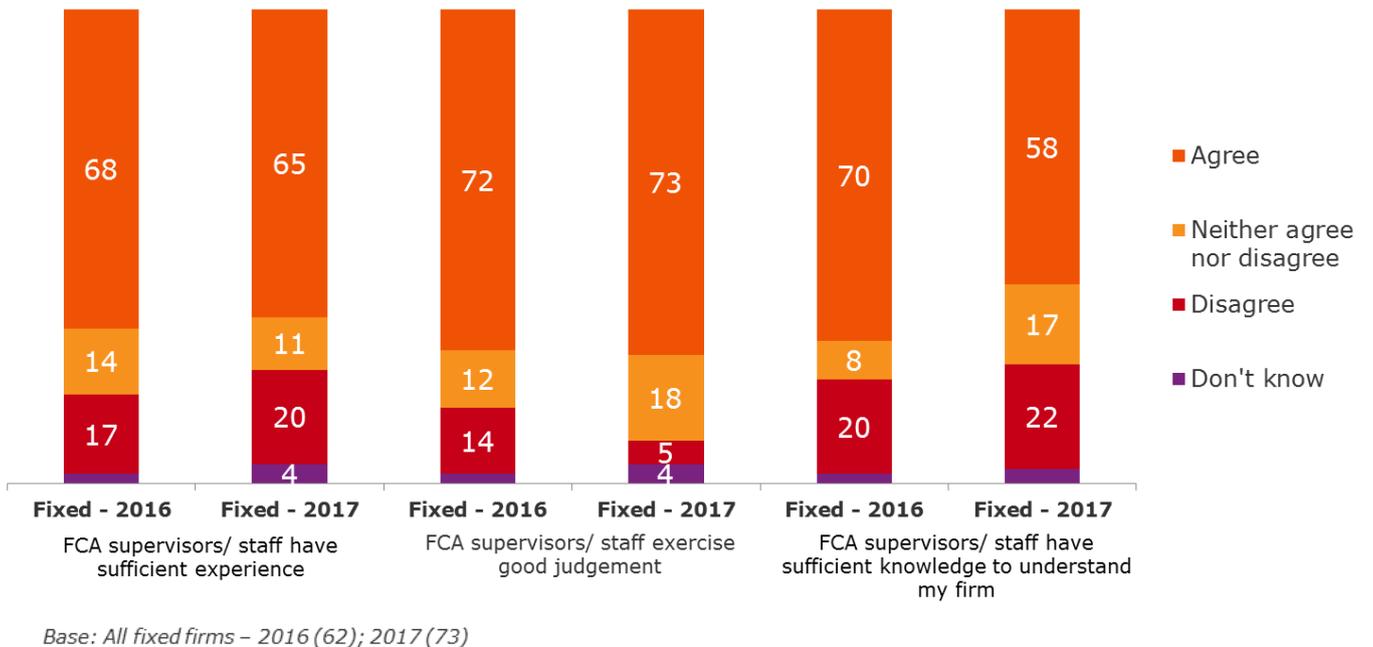
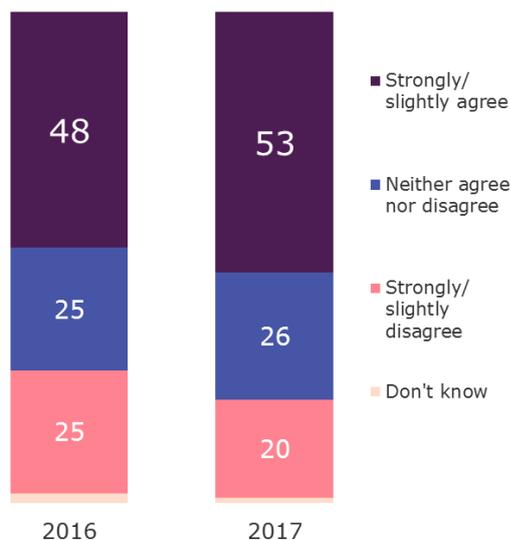


Figure 5.5 – Agreement with statements about FCA supervisors/ staff (Fixed firms)



For the first time in 2017, the same set of statements was shown to firms a second time and they were asked to indicate their level of agreement in relation to the FCA’s policy and technical staff (Fig. 5.6).

Figure 5.7 – To what extent do you agree or disagree?: FCA regulation is transparent



Base: All firms: 2016 (3,357); 2017 (2,080)

Agreement was lower in relation to policy/ technical staff across all statements, with just under four in ten (38%) agreeing that FCA staff have sufficient experience, exercise good judgement, and have sufficient knowledge to understand their firm. It should be noted that, in general, a higher proportion of firms answered ‘Don’t know’ to statements related to policy/ technical staff (around a third of firms for each statement) when compared to the statements about supervisors/ supervisory teams, for which around a quarter of firms answered ‘Don’t know’. This may suggest a lower level of familiarity with policy/ technical staff, or potentially some confusion about specifically which FCA personnel the question was asking about.

Interestingly, more than half of firms (56%) agreed that they were satisfied with the quality of FCA staff overall, a higher proportion than agreed with any of the statements related to more specific aspects of staff ability/ performance.

A key element of trust is the extent to which firms see FCA regulation as being transparent. As shown in Figure 5.7, when shown the statement ‘FCA regulation is transparent’, just over half of firms (53%) agreed, a slight improvement since 2016 when 48% agreed. Agreement is higher among fixed firms, 65% of which agreed with this statement, compared with 53% of flexible firms.

6. Understanding of regulation and regulatory burden

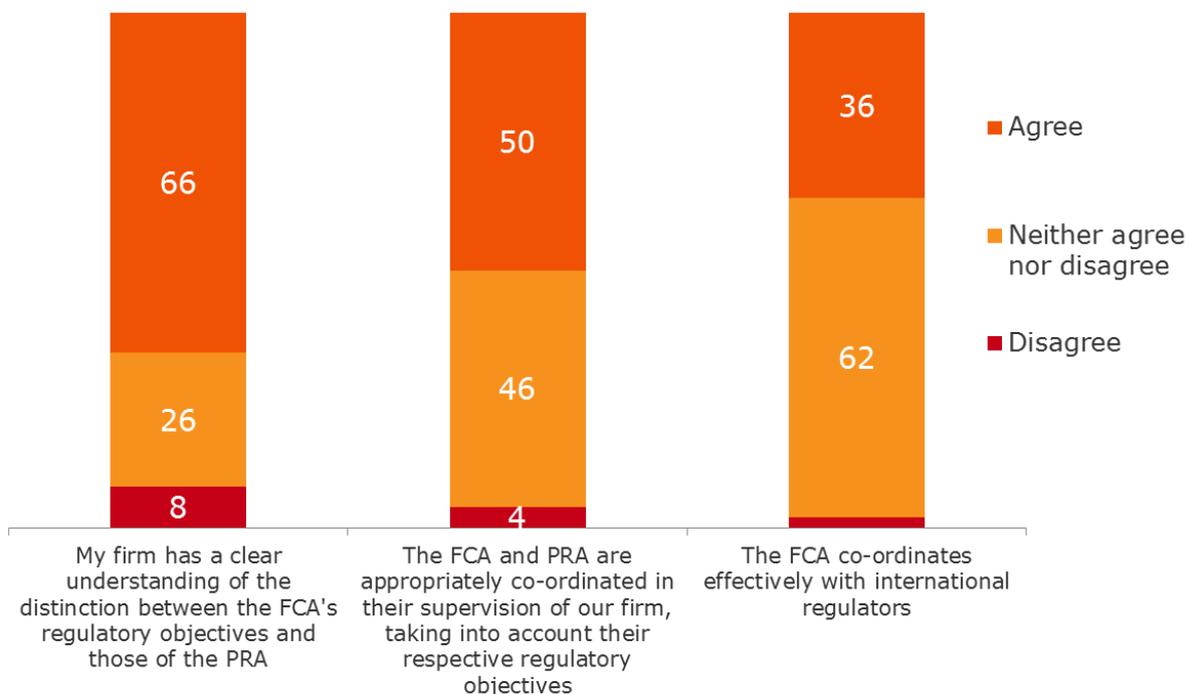


Firms were asked to consider how well the FCA coordinates with other regulators in its regulation of the industry. Some firms within the industry will be regulated by both the FCA and the Prudential Regulation Authority (PRA). All firms, regardless of whether or not they were dual regulated, were asked their opinions about coordination with other regulators. Firms were able to record a 'not applicable' answer if they felt the question did not apply and these answers have been removed from the analysis (Fig 6.1).

Two thirds of firms (66%) agreed that they had a clear understanding of the distinction between the FCA's regulatory objectives and those of the PRA (this figure was 94% among fixed firms).

Half of firms (50%) felt that the FCA and PRA were suitably coordinated in their regulation and just over a third (36%) felt that the FCA coordinated effectively with international regulators. Where firms did not agree with these statements they tended to record a neutral answer rather than disagreeing.

Figure 6.1 – Agreement with statements about FCA and other regulators



Base: All firms giving an answer other than 'Not applicable' – 'Clear understanding' (1,896); 'Appropriately co-ordinated' (1,529); 'Co-ordinates effectively' (1,781)



6.1 Information requests

Firms were asked how they felt about the number of data or information requests from the FCA. The majority of firms felt the level of requests to be about right (66%), 18% felt there were a lot but for understandable reasons and 13% felt there were more than seemed necessary. Fixed firms were more likely to report that there were a lot of requests but for understandable reasons (58%) compared with flexible firms (17%). There has been a marked increase between 2016 and 2017 in the proportion of fixed firms who felt the number of requests was about right (from 12% in 2016 to 28% in 2017).

Firms were also asked how they felt about the amount of information they are required to provide to their customers as a result of regulation.

Overall, three in ten firms (31%) felt that the amount of information they were required to provide to their customers was about right, 38% felt it was a lot, but understandably so and 31% felt it was unnecessarily high.

Fixed firms were more likely to feel that the amount of information required was a lot but for understandable reasons (43% compared with 38% of flexible firms).

6.2 Understanding and impact of regulation

Firms were asked to consider financial regulation as it relates to the industry as a whole and their own firm (Fig. 6.2).

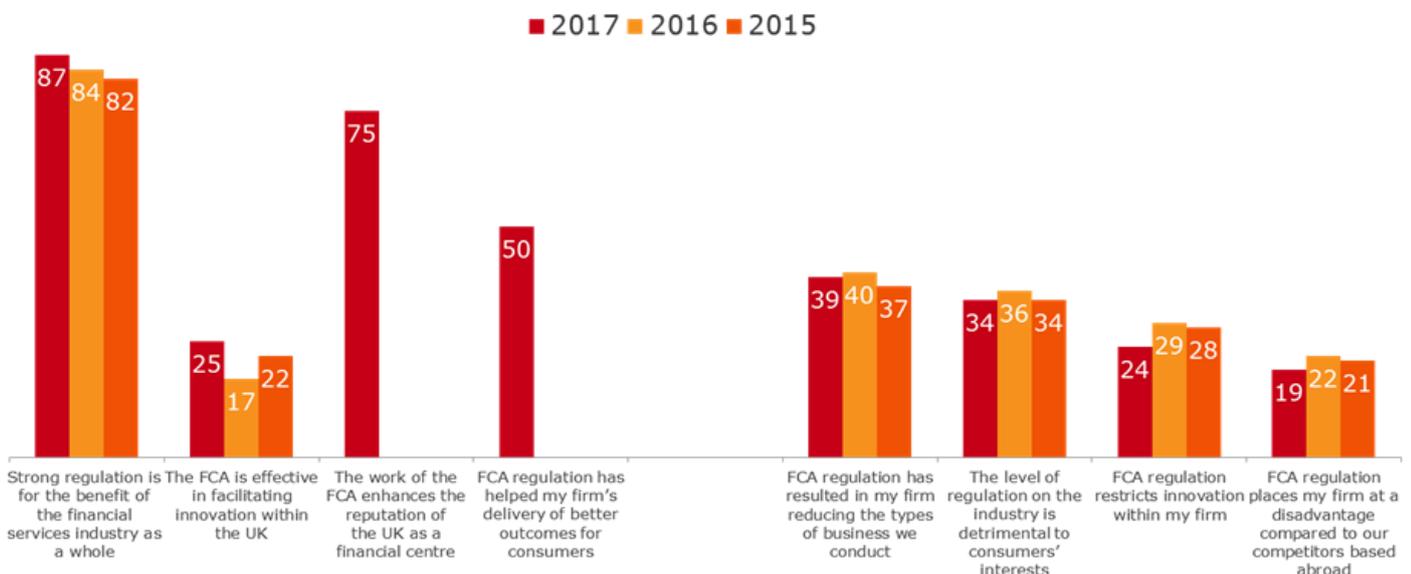
There is a high level of support across the industry for strong regulation; 87% of firms agreed that strong regulation benefits the industry as a whole.

Agreement is especially high among fixed firms, 94% of which agreed that strong regulation benefits the industry as a whole (compared with 87% of flexible firms). Agreement is high across all sectors, with at least 80% of firms in each sector agreeing with this statement.

Firms were asked their level of agreement with a range of both positive and negative statements. In 2017 there was a general increase in agreement with the positive statements and a decrease in agreement with the negative statements.

Three quarters of firms (75%) agreed that the work of the FCA enhances the reputation of the UK as a financial centre and half of firms (50%) felt that FCA regulation helped to deliver better outcomes for consumers.

Figure 6.2 – Proportion of firms agreeing with statements about regulation



Base: All firms 2017 (2,080); 2016 (3,357); 2015 (4,055)



Agreement was much lower regarding the FCA's ability to facilitate innovation within the UK. A quarter of firms of firms (25%) in the 2017 survey agreed with this statement, this represents an improvement compared with 17% of firms in 2016.

Similarly there was a fall in the proportion of firms who felt that the FCA restricted innovation within their firm (from 29% agreeing with this in 2016 to 24% in 2017).

Fixed firms were more likely to agree with the positive statements about regulation. Nine in ten (92%) agreed that the FCA enhances the reputation of the UK as a financial centre (compared with 75% of flexible firms) and six in ten (61%) agreed that regulation has helped to deliver better outcomes for the consumer (compared with 50% of flexible firms).

However, fixed firms were far more likely than flexible firms to feel that FCA regulation placed their firm at a disadvantage compared to competitors based abroad (48% compared with 18% respectively). This same pattern was observed in 2016 with 52% of fixed firms agreeing with this statement compared with 22% of flexible firms.

Firms in the Long Term Savings and Pensions

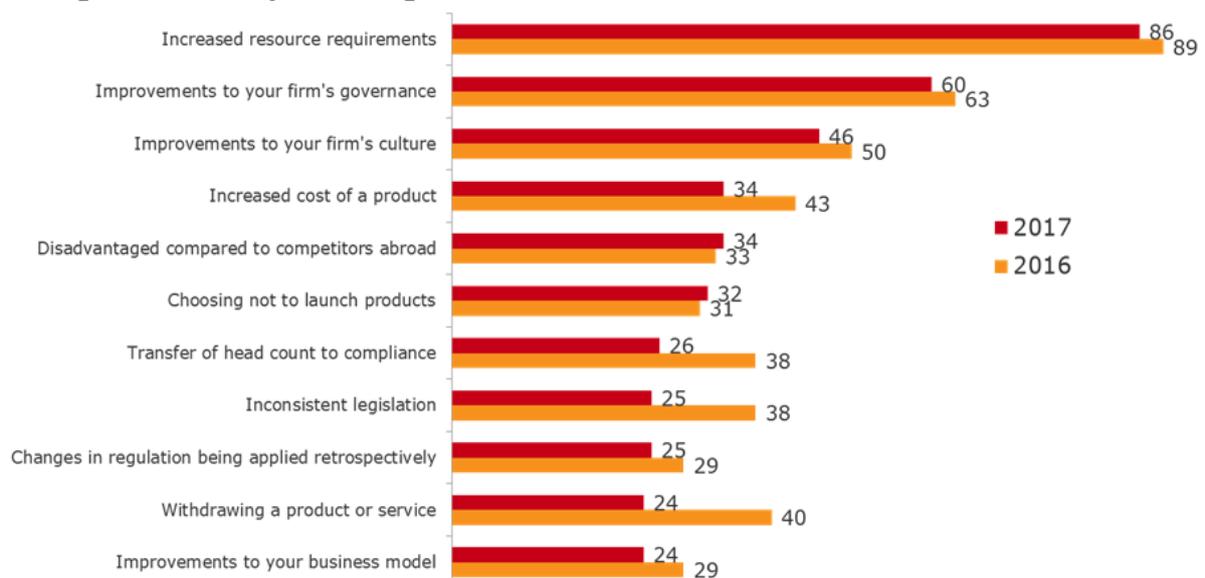
sector expressed some very negative views towards the impact of regulation, although they did show some improvement since last year. Almost half of these firms (48%) felt that regulation had reduced the type of business they conducted (compared with 34% in other sectors and 51% in 2016), 41% felt the level of regulation was detrimental to consumer interests (compared with 34% across all sectors and 47% in this sector in 2016). In 2016 35% of firms in this sector felt that FCA regulation restricted innovation within their firm but this had dropped to 25% in 2017 and was more in line with other sectors.

6.3 Impact of regulation

Firms were asked to state the ways in which regulation had had a direct impact on their business (Fig. 6.3). Overall, the most frequently cited impact was increased resource requirements (42% of firms had experienced this) followed by improvements to the firm's governance (33%) and improvements to the firms' culture (26%).

Fixed firms reported a higher level of impact on their firm compared with flexible firms, 86% reported that regulation had resulted in increased resource requirements, 60% said that it had resulted in improvements to the firm's governance and 46% in improvements to the firm's culture.

Figure 6.3 – Impact of regulation on firms



Base: All firms: 2017 (2,080); 2016 (3,357)

7. Enforcement



7.1 Attitudes to Enforcement

Under the conditions of the Financial Services and Market Act 2000 (FSMA), the FCA is required to follow a prescribed enforcement procedure. The FCA and the Panel are keen to understand perceptions of this and to map any changes over time.

Firms were shown a series of statements relating to enforcement and asked to indicate their level of agreement with each one. As shown in Figure 7.1, agreement levels perceptions of the FCA’s enforcement procedure have become more positive over the last 12 months. This follows a small drop in agreement levels between 2015 and 2016. In terms of the enforcement procedure being a credible deterrent, delivering the appropriate message and better protecting consumers, firms were more likely to agree that this was the case than they were in 2016. A slight contradiction to the overall trend is the rise in the proportion of firms who think the publication of fines undermines confidence in the industry, from 31% to 34%. It should be stressed that agreement levels for this

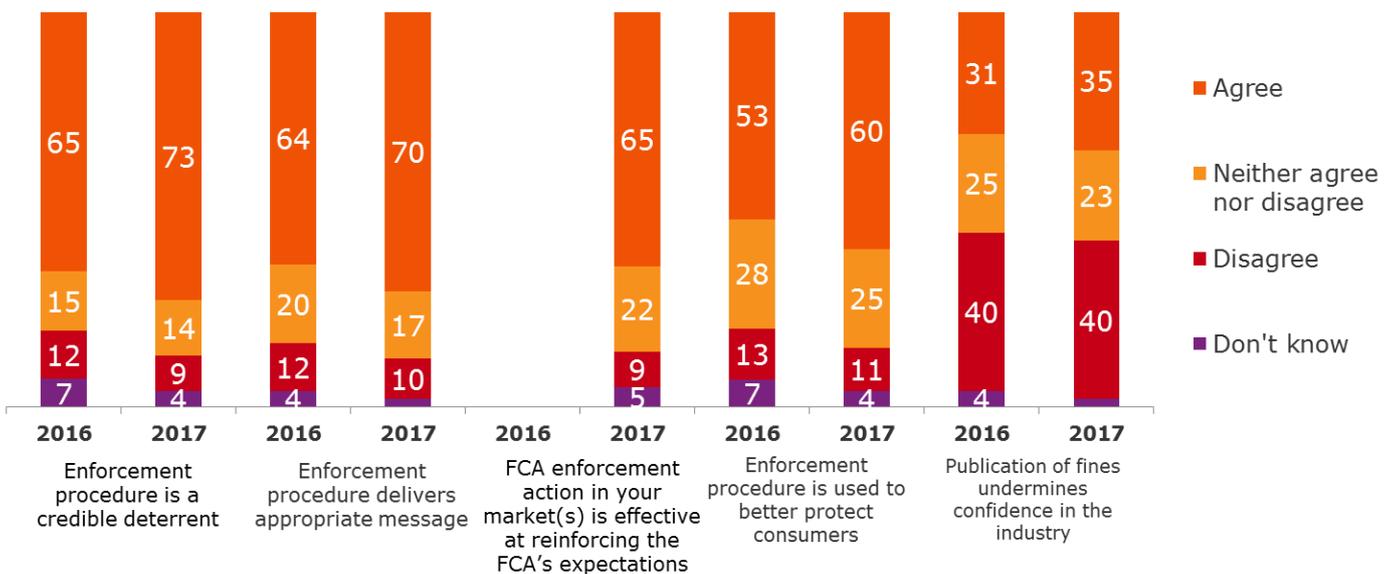
statement are still relatively low, and a sizable minority of firms (40%) actively disagree. However, support for publication of fines does appear to be falling somewhat.

Fixed firms were more likely than flexible firms to agree that the FCA’s enforcement procedure is a credible deterrent (91% vs. 73%), that enforcement action is effective at reinforcing the FCA’s expectation (78% vs. 64%) and that enforcement procedure delivers an appropriate message to the industry (75% vs. 70%).

7.2 Enforcement action

When asked if they could recall any enforcement action in the past two years that was relevant to their business, three in ten firms (31%) were able to do so, a substantial rise from the equivalent figure in 2016 (15%). There was a stark distinction here between fixed and flexible firms. Nine in ten fixed firms (90%) were aware of enforcement action (68% in 2016) compared with three in ten flexible firms (30% - up from 14% in 2016).

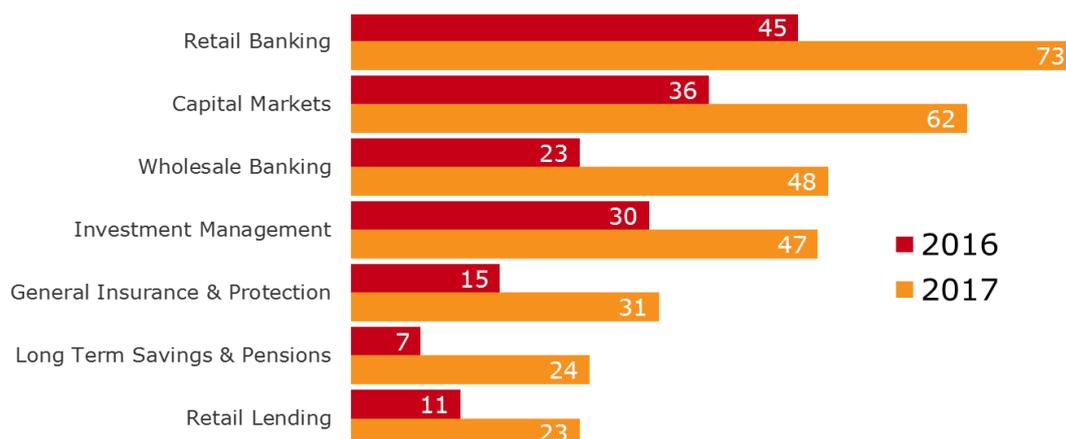
Figure 7.1 – Agreement with statements about enforcement



Base: All firms - 2016 (3,357); 2017 (2,080)



Figure 7.2 – Are you aware of any enforcement actions in the last two years which have been relevant to your sector?



Base: Retail Banking (33); Capital Markets (81); Wholesale Banking (120); Investment Management (470); General Insurance & Protection (427); Long Term Savings & Pensions (619); Retail Lending (330)

A similarly high level of variation is evident across sectors (Fig. 7.2). Firms in the Retail Banking sector are most likely to have experience some form of enforcement action in the last two years, with seven in ten firms (73%) reporting as such. At the other end of the scale, enforcement action appears to have been least likely among Long Term Savings and Pensions firms (24%) and Retail Lending firms (23%). The most striking observation however, is that enforcement action appears to be more prevalent across the industry as a whole.

Most firms took some action when they were aware of relevant enforcement action, with only 7% of firms saying that they took no action as a result (Fig. 7.3). The most common actions taken by firms included discussing the action at a board meeting (54%), carrying out a review of conduct risks (48%) and sending out relevant communication to staff (45%). Echoing the finding that fixed firms were more likely to have experienced enforcement action, they were also more likely to take actions. On all suggested possible actions they were considerably higher than flexible firms – for example, 84% of fixed firms had discussed specific issues at board meetings, compared with 54% of flexible firms.

Figure 7.3 – Actions taken as a consequence of enforcement activity, by firm type



Base: All firms who were aware of enforcement activity over the last two years relevant to their business: Fixed (64); Flexible (647)

8. International Issues



In light of the UK’s impending withdrawal from the European Union, international regulatory issues are understandably a key consideration for the FCA and the Panel. The 2017 survey therefore slightly expanding its coverage of international issues, in order to gain a better understanding of firms views in this area.

8.1 International regulation

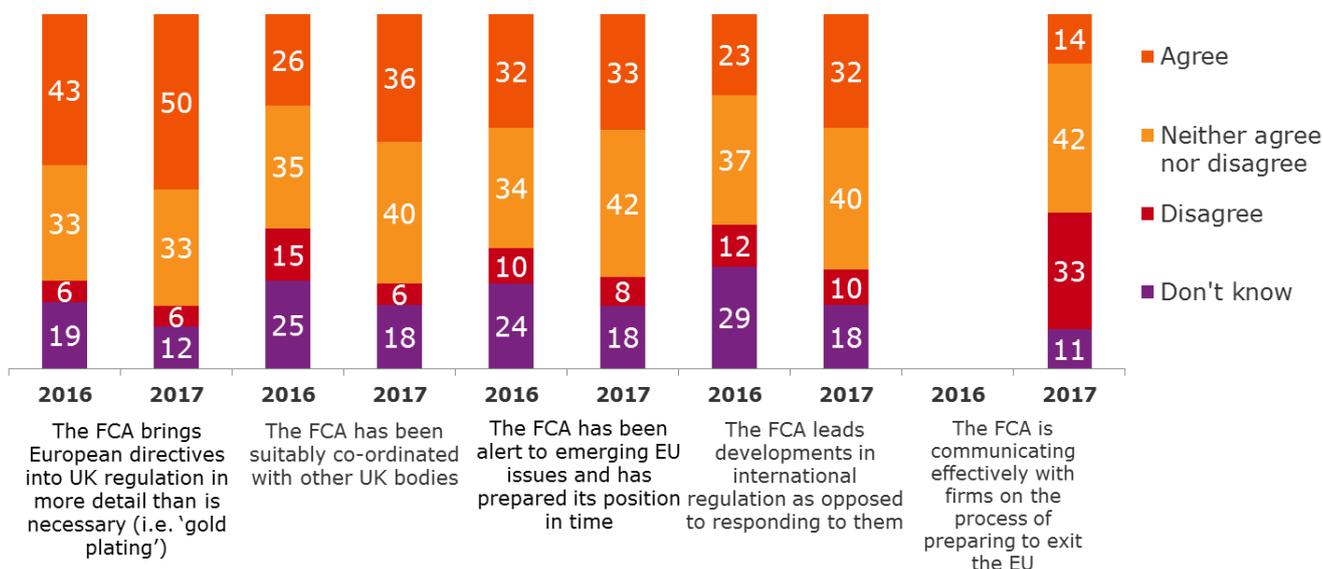
As in 2016, all firms were asked whether they agreed or disagreed with a number of statements regarding the FCA’s approach to EU regulation. Perhaps unsurprisingly there was a high level of uncertainty reported at these questions, particularly among flexible firms (across all five statements between 11% and 18% of firms gave a ‘Don’t know’ response).

The results here present something of a mixed picture (Fig. 8.1). While firms are generally more likely than they were 12 months ago to take a positive view of the FCA’s approach to international regulation, in most aspects this group still constitutes a minority of firms.

There is, however, an increased sense that the FCA brings European directives into UK regulation in more detail than is necessary – half of firms (50%) agree that this is the case, compared with four in ten (43%) in 2016.

There were significant differences between fixed and flexible firms in terms of their attitudes towards EU regulation. Two thirds of fixed firms (65%) agreed that the FCA brings European directives into UK regulation in more detail than is necessary, compared with half of flexible firms (49%). There was also a stark difference in agreement levels among fixed and flexible firms in relation to the FCA being suitably co-ordinated with other UK bodies (61% vs. 36%) and the FCA leading developments in international regulation as opposed to responding to them (56% vs. 32%). The somewhat more positive attitude displayed by fixed firms may reflect a greater level of familiarity with international development/ regulation.

Figure 8.1 – Agreement with statements about the FCA’s approach to international regulation.



Base: All firms: 2016 (3,357); 2017 (2,080)



8.2 Impact and implications of the UK leaving the EU

As shown in Figure 8.1, a new statement was included for 2017: 'The FCA is communicating effectively with firms on the process of preparing to exit the EU'. Only 14% agreed that this was the case, with 33% disagreeing and 53% answering either 'Neither agree nor disagree' or 'Don't know'. These responses presumably reflect the fact that there is very little information available at this stage about how post-Brexit regulation will be set up.

All firms were asked what they consider the FCA's objectives should be during the process of exiting the EU, and were invited to provide their response in an open-text question. Seven in ten firms (70%) gave an answer at this question, providing the FCA and the Panel with a detailed source of information on firms' views in relation to this issue. The verbatim responses were reviewed and grouped together into common answers (Fig. 8.2). A wide range of responses were given, and while no single issue stands out as being particularly prominent, the most

common answers are on a similar theme. Just over one in ten firms said that they would like to see the FCA minimise upheaval/ disruption/ change (13%) and provide clear guidance about new regulation/ change to regulation (12%), suggesting that many firms are primarily concerned with ensuring stability and clarity.

Perhaps unsurprisingly, fixed and flexible firms report different priorities. Fixed firms are more likely than flexible firms to want the FCA to ensure rules/ regulations are consistent with the rest of Europe (21% vs. 4%), and ensure access to the single market (14% vs. 4%).

Across different sectors, the most notable difference is among Investment Management firms. One in ten IM firms (11%) would like to see the FCA maintain or improve 'passporting' between the UK and the EU, compared with 4% of all firms.

Figure 8.2 – What do you consider the FCA's objectives should be during the process of exiting the EU?



Base: All firms (2,080)

9. Consumer Credit Firms



In April 2014 the FCA was tasked with the regulation of the UK’s approximately 40,000 consumer credit firms – marking a significant increase in the regulatory reach of the FCA.

As in the 2015 and 2016 reports, the results are presented separately and not incorporated into the headline figures. This allows the views of the consumer credit sector to be heard whilst maintaining vital trend data.

The response rate among Consumer Credit firms in 2017 was lower than for the survey overall, with only 6% of consumer credit firms taking part compared to a response rate of 21% among non-Consumer Credit firms.

9.1 Satisfaction and effectiveness

Firms were asked to consider their satisfaction with the relationship they currently have with the FCA. Levels of satisfaction among consumer credit firms were strong with 73% rating their satisfaction as high. Despite this being a healthy rating of satisfaction it was slightly lower when compared with non-Consumer Credit firms who responded (77%). The mean score has increased between 2016 and 2017 from 7.3 to 7.5.

Looking at effectiveness of the FCA as a regulator, 67% of consumer credit firms gave a high score - very similar the industry’s overall effectiveness score was 68%. The mean score (7.3) is unchanged since 2016.

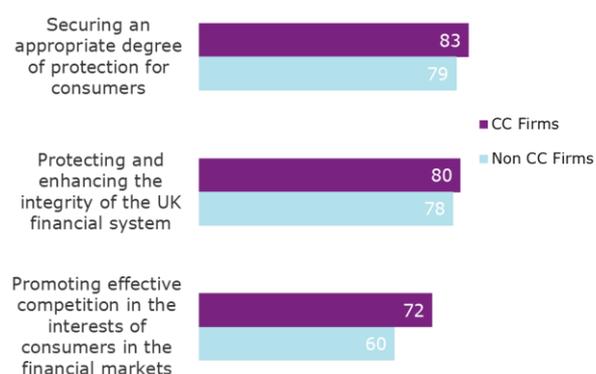
In terms of both satisfaction and effectiveness, the proportion of consumer credit firms giving a high score is largely unchanged when compared with the results from 2016 (71% and 68% respectively).

9.2 Performance of the FCA against objectives

Firms were asked to rate their confidence in the FCA’s operational objectives. As shown in Figure 9.1, Consumer Credit firms had slightly more confidence in the objectives than non-consumer credit firms.

The biggest difference between the Consumer Credit firms and the other firms was in the confidence levels in the objective aiming to promote effective competition, Seven in ten Consumer Credit firms (72%) were confident that the FCA can meet this objective, compared with six in ten other firms (60%).

Figure 9.1 – Level of confidence in the FCA’s performance against objectives (% very/ fairly confident)



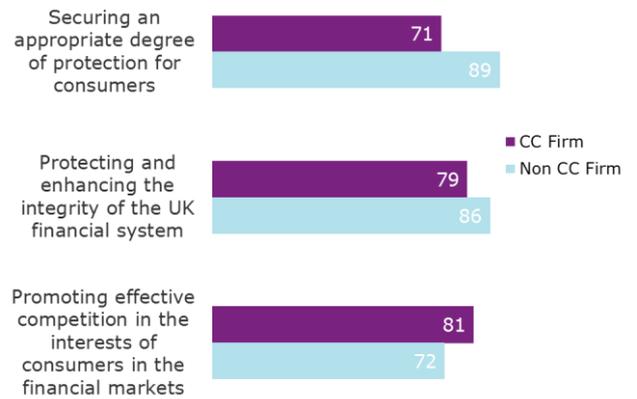
Base: All firms: CC (150); Non CC (2,080)

9.3 Understanding of the FCA objectives

While they appear to have greater confidence than other firms in the FCA’s ability to meet objectives, consumer credit firms are somewhat less clear in their understanding of those objectives (Fig. 9.2).

Seven in ten Consumer Credit firms (71%) agreed that they had a clear understanding of the FCA’s role in protecting consumers, compared with 89% of non-Consumer Credit firms. The difference with regards to protection of the integrity of the financial system is slightly smaller, with eight in ten (79%) agreeing that they understand this objective compared with 86% of non-consumer credit firms.

Figure 9.2 – To what extent do you agree or disagree?: My firm has a clear understanding of the FCA’s role and objectives regarding... (% strongly/ slightly agree)



Base: All firms: CC (150); Non CC (2,080)

APPENDIX A – Questionnaire

FCA and FCA Practitioner Panel Survey 2017

Please write your firm's unique survey ID in the box below. This can be found in your survey invitation email.

Survey ID:

The FCA and the FCA Practitioner Panel are conducting an independent and confidential survey to understand your views about regulation.

The FCA and the Panel have previously undertaken two separate surveys which you may have completed in the past. This year they have agreed to undertake a joint survey. Results are collated and reported by research agency Kantar Public to provide professional and independent feedback from regulated firms to the FCA. The FCA will use this information to improve how it works.

Your individual response to the survey will be completely confidential. In reporting the survey answers, Kantar Public will always group responses together to ensure that no individual's or firm's answers can be identified. This is in accordance with the Market Research Society Code of Conduct.

The aggregated feedback from the survey will provide practitioners such as yourself with an opportunity to shape regulation.

The questionnaire should be completed by the most senior person (Chief Executive or equivalent) in your firm or group.

Completing the questionnaire

We estimate the questionnaire should take about 20 minutes to complete. The questionnaire consists of specific questions to quantify opinions as well as questions where you have the opportunity to give your views in your own words.

There is an opportunity at the end to provide comments on any topics that you feel have not been addressed elsewhere in the questionnaire, and there is also the opportunity to request a follow-up interview with the FCA.

For each question, please put a cross in the box next to the answer which is closest to your view about that issue. For some questions you are able to cross more than one box and this will be indicated in the instructions for that question.

If you have made a mistake in your answer, please completely fill the box to show the mistake and then cross the correct answer.

How the information will be used

The FCA will use the results received to help improve how they work, with the intention to publish results in Q3 2017.

We look forward to receiving your feedback and thank you for taking the time to complete our questionnaire.

KANTAR PUBLIC



1

Role of the FCA

In this section we will focus on the role of the FCA as a regulator.

Q1. Taking into account all of your firm's dealings with the Financial Conduct Authority (FCA), how satisfied are you with the relationship?

Extremely dissatisfied										Extremely satisfied
1	2	3	4	5	6	7	8	9	10	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q2. Overall, from your firm's perspective, how effective has the FCA been in regulating the financial services industry in the last year?

Extremely dissatisfied										Extremely satisfied
1	2	3	4	5	6	7	8	9	10	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q3. Please use the space below to say in your own words why you gave this score for effectiveness.

Information and communication

Q4/5. What information sources do you use to learn about regulation and the FCA? Of those you have selected (if any), please indicate in the second column which you would say is the most important.

Please cross as many boxes as apply.

	(a) source(s) used	(b) most important
Conferences – FCA	<input type="checkbox"/>	<input type="checkbox"/>
Conferences – other	<input type="checkbox"/>	<input type="checkbox"/>
External advisers (lawyers, consultants etc)	<input type="checkbox"/>	<input type="checkbox"/>
FCA Regulatory round up email	<input type="checkbox"/>	<input type="checkbox"/>
FCA customer contact centre	<input type="checkbox"/>	<input type="checkbox"/>
FCA speeches	<input type="checkbox"/>	<input type="checkbox"/>
FCA Handbook	<input type="checkbox"/>	<input type="checkbox"/>
FCA newsletters	<input type="checkbox"/>	<input type="checkbox"/>
FCA supervisors discussions	<input type="checkbox"/>	<input type="checkbox"/>
FCA website	<input type="checkbox"/>	<input type="checkbox"/>
FCA Information packs	<input type="checkbox"/>	<input type="checkbox"/>
Letters from the FCA	<input type="checkbox"/>	<input type="checkbox"/>
The media	<input type="checkbox"/>	<input type="checkbox"/>
Social media (e.g. Twitter)	<input type="checkbox"/>	<input type="checkbox"/>
Trade associations	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>
<input style="width: 300px; height: 20px;" type="text"/>		
Nothing	<input type="checkbox"/>	<input type="checkbox"/>

Q6. To what extent do you agree or disagree with the following statements?

	Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	Don't know	Not seen any information
Overall, the FCA's communications to my firm are clear.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall, the FCA's communications to my firm are timely.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall, the FCA's communications contain the right level of detail to be useful to my firm.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall, the FCA's expectations of your firm have been articulated clearly.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q7. Thinking about the information you have seen in the public domain over the last 12 months regarding financial regulation (e.g. media reporting, statements from the FCA). To what extent do you agree or disagree that this information has provided an accurate impression of the financial services industry?

Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	Don't know	Not seen any information
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you answered 'Slightly disagree' or 'Strongly disagree' at Q7, please answer Q8. If you answered anything else at Q7, please go to Q9.

Strategy

Q11. The FCA has a single strategic objective of ensuring relevant financial markets function well and three operational objectives:

- Securing an appropriate degree of protection for consumers
- Protecting and enhancing the integrity of the UK financial system
- Promoting effective competition in the interests of consumers in the financial markets

How confident are you that the FCA's oversight of the industry will deliver on the following statutory objectives?

Please cross one box in each row

	Very confident	Fairly confident	Not very confident	Not at all confident	Don't know
Securing an appropriate degree of protection for consumers	<input type="checkbox"/>				
Protecting and enhancing the integrity of the UK financial system	<input type="checkbox"/>				
Promoting effective competition in the interests of consumers in the financial markets	<input type="checkbox"/>				

Q12. To what extent do you agree or disagree with the following statements?

My firm has a clear understanding of the FCA's role and objectives regarding:

	Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree
Securing an appropriate degree of protection for consumers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Protecting and enhancing the integrity of the UK financial system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Promoting effective competition in the interests of consumers in the financial markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q13. Overall how confident are you that the FCA's oversight of the industry delivers on its single strategic objective of ensuring financial markets function well?

Very confident <input type="checkbox"/>	Fairly confident <input type="checkbox"/>	Not very confident <input type="checkbox"/>	Not at all confident <input type="checkbox"/>	Don't know <input type="checkbox"/>
--	--	--	--	--

Q14. Do you have any further comments on the FCA's objectives?

Q15. How well do you feel the FCA is working with the financial services industry to restore consumer confidence in the industry?

Very well <input type="checkbox"/>	Fairly well <input type="checkbox"/>	Not very well <input type="checkbox"/>	Not at all well <input type="checkbox"/>
---------------------------------------	---	---	---

Q16. Do you have any further comments on the FCA's role in restoring consumer confidence?

Q17. To what extent do you agree, or disagree, with the following statements about FCA regulation?

	Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	Don't know
FCA regulation is predictable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FCA regulation is forward looking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA is an effective conduct regulator	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FCA regulation is outcome-focussed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FCA regulation is transparent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA acts proportionately, so that the costs imposed on firms in my market(s) are proportionate to the benefits gained by the market(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA ensures its remit is clearly communicated and understood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The Mission Consultation sets a clear direction for the FCA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It was helpful to have the opportunity to provide input to the FCA's Mission consultation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA supports firms adequately during significant regulatory changes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q18. What do you consider the FCA's objectives should be during the process of exiting the EU?

Q19. To what extent do you agree or disagree with the following statements regarding the FCA's approach to EU regulation?

	Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	Don't know
The FCA has been suitably co-ordinated with other UK bodies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA has been alert to emerging EU issues and has prepared its position in time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA leads developments in international regulation as opposed to responding to them	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA brings European directives into UK regulation in more detail than is necessary (i.e. 'gold plating')	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA is communicating effectively with firms on the process of preparing to exit the EU	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q20. And to what extent do you agree or disagree with the following statements regarding the FCA's enforcement procedure?

	Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	Don't know
The FCA's enforcement procedure is understood by the industry to be a credible deterrent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The publication of fines undermines confidence in the industry overall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA's enforcement procedure is being used in a way that serves to better protect the consumer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA's enforcement procedure delivers the appropriate message to the industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FCA enforcement action in your market(s) is effective at reinforcing the FCA's expectations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q21. Are you aware of any enforcement actions in the last two years which have been relevant to your sector?

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

If you answered 'yes' at the previous question, please answer Q22. If you answered 'no' at the previous question, please go to Q23.

Q22. What actions, if any, have you taken as a consequence of this enforcement activity?

Discussed the specific issues at a Board meeting	<input type="checkbox"/>
Implemented a specific review of your own business	<input type="checkbox"/>
Carried out a review of your conduct risks	<input type="checkbox"/>
Made a change to your business model	<input type="checkbox"/>
Reviewed your firm's remuneration structures and processes	<input type="checkbox"/>
Called meeting(s) specifically to discuss an issue	<input type="checkbox"/>
Introduced or changed training modules	<input type="checkbox"/>
Sent communication to all relevant staff	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>
<input type="text"/>	
None	<input type="checkbox"/>

Q23. In relation to your firm and the market(s) your firm is active in, to what extent do you agree or disagree with the following statements?

	Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	Don't know
The FCA identifies emerging risks well	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA prioritises the right risks for action	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q24. Does your firm feel there are any significant risks or emerging risks in your market the FCA is not aware of?

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

If you answered 'yes' at the previous question, please answer Q25 If you answered 'no' at the previous question, please go to Q26.

Q25. Please describe these risks

Q26. Over the last 12 months, would you say your firm's trust in the FCA has:

Increased <input type="checkbox"/>	Decreased <input type="checkbox"/>	Stayed the same <input type="checkbox"/>	Don't know <input type="checkbox"/>
---------------------------------------	---------------------------------------	---	--

Q27. Do you have anything further to add in relation to your firm's trust in the FCA?

Q28. We would now like to ask you a few questions about regulation in relation to the industry as a whole and your firm.

To what extent do you agree or disagree with the following statements:

	Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	Don't know
Strong regulation is for the benefit of the financial services industry as a whole	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FCA regulation has resulted in my firm reducing the types of business we conduct	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FCA regulation places my firm at a disadvantage compared to our competitors based abroad	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The work of the FCA enhances the reputation of the UK as a financial centre	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FCA regulation restricts innovation within my firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA is effective in facilitating innovation within UK financial services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The level of regulation on the industry is detrimental to consumers' interests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FCA regulation has helped my firm's delivery of better outcomes for consumers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q29/30. Over the last year, which of the following, if any, has your firm experienced as a direct result of regulation? Of those you have selected (if any) please indicate in the second which you would say has had the greatest impact on your firm.

Please cross as many boxes as apply in column A and up to three boxes in column B.

	(a) Experienced as a direct result of regulation	(b) Greatest impact
Increased resource requirements	<input type="checkbox"/>	<input type="checkbox"/>
Regulatory enforcement action	<input type="checkbox"/>	<input type="checkbox"/>
Withdrawing a product or service or from serving specific consumer groups	<input type="checkbox"/>	<input type="checkbox"/>
Choosing not to launch products	<input type="checkbox"/>	<input type="checkbox"/>
Increased cost of a product (e.g. increase APR, premium etc.)	<input type="checkbox"/>	<input type="checkbox"/>
Transfer of head count from customer facing roles to compliance	<input type="checkbox"/>	<input type="checkbox"/>
Being placed at a disadvantage compared to competitors based abroad	<input type="checkbox"/>	<input type="checkbox"/>
Needed to move activities overseas	<input type="checkbox"/>	<input type="checkbox"/>
Inconsistent legislation	<input type="checkbox"/>	<input type="checkbox"/>
Changes in regulation being applied retrospectively	<input type="checkbox"/>	<input type="checkbox"/>
Greater consumer confidence	<input type="checkbox"/>	<input type="checkbox"/>
Increased sales	<input type="checkbox"/>	<input type="checkbox"/>
Greater market stability	<input type="checkbox"/>	<input type="checkbox"/>
Greater consumer engagement in transactions	<input type="checkbox"/>	<input type="checkbox"/>
More competitive marketplace	<input type="checkbox"/>	<input type="checkbox"/>
Enforcement action against your firm	<input type="checkbox"/>	<input type="checkbox"/>
Improvements to your business model	<input type="checkbox"/>	<input type="checkbox"/>
Improvements to you firm's governance	<input type="checkbox"/>	<input type="checkbox"/>
Improvements to you firm's culture	<input type="checkbox"/>	<input type="checkbox"/>
None of these	<input type="checkbox"/>	<input type="checkbox"/>

Q31. Which of the following best describes how you feel about the amount of information you are required to provide to your customers as a result of regulation?

Less than I would expect <input type="checkbox"/>	About right <input type="checkbox"/>	A lot but I understand why it is needed <input checked="" type="checkbox"/>	More than seems necessary <input type="checkbox"/>
--	---	--	---

People and engagement

Q32. In relation to your FCA supervisors/ FCA staff (supervisors' teams or the FCA customer contact centre), to what extent do you agree or disagree with the following statements:

Please cross one box in each row

Specifically in relation to your FCA supervisors/ the FCA staff (supervisors' teams or the FCA customer contact centre):

	Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	Don't know
My FCA supervisors/ FCA staff are knowledgeable about FCA rules and requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My FCA supervisors/ FCA staff have sufficient experience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My FCA supervisors/ FCA staff exercise good judgement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My FCA supervisors/ FCA staff are appropriately qualified and have the necessary skills to undertake the role	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My FCA supervisors' approach/ the approach of FCA staff is consistent with that from the leaders of the FCA, and the FCA's wider policy approach	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My FCA supervisors/ FCA staff have sufficient knowledge to understand my firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In relation to other FCA staff (e.g. policy, technical):

	Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	Don't know
FCA staff are knowledgeable about FCA rules and requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FCA staff have sufficient experience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FCA staff exercise good judgement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FCA staff are appropriately qualified and have the necessary skills to undertake the role	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The approach of FCA staff is consistent with that from the leaders of the FCA, and the FCA's wider policy approach	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FCA staff have sufficient knowledge to understand my firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall, I am satisfied with the quality of the FCA Staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q33. To what extent do you agree or disagree with the following statements?

	Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	N/A
Any actions allocated to my firm by FCA staff, either as part of a risk mitigation activity or other issue, are clear and achievable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Any actions allocated to my firm by FCA staff are well-founded	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The level of FCA staff turnover has impacted the effectiveness of my relationship with the FCA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA manages its staff turnover well in terms of retaining its knowledge of my firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Any turnover of FCA staff who work with my firm is communicated clearly and in good time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Staff at the FCA are joined up in their approach to supervising my firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My firm has appropriate access to senior level FCA staff, when required, given its size and the potential risk it poses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q34. How would you rate your firm's level of interaction with the FCA?

Too much <input type="checkbox"/>	Too little <input type="checkbox"/>	About right <input type="checkbox"/>
--------------------------------------	--	---

Q35. How regularly would you say your firm has contact with the FCA through each of the following methods?

	At least once a month	At least once every three months	At least once every six months	At least once a year	Two years	Less often	Never	Don't know
Telephone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Email	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Face to Face	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Through the FCA website	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Through FCA events	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q36. Since January 2016 in which of the following ways, if any, have you had contact or direct engagement with the FCA?

Thematic, industry or sector study	<input type="checkbox"/>
Firm specific 'Deep Dive' assessments	<input type="checkbox"/>
Proactive engagement scheduled meetings with Senior Management	<input type="checkbox"/>
FCA Market Study or call for industry input	<input type="checkbox"/>
FCA Consultation Papers (requesting industry views)	<input type="checkbox"/>
FCA Road Shows	<input type="checkbox"/>
FCA Conference	<input type="checkbox"/>
FCA Round Tables	<input type="checkbox"/>
FCA Contact Centre	<input type="checkbox"/>
FCA Enforcement	<input type="checkbox"/>
FCA Regulation Round Up	<input type="checkbox"/>
Other FCA events	<input type="checkbox"/>
<input type="text"/>	
Other (please specify)	<input type="checkbox"/>
<input type="text"/>	
None of the above	<input type="checkbox"/>

Q37. To what extent do you agree or disagree with the following statement?

I have been given sufficient opportunity to express my views when decisions have been made about my firm

Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q38. Based on your firm's experience, to what extent do you agree or disagree that each of the following FCA processes is working effectively?

	Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	N/A
FCA data requests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Firm Systematic Framework ('Deep dive' visits)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market studies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Policy consultations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Risk mitigation activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Skilled person reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Thematic reviews	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q39. Which of the following best describes how you feel about the number of data requests your firm receives from the FCA?

Fewer than I would expect	About right	A lot but I understand why it is needed	More than seems necessary
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q40. Are there any FCA processes, other than those already mentioned, that you feel are not working effectively? If so, please give details.

Overall

Q41. To what extent would you agree or disagree with the following statements?

	Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	N/A
My firm has a clear understanding of the distinction between the FCA's regulatory objectives and those of the PRA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA and PRA are appropriately co-ordinated in their supervision of our firm taking into account of their respective regulatory objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA co-ordinates effectively with international regulators	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The FCA is required by the Financial Services Act 2012 to make and maintain effective arrangements for consulting practitioners. This must include establishing and maintaining panels of persons to represent the interests of practitioners and consumers (the statutory Practitioner, Smaller Business Practitioner, Markets Panels and Consumer Panel).

For further information about the Practitioner Panel and previous surveys please visit <https://www.fca.org.uk/publication/data/data-bulletin-issue-7.pdf> and for FCA's feedback on the Panel's work during the course of last year, please visit <http://www.fca.org.uk/publication/corporate/response-to-panels-annual-report-15-16.pdf>.

Q42. To what extent would you agree or disagree with the following statement?

Before receiving this Survey my firm was aware of the Practitioner Panels

Strongly agree	Slightly agree	Neither agree nor disagree	Slightly disagree	Strongly disagree	N/A
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q43. Which of the Practitioner Panel's current priorities do you consider to be most important?

Evaluating the FCA as an effective regulator	<input type="checkbox"/>
Considering the strategic impact of regulation	<input type="checkbox"/>
Building on the Panel's relationship with the FCA	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>
<input type="text"/>	

Finally, so that we can put your views into context, could you please answer the following questions on your type of business?

Q44. Where are your customers located?

Only in the UK	Partly in the UK, partly overseas	Only overseas	Don't know
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q45. If you had the opportunity to deliver one message to the FCA Board, what would it be?

Please write your answer in the box below.

Q46. Please provide any other feedback you would like to give to the FCA?

Q47. How many full time staff (or equivalent) are employed by your firm in the UK?

0–9	<input type="checkbox"/>
10–19	<input type="checkbox"/>
20–49	<input type="checkbox"/>
50–99	<input type="checkbox"/>
100–499	<input type="checkbox"/>
500–999	<input type="checkbox"/>
1,000 or more	<input type="checkbox"/>
Don't know	<input type="checkbox"/>

Q48. How many customer facing staff does your firm have?

0–9	<input type="checkbox"/>
10–19	<input type="checkbox"/>
20–49	<input type="checkbox"/>
50–99	<input type="checkbox"/>
100–499	<input type="checkbox"/>
500–999	<input type="checkbox"/>
1,000 or more	<input type="checkbox"/>
Don't know	<input type="checkbox"/>

Q49. Please confirm whether this survey was reviewed by one or more people, please tick all those that apply:

Chief Executive/Managing Director or equivalent	<input type="checkbox"/>
Board Member(s)	<input type="checkbox"/>
Group Head of Compliance	<input type="checkbox"/>
Firm Head of Compliance	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>
<input type="text"/>	

Q50. If there are any further issues that you would like to raise with the FCA in person, or you would like to further elaborate on or clarify the answers you have given in person, we may be able to arrange a meeting with a member of the FCA not directly involved in your daily supervision, such as a Senior Advisor or other appropriate person, within the next two months. (Due to resource constraints, we may not be able to offer an interview to all firms).

Would you like to speak directly to someone at the FCA about any further important issues raised by the survey, or to elaborate on your answers?

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

Q51. In order to discuss any issues that you wish to raise the FCA would like to have access to your survey answers linked to your contact information. Do you give permission for the FCA to have access to this information?

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

Q52. If you have requested a follow-up interview please describe briefly below what areas of the questionnaire, or which other topics, you would like to discuss. Follow-up interviews should only be requested where the firm wishes to discuss important issues of clarification or other relevant topics – there is no requirement to take part in a follow-up interview.

--

Q53. Please provide the details of the individual who will participate in the follow-up interview

Name	
Email address	
Telephone number	
Position	

Thank you for taking the time to complete the questionnaire. If you do not intend to enter your responses into the online survey, please return this paper questionnaire to Kantar Public at the following address:

Jack Cole
Kantar Public
3rd Floor
222 Gray's Inn Road
London, WC1X 8HB

APPENDIX B – Invitation email/ letter



FCA
Practitioner Panel

FAO {name}
{firmname}

Ref: XXXXXX
Date: XXXXXXXX

Dear {forename},

Have your say: the FCA and Practitioner Panel Survey 2017

We are writing to ask you to take part in the Financial Conduct Authority (FCA) and Practitioner Panel joint survey. We want to know what the industry thinks so the FCA can make improvements. This is an excellent opportunity for you to give us your views.

Improved co-ordination

In previous years the FCA and the Panel conducted separate surveys. We have listened to your feedback and have combined them into one. This will make it easier and quicker for you to tell us what you think.

Action the FCA has taken

Last year's Panel Survey highlighted several areas of concern, including knowledge of FCA staff, the need for more accessible, transparent and forward-looking regulation, specific issues with the life insurance and financial advice sectors, and understanding of the FCA's competition objective. You can read about the actions the FCA has taken as a result of the Panel Survey and key comments made by the independent Panels last year [on the FCA website](#). As a result of industry feedback, the FCA has made changes to its website and the Handbook; you can read more about these in the [Data Bulletin](#). The FCA also addressed many of the issues raised by this survey and the Firm Feedback Questionnaire in its recent Mission consultation.

Practitioner panels – what they do

The FCA Practitioner Panel is one of three statutory Panels which represent the interests of practitioners to the FCA. You can read more about the work of the Panels, including the results of previous surveys, on their [website](#).

Next steps – you

Please go to the survey and when prompted to do so, please enter your unique ID and password:

Web address: <https://sv.ktmr.com/synch/projects/UK127257A01/LoginPage.asp>

ID: XXXXXXXX

Password: XXXXXXXX

Confidentiality

The independent research company, Kantar Public, is conducting the survey. Kantar Public will treat all survey responses in the strictest confidence, in line with the Market Research Society Code of Conduct.

Your participation in the survey is completely voluntary and all of your responses will be kept confidential from the FCA and Practitioner Panel. No personally identifiable information will be associated with your responses.

Next steps – the FCA and Practitioner Panel

Kantar Public will present the results from the survey to the Practitioner Panel and FCA Board. We will publish the results in the third quarter of 2017.

Contact us

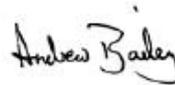
If you have any questions, please contact Jack Cole at Kantar Public on 0800 015 0302 or at fcappsurvey@kantarpublish.com or the FCA Contact Centre on 0800 111 6768.

Thank you for your contribution.

Yours sincerely,



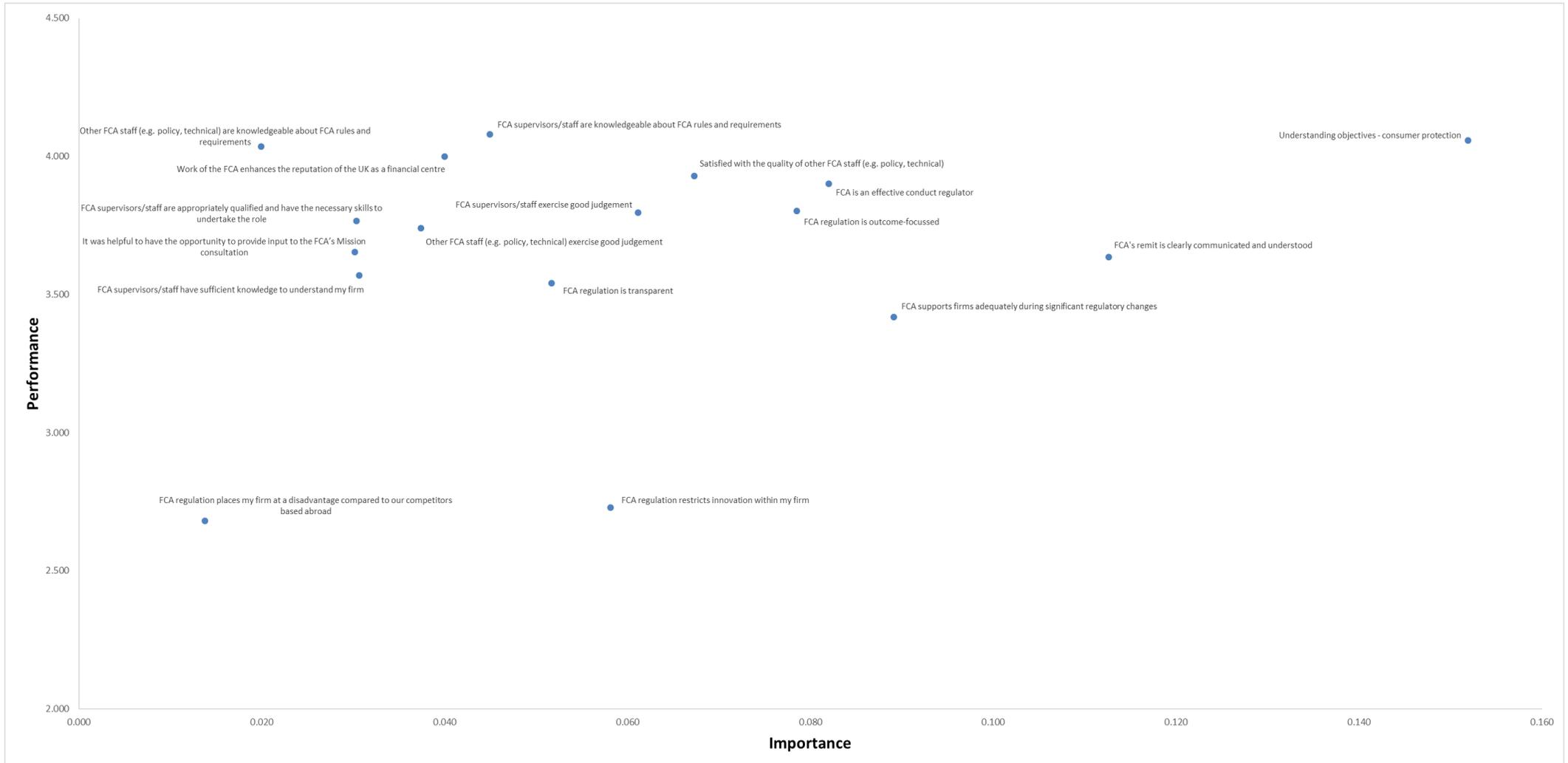
António Simões
Chair, FCA Practitioner Panel



Andrew Bailey
Chief Executive
Financial Conduct Authority

APPENDIX C – Key Driver Analysis

Drivers of satisfaction



Drivers of perceived effectiveness

