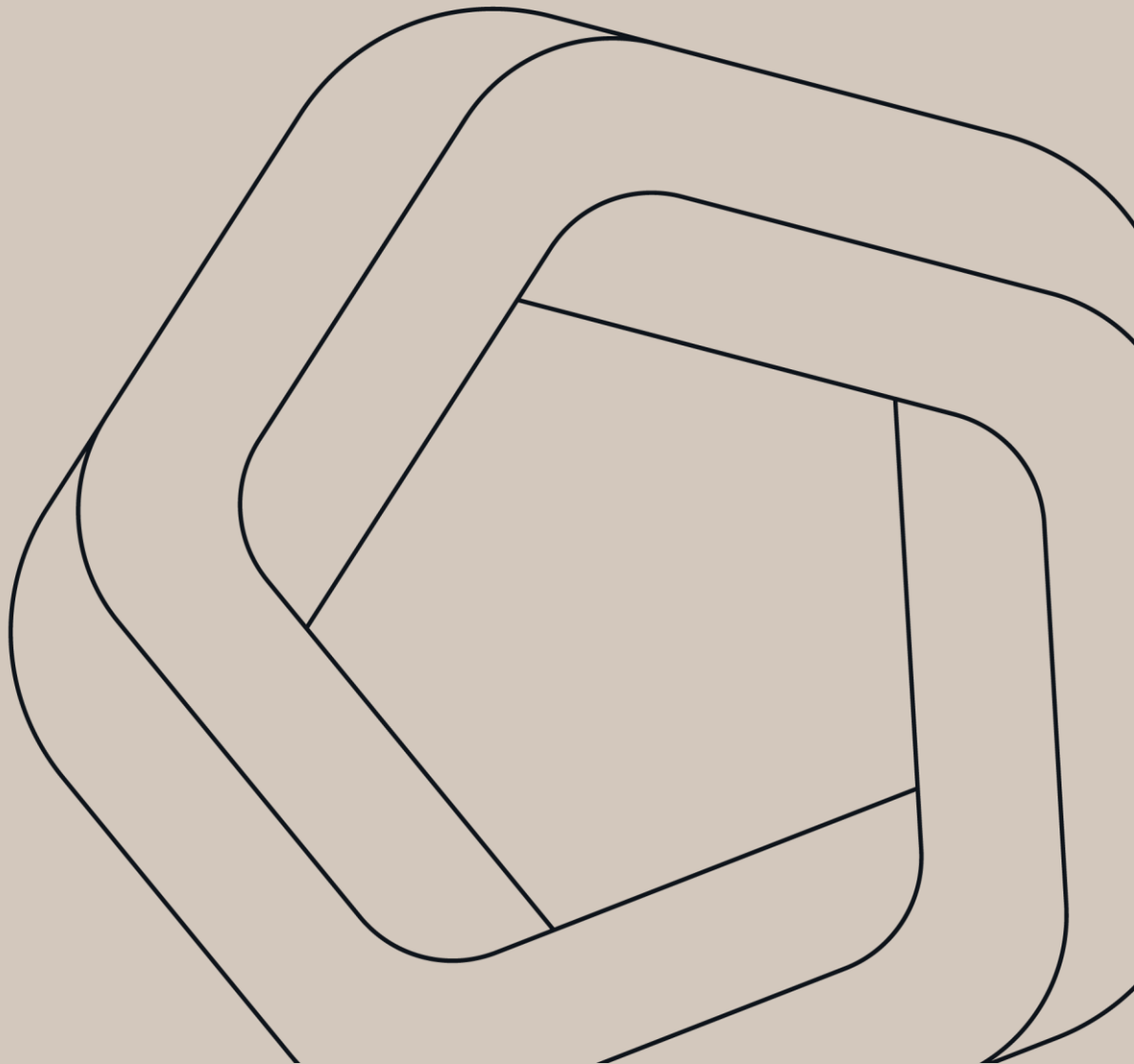


Verian | FCA & Practitioner Panel Survey

Verian | 2023-24 Report

October 2024



Foreword

The FCA wants to enable a fair and thriving financial services market for the good of consumers and the economy. Achieving that relies on a strong relationship between firms and the regulator. And while that relationship may be tense with different parts of the market at different times, it's important that the FCA listens to firms regardless of size or business model and acts on their feedback whenever possible.

That's why our annual FCA and Practitioner Panel survey is so important. We run it every year and monitor the progress we are making as an organisation and what we could do better, to ensure that we are not standing in the way of firms who want to grow and innovate. We welcome the wide-ranging and frank feedback.

We are pleased that the majority of firms have told us they have a positive view of the FCA's performance over the last year. Firms remain satisfied with their relationship with the FCA and are confident that the organisation can achieve its primary objectives. This is encouraging particularly given the recent pace and volume of regulatory change.

There were also areas where improvements could be made which the FCA will take steps to address.

One theme from the feedback was how the FCA can deliver on its mandate to facilitate growth and competitiveness. Since the survey was undertaken the FCA has published its first report on the progress made on delivering this. The FCA remains firmly committed to advancing its secondary competitiveness objective and will continue work to strengthen wholesale markets and simplify its rulebook. Innovation is key to growth and the FCA will continue to improve the innovation services it already delivers.

Firms have also made it clear they are looking for the FCA to be proportionate both when introducing new initiatives and making requests of firms. The FCA will use the new Cost Benefit Analysis Panel and framework to improve transparency about the costs and benefits of new policies.

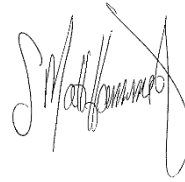
The FCA is using technology to reduce firm regulatory burden by improving the data collections process, improving data quality, and building new firm experiences to improve efficiency for our staff and regulated firms. The FCA will also consider how it can engage better with smaller firms, ensuring messaging is tailored for different audiences.

The survey has given us invaluable feedback. The FCA will use that in its day-to-day work and as the organisation's next strategy is developed. The Practitioner Panel will use that to continue to enhance and challenge the FCA, especially as it refreshes its

next Strategy. We look forward to working together to address the issues raised, as well as with the other Panels throughout the upcoming year.

A handwritten signature in black ink that reads 'Nikhil Rathi'.

Nikhil Rathi
Chief Executive Officer, FCA

A handwritten signature in black ink that reads 'Matt Hammerstein'.

Matt Hammerstein
Chair, FCA Practitioner Panel

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Executive Summary

The Financial Conduct Authority (FCA) has a strategic objective to ensure that the financial markets function well. This overarching objective is underpinned by three operational objectives:

- To ensure an appropriate degree of **protection for consumers**;
- To **protect the integrity of financial markets** and promote and enhance the UK financial system; and
- To **promote effective competition** in the interests of consumers

A secondary objective to facilitate the international competitiveness of the UK economy and its growth in the medium long term, subject to alignment with international standards, was introduced in the Summer of 2023.

The FCA's three-year strategy was published in 2022. It highlights key priority areas for the FCA and desired outcomes for consumers and regulated firms. The FCA's Annual Report shows what they have achieved in 2023/24 and explains how they have met their strategic and operational objectives. It also shows the progress they have made in the second year of their three-year strategy.

The strategy highlighted three focus areas for the FCA:

- Reducing and preventing serious harm
- Setting and testing higher standards
- Promoting competition and positive change

The three-year strategy also set out 13 strategic commitments which map to the three focus areas.

Alongside its strategy the FCA also published an Outcomes and metrics framework which set out the outcomes the FCA is looking to achieve for consumers and market participants.

While the FCA and Practitioner Panel Survey (FCAPP) has always been important for measuring how the FCA is doing against its key strategic and operational objectives and for assessing the mood of regulated firms, it is now also one of the key data sources used to measure progress towards its desired outcomes.

FCA and Practitioner Panel Survey (FCAPP)

The FCAPP began in 1999 and gathers firms' views on how the FCA is carrying out its regulatory responsibilities. It is conducted among Chief Executives and/or Heads of

Compliance from a range of different financial organisations regulated by the FCA. As a survey of the whole industry – across all sectors and with firms of all sizes - the survey provides valuable, up-to-date feedback from firms for both the Panel and the FCA. The data collected measures not only how the industry feels the FCA is performing against its objectives, but also firms' attitudes towards regulation, how well the industry feels the FCA communicates with them, their overall level of engagement with the regulator, and current or future concerns.

The survey provides a valuable vehicle for measuring long-term trends and change over time. It has adapted over time to reflect both changes in the regulatory environment as well as the changing priorities and concerns of the Panel and the FCA. This year the survey has been streamlined to help increase both engagement and response rate and ask questions about the new secondary growth and competitiveness objective.

The latest wave of the survey was conducted by Verian on behalf of the FCA and the Panel. Fieldwork took place between February and April 2024. In total, 6,608 non-consumer credit firms completed the survey; a response rate of 39%¹. The results for consumer credit firms are based on responses from 960 firms (a response rate of 12%²) and are presented separately.

FCA Supervision categorisation

While providing an overview of the industry as a whole, results are also presented for separate supervisory groups.

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 actively aligned with the key risks identified for the sector in which the firms operate. These firms use the FCA Supervision Hub 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 (99%). This reflects the fact that flexible firms represent the

¹ In comparison, the response rate among non-consumer credit firms was 34% in 2022-23.

² In comparison, the response rate among consumer credit firms was 17% in 2022-23, but this was in part due to an experiment whereby a sub-set of consumer credit firms were sent a letter encouraging them to take part (30% RR). Among those who did not receive the letter the response rate was 12%.

majority of all FCA regulated firms. In light of this, results for the whole sample will be almost identical to results for the flexible firms in isolation. Within this report, results will be reported at a fixed and flexible firm level.

Satisfaction and effectiveness

Firms were asked to rate their satisfaction with the relationship they have with the FCA, and how effective the FCA has been in regulating the financial services industry in the last year.

Among fixed firms, satisfaction with their regulatory relationship has increased, correcting the decline seen in 2022-23, with a mean score of 7.4 out of 10 (compared with 6.9 in 2022-23 and 7.3 in 2021). The effectiveness score has also registered a similar correction over the same period, with a mean score of 7.2 out of 10 (compared with 6.7 in 2022-23 and 7.2 in 2021).

Satisfaction levels among flexible firms has also improved slightly compared with 2022-23. The mean score out of 10 was 7.4 in 2023-24 and 7.2 in 2022-23. Flexible firms' rating of the effectiveness of the FCA in regulating the industry has increased from 6.9 in 2022-23 to 7.2 in 2023-24.

Drivers of satisfaction and effectiveness

Interrogating the data shows the factors that are important in driving levels of satisfaction with the FCA and perceptions of its effectiveness.

This analysis identified three main priorities for improvement, where performance is lower in the areas that firms identify as important. These priority areas were:

- Promoting effective competition in the interests of consumers in the financial markets
- Delivering on its secondary international competitiveness and growth objective (SICGO)
- Adapting regulatory requirements to respond efficiently to innovation and new challenges

Objectives

Firms were asked how confident they felt that the FCA's oversight of the industry will deliver on its strategic and operational objectives.

More than nine in ten fixed firms (94%) were confident that the FCA was delivering on its strategic objective of ensuring financial markets function well, an increase from 88% in 2022-23. Fixed firms expressed similar levels of confidence in the FCA's first two operational objectives: securing an appropriate degree of protection for consumers

(92%) and protecting and enhancing the integrity of the UK financial system (97%). Fixed firms expressed a lower level of confidence in relation to the third operational objective, with 68% saying they were confident that the FCA is delivering on its objective to promote effective competition. While this remains lower than the levels seen between 2018-2021, this is slightly up on the levels seen in 2022-23 (65%).

A similar pattern of results was in evidence for flexible firms. More than eight in ten flexible firms were confident in the FCA's ability to ensure financial markets function well (84%), secure protection for consumers (84%), and protect the integrity of the financial system (83%). Seven in ten were confident that the FCA is promoting effective competition (70%), up slightly since 2022-23 (67%) and comparable to pre-Covid levels.

The objective to promote effective competition in the interests of consumers has consistently been subject to lower levels of confidence when compared with the FCA's other objectives. There is also continuing evidence that this objective is the least well understood by firms.

This wave of the survey was the first in which firms were asked to provide feedback on the FCA's secondary international competitiveness and growth objective (SICGO). The recency of the SICGO's introduction is potentially reflected in both a lower confidence that the FCA will be able to deliver on this objective and a lower overall understanding of what the FCA is trying to achieve through the SICGO, compared to the more established primary objectives.

Three in ten fixed firms (29%) expressed confidence in the FCA's ability to meet the SICGO, while almost half (47%) said that they were not confident, while a quarter (24%) said that they did not know. Flexible firms were more likely than fixed firms to express confidence in relation to this objective, with six in ten (58%) giving this response. A quarter (24%) said that they did not have confidence, while two in ten (19%) said that they did not know. However, in both instances understanding around the SICGO was relatively low with six in ten fixed firms (64%) and less than half of flexible firms (45%) stating they understood fairly or very well what the FCA is trying to achieve through the SICGO.

FCA's approach to identifying risk

Fewer than one in ten fixed firms (6%) and flexible firms (8%) felt there were significant or emerging risks in their market(s) that the FCA was not currently aware of. While this is broadly unchanged among flexible firms (8% in 2022-23 and 9% in 2021), there has been a notable decline among fixed firms in recent years, from 21% in 2021 and 10% in 2022-23.

When asked whether the FCA is reactive or proactive in identifying risk, most firms felt the FCA takes a balanced approach, with two-thirds of fixed firms (68%) and just under half of flexible firms (48%) expressing the view that the FCA is proactive and

reactive in equal measure. However, there was a clear sense among a minority of firms that the FCA tends to be reactive, rather than proactive, with a quarter of fixed firms (25%) and around three in ten flexible firms (31%) considering the FCA's approach to be mainly reactive.

Impact of regulation

More than eight in ten fixed firms (84%) agreed that FCA regulation enhances the reputation of the UK as a financial centre with three-quarters (75%) agreeing that FCA regulation delivers better outcomes for customers, with both of these seeing notable increases since 2022-23 (78% and 63%, respectively, in 2022-23). By comparison, agreement that FCA regulation is aligned with rules imposed by other regulators (51%) and acts proportionately (34%) are broadly unchanged since 2022-23 among fixed firms.

Flexible firms were similarly positive as to the impact of most aspects of FCA regulation. A majority of flexible firms agreed that FCA regulation enhances the reputation of the UK as a financial centre (73%); delivers better outcomes for consumers (60%); is aligned with rules imposed by other regulators (49%) and acts proportionately (42%), with the latter seeing an increase in agreement since 2022-23 (36%).

Trust and confidence

Fewer fixed firms register a drop in trust compared with the previous survey in 2023-24, with fewer than one in ten fixed firms (9%) saying that their trust had decreased over the last 12 months compared to 22% in 2022-23. Instead, fixed firms are more likely to say their trust has stayed the same over the last 12 months (77%) compared with 2022-23 (67%), with the percentage of firms saying their trust had increased at 14%, up from 12%.

The trend among flexible firms was less marked, with similar levels of trust compared to 2022-23; in both years around one in ten flexible firms said their trust in the FCA had increased in the last 12 months, which was balanced by a similar proportion saying their trust had decreased in the same period.

Fixed and flexible firms were generally positive about FCA supervisors and FCA staff, although there is a drop in agreement among fixed firms in relation to FCA supervisors being knowledgeable about FCA rules and requirements, down from 87% in 2022-23 to 77% in 2023-24. By comparison, agreement to all other statements is comparable to 2022-23 or slightly up year on year.

FCA communication

A majority of fixed and flexible firms agreed that FCA communication is consistent, clear and relevant.

Fixed firms used a wide range of information sources to learn about regulation and the FCA, while flexible firms were most likely to use the FCA website and/ or its monthly newsletter, Regulation Round-up.

While the FCA's engagement with stakeholders when developing new regulations and reforms is seen positively, there is some room for improvement, particularly among flexible firms where one in ten are unsure if the engagement leads to more effective regulation (12%) and just under one in ten actively disagree (9%).

Data/ information requests

Two thirds of fixed firms feel they received a lot of data/ information requests from the FCA, with four in ten (39%) saying they received a lot of requests but understood the reasons, and another 28% saying they received more than seemed necessary, with a third considering the number of requests to be about right. This represents an increase in dissatisfaction on the 2022-23 survey where 18% of fixed firms felt the number of requests was more than seemed necessary.

While the response among flexible firms is almost identical to the fixed firms in 2023-24, this represents a slight improvement among flexible firms. The number of flexible firms who say they receive more than seem necessary (28%) is slightly down on the levels seen in 2022-23 (32%).

Views on various aspects of the data/ information requests process varied. Six in ten fixed firms (60%) felt the information requested is difficult to collate, while half felt they did not have enough time to compile the request (50%) and a similar number (47%) felt that the FCA did not review the information in a timely manner. In comparison, three in ten flexible firms (30%) agreed that requests are often difficult to collate. Furthermore, around three in ten fixed firms (28%) and flexible firms (29%) said that they didn't know whether the FCA makes good use of the data/ information that their firm provides.

Appointed Representatives

Firms with Appointed Representatives were asked how firms in their sector had changed the way they oversee Appointed Representatives because of the FCA's actions in the last 12 months. The majority of firms (63%) reported an increase in oversight in the last 12 months. Only 1% of firms said that oversight of Appointed Representatives in their sector had decreased in the previous 12 months, with three in ten (28%) saying it had stayed the same.

Operational Resilience

Nearly all fixed firms (97%) said that they were aware of the FCA's work to ensure that firms are operationally resilient, with nine in ten (91%) also stating that

operational resilience had become more of a priority for them over the previous 12 months.

Responses were more varied among flexible firms. Nine in ten flexible firms (91%) were aware of the FCA's work to ensure that firms are operationally resilient, with six in ten flexible firms (61%) stating that operational resilience had become more of a priority over the previous 12 month. However, a third (34%) said that it had not.

1 Performance of the FCA as a regulator

This chapter covers firms:

- Satisfaction with their relationship with the FCA.
- Perceptions of the FCA's regulatory effectiveness.
- Perceptions of the FCA's performance against its strategic and operational objectives; and
- Perceptions of the FCA's approach to identifying and addressing risks.

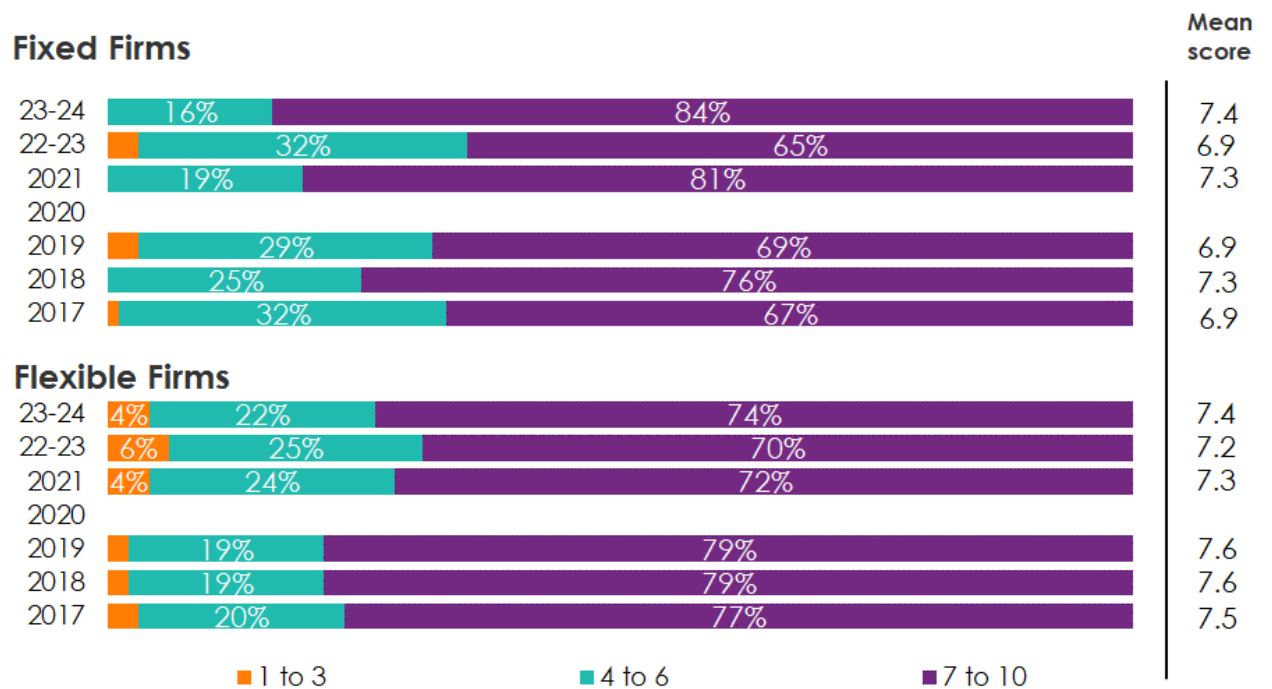
1.1 Satisfaction with relationship with the FCA

Firms were asked to rate how satisfied they are with the relationship they have with the FCA on a scale of 1 (extremely dissatisfied) to 10 (extremely satisfied). Individual scores were grouped into bands to represent 'low' (1 to 3), 'moderate' (4 to 6), and 'high' (7 to 10) levels of satisfaction (**Figure 1.1**).

Satisfaction among fixed firms has increased since 2022-23, with the mean score rising from 6.9 to 7.4. There was also a significant increase in the proportion of fixed firms reporting a 'high' level of satisfaction (7 to 10), from 65% in 2022-23 to 84% in 2023-24. This represents the highest level of satisfaction ever recorded in the survey by fixed firms, slightly surpassing the 81% figure recorded in 2021.

Satisfaction levels have also risen among flexible firms over the last 12 months. The mean score rose from 7.2 in 2022-23 to 7.4 in 2023-24, while the proportion of flexible firms giving a 'high' level of satisfaction (7 to 10) increased from 70% in 2022-23 to 74% in 2023-24. While this is slightly lower than pre-pandemic levels, satisfaction among flexible firms is at its highest since 2019.

Figure 1.1 – Satisfaction with relationship with the FCA (2017 to 2023-24³)



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

Base: All non consumer credit firms; Fixed – 2023-24 (47); 2022-23 (60); 2021 (58); 2019 (71); 2018 (65); 2017 (74); 2016 (62)

Flexible – 2023-24 (6,561); 2022-23 (4,227); 2021 (3,551); 2019 (2,817); 2018 (2,548); 2017 (2,156); 2016 (3,295)

Mean Score: 10 = Extremely satisfied, 1 = Extremely dissatisfied

1.2 Effectiveness of the FCA

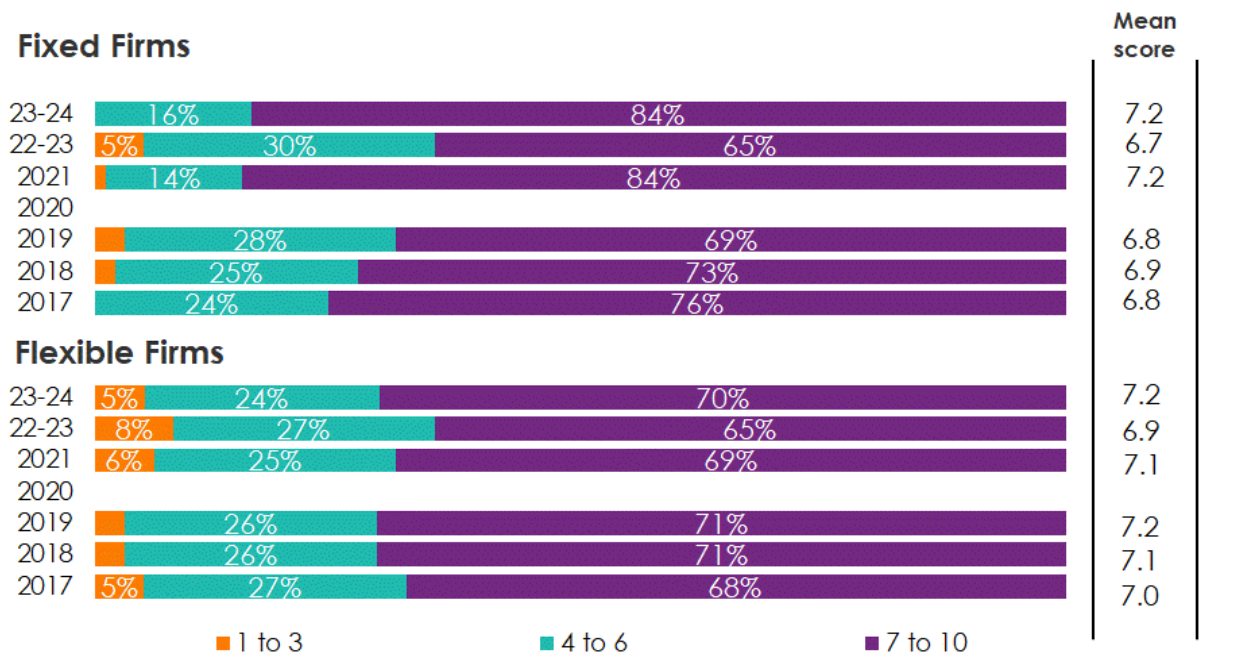
Firms were asked how effective the FCA has been in regulating the financial services industry in the last year, again using a 10-point scale with 1 being not at all effective and 10 being extremely effective (**Figure 1.2**).

As with satisfaction, fixed firms were more likely to view the FCA as being effective in regulating the industry compared with 2022-23, returning to the same levels seen in 2021. The mean score rose from 6.7 in 2022-23 to 7.2 in the latest survey. There was also a significant increase in the proportion of fixed firms giving a 'high' score (7 to 10) for effectiveness, from 65% in 2022-23 to 84% in 2023-24, equalling the levels seen in 2021.

Similarly, the perceived effectiveness of the FCA also rose among flexible firms. The mean score rose from 6.9 in 2022-23 to 7.2 in the latest survey. Seven in ten flexible firms (70%) gave a high effectiveness score, representing an increase from 65% in 2022-23 and comparable with the 69% seen in 2021.

³ The percentage figures for scores of 1 to 3 (out of 10) are only explicitly shown where the figure is 4% or higher (as shown for fixed firms in 2021, 2022-23 and 2023-24). Where the figure is below 4% the actual figure is not shown in the chart. In a limited number of cases the overall total does not add up to 100% due to rounding.

Figure 1.2 – Perceived effectiveness of the FCA in regulating the financial services industry in the last year (2017 to 2023-24)

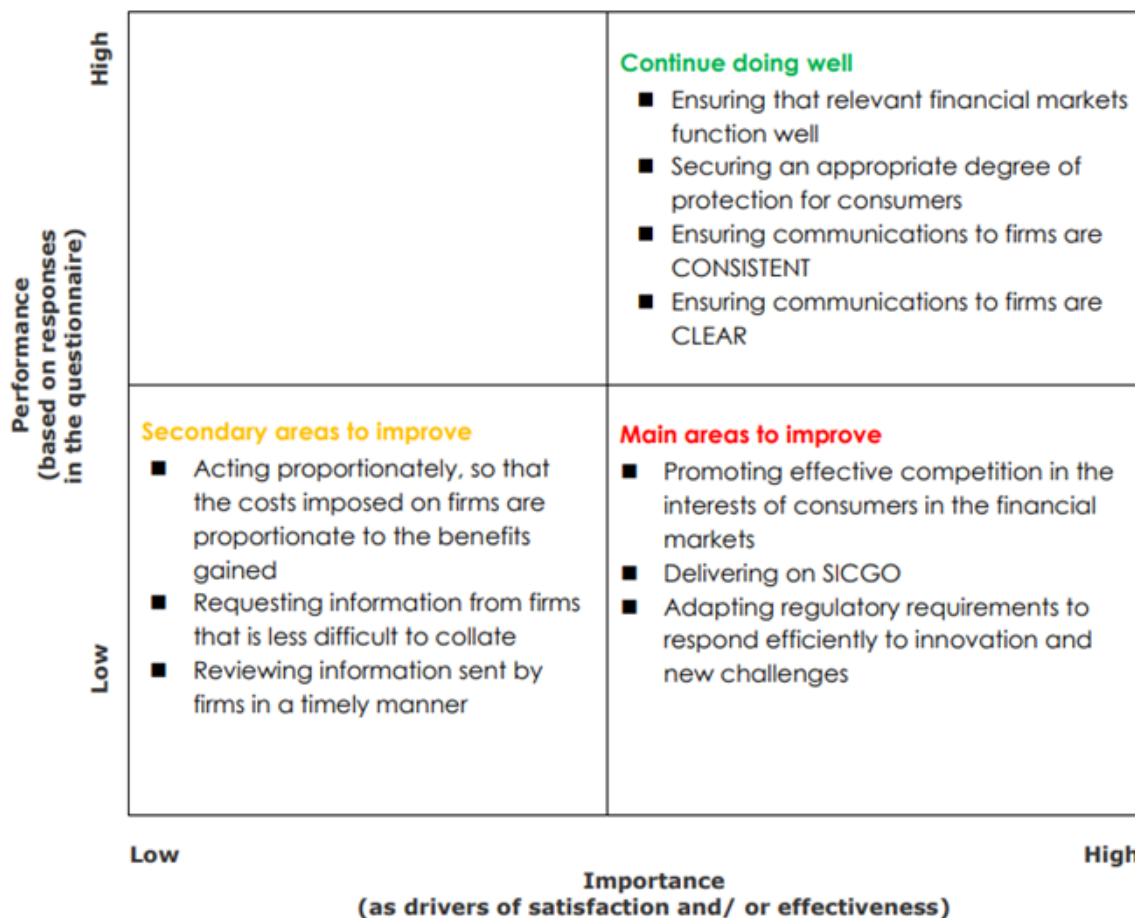


Q2. Overall, from your firm's perspective, how effective has the FCA been in regulating the financial services industry in the last year?
 Base: All non consumer credit firms; Fixed – 2023-24 (47); 2022-23 (60); 2021 (58); 2019 (71); 2018 (65); 2017 (74); 2016 (62)
 Flexible – 2023-24 (6,561); 2022-23 (4,227); 2021 (3,551); 2019 (2,817); 2018 (2,548); 2017 (2,156); 2016 (3,295)
 Mean score: 10 = Extremely effective, 1 = Not at all effective

1.3 Drivers of satisfaction and effectiveness

Further exploration of the data shows the factors that are important in driving levels of satisfaction with the FCA, and perceptions of its effectiveness. **Figure 1.3** plots the FCA's performance on the y-axis against each factor's level of importance in driving satisfaction and effectiveness on the x-axis.

Figure 1.3 – Key Driver Analysis: key areas to maintain and improve



There are two key areas which the FCA needs to focus on to maintain and improve satisfaction: first, to continue doing well in areas which are important drivers of satisfaction and where it is already performing well (top right quadrant); and second, to improve in areas where it is not doing so well (bottom left and right quadrants).

Figure 1.3 shows that the FCA is performing well in relation to its strategic objective of ensuring that financial markets function well, and in its operational objective to protect consumers, and that their performance in these areas is having a positive impact on firms' attitudes towards the regulator.

The FCA is also performing well in how it communicates to firms: firms regard FCA communication as being clear and consistent. These areas have a strong impact on firms' impression of the FCA and so need to be maintained.

The FCA's priority areas for improvement (bottom right quadrant) are:

- Promoting effective competition in the interests of consumers in the financial markets.
- Delivering on its secondary international competitiveness and growth objective (SICGO).
- Adapting its regulatory requirements to respond efficiently to innovation and new challenges.

Enabling and supporting innovation remains an area of concern for firms. Adapting regulatory requirements to respond efficiently to innovation and new challenges was also identified as a main area to improve in 2022-23, and a similar aspect of the FCA's work (Being effective in facilitating innovation within UK financial services) was identified as a main area for improvement in 2019.

Secondary areas to improve (bottom left quadrant) are those areas where FCA performance is also lower, but which are less important to firms. The main secondary areas to improve are acting proportionately so that the costs of regulation are proportionate to the benefits gained, requesting information from firms that is less difficult to collate, and reviewing information sent by firms in a timely manner.

Acting proportionately in terms of costs vs benefits was identified as a main area for improvement in each of the previous three survey waves (2019, 2021 and 2022-23), but this year is only a secondary area for improvement⁴. While the FCA's performance on this measure is still relatively low compared to other aspects of the FCA's work, there has been some improvement over the last 12 months. This year, four in ten firms (42%) agreed that the FCA acts proportionately in this regard, compared with just over a third (36%) in 2022-23.

1.4 Performance against objectives

Firms were asked how confident they felt that the FCA's oversight of the industry delivers on its objectives, including its single strategic objective of ensuring financial markets function well and its three operational objectives.

Performance against the FCA's strategic objective

More than nine in ten fixed firms (94%) were confident that the FCA was delivering on its strategic objective to ensure that financial markets function well. This represents a rise in confidence from 88% 2022-23 (**Figure 1.4**).

Confidence among flexible firms has also risen, from eight in ten (80%) in 2022-23 to 84% in 2023-24 (**Figure 1.5**).

⁴ Although this remains an area for improvement, the key drivers analysis has identified that delivering improvements in other areas (those shown in the bottom right quadrant) such as 'promoting effective competition in the interests of consumers in the financial markets' is likely to have a stronger overall impact on both satisfaction with the FCA and the perceived effectiveness of the FCA overall.

Figure 1.4 – Levels of confidence in the FCA’s ability to deliver on its objectives among fixed firms
(% very/ fairly confident)

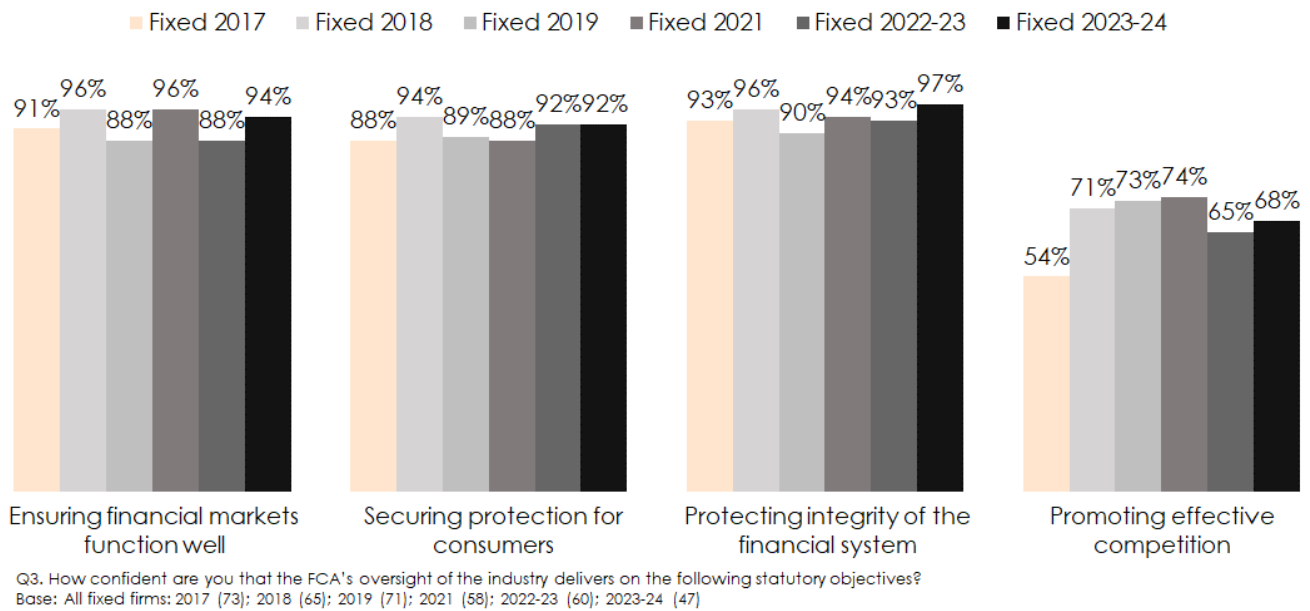
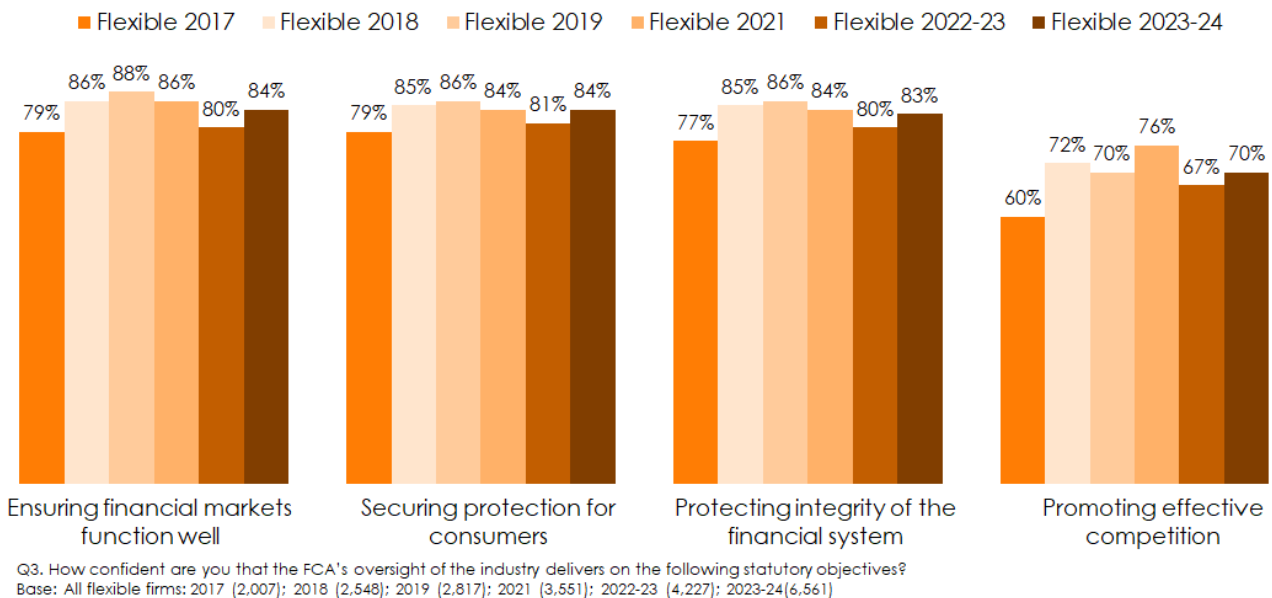


Figure 1.5 – Levels of confidence in the FCA’s ability to deliver on its objectives among flexible firms
(% very/ fairly confident)



Performance against the FCA's operational objectives

In general, confidence in the FCA's ability to deliver on its 3 operational objectives has risen over the last 12 months, among both fixed and flexible firms.

More than nine in ten fixed firms reported confidence in relation to securing protection for consumers (92%, unchanged since 2022-23) and protecting the integrity of the financial system (97% compared with 93% in 2022-23).

Flexible firms reported similar levels of confidence in relation to both these objectives: 84% said that they were confident in relation to securing protection for consumers while 83% said that they were confident in relation to protecting the integrity of the financial system. Both results represent a slight increase in confidence compared to the corresponding figures from 2022-23 (81% and 80% respectively).

Since 2017, the objective to promote effective competition in the interests of consumers in the financial markets has consistently had lower levels of confidence among firms compared with confidence in the FCA's other objectives. In 2023-24, around seven in ten fixed firms (68%) and flexible firms (70%) were confident that the FCA promotes effective competition for consumers. This represents a slight rise in confidence among flexible firms, from around two-thirds of firms (67%) in 2022-23, albeit this is still below the levels registered in 2021.

Performance against the secondary objective (SICGO)

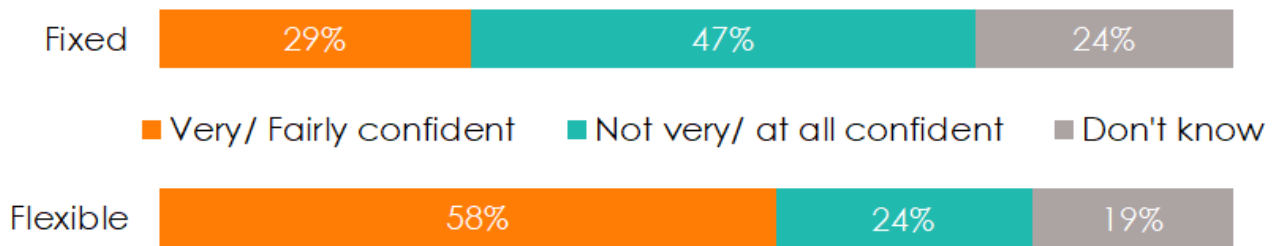
Alongside its primary strategic objective and operational objectives, the FCA has a secondary international competitiveness and growth objective (SICGO), introduced in August 2023. This wave of the survey was the first in which firms were asked to provide feedback on this objective.

Firms were asked how confident they felt that the FCA's oversight of the industry delivers on this objective (**Figure 1.6**).

Three in ten fixed firms (29%) expressed confidence in the FCA's ability to meet this objective. Almost half (47%) said that they were not confident, while a quarter (24%) said that they did not know.

Flexible firms were more likely than fixed firms to express confidence in relation to this objective, with six in ten (58%) giving this response. A quarter (24%) said that they did not have confidence, while two in ten (19%) said that they did not know. There is evidence to suggest that some flexible firms are responding from a position of limited knowledge. Among flexible firms who expressed confidence that the FCA is delivering on the SICGO, three in ten (29%) also said that they did not have a good understanding of what the FCA is trying to achieve through this objective.

Figure 1.6 – Levels of confidence in the FCA’s ability to deliver on its secondary objective (SICGO)



Q5. Alongside its primary strategic and operational objectives, the FCA has a secondary international competitiveness and growth objective (SICGO). How confident are you that the FCA's oversight of the industry delivers on this objective?
Base: All non consumer credit firms; Fixed (47), Flexible (6,561)

1.5 Understanding of the FCA’s objectives

As well as being asked about their confidence in the FCA's ability to meet its objectives, firms were also asked how well they understood what the FCA is trying to achieve through each objective (**Figure 1.7**).

Overall, self-reported understanding is high. All or almost all fixed firms claimed to understand ‘very’ or ‘fairly’ well what the FCA is trying to achieve through its objectives to:

- Ensure relevant financial markets function well (100%)
- Secure an appropriate degree of protection for consumers (94%)
- Protect and enhance the integrity of the UK financial system (100%), and
- Promote effective competition in the interests of consumers in the financial markets (90%)

Understanding of the effective competition objective has increased among fixed firms over the last 12 months, from 77% in 2022-23 to 90% in 2023-24.

Among flexible firms, levels of understanding were similarly high across these objectives, with around nine in ten flexible firms claiming to understand what the FCA was trying to achieve through each of its first three objectives (91%, 93% and 90%, respectively). As has been the case for many years, understanding was slightly lower in relation to the competition objective, with 81% of flexible firms claiming to understand what the FCA is trying to achieve. This slightly lower level of understanding among flexible firms about what the FCA is trying to achieve in terms of promoting effective competition may explain the lower levels of confidence that firms have that the FCA is delivering on this objective.

Across all objectives, levels of understanding among flexible firms was largely unchanged compared with 2022-23.

Figure 1.7 – Extent to which firms understand what the FCA is trying to achieve through its objectives
(% very/ fairly well)

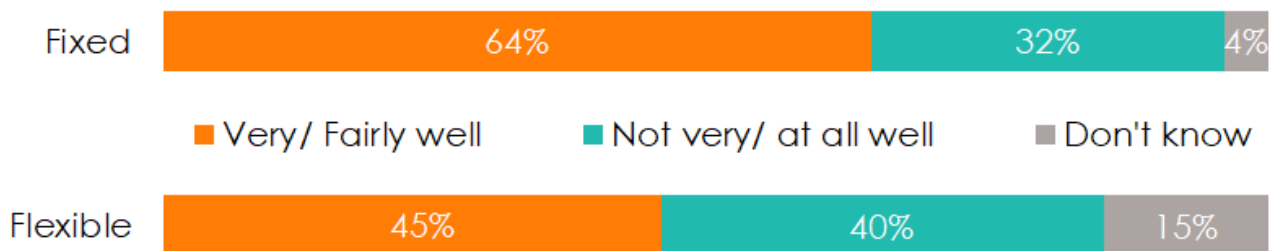


Q4. How well would you say your firm understands what the FCA is trying to achieve through the following objectives?
Base: All non consumer credit firms; Fixed (47), Flexible (6,561)

Two thirds of fixed firms (64%) said that they understand, either very or fairly well, what the FCA is trying to achieve through its secondary international competitiveness and growth objective (SICGO) (**Figure 1.8**). A third said that they do not understand what the FCA is trying to achieve (32%), while a small minority (4%) said that they did not know.

Fewer than half of flexible firms (45%) said that they understand what the FCA is trying to achieve through this objective, with four in ten (40%) saying that they did not understand and 15% saying that they did not know.

Figure 1.8 – Extent to which firms understand what the FCA is trying to achieve through its secondary objective (SICGO)



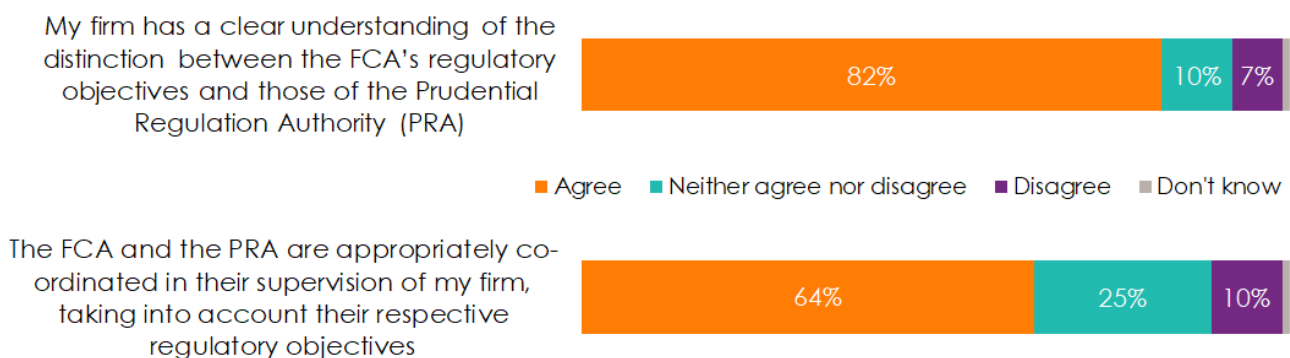
Q6. How well would you say your firm understands what the FCA is trying to achieve through the secondary international competitiveness and growth objective (SICGO)?
Base: All non consumer credit firms; Fixed (47), Flexible (6,561)

1.6 Dual regulation

Firms that are under the supervision of the Prudential Regulation Authority (PRA) and are also regulated by the FCA are known as dual-regulated firms. A total of 810 dual-regulated firms were invited to take part in the survey and 362 of them responded. These firms were asked a question to assess their understanding of the distinction between the two regulators and to assess how well they feel the two regulators are coordinated. Given that the question was asked of a much smaller sample overall, results are shown based on all dual-regulated firms without any distinction between fixed and flexible firms.

Eight in ten dual-regulated firms (82%) reported a clear understanding of the distinction between the PRA's and FCA's regulatory objectives, while six in ten (64%) believed that the PRA and FCA are appropriately co-ordinated in their supervision (**Figure 1.9**). While levels of understanding were unchanged since 2022-23, firms were more likely to feel that the two bodies are appropriately co-ordinated compared with 12 months ago (when the equivalent figure was 60%).

Figure 1.9 – Extent to which firms agreed or disagreed with statements about dual regulation

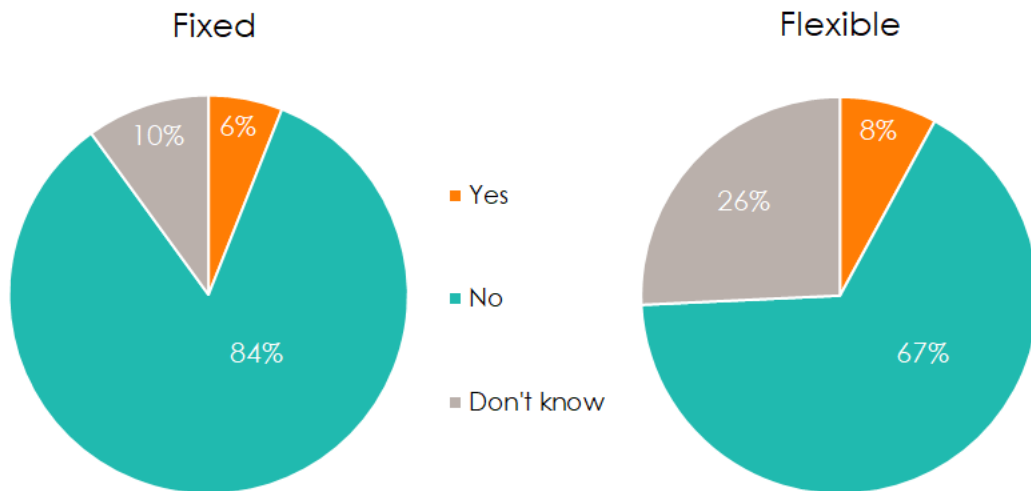


Q8. And to what extent would you agree or disagree with the following statements?
Base: All dual-regulated non consumer credit firms (362)

1.7 Identifying risks

An important thread running through the FCA's three-year strategy is the need to better identify and understand emerging risks in the financial markets and to act on them quickly to prevent harm to consumers. Firms were asked if they felt there were any emerging risks in their markets which the FCA was not aware of (**Figure 1.9**) and whether they felt the FCA took a mainly reactive approach to risk by relying on information and intelligence provided by the industry or a proactive approach by taking steps to uncover risks themselves (**Figure 1.10**).

Figure 1.9 – Whether firms feel there are any significant or emerging risks the FCA is not aware of

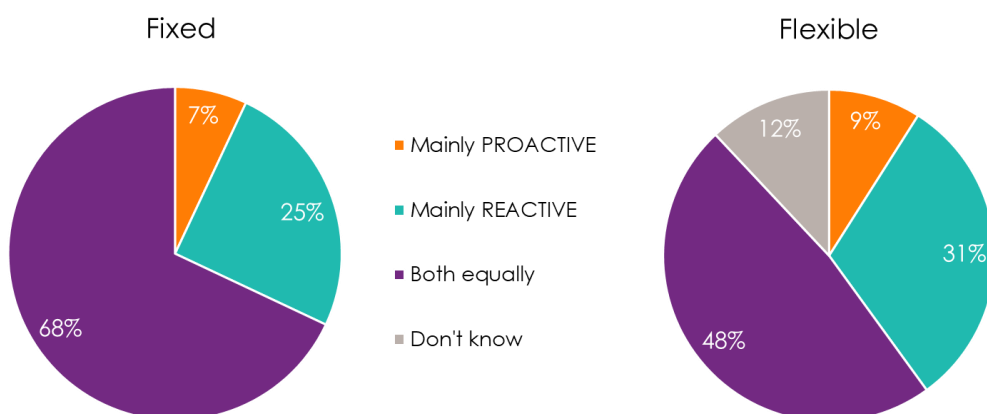


Q18. Do you feel there are any significant or emerging risks in your market that the FCA is not currently aware of?
Base: All firms; Fixed (47), Flexible (6,561)

Fewer than one in ten fixed firms (6%) and flexible firms (8%) felt there were significant or emerging risks in their market(s) that the FCA was not currently aware of. For fixed firms this declined from 2022-23 (10%) and 2021 (21%). By contrast, the proportion of flexible firms giving this response has not changed over the last 3 years (8% in 2023-24 and 2022-23 and 9% in 2021).

When asked whether the FCA is reactive or proactive in identifying risk, most firms felt the FCA takes a balanced approach, with two-thirds of fixed firms (68%) and just under half of flexible firms (48%) expressing the view that the FCA is proactive and reactive in equal measure (**Figure 1.10**).

Figure 1.10 – Firms' view of FCA's approach to identifying risk



Q19. Which of the following best describes your view of the FCA's approach to identifying risk? In order to identify risks, would you say that the FCA is...
Base: All non-consumer credit firms; Fixed (47), Flexible (6,561)

However, there was also a clear sense among a minority of firms that the FCA tends to be reactive, rather than proactive, with a quarter of fixed firms (25%, down from 40% in 2022-23) and around three in ten (31%, comparable to 32% in 2022-23) flexible firms considering the FCA's approach to identifying risk to be reactive. In comparison, fewer than one in ten firms (7% of fixed firms and 9% of flexible firms) viewed the FCA's approach to identifying risk as proactive.

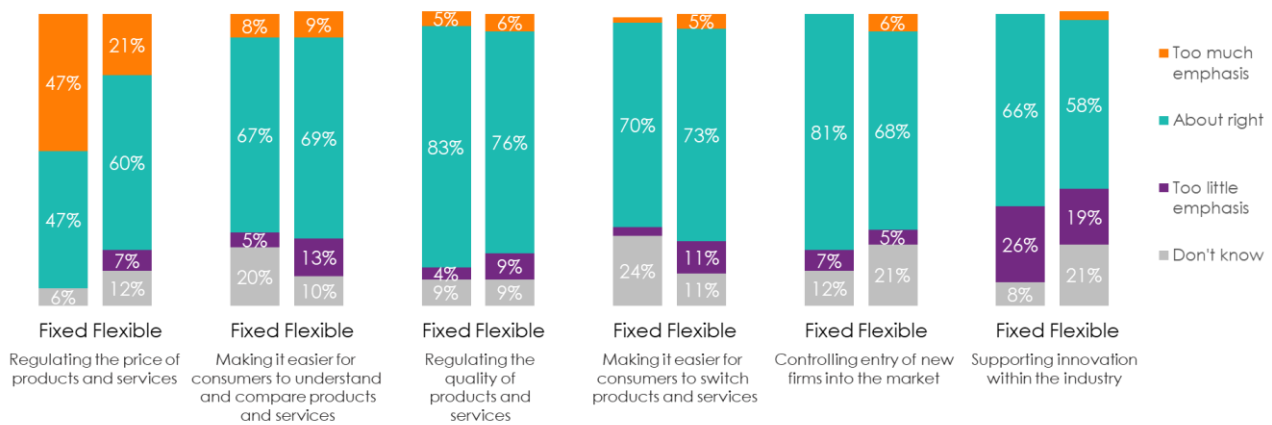
Overall, there has been an improvement in firms' views on the FCA's approach to identifying risk. This is most pronounced among fixed firms, with just under seven in ten fixed firms (68%) considering the FCA to have a balanced approach to identifying risk compared to 52% in 2022-23. By comparison, just under half of flexible firms gave a similar viewpoint in 2023-24 (48%), compared to 43% in 2022-23.

1.8 FCA focus

To better understand how firms perceive the FCA's efforts to promote effective competition, firms were asked about a series of measures the FCA takes as part of its work to promote effective competition. They were also asked whether they felt the emphasis placed by the FCA on each measure is too much, too little, or about right.

For nearly all measures, most fixed and flexible firms felt the FCA's emphasis is about right in terms of how it promotes effective competition. However, just under half of fixed firms (47%) said that the FCA does 'too much' in terms of regulating the price of products and services. Flexible firms were less likely than fixed firms to feel there was too much emphasis on regulating the price of products and services, but still around one in five (21%) did think this was the case. For all the other measures only small numbers of fixed or flexible firms felt the FCA's emphasis was too much. **(Figure 1.11).**

Figure 1.11 – Firms' perception of the relative emphasis the FCA places on different measures as part of its work to promote effective competition



Q27. Thinking now about the FCA's work to promote effective competition within the industry. Do you think the emphasis the FCA places on the following areas is too much, about right or too little?
 Base: All non-consumer credit firms; Fixed (47), Flexible (6,561)

While few firms believe that the FCA demonstrates too little emphasis on most measures, a quarter of fixed firms (26%) and almost one in five (19%) flexible firms felt there was 'too little emphasis' on supporting innovation within the industry. Fixed firms' perception of the FCA's focus on supporting innovation improved year-on-year, with the proportion selecting 'too little emphasis' falling from 37% in 2022-23 to 26% in 2023-24."

2 Trust and Confidence in FCA

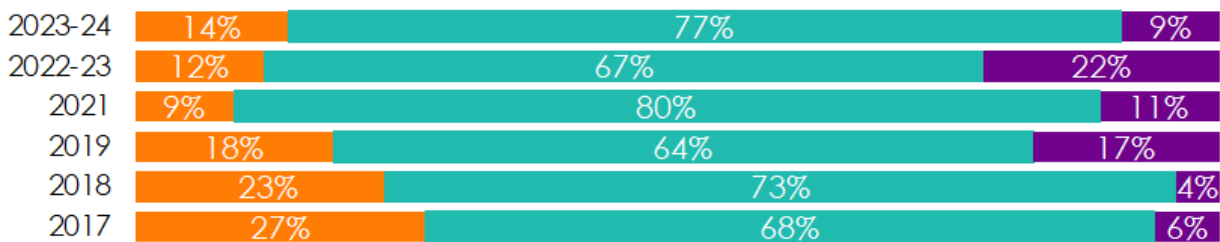
This chapter examines the extent to which firms trust the FCA as an organisation and have confidence in FCA staff.

2.1 Overall trust in the FCA

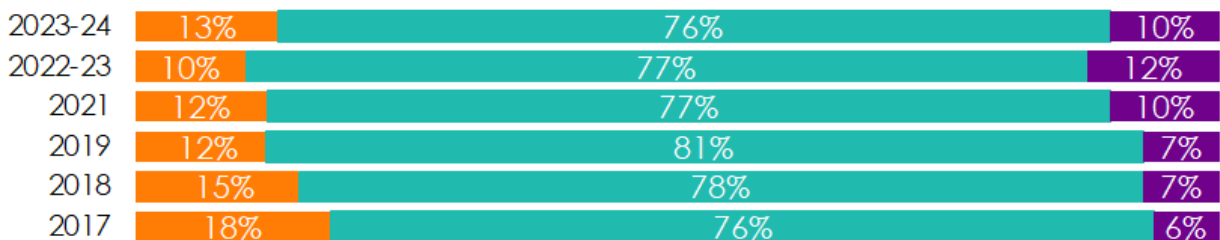
Firms were asked how their trust in the FCA had changed over the last 12 months. As in all previous waves of the survey the majority of both fixed firms (77%) and flexible firms (76%) said that their trust in the FCA had stayed the same over the last 12 months. Levels of trust among fixed firms had improved compared with the previous survey, returning to levels seen in 2021. Around one in ten (9%) said their trust in the FCA had decreased over the last 12 months compared with 22% who reported this in the 2022-23 survey and 11% in 2021. **(Figure 2.1).**

Figure 2.1 – How firms' level of trust in the FCA had changed over the last 12 months

Fixed Firms



Flexible Firms



■ Increased ■ Stayed the same ■ Decreased

Q7. Over the last 12 months, would you say your firm's trust in the FCA has...

Base: All firms: Fixed – 2023-24 (47); 2022-23 (60); 2021 (58); 2019 (71); 2018 (65); 2017 (74); 2016 (62)

Flexible – 2023-24 (6,561); 2022-23 (4,227); 2021 (3,551); 2019 (2,817); 2018 (2,548); 2017 (2,156); 2016 (3,295)

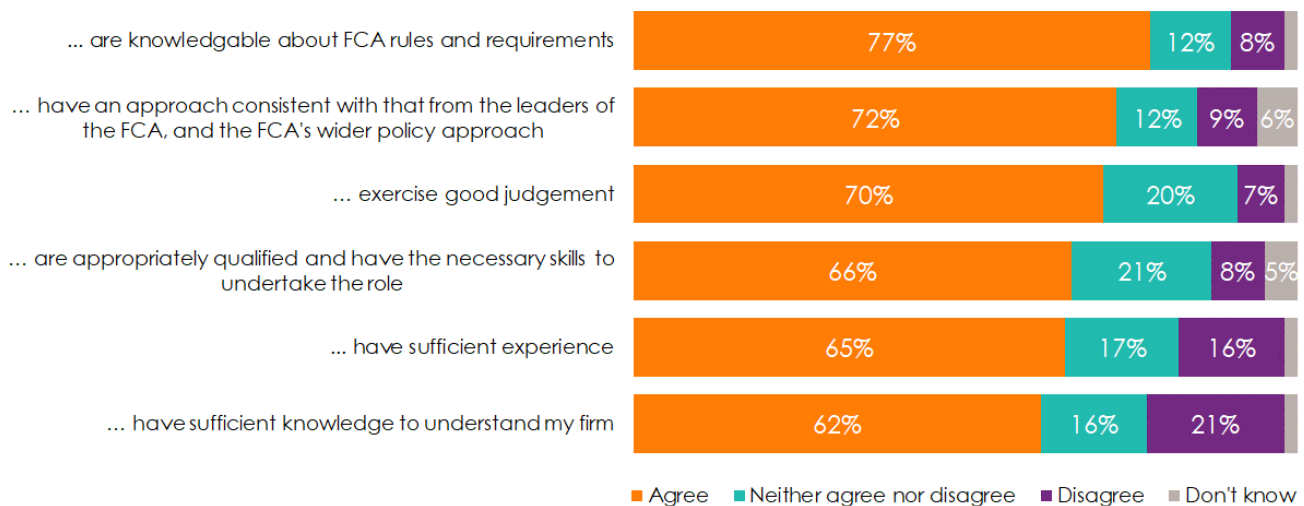
In 2023-24, 13% of flexible firms reported their trust in the FCA had increased in the last 12 months while 10% said it had decreased in the last 12 months. This showed little change from the last two surveys.

2.2 Assessment of FCA supervisors/staff

Firms were asked to what extent they agreed or disagreed with a series of statements about FCA staff and supervisors. Due to the differences in the way fixed and flexible firms interact with the FCA, fixed firms were asked about supervisors while flexible firms were asked about FCA staff in general.

Fixed firms were generally positive about FCA supervisors. Over three-quarters of fixed firms (77%) agreed that FCA supervisors are knowledgeable about FCA rules and requirements, while 72% agreed their approach is consistent with that of FCA leaders and the FCA's wider policy. Seven in ten (70%) felt that FCA supervisors exercise good judgement. Around two thirds of fixed firms (66%) agreed that supervisors are appropriately qualified and have the necessary skills to undertake the role and a similar proportion of fixed firms (65%) felt they have sufficient experience. Fixed firms were least likely to agree that supervisors have sufficient knowledge to understand their firm, albeit with around six in ten (62%) still agreeing with this statement (**Figure 2.2**).

Figure 2.2 - Extent to which fixed firms agreed or disagreed that their FCA supervisors...

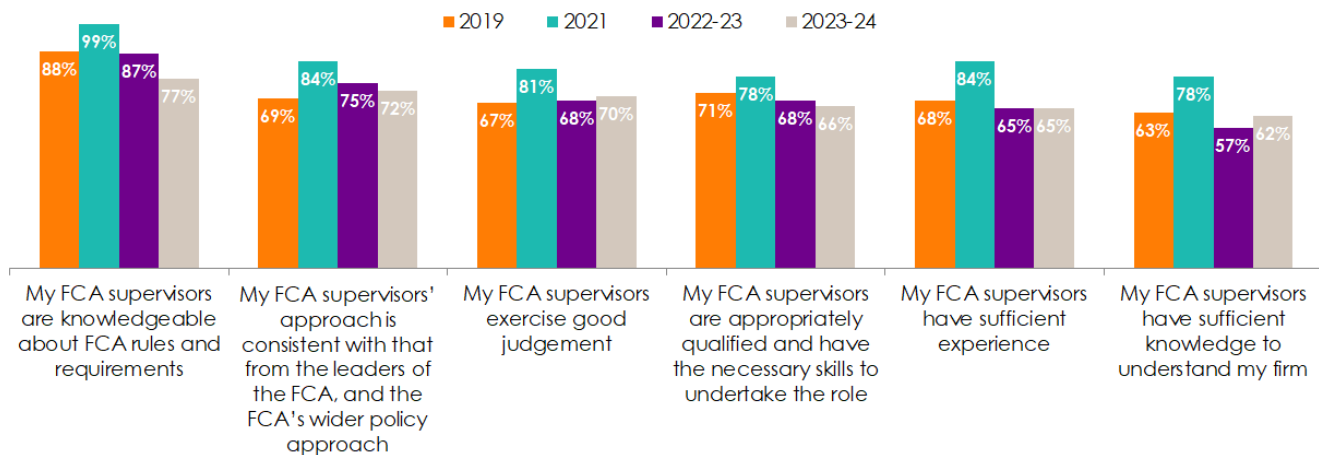


Q25. In relation to your FCA supervisors, to what extent do you agree or disagree with the following statements?
Base: All fixed firms (47)

These levels of agreement are largely similar to both 2022-23 and 2019, but are lower than the levels reported in the 2021 survey. While agreement levels have largely stayed the same compared with the 2022-3 survey, agreement that supervisors are knowledgeable about FCA rules and requirements has fallen among fixed firms from 87% in 2022-23 to 77% in the current year.

However, levels of agreement that FCA supervisors have sufficient knowledge to be able to understand their firm have slightly increased from 57% in 2022-23 to 62% in the current year, returning to levels seen in 2019. **(Figure 2.3).**

Figure 2.3 – Fixed firms' perception of FCA supervisors, year on year (% agree)

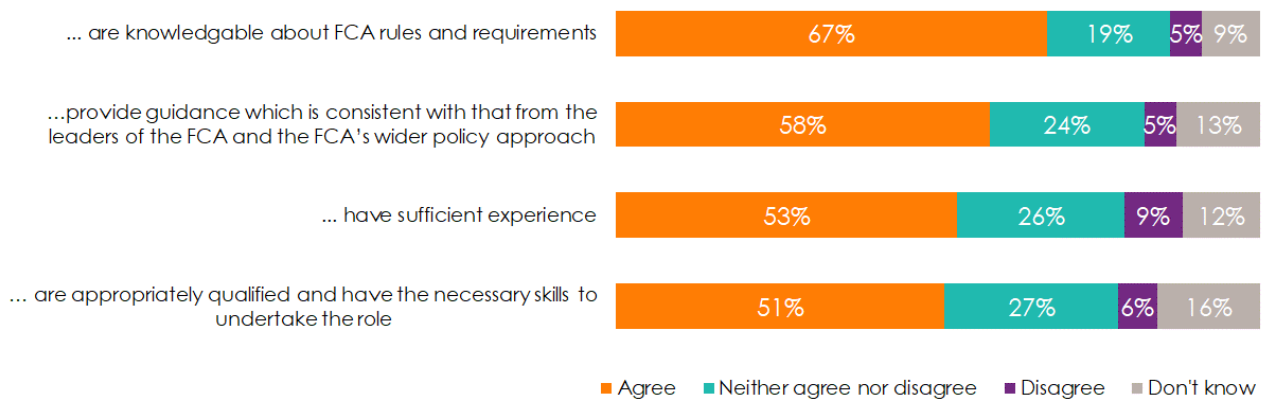


Q26. In relation to your FCA supervisors, to what extent do you agree or disagree with the following statements?
Base: All fixed firms: 2019 (71); 2021 (58); 2022-23 (60), 2023-24 (47)

Flexible firms were asked a sub-set of the statements in relation to FCA staff in general rather than supervisors. Although most flexible firms were positive about FCA staff, they generally had a less positive attitude compared with fixed firms, although this is perhaps to be expected given that they do not have the same relationship with the FCA as fixed firms, such as being assigned a named supervisor.

Two thirds of flexible firms agreed that FCA staff are knowledgeable about FCA rules and requirements (67%, up from 62% in 2022-23) and that guidance provided by FCA staff is consistent with the FCA's wider policy objectives (58%, up from 54%). Just over half of flexible firms agreed that FCA staff are sufficiently experienced (53%, up from 47% in 2022-3) and that staff are appropriately qualified (51%, up from 45% in 2022-23) Only a relatively small proportion of flexible firms disagreed with any of the statements. **(Figure 2.4).**

Figure 2.4 – Extent to which flexible firms agreed or disagreed that FCA staff...



Q26. In relation to your FCA supervisors, to what extent to do you agree or disagree with the following statements?
Base: All flexible firms (6,561)

3 Outcome metrics

In 2022, the FCA published its three-year strategy, setting out three themes around which it is strengthening its focus, and 13 commitments to support these themes.

The three themes are:

- Reducing and preventing serious harm
- Setting and testing higher standards
- Promoting competition and positive change

The 13 commitments are set out in the FCA's 2023/24 Business Plan. For each commitment, the FCA has identified the outcomes it wishes to achieve for consumers and wholesale markets and has published a series of metrics to monitor progress towards these⁵. The FCA reports on these metrics annually.

The FCA and Practitioner Panel Survey is one of four key data sources that is being used to measure progress towards outcomes.⁶ Last year's results established a baseline, with results from this year being used to measure progress against that baseline.

The FCA and Practitioner Panel Survey provides evidence against the following commitments:

- Delivering assertive action on market abuse
- Strengthening the UK's position in global wholesale markets
- Shaping digital markets to achieve good outcomes
- Preparing financial services for the future
- Dealing with problem firms
- Improving oversight of Appointed Representatives
- Minimising the impact of operational disruptions

⁵ <https://www.fca.org.uk/data/fca-outcomes-metrics#lf-chapter-id-measuring-the-outcomes-of-our-commitments>

⁶ The other key data sources are the FCA Financial Lives Survey (<https://www.fca.org.uk/publications/research/financial-lives>) the Financial Ombudsman Service (<https://www.financial-ombudsman.org.uk/data-insight>) and the Financial Services Compensation Scheme (<https://www.fscs.org.uk/>).

Tracking change over time – wholesale markets firms

The survey asked firms several questions relating to their perception of both wholesale markets and market abuse. These questions were only asked of firms who were identified by the FCA as operating in wholesale markets. Rather than present the results by fixed and flexible firms, sections 3.1 and 3.2 present results for all firms operating in the wholesale markets⁷.

For 2023-24, results for wholesale markets includes investment management firms. This represents a change from previous survey years when wholesale markets results did not include investment management firms.

Throughout this chapter, 2023-24 headline results for wholesale markets include investment management firms, as per the revised definition of this group. Unless otherwise stated, investment management firms are **not** included in the 2022-23 results, since these firms were not asked the relevant wholesale market questions on last year's survey.

3.1 Delivering assertive action on market abuse

Market abuse undermines the integrity of the UK financial system, eroding confidence and lowering participation, to everyone's detriment. The FCA's aim is to have robust detection and investigation capability and deliver deterrents through a range of supervisory, civil and criminal sanctions.

⁷ Of the firms operating in the wholesale markets who responded to the survey 1,241 were flexible firms and 25 were fixed firms.

Outcome: Increased confidence in the integrity of UK markets which maintains high levels of participation across the buy-side and sell-side

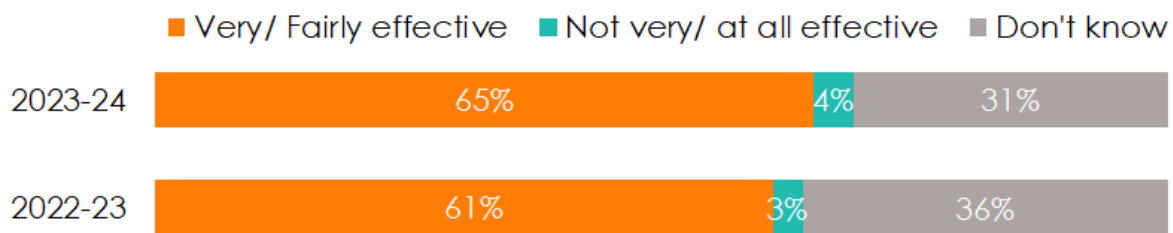
Topline Outcome: Access

Metric:

AMA1-M01: Increase in perceived effectiveness of FCA action to promote market integrity

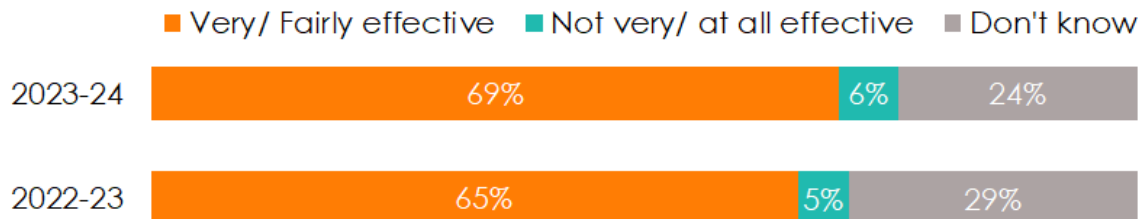
Q36. Over the last 12 months, how effective do you think the FCA has been in protecting UK markets from...

Delayed or misleading disclosures from listed issuers?



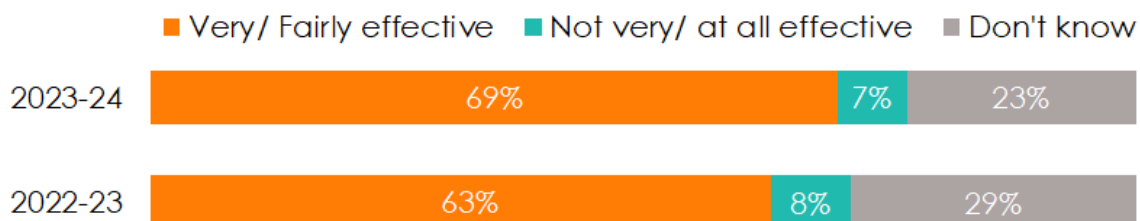
Base: 2023-24 - All wholesale markets firms, inc. Investment management firms (1,266)
2022-23 - All wholesale markets firms, exc. Investment management firms (431)

Insider dealing?



Base: 2023-24 - All wholesale markets firms, inc. Investment management firms (1,266)
2022-23 - All wholesale markets firms, exc. Investment management firms (431)

Market manipulation?

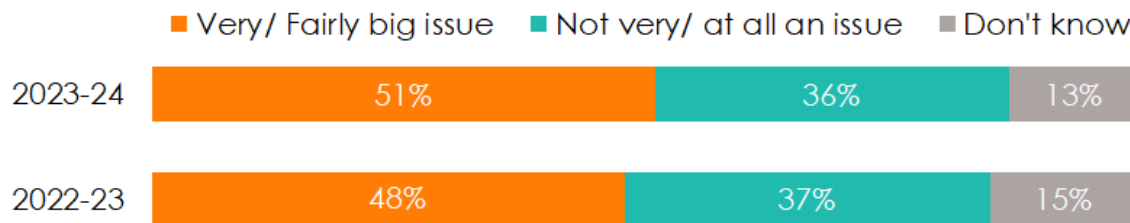


Base: 2023-24 - All wholesale markets firms, inc. Investment management firms (1,266)
2022-23 - All wholesale markets firms, exc. Investment management firms (431)

Metric:

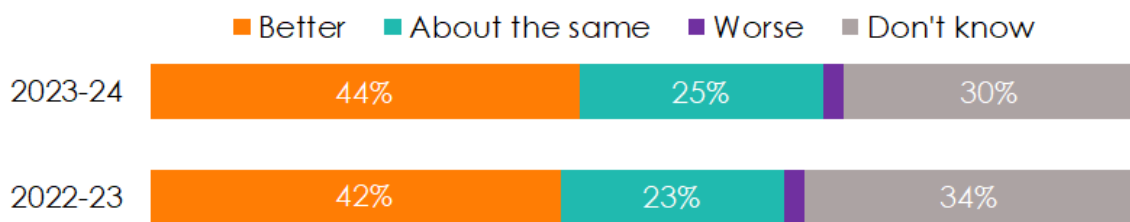
AMA1-M02: Increase in cleanliness of UK markets (compared to other markets) as perceived by market participants

Q35. Overall, how much of an issue do you believe market abuse is in the UK?



Base: 2023-24 - All wholesale markets firms, inc. Investment management firms (1,266)
2022-23 - All wholesale markets firms, exc. Investment management firms (431)

Q37. How effective has the FCA been in combatting market abuse in the UK compared to regulators in other global markets?



Base: 2023-24 - All wholesale markets firms, inc. Investment management firms (1,266)
2022-23 - All wholesale markets firms, exc. Investment management firms (431)

As shown above, half of firms operating in the wholesale markets (51%) considered market abuse to be a big issue in the UK, while just over a third of firms (36%) felt that it was not an issue.

The proportion of firms who considered the FCA to be effective in protecting UK markets from different types of market abuse was broadly the same for each type of abuse:

- Delayed or misleading disclosures from listed issuers (65%)
- Insider dealing (69%)
- Market manipulation (69%)

Most firms operating in the wholesale markets either felt that the FCA's effectiveness in combating market abuse was the same as other international regulators (25%) or they were unable to give a view (30%). However, wholesale firms were much more likely to feel the FCA was better at combatting market abuse compared with other

international regulators (44% of wholesale firms considering the FCA to be better and 2% considering the FCA to be worse than other global regulators).

Comparison with 2022-23

While the metrics are broadly consistent with those reported in 2022-23, most metrics show a small improvement over the last 12 months.

As in 2022-23, around two-thirds of firms considered the FCA to be effective in protecting UK markets from each type of market abuse referenced. There has been a significant increase in the proportion of firms rating the FCA as very/ fairly effective in tackling market manipulation (69%, up from 63% in 2022-23).

There has also been no significant change in firms' views on how much of an issue market abuse is in the UK or on how well the FCA has performed in combatting market abuse compared to regulators in other global markets.

As outlined above, the results for 2023-24 include investment management firms, which were not included in 2022-23. However, excluding these firms from the 2023-24 results does not change the findings presented here.

3.2 Strengthening the UK’s position in global wholesale markets

There are several metrics attached to this commitment including increasing the perceived effectiveness of the FCA in regulating wholesale markets, increasing the perception of market participants on the strengths of regulation in the wholesale markets, and increasing the perception of market participants on the proportionality of the regulatory regime.

More detailed findings relating to several of the key outcome metrics are presented elsewhere in this report. There is hyperlinked text that reads ‘Go to full results’ beneath any outcome metric charts to which this applies (see chart immediately below). You can navigate directly to the more detailed findings by clicking on the hyperlinked text while pressing the ‘Ctrl’ button on your keyboard/screen.

Outcomes: The regulatory framework is clear, well-understood and trusted by all market participants
The framework supports market participants determining fair value
Where outcomes are not being met, this is clearly communicated, and remediation is swiftly undertaken or enforced

Topline Outcome: Confidence

Metric:
GWM1-M01: Increase in perceived effectiveness of FCA's role and impact in regulation of the wholesale markets

To what extent do you agree or disagree?:

Q16a*. The regulatory framework is clear and well-understood by all market participants

57%

24%

15%

4%

Agree

Neither agree nor disagree

Disagree

Don't know

[Go to full results](#)

Q16b*. The regulatory framework is trusted by all market participants



Agree Neither agree nor disagree Disagree Don't know

[Go to full results](#)

results

*Results shown for Wholesale Market firms only (inc. Investment Management firms)

Q33. Over the last 12 months, do you think the UK's position in wholesale markets has...

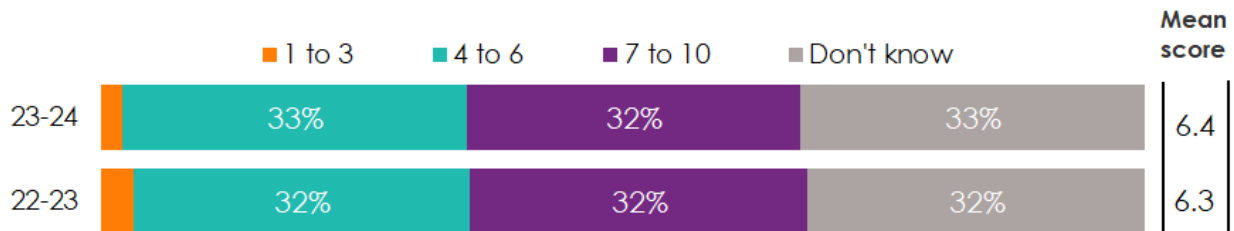
Strengthened Remained the same Weakened Don't know



Base: 2023-24 - All wholesale markets firms, inc. Investment management firms (1,266)
2022-23 - All wholesale markets firms, exc. Investment management firms (431)

Q34. Taking everything into account, can you tell us how the FCA's actions have impacted the UK's position in the wholesale markets during this time?

(1-10 Scale: 1 = 'Significant negative impact'; 10 = 'Significant positive impact')



Base: 2023-24 - All wholesale markets firms, inc. Investment management firms (1,266)
2022-23 - All wholesale markets firms, exc. Investment management firms (431)

More than four in ten firms (42%) felt the UK's position in wholesale markets was unchanged over the last year. However, among firms who believed there had been a change, firms were more likely to feel that the UK's position had weakened in the last 12 months rather than having strengthened (19% and 9% of wholesale firms respectively). A sizable minority of firms (30%) said that they did not know.

When asked to assess the impact that the FCA's actions have had on the UK's position in the wholesale markets, a third of firms (33%) were unable to offer a view. Among firms who did provide a response, the average score was 6.4. A third of firms (32%)

gave the FCA a score of 7-10 in terms of their impact on the wholesale markets during the last 12 months, suggesting they thought the FCA's actions had had a positive impact; a similar proportion (33%) rated the FCA's actions a score of 4-6, suggesting a more balanced position; while only 2% of firms gave a score of 1-3, suggesting they thought the FCA's action had had a negative impact.

Comparison with 2022-23

The results suggest a slight consolidation of the UK's position in wholesale markets over the last 12 months. Wholesale firms were less likely compared with 2022-23 to feel that the UK's position in wholesale markets had weakened in the last 12 months (19%, down from 34%) and were more likely to feel it had stayed largely the same (42%, up from 37%). Interestingly, when Investment Management firms are excluded from the 2023-24 figures, results are more similar to those seen in 2022-23. Among non-Investment Management Wholesale firms, 25% felt that the UK's position has weakened and 24% gave a response of 'Don't know'. This suggests that Investment Management firms are somewhat less likely to have a view on this issue when compared with other firms in the wholesale sector.

Wholesale firms' views on the FCA's impact on the UK's position in wholesale markets were broadly similar to those reported in 2022-23 with a mean impact score of 6.4 in 2023-24 compared with 6.3 in 2022-23.

Outcome: The UK is regarded by market participants as one of the top markets of choice, with innovation viewed as encouraged and supported in the UK markets, and regulation viewed as appropriately evolving to address new opportunities and risks

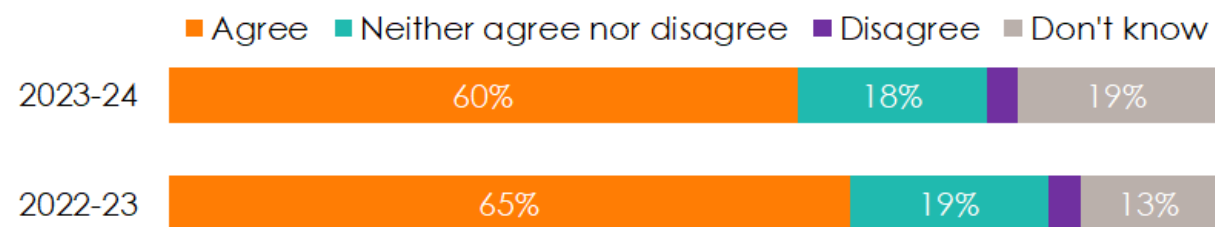
Topline Outcome: Access

Metric:

GWM2-M02: Increase in market participants' perception of the strengths of the regulatory regime in the wholesale markets

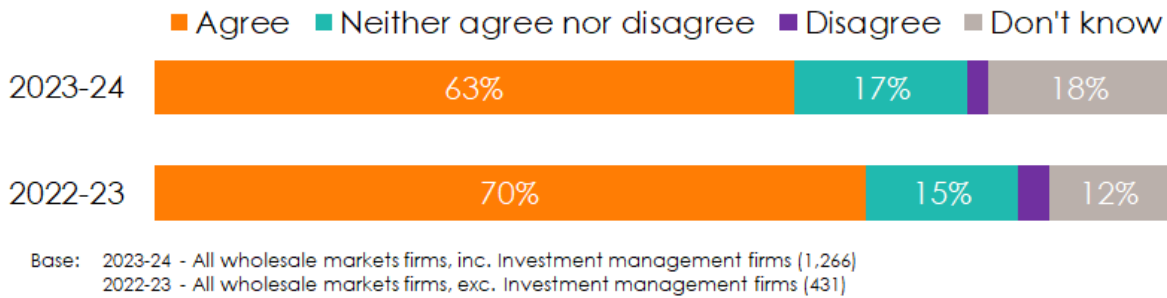
To what extent do you agree or disagree?:

Q32a. The FCA is effective in regulating wholesale markets



Base: 2023-24 - All wholesale markets firms, inc. Investment management firms (1,266)
2022-23 - All wholesale markets firms, exc. Investment management firms (431)

Q32c. FCA regulation ensures the integrity of wholesale markets



Outcome: Market participants regard the regulatory framework as proportionate both in terms of speed and cost

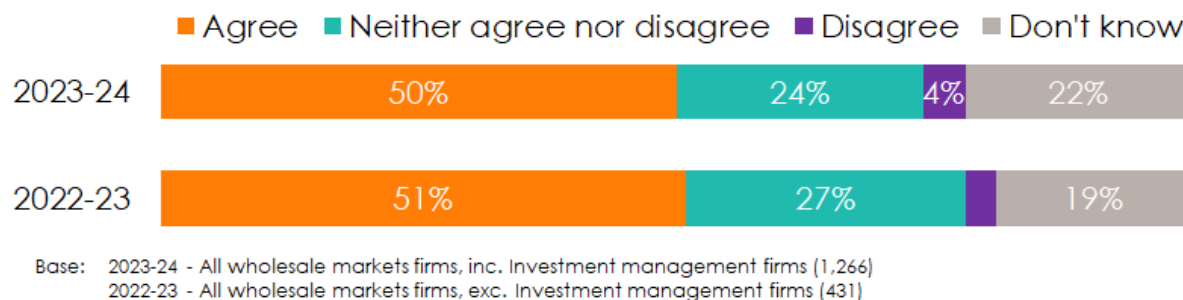
Topline Outcome: Access

Metric:

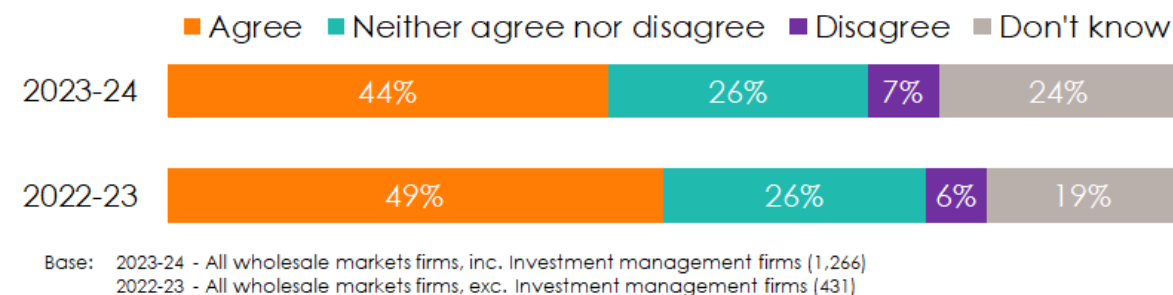
GWM3-M01: Increase in perception of market participants on the proportionality of the regulatory regime in the wholesale markets

To what extent do you agree or disagree?:

Q32b. FCA regulation supports market participants determining fair value in wholesale markets



Q32d. FCA regulation in wholesale markets is proportional in terms of the benefits versus the costs



Six in ten (60%) wholesale firms agreed that the FCA was effective in regulating wholesale markets, while a slightly higher proportion (63%) agreed that FCA regulation ensures the integrity of wholesale markets. Only small numbers of wholesale firms disagreed with either of these statements.

Firms were less likely to agree that FCA regulation supports market participants determining fair value in wholesale markets (50%) or that FCA regulation in wholesale markets is proportional in terms of the benefits versus the costs (44%). Again, however relatively small numbers of wholesale firms disagreed with either statement (4% and 7%, respectively).

Comparison with 2022-23

Since 2022-23 there has been some change in wholesale firms' attitudes towards how well the FCA regulated wholesale markets. There has been a drop in the proportion of firms agreeing that FCA regulation ensures the integrity of wholesale markets (63%, down from 70%) and that the FCA is effective in regulating wholesale markets (60%, down from 65%). However, it should be noted that this change was primarily driven by increases in the proportion of firms answering 'Don't know'. Again, year-on-year results are more similar when investment management firms are excluded from the 2023-24 figures.

Outcomes: Market transparency means participants can make well informed assessments of value and risks

Topline Outcome: Fair value

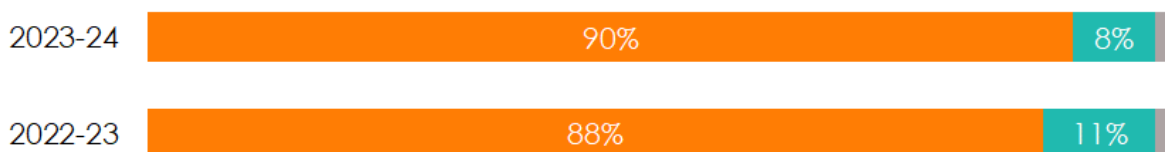
Metric:

WV1-M01: Maintain the proportion of firms confident that the FCA's oversight ensures relevant financial markets function well

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

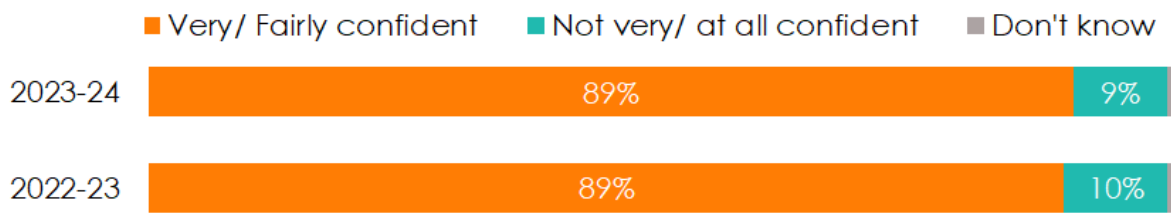
Q3a*. Ensuring relevant financial markets function well

Very/ Fairly confident Not very/ at all confident Don't know



Base: All wholesale markets firms, inc. Investment Management firms: 2023-24 (1,266); 2022-23 (1,032)

Q3c*. Protecting and enhancing the integrity of the UK financial system



Base: All wholesale markets firms, inc. Investment Management firms: 2023-24 (1,266); 2022-23 (1,032)

***Results shown for Wholesale Market firms only (including Investment Management firms)**

Nine in ten wholesale firms were confident in the FCA's ability to ensure that relevant financial markets function well (90%) and to protect and enhance the integrity of the UK financial markets (89%).

These results are consistent with those reported in 2022-23.

3.3 Shaping digital markets to achieve good outcomes

The digitalisation of financial services is changing the way consumers make decisions and markets operate. To be an effective regulator, the FCA need to better understand the risks and opportunities to capture the considerable benefits to consumers and manage the significant harms. The FCA's role is to build on work partnering with other regulators and to focus on how to support consumers to make good financial decisions in a digital world.

Outcome: The development of digital markets and the use of new technologies in financial products and services leads to fair value for consumers

Topline Outcome: Fair access

Metric:

SDM3-M01: Increase in perceived effectiveness of the FCA at supporting the development of digital markets and new technologies in financial services

To what extent do you agree or disagree:

Q16c. The FCA is effective at supporting the development of digital markets and new technologies in financial products and services?



[Go to full results](#)

3.4 Preparing financial services for the future

Following the UK's exit from the EU, the passage of the Financial Services and Markets Act 2023 introduced changes to the regulatory system. The Act gives the FCA expanded powers and an important role in implementing changes which are designed to ensure UK markets remain competitive, innovative and fit for the future.

Outcome: The FRF supports all of our top-line outcomes and creates confidence in financial markets

Topline Outcome: All

Metrics:

PFS1-M02: Increase in firm's perceived effectiveness of the FCA in regulating financial services

PFS4-M01: Firms feel the FCA can adapt regulatory requirements to respond to innovation and new challenges

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

(1-10 Scale: 1 = 'Not at all effective'; 10 = 'Extremely effective')

Mean score = 7.2



[Go to full results](#)

To what extent do you agree or disagree?:

Q16d. The work of the FCA is effective in promoting international trade in the financial services industry



[Go to full results](#)

Q16e. The FCA is able to adapt its regulatory requirements to respond efficiently to innovation and new challenges



■ Agree
 ■ Neither agree nor disagree
 ■ Disagree
 ■ Don't know

[Go to full results](#)

3.5 Dealing with problem firms

Firms which don't meet the FCA's minimum standards put consumers at risk. The FCA uses many different strategies to proactively identify problem firms and to act quickly to deal with them.

Outcome: Consumers and market participants have confidence that financial services firms which fail to meet the Threshold Conditions and/or should otherwise not be regulated, are identified and cancelled quickly

Topline Outcome: Confidence

Metric:

DPF1-M01: Maintain awareness of, and increase perceived effectiveness of, FCA enforcement action on Threshold Conditions

Q24. How familiar is your firm with the FCA's Threshold Conditions?



■ Very/ Fairly familiar
 ■ Not very/ at all familiar
 ■ Don't know

[Go to full results](#)

Outcome: Consumers and market participants trust that the FCA intervenes to stop harm to consumers and market integrity quickly

Topline Outcome: Confidence

Metric:

DPF2-M01: Increase in awareness of, and perceived effectiveness of, FCA interventions

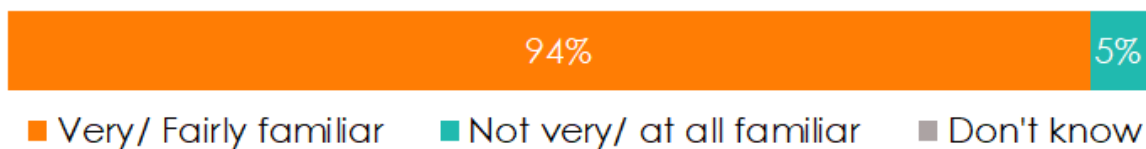
Q22*. As far as you are aware, has the FCA withdrawn permissions from any firms or individuals?



* Data has been edited to include firms who selected withdrawn permissions/ authorised status at Q20 ('As far as you're aware, which of the following enforcement actions has the FCA imposed on firms or individuals in the last 12 months?')

[Go to full results](#)

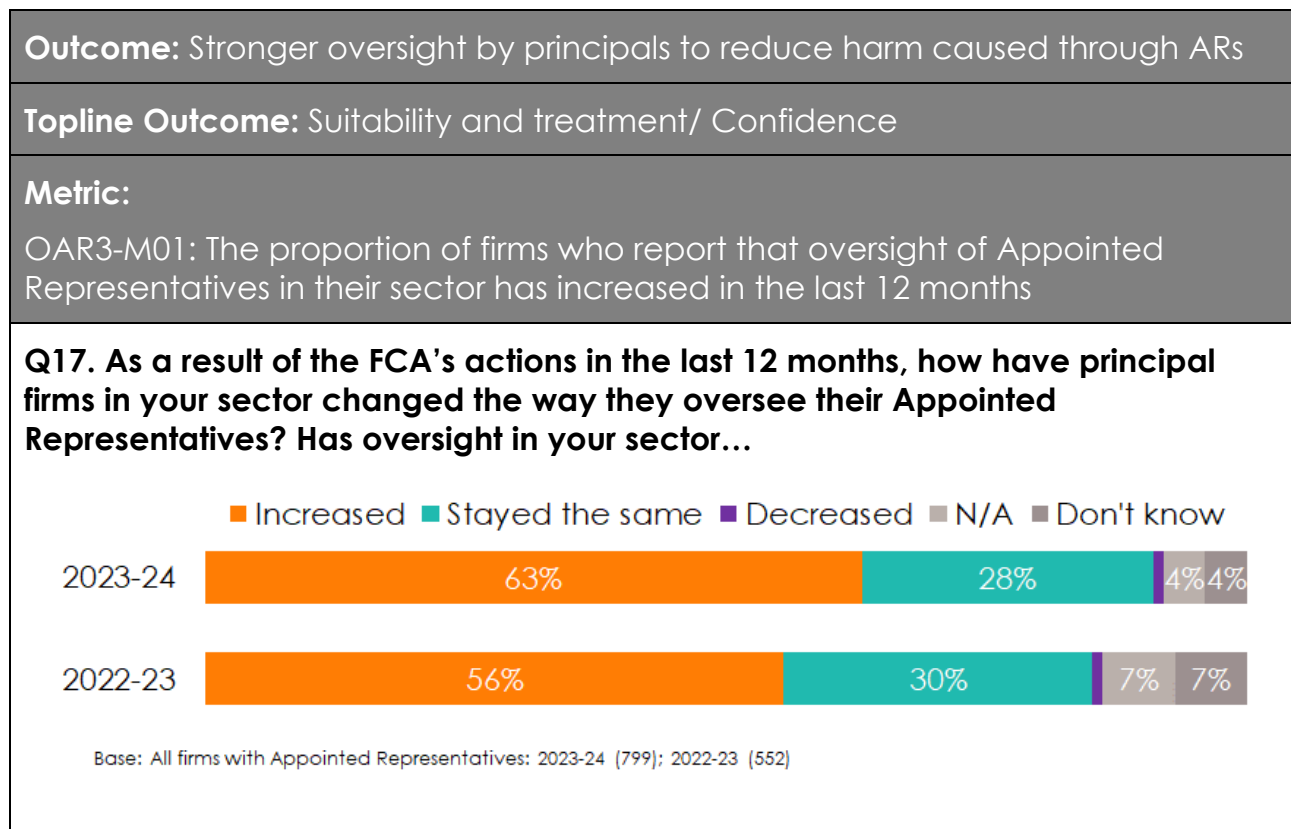
Q24. How familiar is your firm with the FCA's Threshold Conditions?



[Go to full results](#)

3.6 Improving oversight of Appointed Representatives

An Appointed Representative (AR) carries on regulated activity under the responsibility of an authorised firm. The authorised firm is known as the AR's 'principal' and is responsible for the AR's activities, including its compliance with our rules. While the AR regime has benefits, evidence shows that principal firms' do not always adequately oversee the activities of their ARs. The FCA has already taken action to address harms arising from ARs, introduced changes via new rules and guidance to improve principals' oversight of their ARs, greater engagement with, and scrutiny of firms as they appoint ARs, and raise standards across financial services.



Firms with Appointed Representatives were asked how, as a result of FCA actions over the last 12 months, they felt principal firms in their sector changed the way they oversee their Appointed Representatives. Just over six in ten (63%) felt that oversight had increased, while three in ten (28%) felt that it had stayed the same. Only 1% felt that oversight had decreased.

Comparison with 2022-23

Firms have a more positive perspective on oversight of Appointed Representatives compared with 2022-23. Almost two thirds of firms (63%) said that oversight has increased over the last 12 months, compared with 56% of firms providing the same response in 2022-23.

3.7 Minimising the impact of operational disruptions

Firms must be able to respond to, recover and learn from operational disruptions, as well as prevent future operational disruptions. The FCA has increased efforts to deal with firms who can't meet the new standards on operational resilience and are developing new rules to address the risk that critical third parties present to firms and markets.

Disruptions to the financial markets through, for example, events such as Covid-19 or increased cyber risks have the potential to harm consumers, threaten the viability of firms, and risk market integrity. Operational resilience is the ability of firms, financial market infrastructures and the financial sectors as a whole to prevent, adapt and respond to, recover and learn from, operational disruption. The FCA published final rules and policy relating to Operational Resilience in March 2021, and firms have until March 2025 to ensure that they are operating under the new rules. These rules require firms to set impact tolerances for the maximum tolerable disruption to their critical business services, carry out mapping and testing to ensure the business can remain within these impact tolerances, and make the necessary investments to operate within these tolerances.

Outcome: Firms' important business services are resilient to operational disruption

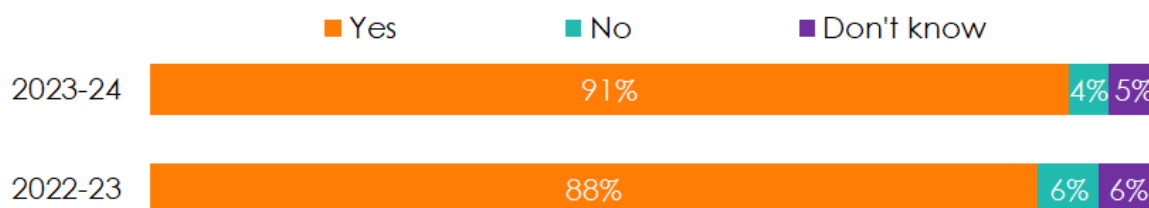
Topline Outcome: Access

Metrics:

IOD1-M02: Maintain awareness of the FCA's work to ensure firms are operationally resilient

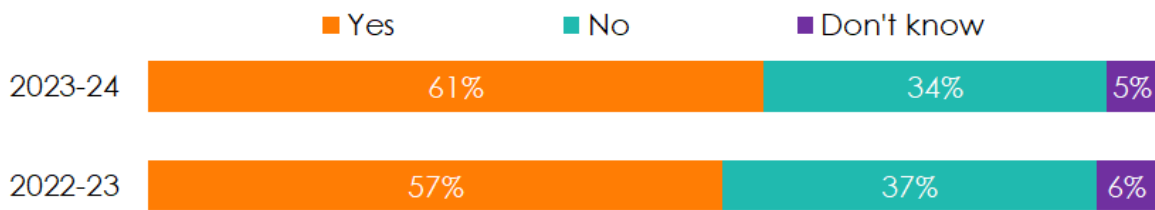
Increase the proportion of firms who, over the past 12 months, say operational resilience has become more of a priority

Q28. Are you aware of the FCA's work to ensure firms are operationally resilient?



Base: All non-consumer credit firms: 2023-24 (6,608), 2022-23 (4,287)

Q29. Would you say that over the last 12 months operational resilience has become more of a priority for your firm?



Base: All non-consumer credit firms: 2023-24 (6,608), 2022-23 (4,287)

Almost all fixed firms (97%) said that they were aware of the FCA's work to ensure that firms are operationally resilient. Nine in ten fixed firms (91%) also said that operational resilience had become more of a priority for them over the previous 12 months.

Responses were more varied among flexible firms. Nine in ten flexible firms (91%) were aware of the FCA's work to ensure that firms are operationally resilient. However, only six in ten flexible firms (61%) said that operational resilience had become more of a priority over the previous 12 month, while a third (34%) said that it had not.

Flexible firms that were aware of the FCA's work in this area were more likely to say that operational resilience had become a priority for them, compared with flexible firms that were *not* aware of the FCA's work (63% and 35% respectively⁸).

Comparison with 2022-23

For both fixed and flexible firms there is little change in the prioritisation of their own operational resilience or their awareness of the FCA's work in this area compared with 2022-23.

⁸ Overall, 5,998 flexible firms stated they were aware of the FCA's work in this area with only 254 firms stating they were unaware.

4 Authorisation and Enforcement

The FCA's three-year strategy includes a clear commitment to deal with problem firms. This includes:

- strengthening the authorisation gateway to prevent firms which cannot meet threshold conditions from entering the market.
- enhanced supervision to intervene earlier and more assertively before problems become systemic; and
- taking enforcement action more quickly to remove or sanction firms that don't meet the necessary standards and pose a risk to consumers.

This chapter examines firms' views on different aspects of the FCA's regulatory functions, including the authorisation process, FCA investigations, and its enforcement actions.

4.1 Authorisation process

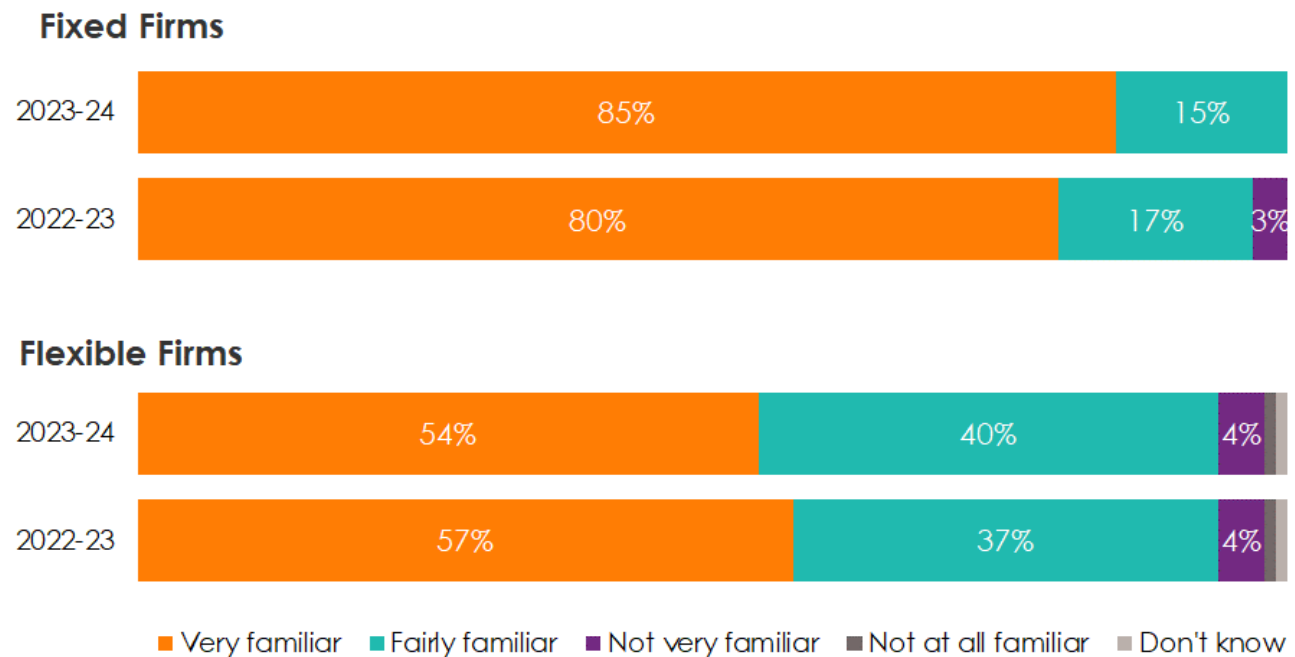
The FCA's Threshold Conditions represent the minimum conditions which firms are required to satisfy to obtain and maintain authorisation status and relevant permissions.

When asked how familiar they were with the Threshold Conditions, a large majority of both fixed and flexible firms reported that they were familiar with them to some extent (100% of fixed firms and 94% of flexible firms were either 'very' or 'fairly' familiar) (**Figure 4.1**).

Fixed firms tended to have a higher degree of familiarity with the Threshold Conditions than flexible firms. More than eight in ten (85%) fixed firms reported that they were 'very familiar' with them, compared with slightly under six in ten (54%) flexible firms.

Between 2022-23 and 2023-24, there has been a slight increase in the proportion of fixed firms reporting that they are 'very familiar' with the Threshold Conditions, from 97% to 100%. Conversely, flexible firms were slightly less likely to report that they were 'very familiar' with the Threshold Conditions (54%, down from 57% in 2022-23) but were, instead, more likely to report being 'fairly familiar' (40%, up from 37% in 2022-23).

Figure 4.1 - How familiar firms are with the FCA's Threshold Conditions



Q24. How familiar is your firm with the FCA's Threshold Conditions?
 Base: All non-consumer credit firms; Fixed - 2023-24 (47); 2022-23 (60)
 Flexible - 2023-24 (6,561); 2022-23 (4,227)

4.2 Enforcement action

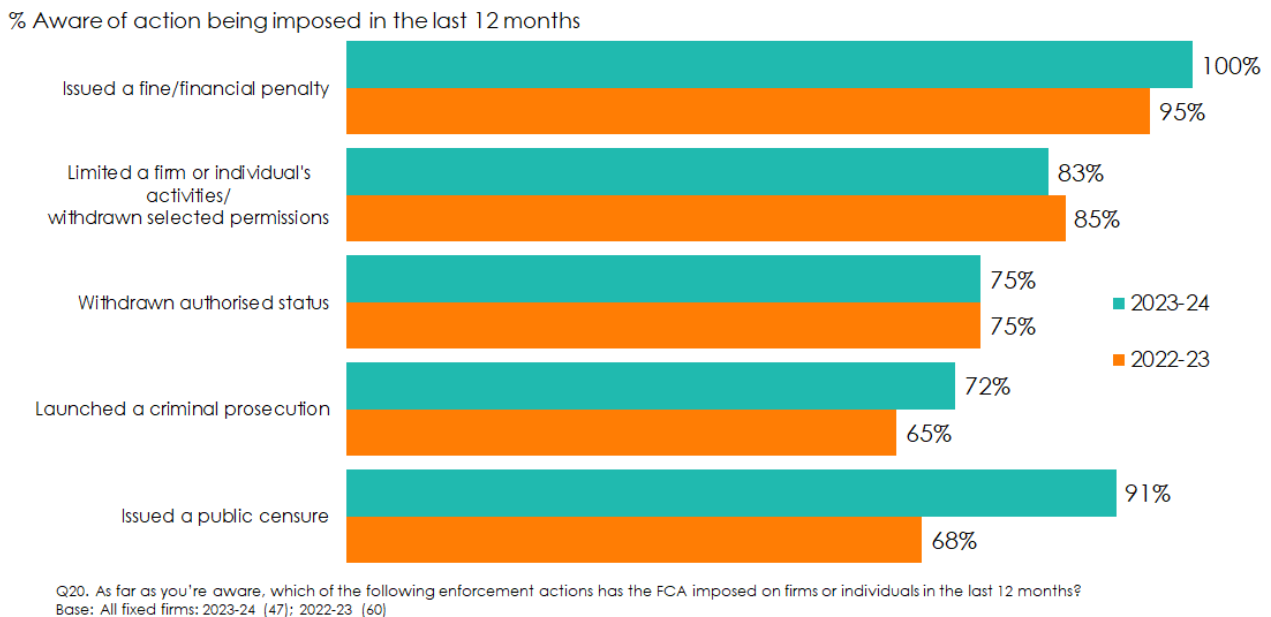
Firms were asked about their awareness of FCA enforcement actions and their views on the effectiveness of different types of measures at reducing harm to the industry.

Fixed firms were more aware than flexible firms of enforcement actions taken in the past 12 months. All fixed firms (100%) were aware of at least one type of enforcement action taken by the FCA (up from 95% in 2022-23), compared with eight in ten flexible firms (81%, up from 73% in 2022-23).

Amongst fixed firms, awareness of each of the five main types of enforcement action was high, ranging from 100% awareness of the FCA issuing of a fine or financial penalty, to 72% awareness of the FCA launching a criminal prosecution (**Figure 4.2**).

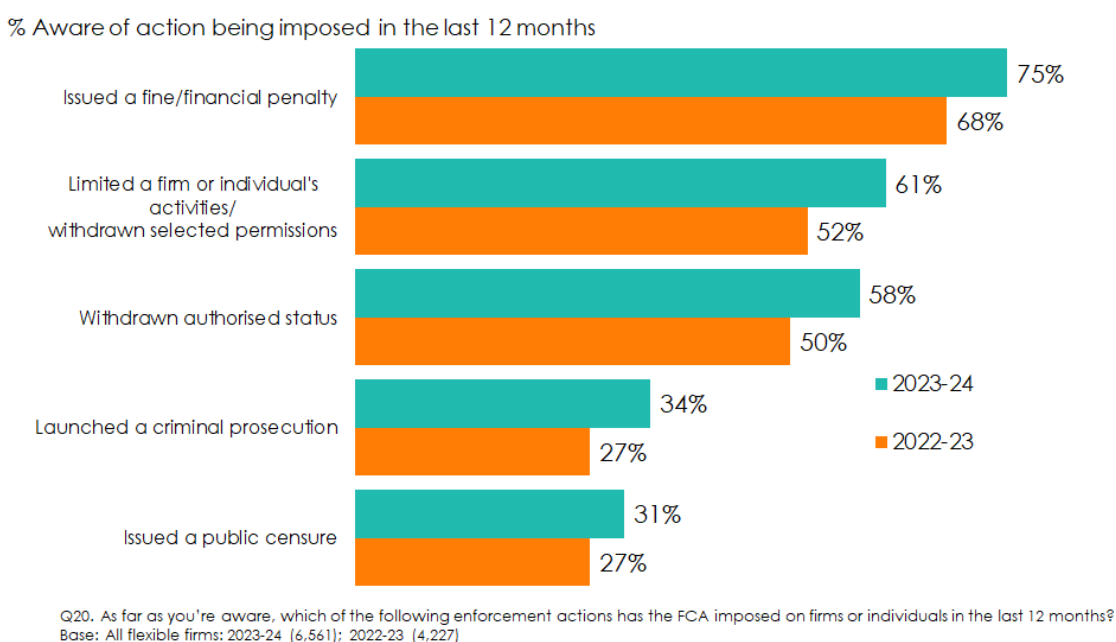
Compared with 2022-23, the proportion of fixed firms aware that the FCA had issued a fine or financial penalty in the past 12 months remains high, with all fixed firms now aware. There was also a substantial increase in their awareness that a public censure had been issued (from 68% to 91%).

Figure 4.2 - Fixed firms' awareness of enforcement actions imposed on firms or individuals by the FCA



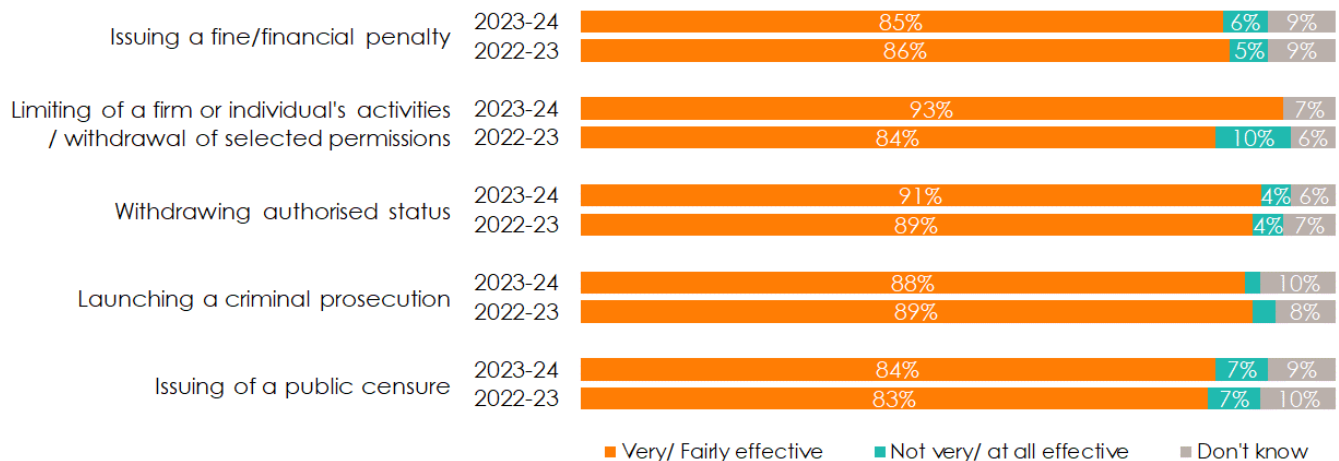
Amongst flexible firms, awareness of enforcement actions taken by the FCA in the past 12 months ranged from three quarters (75%) for the issuing of a fine or financial penalty to three in ten (31%) for the issuing of a public censure. There were increases in flexible firms' awareness of all five of the main enforcement actions, though awareness of each of them remains lower compared with fixed firms (**Figure 4.3**).

Figure 4.3 - Flexible firms' awareness of enforcement actions imposed on firms or individuals by the FCA



Fixed firms tended to view all the five main enforcement actions as being effective (**Figure 4.4**). Among those fixed firms aware of each enforcement action, limiting a firm or individual's activities / the withdrawal of selected permissions was most likely to be seen as an effective enforcement action. More than nine in ten (93%) fixed firms said this was either 'very' or 'fairly' effective, an increase from just over eight in ten (84%) in 2022-23. Similar proportions felt that withdrawing authorised status (91%) and launching a criminal prosecution (88%) were effective.

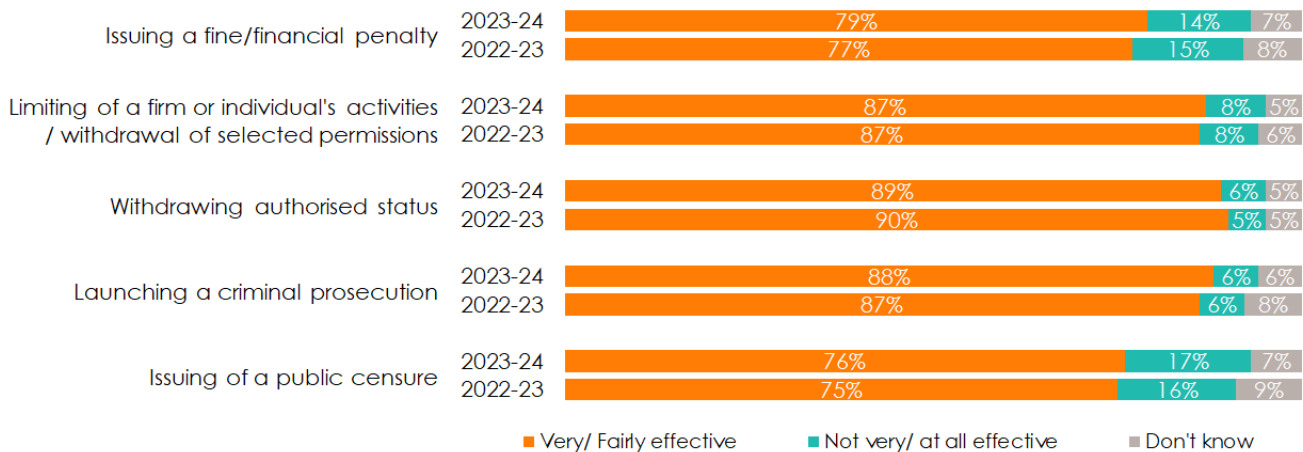
Figure 4.4 - How effective fixed firms think FCA enforcement actions have been in reducing further harm to the industry



Q21. How effective do you think each of the following enforcement actions has been in reducing further harm to the industry?
 Base: All non consumer credit fixed firms aware of enforcement action being imposed in the last 12 months: Issuing a fine - 2023-24 (47), 2022-23 (57);
 Limiting activities - 2023-24 (40), 2022-23 n=51; Withdrawing authorised status - 2023-24 (36), 2022-23 (45); Launching criminal prosecution - 2023-24 (34), 2022-23 n=38;
 Issuing a public censure - 2023-24 (43), 2022-23 (42)

Among flexible firms, withdrawal of authorised status was most widely seen as being an effective enforcement action (89% thought it was either 'very' or 'fairly' effective), closely followed by launching a criminal prosecution (88%) and limiting a firm or individual's activities / the withdrawal of selected permissions (87%). There was a slightly lower perceived efficacy associated with issuing a fine or financial penalty (79%, up from 77% in 2022-23) or issuing a public censure (76%) (**Figure 4.5**).

Figure 4.5 - How effective flexible firms think FCA enforcement actions have been in reducing further harm to the industry



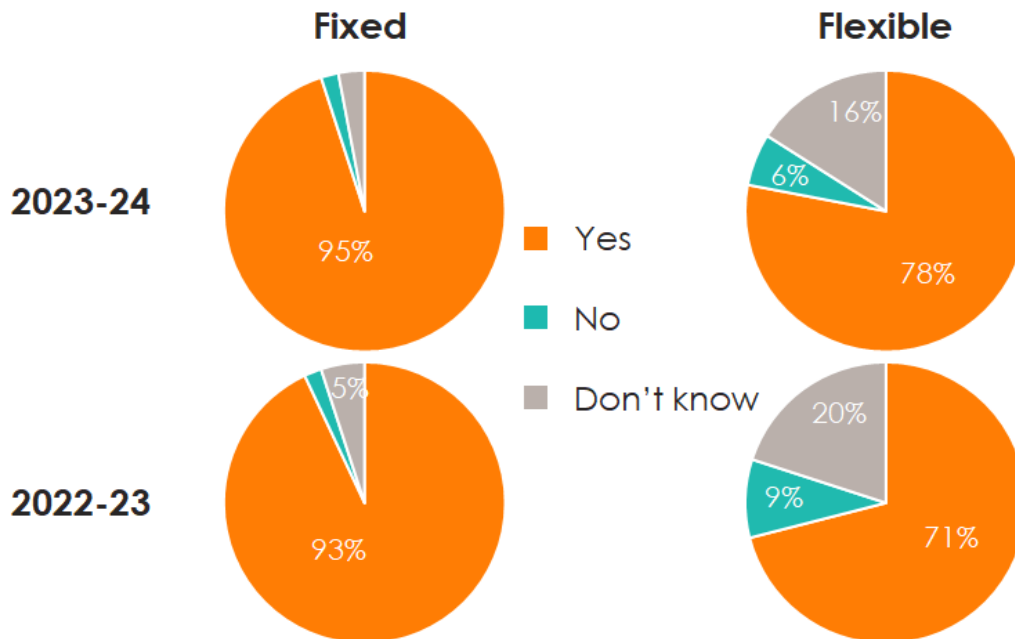
Q21. How effective do you think each of the following enforcement actions has been in reducing further harm to the industry?
 Base: All non consumer credit fixed firms aware of enforcement action being imposed in the last 12 months: Issuing a fine - 2023-24 (5,011), 2022-23 (2,887);
 Limiting activities - 2023-24 (4,136), 2022-23 (2,194); Withdrawing authorised status - 2023-24 (3,884), 2022-23 (2,076); Launching criminal prosecution - 2023-24 (2,312), 2022-23 (1,152);
 Issuing a public censure - 2023-24 (2,077), 2022-23 (1,182)

Looking at a longer timeframe, beyond the 12-month reference period discussed above, firms were asked whether they were aware of the FCA ever withdrawing permissions from any firms or individuals (**Figure 4.6**).

More than nine in ten fixed firms (95%) said that they were aware of the FCA having taken this enforcement action (consistent with the 93% recorded in 2022-23).

Around eight in ten flexible firms (78%) were aware of the FCA withdrawing permissions representing an increase compared with 2022-23 (when the equivalent figure was 71%).

Figure 4.6 - Whether aware of the FCA withdrawing permission from any firms or individuals AT ANY TIME



Q20. As far as you're aware, which of the following enforcement actions has the FCA imposed on firms or individuals in the last 12 months?
 Q22. As far as you are aware, has the FCA withdrawn permissions from any firms or individuals?
 Base: All non consumer credit firms: Fixed - 2023-24 (47), 2022-23 (60); Flexible - 2023-24 (6,561), 2022-23 (4,227)

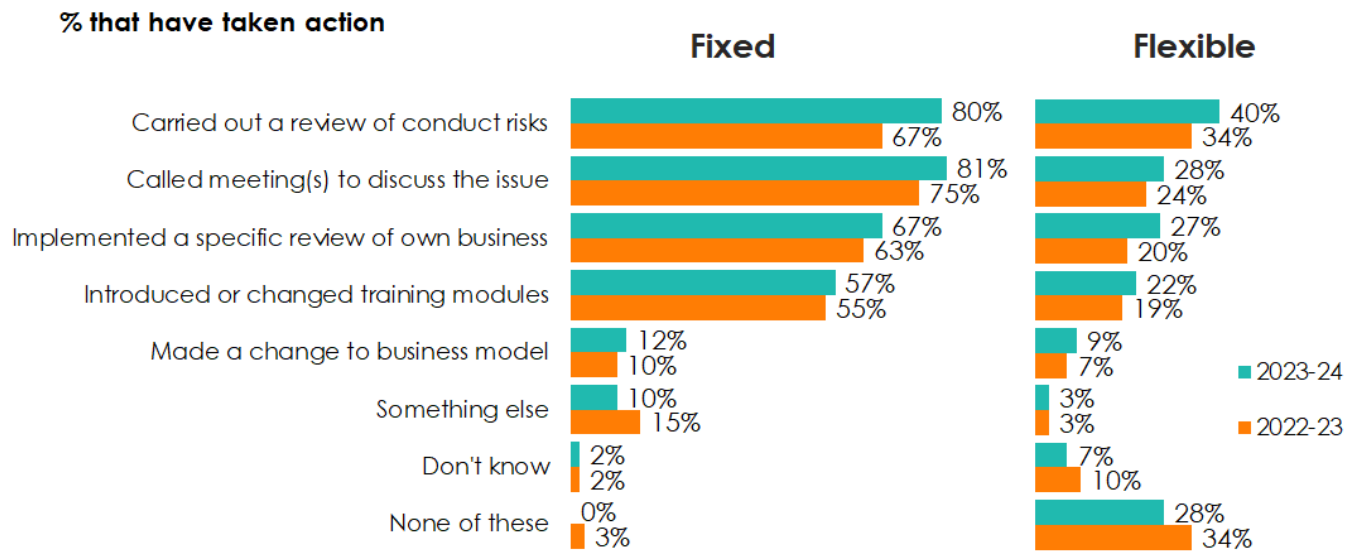
While enforcement action by the FCA is designed to deal directly with problem firms who don't meet the expected standards and therefore stop consumer harm, awareness of such action may also have a deterrent effect on other firms and encourage firms to adopt higher standards. To assess the impact of FCA enforcement action on firms' actual behaviour, firms were asked if they had taken any actions in response to FCA enforcement actions against another firm or individual (**Figure 4.7**).

Fixed firms were more likely than flexible firms to have taken at least one action: no fixed firms reported that they had taken no action, compared with 28% of flexible firms.

The most common actions taken by fixed firms were calling meetings to discuss the issue (81%), carrying out a review of conduct risks (80%, up from 67% in 2022-23) and implementing a specific review of their own business (67%).

The top three actions for flexible firms were the same as for fixed firms, albeit at lower levels. Four in ten flexible firms had carried out a review of conduct risks (40%) while three in ten had called meetings to discuss the issue (28%) or implemented a specific review of their own business (27%).

Figure 4.7 - Actions firms have taken in response to FCA enforcement actions against another firm or individual



Q23. Thinking now about ANY enforcement action the FCA has taken as a result of poor business practices by another firm or individual. What actions, if any, have your firm taken in response to such enforcement action?
Base: All non consumer credit firms: Fixed - 2023-24 (47), 2022-23 (60); Flexible - 2023-24 (6,561), 2022-23 (4,227)

5 Regulatory burden

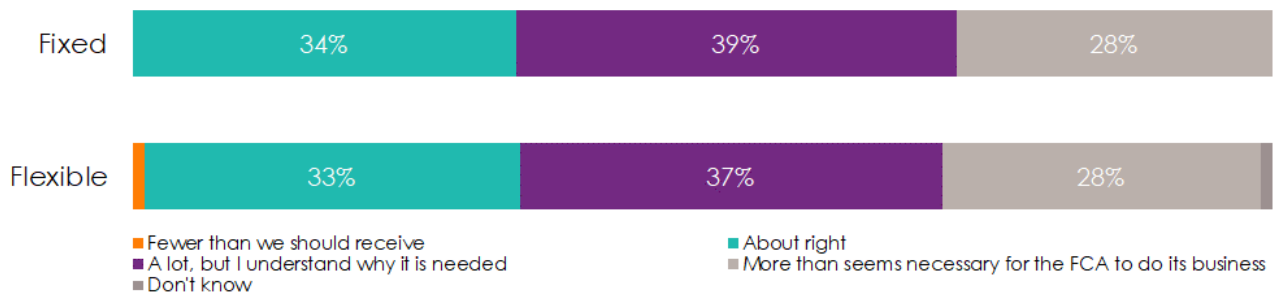
This chapter explores how firms engage with, and are affected by, regulatory requirements.

5.1 Information requests

The FCA may request information and data from the firms it regulates, either on a voluntary basis or through its statutory powers, to support its supervisory and enforcement functions. Firms were asked how they felt about the number of data and information requests they receive from the FCA and their attitudes towards providing such data and information.

In relation to the number of data requests they receive, fixed and flexible firms reported similar views (**Figure 5.1**).

Figure 5.1 – How firms felt about the number of data/ information requests they receive

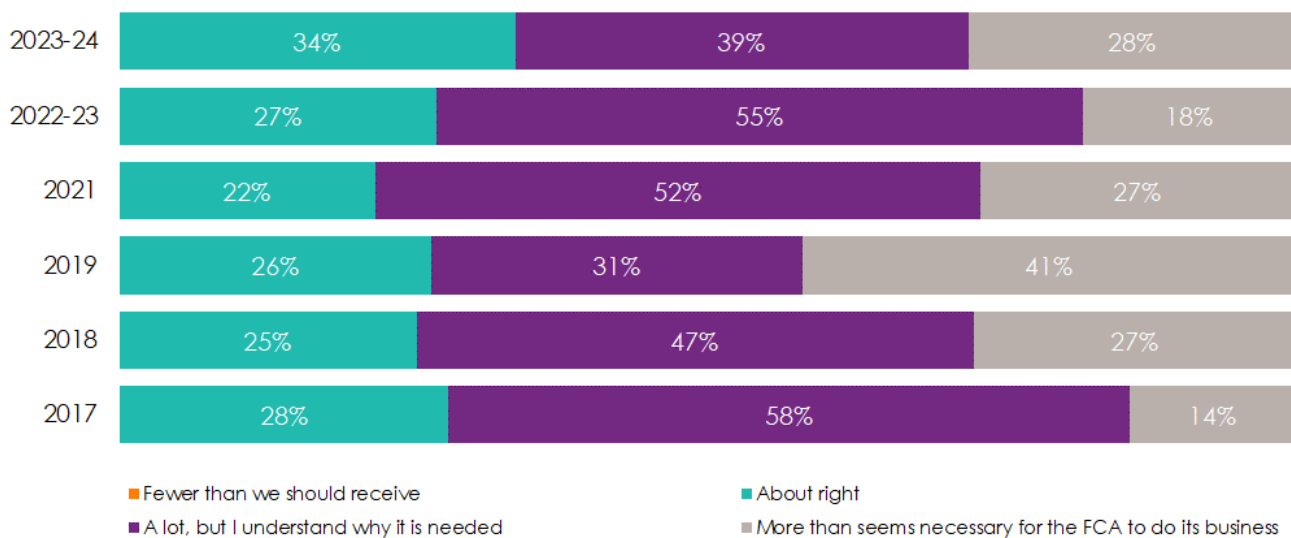


Q30. Which of the following best describes how you feel about the number of data/ information requests your firm receives from the FCA?
Base: All firms; Fixed (47), Flexible (6,561)

Around a third of fixed firms (34%) and flexible firms (33%) felt that the number of data and information requests they received was about right. By comparison, just under four in ten felt they received a lot of requests but understood the reasons for them (39% and 37% respectively), while just over a quarter (28%) felt they received more requests than necessary.

Results for fixed firms were more polarised than in 2022-23, with the proportion of firms considering the number of data/ information requests to be 'about right' increasing to 34% (up from 27% in 2022-23 and 22% in 2021). However, the proportion of fixed firms feeling that the number of requests were 'more than seems necessary' also increased to just under three in ten (28%), up from 18% in 2022-23, although this is in line with the levels seen in 2021 (**Figure 5.2**).

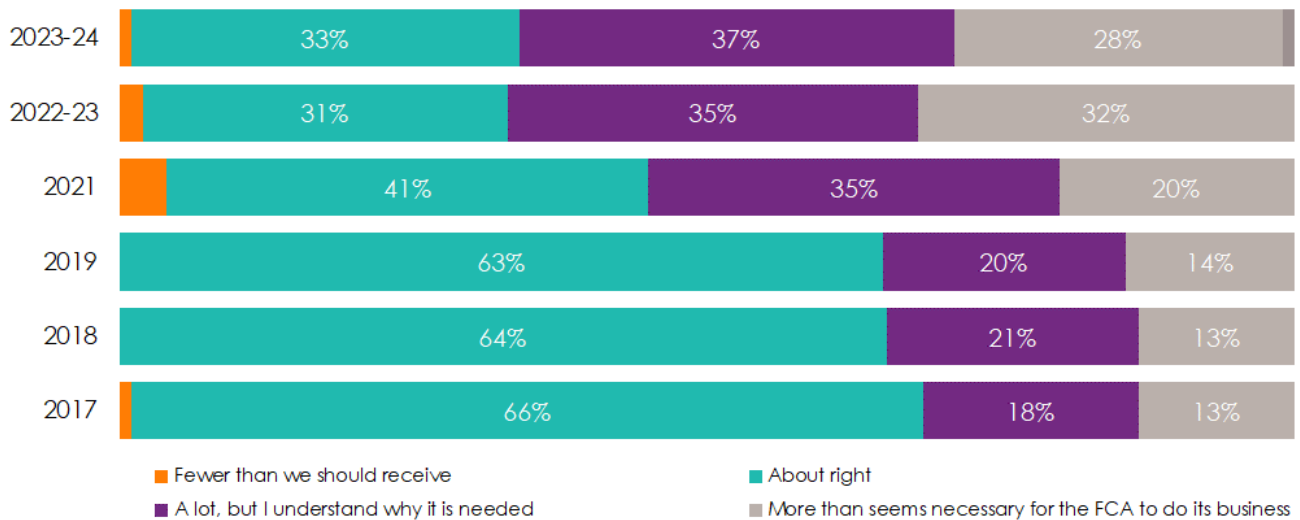
Figure 5.2 – How fixed firms felt about the number of data/ information requests they receive (2017 to 2023-24)



Q30. Which of the following best describes how you feel about the number of data/ information requests your firm receives from the FCA?
 Base: All fixed firms: 2023-24 (47); 2022-23 (60); 2021 (58); 2019 (71); 2018 (65); 2017 (74)

The views of flexible firms were more consistent year-on-year, although there was a slight drop in the proportion of firms who considered the number of data / information requests to be 'more than seems necessary', down from 32% in 2022-23 to 28% this year. As in 2022-23 the most common view offered by firms was that the number of requests were 'a lot, but I understand why it is needed', rising from 35% in 2022-23 to 37% last year (**Figure 5.3**).

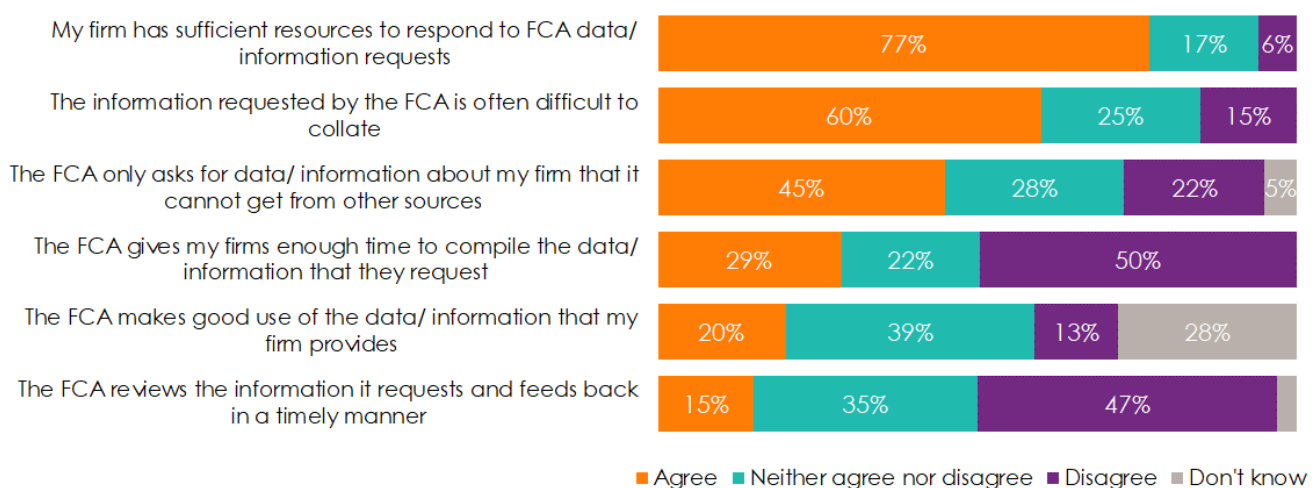
Figure 5.3 – How flexible firms felt about the number of data/ information requests they receive (2017 to 2023-24)



Q30. Which of the following best describes how you feel about the number of data/ information requests your firm receives from the FCA?
 Base: All flexible firms: 2023-24 (6,561); 2022-23 (4,227); 2021 (3,551); 2019 (2,817); 2018 (2,548); 2017 (2,156);

Firms were also asked about their attitudes to specific aspects of the data and information requests they receive from the FCA. Views of fixed firms were notably less positive than flexible firms, possibly reflecting the greater complexity of the information requests they receive (**Figure 5.4**).

Figure 5.4 – Extent to which fixed firms agreed or disagreed with the following statements about data/ information requests your firm receives from the FCA



Q31. To what extent do you agree or disagree with the following statements about data/ information requests your firm receives from the FCA?
 Base: All fixed firms(47)

On a positive note, three quarters of fixed firms (77%) agreed they had **sufficient resources** to deal with requests, while only 6% of fixed firms disagreed with this.

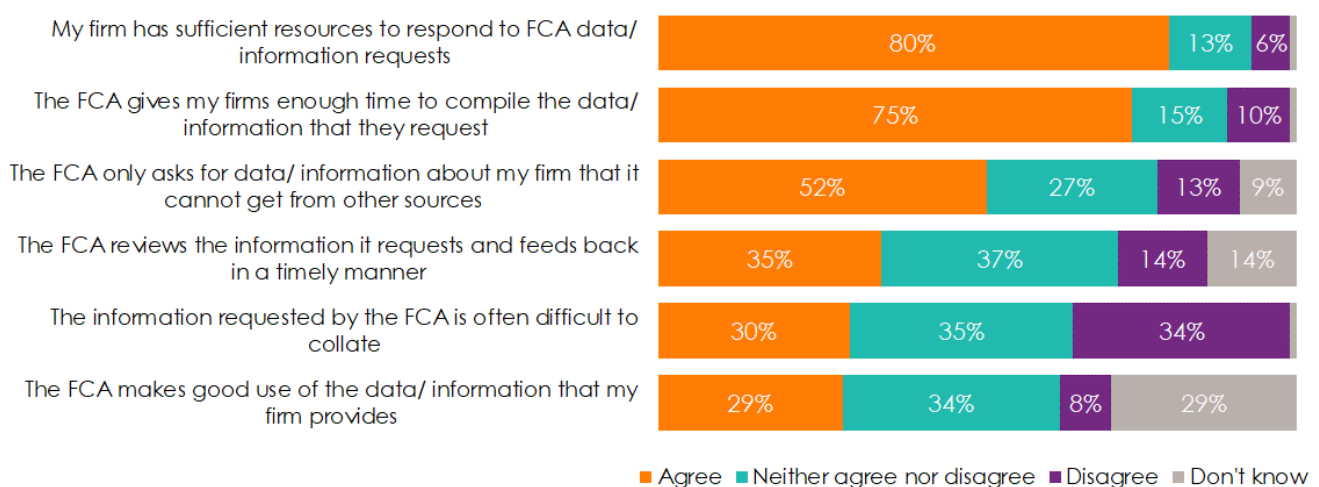
However, views were less positive on all other aspects of data and information requests. Six in ten fixed firms (60%) said the information requested by the FCA is often **difficult to collate** with only 15% disagreeing. To compound this, only three in ten firms (29%) agreed that the FCA gave firms **enough time to compile the request**, with half (50%) disagreeing.

Alongside this, fewer than half (45%) said the FCA only asks for data/ information that it **cannot get from other sources**, with two in ten (22%) disagreeing. Only two in ten (20%) said the FCA **makes good use of the data/ information** provided, with four in ten non-committal (39%) and over a quarter uncertain (28% don't know). In addition, just under half (47%) disagreed that the FCA **reviews the information in a timely manner**.

In comparison, the attitudes of flexible firms were more positive than fixed firms for nearly all statements.

Eight in ten firms (80%) agreed that they had **sufficient resources to respond** to FCA data or information requests compared with only 6% who disagreed (**Figure 5.5**). Three-quarters (75%) felt the **FCA gave enough time to process requests** (10% disagreed) while just over half (52%) felt the FCA **only asked for data or information it could not get from other sources** (13% disagreed). All three of these results represent a more positive view than fixed firms.

Figure 5.5 – Extent to which flexible firms agreed or disagreed with the following statements about data/ information requests your firm receives from the FCA



Q31. To what extent do you agree or disagree with the following statements about data/ information requests your firm receives from the FCA?
Base: All flexible firms (6,561)

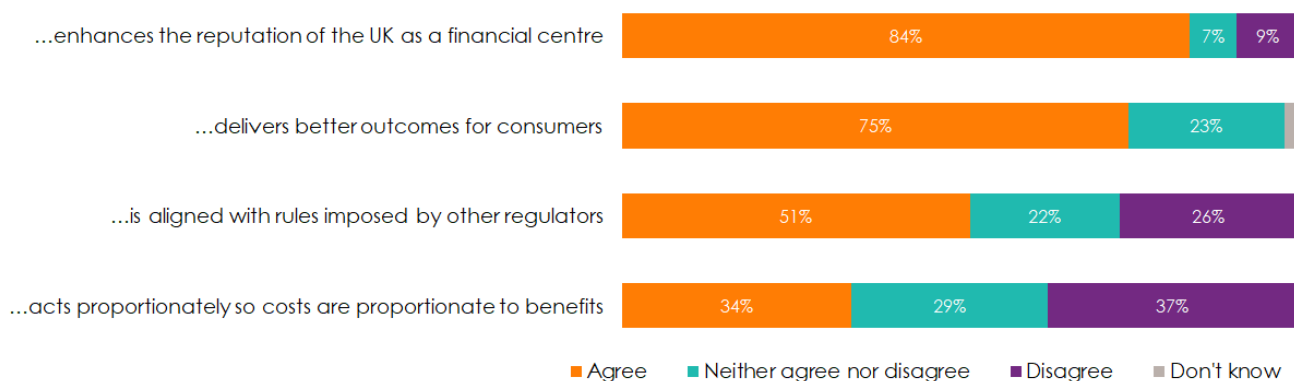
While just over a third of flexible firms (35%) agreed that the **FCA reviewed information in a timely manner**, 14% disagreed, with the same proportion of firms answering 'Don't know'. Flexible firms were broadly split into three groups in terms of whether the **information requested by the FCA was difficult to collate** with around a third disagreeing (34%) or undecided / ambivalent (35%), and three in ten agreeing (30%). Similar proportions agreed that the **FCA makes good use of the data/information provided** (29%), were non-committal (34%) or were unsure how the FCA used the data (29% answering 'Don't know').

5.2 Impact of regulation

Firms were shown a series of statements to gauge their views on the impact of FCA regulation on the industry as a whole.

A majority of fixed firms agreed that **FCA regulation enhances the reputation of the UK as a financial centre** (84%) and **delivers better outcomes for consumers** (75%), with limited disagreement to either statement (9% and 0%, respectively; **Figure 5.6**).

Figure 5.6 – Fixed firms' agreement with statements about FCA regulation

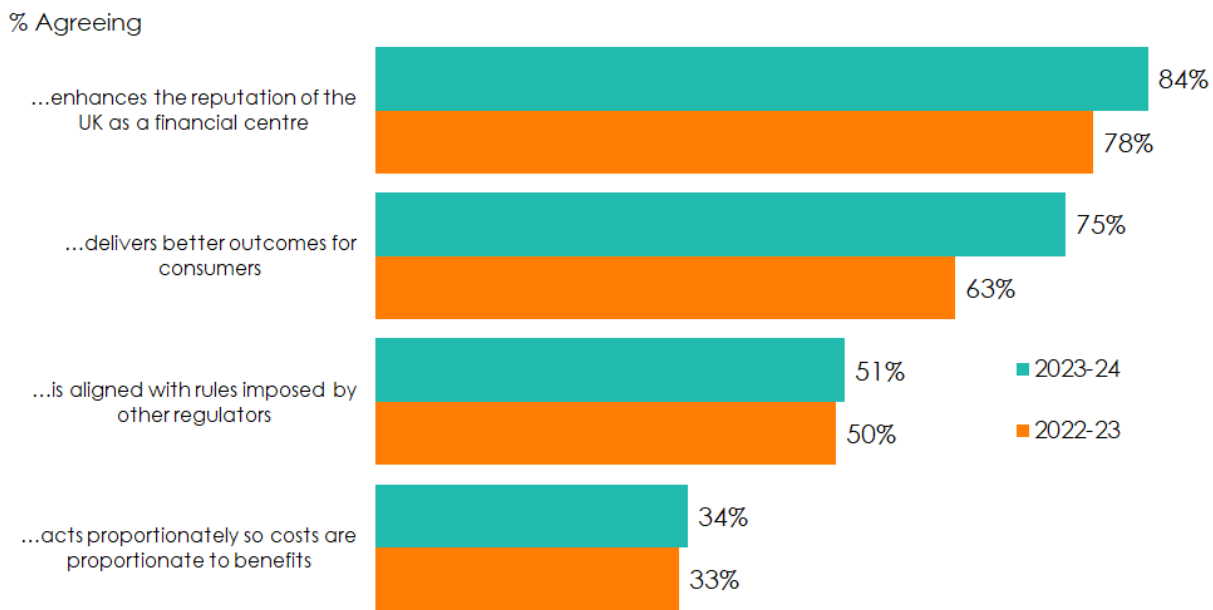


Q15. To what extent do you agree or disagree with the following statements?
Base: All fixed firms:(47)

While just over half (51%) agreed that FCA regulation is **aligned with rules imposed by other regulators**, a quarter disagreed (26%). Fixed firms were divided on the issue of proportionality: while a third (34%) agreed that the FCA **acts proportionately in terms of weighing up costs against benefits**, slightly more (37%) disagreed, with the remaining 29% non-committal.

Looking at the results compared to 2022-23 there is an increase in agreement that **FCA regulation enhances the reputation of the UK as a financial centre** (84%, up from 78% in 2022-23) and that **FCA regulation delivers better outcomes for consumers** (75%, up from 63% in 2022-23), with limited difference in the level of agreement on alignment and proportionality (**Figure 5.7**).

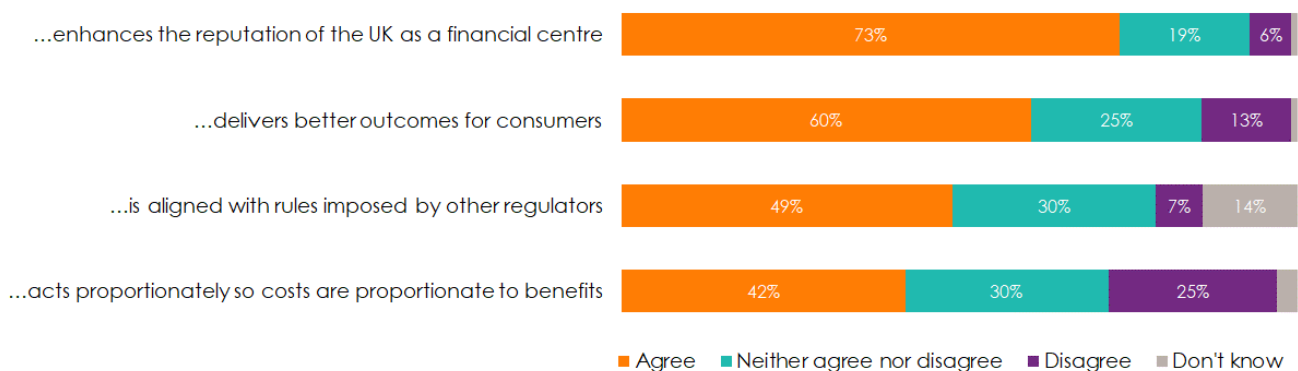
Figure 5.7 – Fixed firms' agreement with statements about FCA regulation by year



Q15. To what extent do you agree or disagree with the following statements?
Base: All fixed firms: 2023-24 (47); 2022-23 (60)

Flexible firms were broadly positive on the FCA's impact on key aspects of regulation, albeit to a lesser degree than fixed firms (**Figure 5.8**).

Figure 5.8 – Flexible firms' agreement with statements about FCA regulation



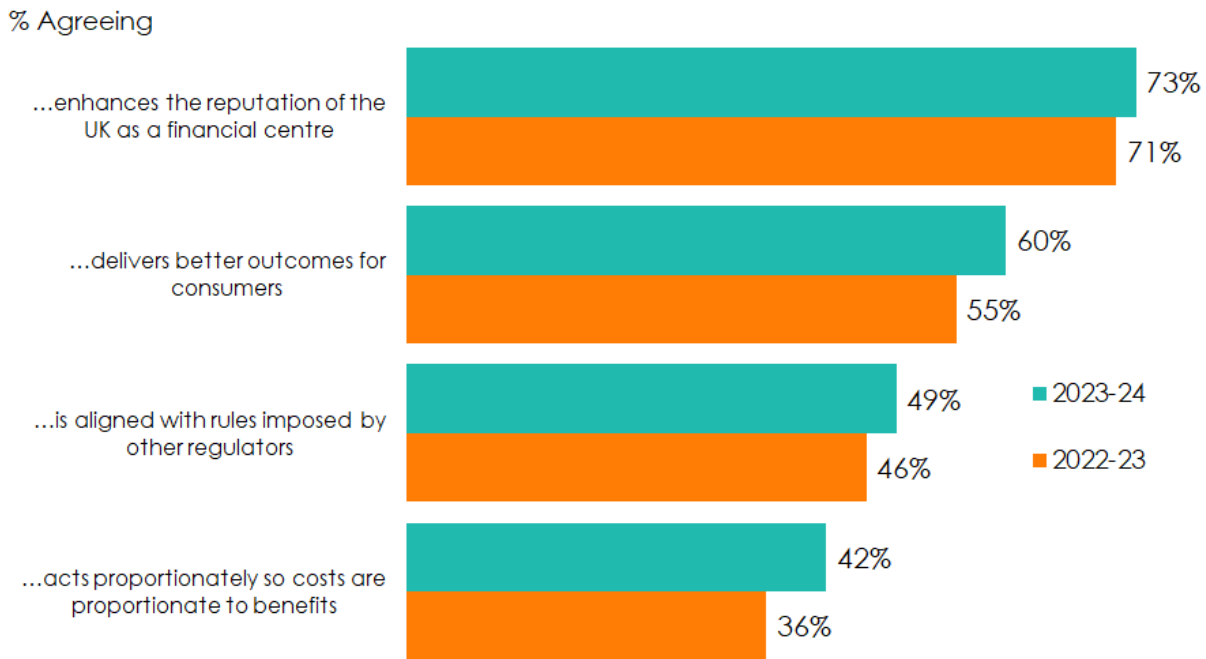
Q15. To what extent do you agree or disagree with the following statements?
Base: All flexible firms: (6,561)

Just under three-quarters (73%) agreed that FCA regulation **enhances the reputation of the UK as a financial centre** (6% disagreed) and six in ten (60%) agreed that FCA regulation **delivers better outcomes for consumers** (13% disagreed). Just under half (49%) agreed that FCA regulation is **aligned with rules imposed by other regulators**, with 7% disagreeing, although there was a relatively high level of non-response at this statement (14% answered 'Don't know'). Four in ten flexible firms (42%) agreed

that **FCA regulation is proportionate**, with a quarter (25%) disagreeing and three in ten non-committal (30%). This is the one area of regulation where flexible firms register higher agreement than fixed firms.

Looking at the results compared to 2022-23 there has been an increase in agreement for all statements, most notably that **FCA regulation acts proportionately so costs are proportionate to benefits** (42%, up from 36% in 2022-23; **Figure 5.9**).

Figure 5.9 – *Flexible firms'* agreement with statements about FCA regulation by year

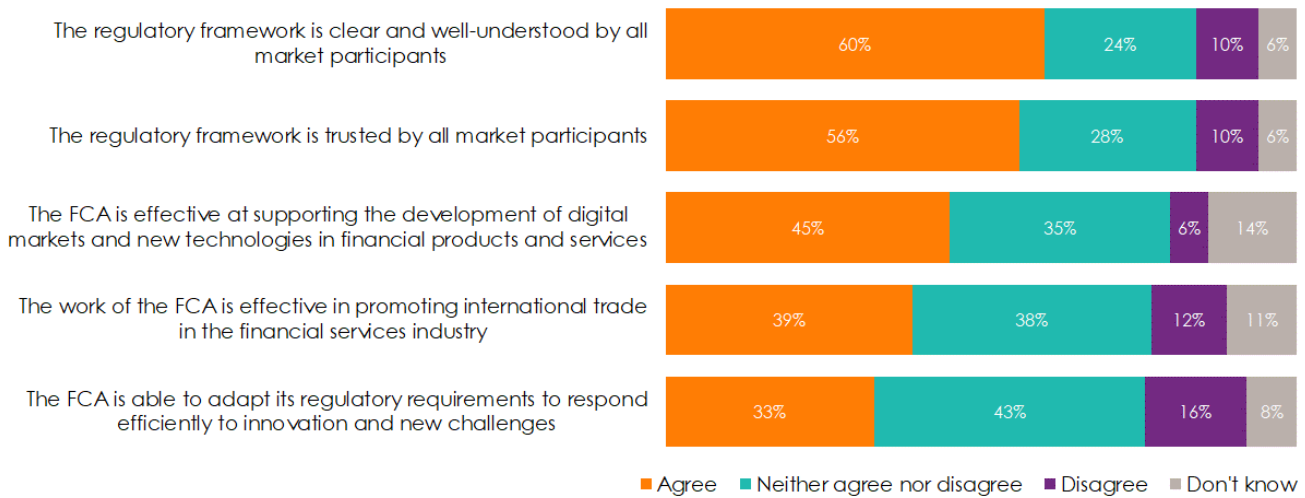


Q15. To what extent do you agree or disagree with the following statements?
Base: All flexible firms: 2023-24 (6,561); (4,227)

As in 2022-23, firms were shown an additional battery of statements relating to FCA regulation and the regulatory framework.

On a positive note, six in ten fixed firms (60%) agreed the **regulatory framework is clear and well-understood**, while just under six in ten (56%) agreed the **regulatory framework is trusted by all market participants** (**Figure 5.10**).

Figure 5.10 – Fixed firms’ agreement with statements about FCA regulatory framework



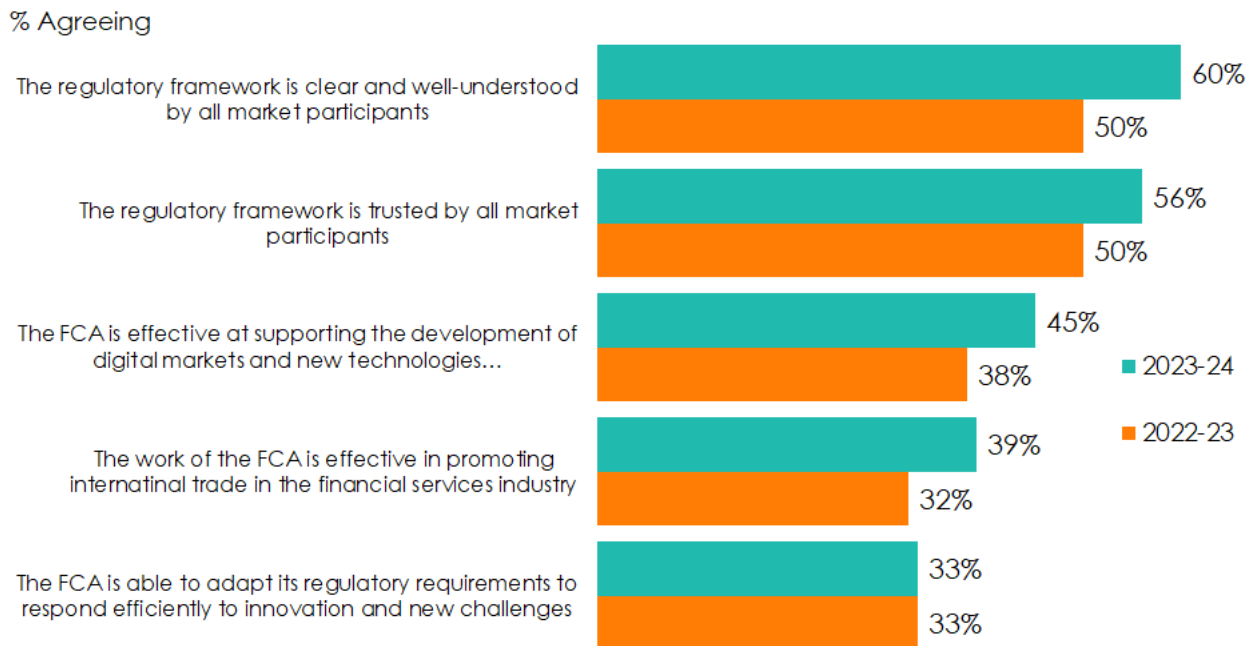
Q16. To what extent do you agree or disagree with the following statements?
Base: All fixed firms (47)

However, fewer than half (45%) agreed that the FCA is effective at **supporting the development of digital markets** or that the FCA is **effective in promoting international trade** (39%). While the number of fixed firms disagreeing to these statements was around 10% or lower (6-12%), more than a third were non-committal (35%-38%).

The final statement – the FCA is able to **adapt its regulatory requirements to respond efficiently to innovation and new challenges** – registered the lowest level of agreement from fixed firms (33%) and the highest level of disagreement (16%). Firms expressed a relatively high level of ambivalence in relation to this statement; over four in ten firms (43%) were non-committal and a further 8% answered 'Don't know'.

However, looking at the results compared to 2022-23 there has been an increase in agreement with four of the five statements, most notably that the **regulatory framework is clear and well-understood** (60%, up from 50% in 2022-23), with only agreement that the FCA is able to adapt its regulatory requirements unchanged year on year at 33% (**Figure 5.11**).

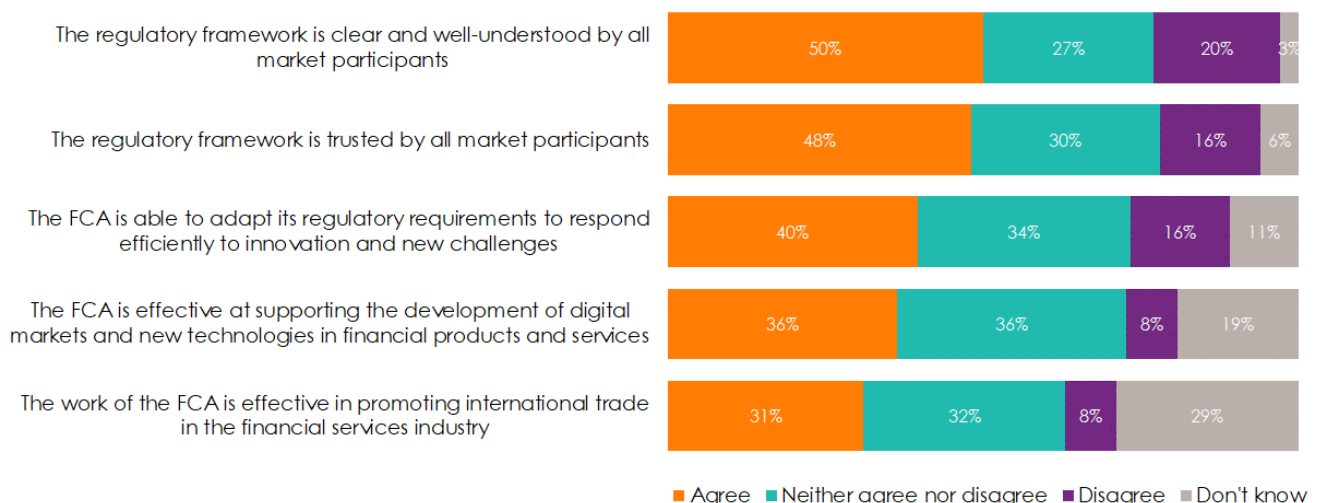
Figure 5.11 – Fixed firms’ agreement with statements about FCA regulatory framework by year



Q16. To what extent do you agree or disagree with the following statements?
Base: All fixed firms: 2023-24 (47); 2022-23 (60)

Flexible firms were less positive than fixed firms for all but one of the statements relating to the regulatory framework, registering higher agreement (40%) but a similar level of disagreement (16%) when asked about the FCA's ability to **adapt its regulatory requirements to respond efficiently to innovation and new challenges** (Figure 5.12).

Figure 5.12 – Flexible firms’ agreement with statements about FCA regulatory framework



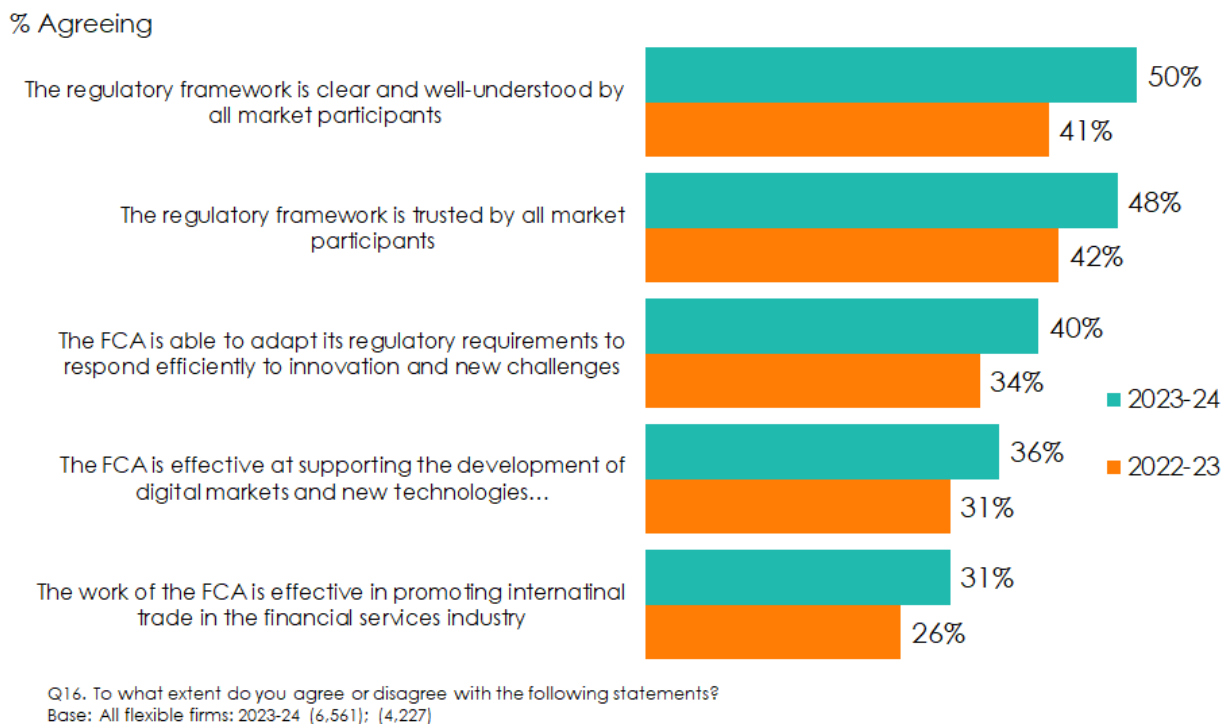
Q16. To what extent do you agree or disagree with the following statements?
Base: All flexible firms (6,561)

Overall, half of flexible firms (50%) agreed that the **regulatory framework is clear and well-understood by all market participants** and a similar proportion agreed that the **regulatory framework is trusted by all market participants** (48%), although around one in five disagreed with each statement (20% and 16%, respectively).

Just over a third of flexible firms (36%) agreed that the **FCA is effective at supporting the development of digital markets**, although a similar number are non-committal (36%), with 8% disagreeing. When asked if the **FCA is effective in promoting international trade**, flexible firms fall into three main groups with just under a third agreeing (31%), a similar number non-committal (32%) and just under a third answering don't know (29%).

However, looking at the results compared to 2022-23 there has been an increase in levels of agreement with all five statements, most notably that the regulatory framework is clear and well-understood (50%, up from 41%), with all statements registering a five to nine percentage point increase year on year (**Figure 5.13**).

Figure 5.13 – Flexible firms' agreement with statements about FCA regulatory framework by year



6 Communication and Engagement

This chapter covers firms' views on:

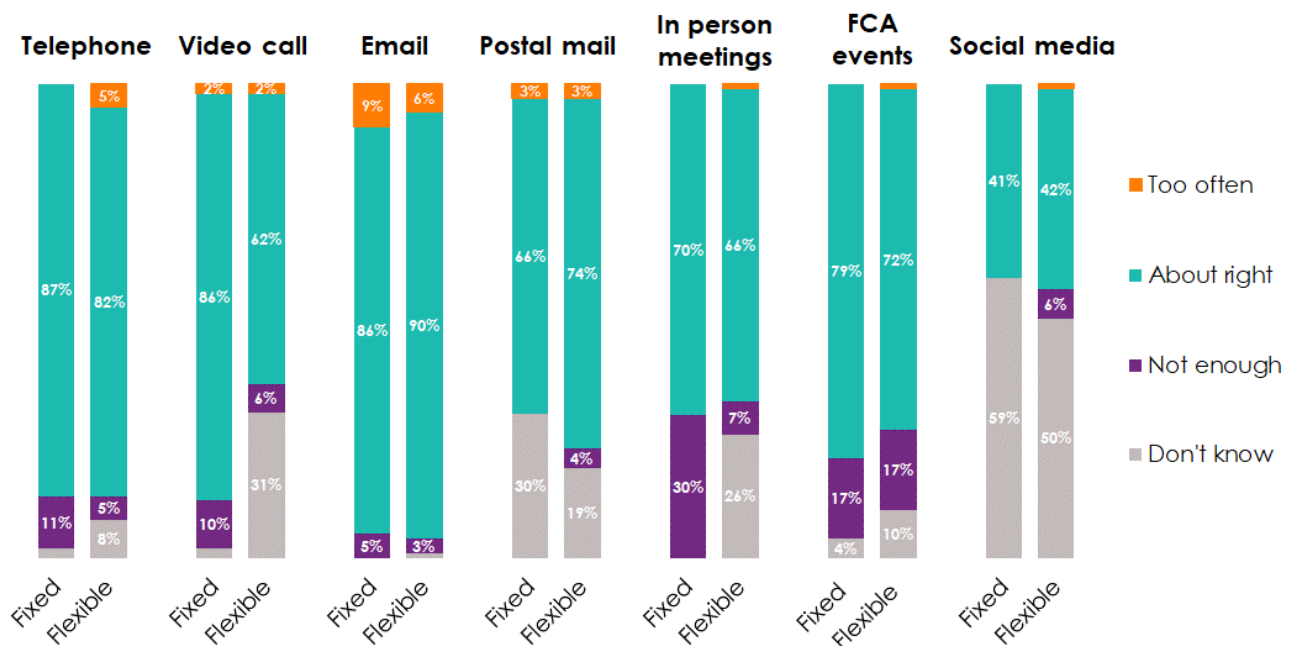
- the frequency and nature of their contact with the FCA.
- how effective they felt the FCA was at communicating with them; and
- how they thought the FCA could improve its communications.

6.1 Regularity of contact with the FCA

Firms were asked about the regularity of contact from the FCA via different channels. In general, a majority of both fixed and flexible firms reported that the frequency of contact from the FCA via each channel was about right, with small minorities of respondents reporting insufficient or too much contact. However, fixed firms would like to see more in-person meetings, with three in ten (30%) reporting that this level of contact was not enough, and no firms reporting they occurred too often. Additionally, with regards to FCA-hosted events, the same proportion of fixed firms (17%) and flexible firms (17%) reported that there were not enough FCA hosted events (**Figure 6.1**).

Satisfaction with the frequency of contact with the FCA was broadly the same as in 2022-23.

Figure 6.1 – Perceived frequency of contact



Q10. Thinking about each of the different channels of communication that the FCA uses, would you say that the FCA contacts your firm too often, not enough, or would you say the level of contact is about right?
 Base: All non consumer credit firms; Fixed (47), Flexible (6,561)

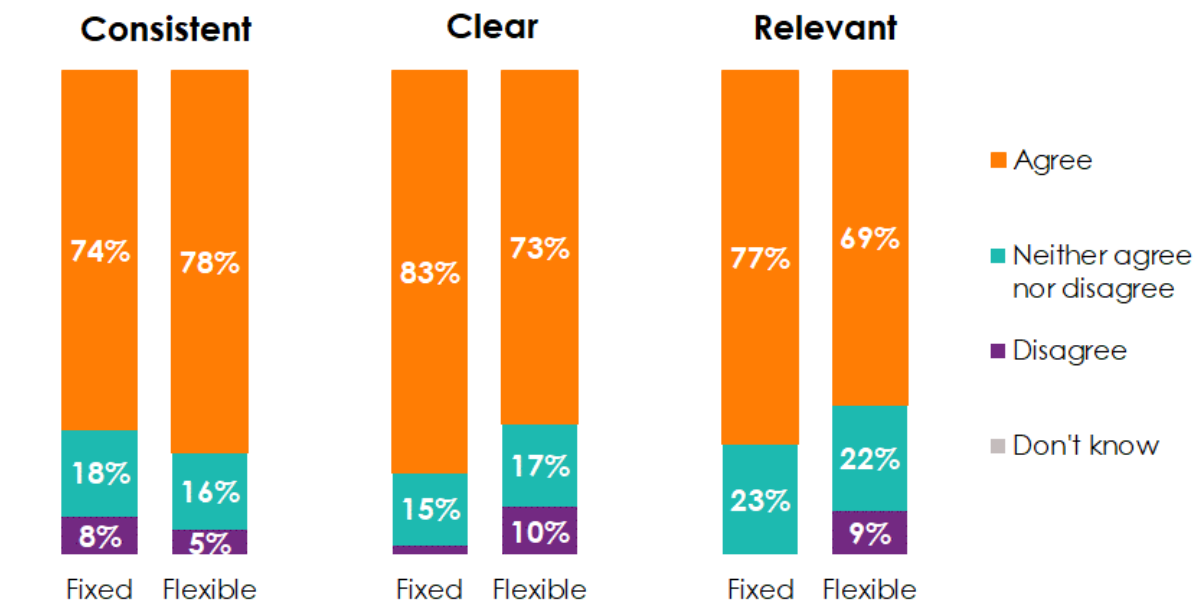
6.2 Quality of contact with the FCA

Firms were asked about the quality of communication from the FCA, with most fixed and flexible firms agreeing that these communications were clear, consistent and relevant.

More than eight in ten fixed firms (83%) agreed that the FCA's communications to their firm were clear, with three-quarters (74%) agreeing that the FCA's communications were consistent, and just under eight in ten (77%) agreeing that they were relevant to their firm.⁹

Flexible firms were most likely to agree that FCA communications to their firm were consistent, with just under eight in ten (78%) agreeing with this view. Three-quarters (73%) agreed that FCA communications were clear, whilst just under seven in ten agreed that communications were relevant to their firm. **(Figure 6.2).**

Figure 6.2 - Perceived consistency, clarity and relevance of the FCA's communications to firms



Q9. To what extent do you agree or disagree with the following statements?
Base: All firms; Fixed (47), Flexible (6,561)

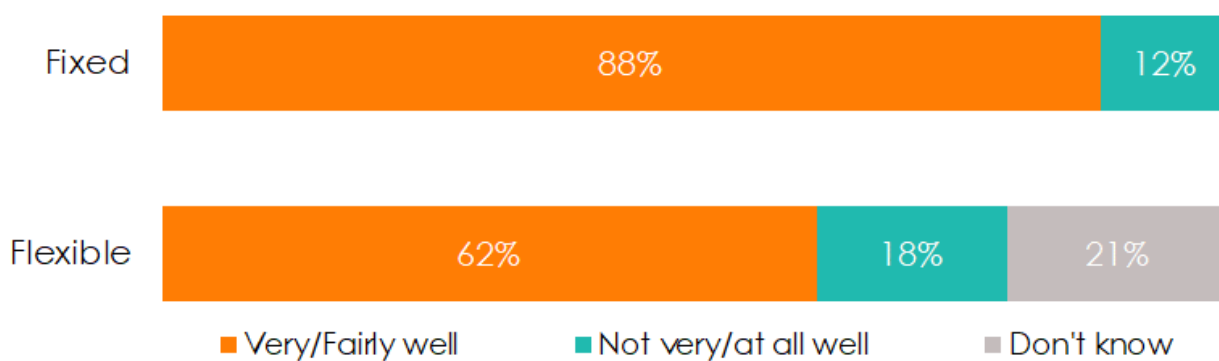
The percentage of firms agreeing that communications are consistent and clear are slightly more positive than previously seen in 2022-23. Seven in ten fixed firms in 2022-23 (70%) agreed that communications were consistent while more than eight in ten (85%) agreed they were clear. By comparison, seven in ten flexible firms agreed that communications were consistent (73%) and clear (69%) in 2022-23.

⁹ Please note: The 'relevance' question was previously asked on a four point scale from 'to a great extent' to 'not at all'. It was agreed to move this question to an 'agree/ disagree' scale from 2023-24 onwards to enable a clearer comparison with the metrics relating to 'consistent' and 'clear'.

Firms were also asked how well they think the FCA engages with stakeholders when developing new regulations and regulatory reforms, with the majority of firms reporting a favourable response. Just under nine in ten fixed firms think the FCA does very or fairly well in this area (88%), with just over one in ten (12%) more critical.

Six in ten flexible firms think the FCA does very or fairly well at engaging with stakeholders (62%), although two in five flexible firms were unsure (21%) and a similar number (18%) were more critical. **(Figure 6.3).**

Figure 6.3 - Firms' assessment of FCA's engagement with stakeholders when developing new regulations and reforms

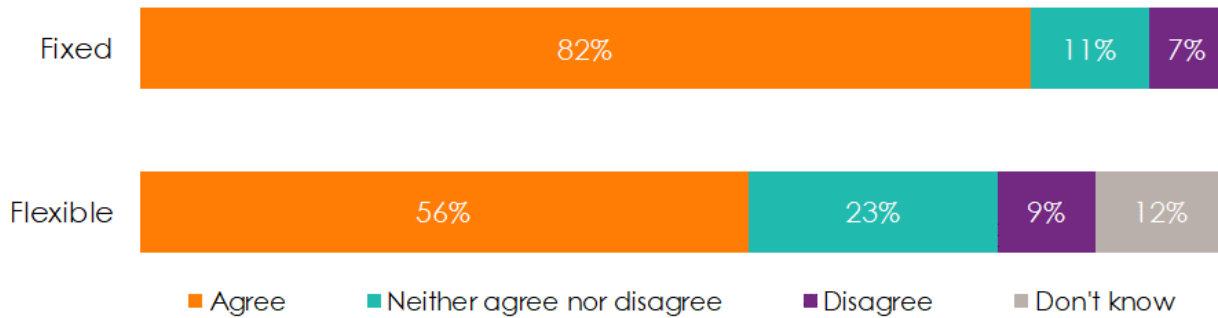


Q13. How well does the FCA engage with stakeholders when developing new regulations and regulatory reforms?
Base: All non consumer credit firms; Fixed (47), Flexible (6,561)

Firms were also asked about FCA engagement with stakeholders, and whether it leads to more effective regulations **(Figure 6.4)**. Most fixed and flexible firms agreed that engagement did lead to more effective regulations.

Over eight in ten (82%) fixed firms agreed with this statement, with fewer than one in ten disagreeing (7%). Flexible firms were less positive relative to fixed firms; although just under six in ten (56%) agreed with the statement, a quarter were non-committal (23%) or unsure (12%).

Figure 6.4 – Perceived extent to which FCA engagement with stakeholders leads to more effective regulations



Q14. And, in general, to what extent do you agree or disagree that FCA engagement with stakeholders leads to more effective regulations?
 Base: All non consumer credit firms; Fixed (47), Flexible (6,561)

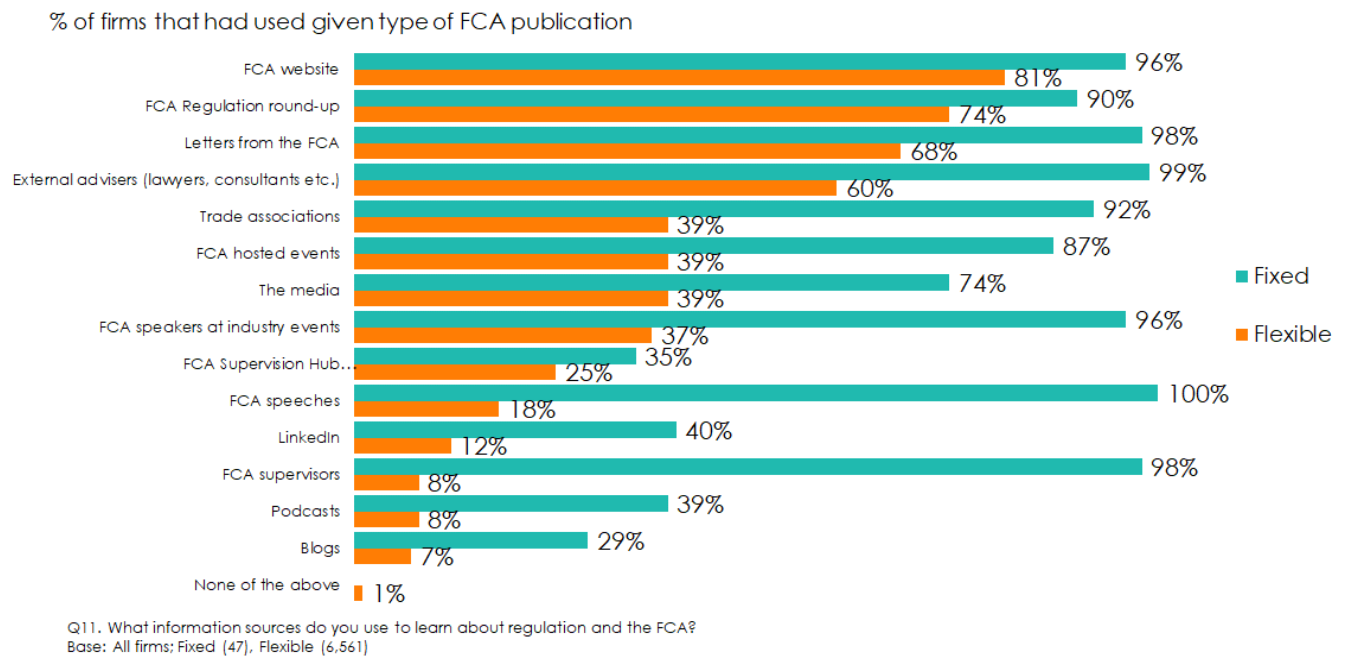
6.3 FCA communications

Firms used a wide range of information sources to learn about regulation and the FCA. In fact, all fixed firms and 99% of flexible firms reported using at least one named source, although fixed firms were more likely to engage with each individual type of information source asked about.

Fixed firms used a wide range of sources to learn about regulation and the FCA, with all fixed firms relying on FCA speeches and at least nine in ten fixed firms relying on external advisers (99%), letters from the FCA (98%), FCA supervisors (98%) or the FCA website (96%). Blogs and podcasts were the least used sources: with fewer than four in ten using podcasts (39%) and three in ten using blogs (29%) (**Figure 6.5**).

Flexible firms cited four main sources for learning about regulation and the FCA. These were similar to the most common sources used by fixed firms, albeit at lower levels: the FCA website (81%), Regulation round-up (74%), letters from the FCA (68%) and external advisers (60%). The least used sources were LinkedIn (12%), FCA supervisors (8%), podcasts (8%), and blogs (7%). On average, fixed firms rely on around 10 different sources for information (average of 10.7) whereas flexible firms rely on around half this number (average of 5.1).

Figure 6.5 - Firms' use of information sources to learn about regulation and the FCA in the last 12 months



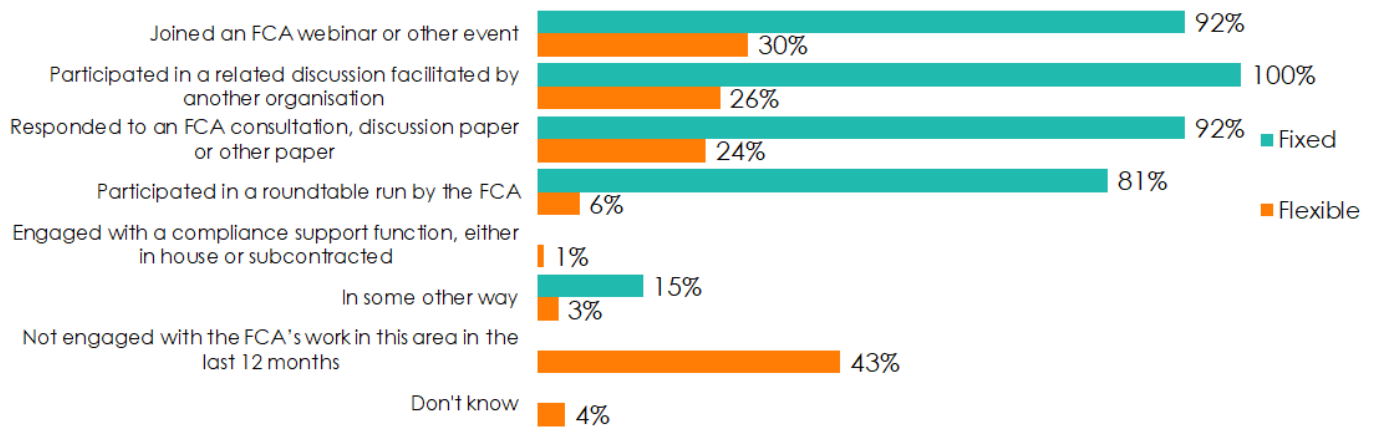
Firms were also asked about their engagement with the FCA's work to develop or change rules in their Handbook in the last 12 months (**Figure 6.6**).

As with other questions, fixed firms were more likely to engage with the FCA with all fixed firms engaging with at least one touchpoint. Fixed firms were most likely to participate in a related discussion facilitated by another organisation, with all (100%) reporting this. Nine in ten had responded to an FCA consultation (92%) or had joined a webinar or other event (92%). Fixed firms were less likely to have participated in a roundtable run by the FCA (81%), with just over one in ten also engaging 'in some other way' (15%).

Generally, engagement with FCA work was lower among flexible firms, with just over half (53%) reporting some degree of engagement. Flexible firms were most likely to join a FCA webinar or other event (30%), with around a quarter participating in a related discussion by another organisation (26%), or responding to a FCA consultation, discussion paper or other paper (24%).

Figure 6.6 - Firm's engagement with FCA work to develop or change rules in the Handbook in the last 12 months

% of firms that had looked at type of FCA publication



Q12. In which of the following ways, if any, has your firm engaged with the FCA's work to develop or change rules in their Handbook in the last 12 months?
Base: All firms: Fixed (47), Flexible (6,561)

7 Consumer Credit firms

In April 2014 the FCA took over the regulation of the UK's approximately 40,000 consumer credit firms – marking a significant increase in firms the FCA regulates. As in previous reports, we present the results of the consumer credit firms separately and they are not incorporated into the headline figures. This has allowed the consumer credit firms to have a voice while also maintaining key trend data. As with previous surveys, the response rate amongst consumer credit firms was lower than for the overall survey. In 2023-2024, 12% of consumer credit firms who were invited to take part in the panel survey did so, compared with a response rate of 39% among non-consumer credit firms. This is lower than the response rate in 2022-23 (17%¹⁰), but higher than all other previous iterations of the survey among consumer credit firms.

Similar to last year, consumer credit firms were invited to take part in an abridged survey, focusing on a smaller selection of key questions. This was partly in response to feedback received from consumer credit firms in previous years, some of whom felt that many of the questions being asked were not relevant to them.

7.1 Satisfaction and Effectiveness

Firms were asked to rate how satisfied they are 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. Individual scores were grouped into bands to represent 'low' (1 to 3), 'moderate' (4 to 6), and 'high' (7 to 10) levels of satisfaction. Overall, around seven in ten consumer credit firms (68%) rated their satisfaction as 'high' while fewer than one in ten (8%) rated it as 'low', with a mean satisfaction score of 7.2 (**Figure 7.1**). This is broadly consistent with 2022-23 when 68% also had a 'high' level of satisfaction and the overall mean score was 7.3. Satisfaction among consumer credit firms was also broadly in line with flexible non-consumer credit firms.

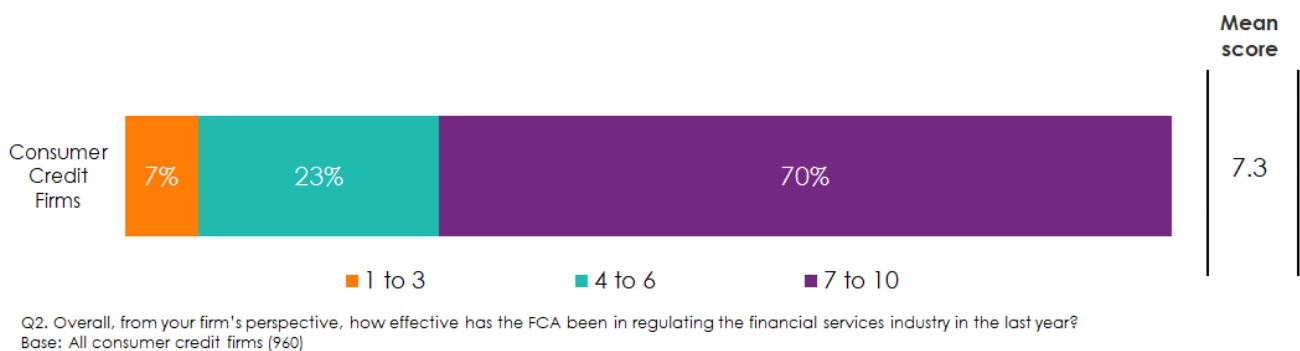
¹⁰ A subset of consumer credit firms was sent a letter and a paper questionnaire in 2022-23 with the aim of increasing overall participation among consumer credit firms. Focusing on those firms that did not receive a letter or paper questionnaire the response rate was identical to 2023-24 at 12%.

Figure 7.1 - Satisfaction with firm's relationship with the FCA (CC firms)



When consumer credit firms were asked to consider the effectiveness of the FCA as a regulator, responses were broadly in line with satisfaction ratings: with seven in ten (70%) rating the FCA's effectiveness as 'high', with a mean effectiveness rating of 7.3 (**Figure 7.2**). Again, this is broadly consistent with 2022-23, when 71% reported a 'high' level of effectiveness and the mean score was 7.5. As with satisfaction, perceived effectiveness was broadly in line with flexible non-consumer credit firms.

Figure 7.2 – Perceived effectiveness of the FCA in regulation the financial services industry in the last year (CC firms)



7.2 Performance of the FCA against objectives

Firms were asked how confident they felt that the FCA's oversight of the industry delivers on its objectives, including the single strategic objective of ensuring financial markets function well and the three operational objectives.

Around eight in ten consumer credit firms were confident in the FCA's ability to ensure relevant financial markets function well (80%), secure protection for consumers (84%) and protect the integrity of the UK financial statement (80%). As with non-consumer credit firms, consumer credit firms were less confident that the FCA could deliver on its objective to promote effective competition, with 72% being confident of this (**Figure 7.3**).

Figure 7.3 – Firms' confidence that the FCA's oversight delivers on its statutory objectives (CC firms)



These figures are closely aligned to the 2022-23 survey, with confidence in all four objectives within 1-2% of the levels recorded in 2022-23.

Firms were also asked a range of statements about FCA regulation to gauge their views on the impact of FCA regulation on the industry as a whole. On most aspects of regulation, consumer credit firms were largely positive or non-committal, with one in ten (or fewer) disagreeing.

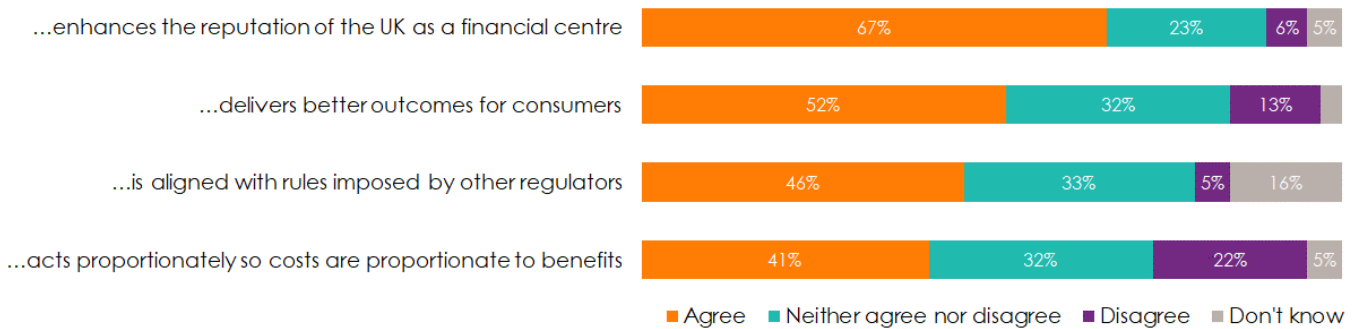
Consumer credit firms were most likely to agree that FCA regulation enhances the reputation of the UK as a financial centre. Two-thirds (67%) of consumer credit firms agreed with this statement, while less than one-in-ten disagreed (6%) (**Figure 7.4**).

Just over half agreed that FCA regulation delivers better outcomes for consumers (52%), whilst just under half agreed that regulation aligns with rules imposed by other regulators (46%). For both statements, around a third remained non-committal although there were higher levels of disagreement that the FCA delivers better outcomes for consumers (13%).

Consumer credit firms were most likely to disagree with the statement that FCA acts proportionately, so that the costs imposed on firms are proportionate to the benefits gained. Although four in ten consumer credit firms agreed with the statement (41%), two in ten firms disagreed (22%), with around a third non-committal (32%).

Across all statements, levels of agreement are slightly lower than among non-consumer credit firms, but are broadly comparable with the results among consumer credit firms in 2022-23. Although agreement that FCA regulation delivers better outcomes for consumers increases from 49% in 2022-23 to 52% in 2023-24, all other metrics are within one percentage point of the 2022-23 performance.

Figure 7.4 – Firms' agreement with statements about FCA regulation (CC firms)

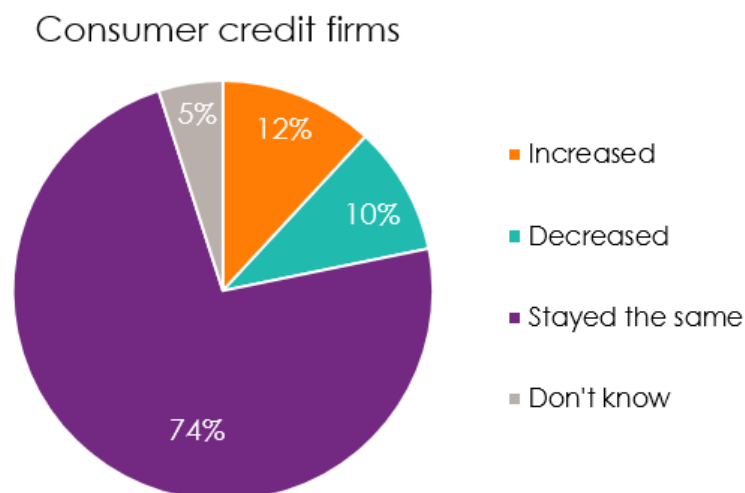


Q15. To what extent do you agree or disagree with the following statements?
Base: All consumer credit firms (960)

7.3 Trust and confidence in the FCA

Firms were asked how their trust in the FCA had changed over the last 12 months. Almost three quarters of firms (74%) said that their level of trust had stayed the same compared with just over one in ten (12%) who said that their trust had increased in the last 12 months and a similar proportion (10%) who said that their trust had decreased (Figure 7.5).

Figure 7.5 – How firms' level of trust in the FCA had changed over the last 12 months



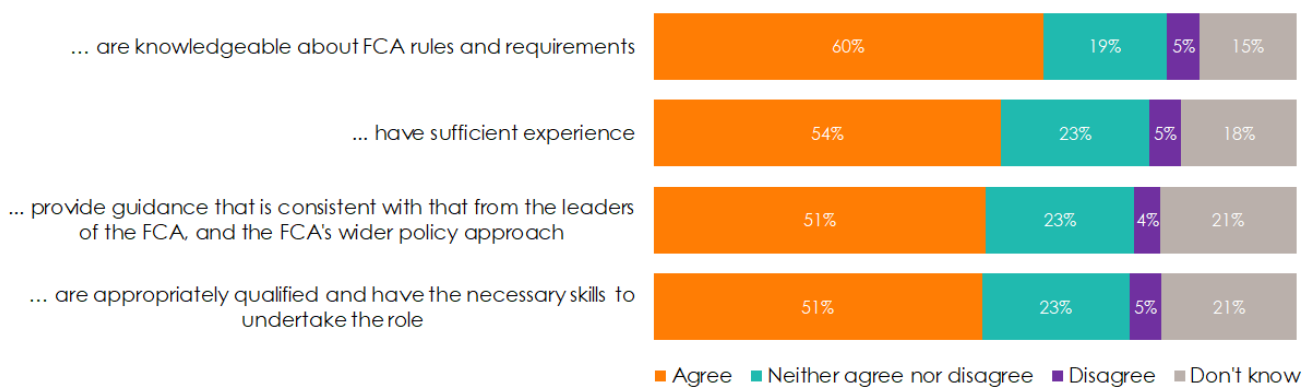
Q7. Over the last 12 months, would you say your firm's trust in the FCA has...
Base: All consumer credit firms (960)

Again, these figures are closely aligned to 2022-23, with around three-quarters of firms stating that their trust had 'stayed the same' (73%), although the percentage who said their trust had decreased was slightly lower in 2022-23 (7%).

Consumer credit firms were also asked about their confidence in FCA staff, such as the FCA Supervision Hub (**Figure 7.6**). Six in ten (60%) felt that FCA staff are knowledgeable about FCA rules and requirements, while around half felt that FCA staff have sufficient experience (54%), provide guidance that is consistent with the wider FCA policy approach (51%), and are appropriately qualified and have the necessary skills (51%). Responses for consumer credit firms were broadly comparable to those for flexible non-consumer credit firms.

Again, these figures are closely aligned to 2022-23, with the percentage agreeing to each statement almost identical to the previous survey (1-2% variation overall)

Figure 7.6 – Extent to which CC firms agreed or disagreed that FCA staff...



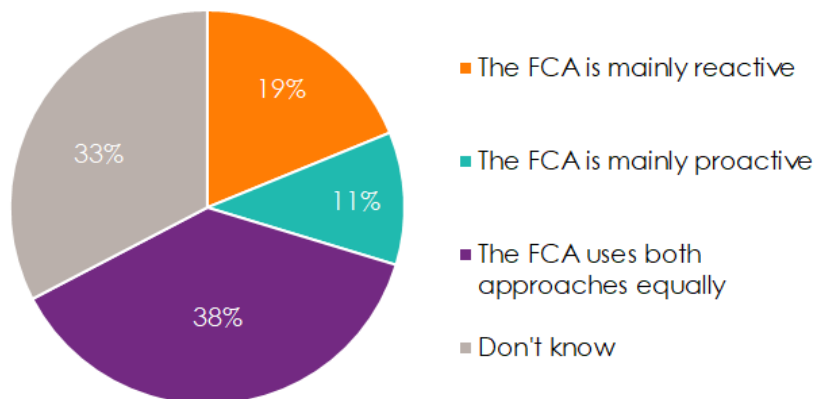
Q26. In relation to your FCA supervisors, to what extent to do you agree or disagree with the following statements?
Base: All consumer credit flexible firms (960)

7.4 Identifying risk

In terms of the FCA's identification of emerging risk areas, consumer credit firms were most likely to think that the FCA uses a mixture of approaches. Almost four in ten firms (38%) thought that the FCA used reactive and proactive approaches equally to respond to risk (**Figure 7.7**). Remaining firms were more likely to think that the FCA was mainly reactive in their approach than proactive (19% compared to 11%), although one third of consumer credit firms (33%) were unsure.

Figure 7.7 - Firms' view of FCA's approach to identifying risk

Consumer Credit Firms



Q19. Which of the following best describes your view of the FCA's approach to identifying risk?
Base: All consumer credit firms (960)

While the percentage who consider the FCA to be mainly reactive or mainly proactive is relatively unchanged since 2022-23, the percentage who think the FCA uses a mix of approaches is up from 32% in 2022-23 to 38% in 2023-24. This is due to a slight decline in the number of consumer credit firms answering don't know (down from 38% in 2022-23 to 33%).

8 Sector level analysis

The following chapter focuses on the seven key sectors that the FCA oversees, comparing data for these specific sectors with the overall total for all non-Consumer Credit (non-CC) firms. All data in this chapter are sourced from the 2023-24 wave of the survey and focus on a subset of the key survey metrics.

8.1 Overview

There were some clear patterns in the way that firms in different sectors typically perceive the FCA (**Table 8.1**)¹¹.

Firms in the Retail Banking + Payments & Digital Assets sector consistently held the most positive views of the FCA – they gave the most positive responses to *all* of the selected metrics. Firms in the Investment Management sector also had an above average level of positivity towards the FCA for all of the selected metrics.

Conversely, firms in the Retail Investments sector consistently held some of the least positive views of the FCA. Again, this applied to all of the selected metrics.

Responses from firms in the Pensions and Retirement Income sector were more varied. Although firms in this sector were highly confident that the FCA was delivering on most of its statutory objectives, they were less positive in other respects. In particular, the Pensions & Retirement Income sector was less positive than most other sectors about their overall relationship with the FCA; the consistency of FCA communications; the efficacy of the FCA in promoting international trade in the financial services industry; and the FCA's promotion of effective competition in the interests of consumers in the financial markets.

Attitudes towards the FCA from firms in all other sectors tended to occupy the middle ground.

¹¹ Conditional formatting has been applied to Table 8.1. This formatting compares the values in each row against one another. In each row, values which are comparatively high (demonstrating a positive attitude towards the FCA) are highlighted in green. Values that are comparatively low (demonstrating a negative attitude towards the FCA) are highlighted in red. Values that are closer to the average for each metric are coloured yellow or orange.

Table 8.1 – Summary of sector attitudes towards FCA

	Total non-CC	General Insurance & Protection	Investment Management	Pensions & Retirement Income	Retail Banking + Payments & Digital Assets	Retail Investments	Retail Lending	Wholesale Financial Markets
Overall satisfaction with relationship with FCA (Proportion giving a rating of 7+ out of 10)	74%	73%	82%	57%	86%	67%	76%	72%
How effective the FCA has been in regulating the financial services industry in the last year (Proportion giving a rating of 7+ out of 10)	70%	70%	79%	75%	87%	58%	78%	74%
Confidence that the FCA delivers on its statutory objective of... ensuring relevant financial markets function well (Proportion Very/Fairly Confident)	84%	84%	92%	92%	94%	77%	87%	86%
Confidence that the FCA delivers on its statutory objective of... securing an appropriate degree of protection for consumers (Proportion Very/Fairly Confident)	84%	87%	90%	95%	95%	76%	88%	84%
Confidence that the FCA delivers on its statutory objective of... protecting and enhancing the integrity of the UK financial system (Proportion Very/Fairly Confident)	83%	84%	91%	90%	92%	75%	87%	87%
Confidence that the FCA delivers on its statutory objective of... promoting effective competition in the interests of consumers in the financial markets (Proportion Very/Fairly Confident)	69%	68%	75%	61%	80%	61%	79%	70%
Agreement that overall, the FCA's communications to my firm are CLEAR (Proportion Agree Strongly/Agree)	73%	71%	83%	76%	87%	67%	72%	78%
Agreement that overall, the FCA's communications to my firm are CONSISTENT (Proportion Agree Strongly/Agree)	78%	78%	84%	71%	85%	74%	78%	79%
Agreement that overall, the FCA's communications to my firm are RELEVANT (Proportion Agree Strongly/Agree)	69%	66%	77%	65%	85%	63%	71%	68%
Agreement that the FCA acts proportionately, so that the costs imposed on firms are proportionate to the benefits gained (Proportion Agree Strongly/Agree)	42%	39%	55%	31%	64%	29%	49%	48%
Agreement that the regulatory framework is trusted by all market participants (Proportion Agree Strongly/Agree)	48%	48%	58%	39%	71%	34%	53%	58%
Agreement that the work of the FCA is effective in promoting international trade in the financial services industry (Proportion Agree Strongly/Agree)	31%	29%	43%	16%	56%	19%	32%	40%
How feel about the number of data/ information requests your firm receives from the FCA (Proportion saying the number is 'About right')	33%	29%	48%	48%	62%	19%	36%	47%
Base	6,608	1,339	757	61	528	2,429	974	509

8.2 Satisfaction with relationship with the FCA

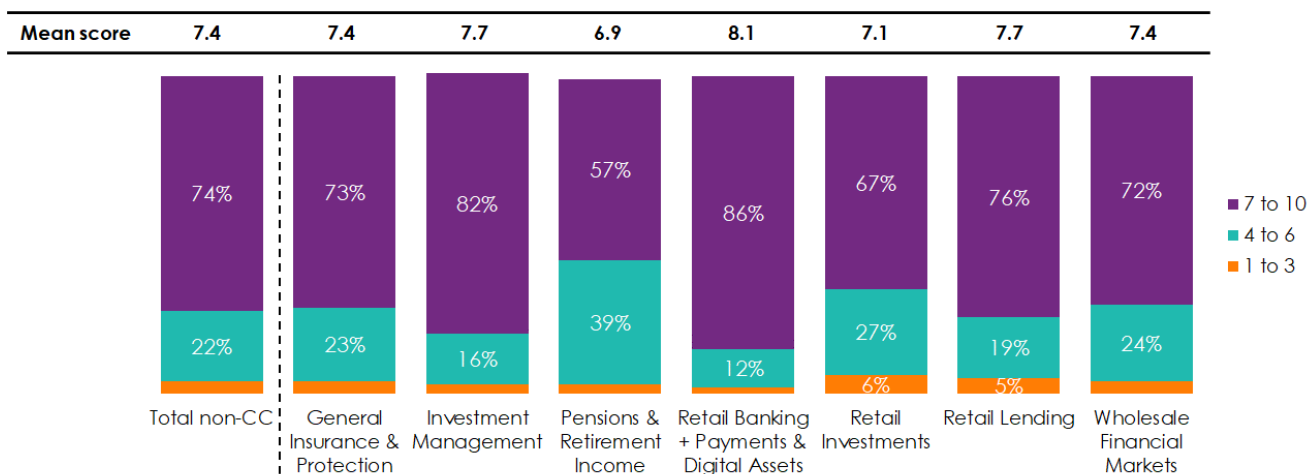
Taking account of all their dealings with the FCA, firms were asked to rate how satisfied they are with the relationship they have with the FCA on a scale of 1 to 10. Individual scores were grouped into bands to represent 'low' (1 to 3), 'moderate' (4 to 6), and 'high' (7 to 10) levels of satisfaction.

The overall mean satisfaction score for all non-CC firms was 7.4, but there was some sector variation in satisfaction levels. Satisfaction with the FCA relationship ranged from a mean of 8.1 in the Retail Banking and Payments + Digital Assets sector to 6.9 in the Pensions and Retirement Income sector.

Compared with all non-CC firms (74%), the proportion of firms with high satisfaction was notably higher in the Retail Banking and Payments + Digital Assets sector (86%) and the Investment Management (82%) sector.

There was relatively little variation in the proportion of firms in each sector with low satisfaction, ranging from 2% in the Retail Banking and Payments + Digital Assets sector to 6% in the Retail Investments sector.

Figure 8.1 – Satisfaction with the relationship with the FCA



Q1. Taking into account all of your firm's dealings with the FCA, how satisfied are you with the relationship?
Base: All non consumer credit firms; Total (6,608); General Insurance & Protection (1,339) Investment Management (757) Pensions & Retirement Income (61) Retail Banking + Payments & Digital Assets (528) Retail Investments (2,429) Retail Lending (974) Wholesale Financial Markets (509)
Mean Score: 10 = Extremely satisfied, 1 = Extremely dissatisfied

8.3 Perceived effectiveness of the FCA

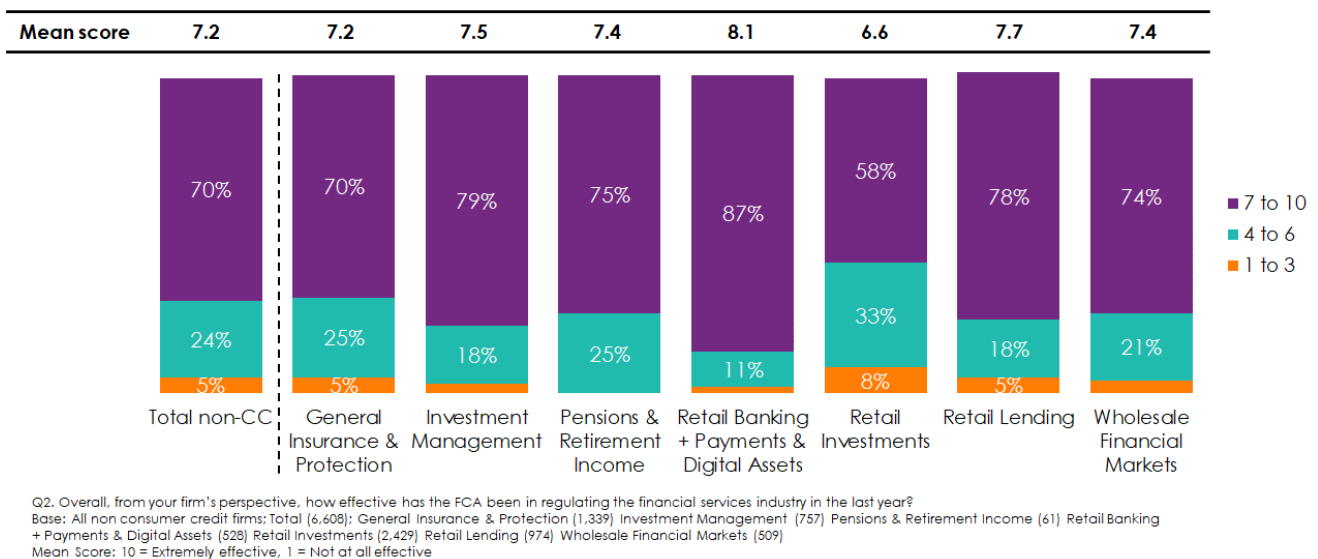
Firms were asked to rate the effectiveness of the FCA in regulating the financial services industry in the past year, using a scale from 1 (representing 'not at all effective') to 10 ('extremely effective'). Individual scores were again grouped into bands to represent 'low' (1 to 3), 'moderate' (4 to 6), and 'high' (7 to 10) levels of perceived effectiveness.

Among the total population of non-CC firms, the mean effectiveness score was 7.2 (**Figure 8.2**). The mean effectiveness score was lowest for the Retail Investments sector (6.6) and highest for the Retail Banking and Payments + Digital Assets sector (8.1).

Compared with all non-CC firms (70%), the proportion of firms giving a high effectiveness rating was notably higher in the Retail Banking and Payments + Digital Assets sector (87%), the Investment Management sector (79%) and the Retail Lending sector (78%).

Firms in the Retail Investment sector were slightly more likely to give a low effectiveness rating compared with the total population of non-CC firms (8% and 5% respectively).

Figure 8.2 – Rating of how effective the FCA has been in regulating the financial services industry



8.4 Confidence that the FCA delivers on its statutory objectives

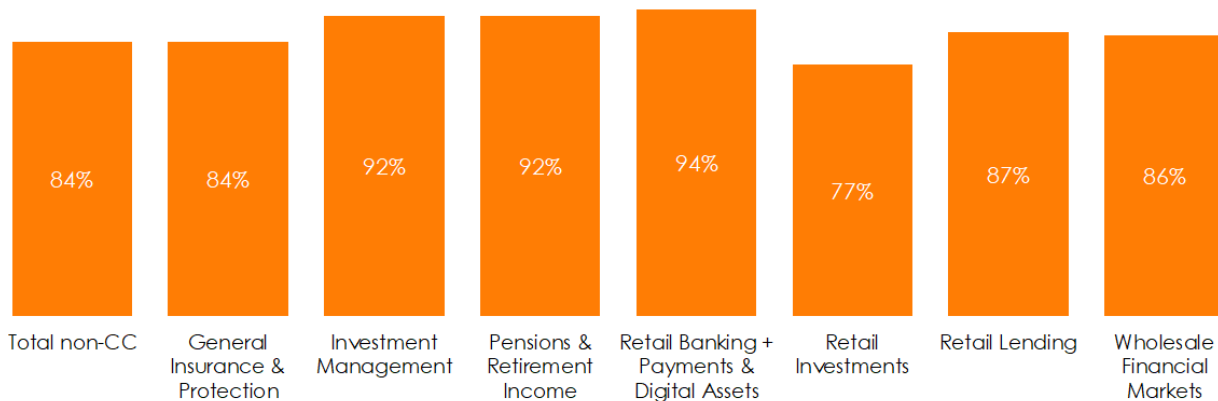
Firms were asked how confident they felt that the FCA's oversight of the industry delivers on each of its four statutory objectives.

Overall, 84% of non-CC firms were confident (either 'very' or 'fairly' confident) that the FCA delivers on its objective of **ensuring relevant financial markets function well** (**Figure 8.3**). Confidence was notably higher in the Retail Banking and Payments + Digital Assets sector (94%), the Investment Management sector (92%), and the Pensions and Retirement Income sector (92%).

Confidence that the FCA delivers on its objective of ensuring relevant financial markets function well was lowest for the Retail Investments sector (77%).

Figure 8.3 – Confidence that the FCA delivers on its statutory objective of... ensuring relevant financial markets function well

% Very/Fairly confident



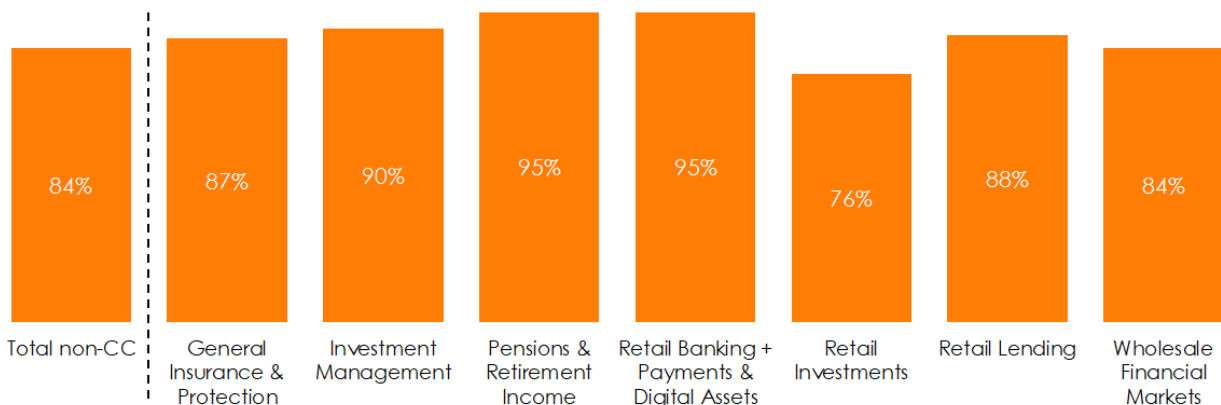
Q3. How confident are you that the FCA's oversight of the industry delivers on the following statutory objectives?
Base: All non consumer credit firms; Total (6,608); General Insurance & Protection (1,339) Investment Management (757) Pensions & Retirement Income (61) Retail Banking + Payments & Digital Assets (528) Retail Investments (2,429) Retail Lending (974) Wholesale Financial Markets (509)

Confidence that the FCA delivers on its objective of securing an **appropriate degree of protection for consumers** was notably higher in the Retail Banking and Payments + Digital Assets sector (95%), the Pensions and Retirement Income sector (95%), and the Investment Management sector (90%), compared with 84% of all non-CC firms (**Figure 8.4**).

Confidence that the FCA delivers on its objective of ensuring an appropriate degree of protection for consumers was lowest for the Retail Investments sector (76%).

Figure 8.4 – Confidence that the FCA delivers on its statutory objective of... securing an appropriate degree of protection for consumers

% Very/Fairly confident

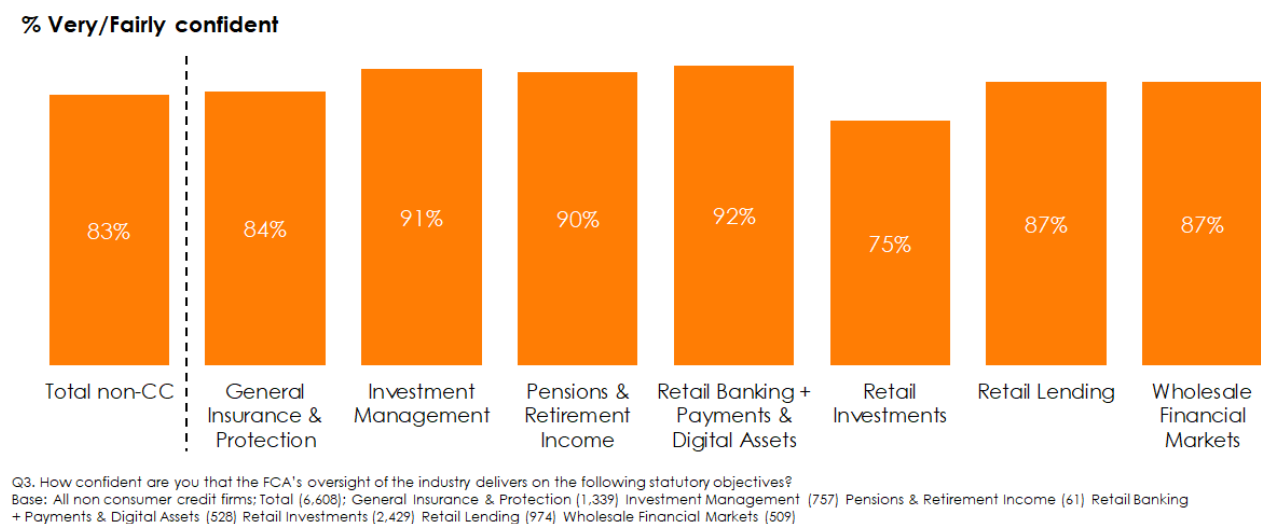


Q3. How confident are you that the FCA's oversight of the industry delivers on the following statutory objectives?
Base: All non consumer credit firms; Total (6,608); General Insurance & Protection (1,339) Investment Management (757) Pensions & Retirement Income (61) Retail Banking + Payments & Digital Assets (528) Retail Investments (2,429) Retail Lending (974) Wholesale Financial Markets (509)

Overall, 83% of non-CC firms were confident that the FCA delivers on its objective of **protecting and enhancing the integrity of the UK financial system** (**Figure 8.5**). Once again, confidence was notably higher in the Retail Banking and Payments + Digital Assets sector (92%), the Investment Management sector (91%), and the Pensions and Retirement Income sector (90%).

Confidence that the FCA delivers on its objective of protecting and enhancing the integrity of the UK financial system was lowest in the Retail Investments sector (75%).

Figure 8.5 – Confidence that the FCA delivers on its statutory objective of... protecting and enhancing the integrity of the UK financial system

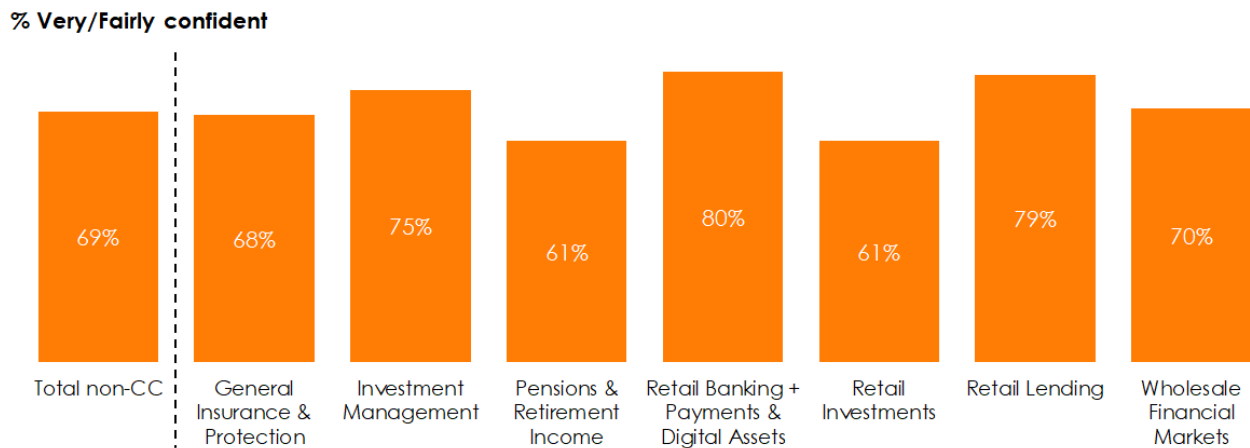


Confidence that the FCA delivers on its statutory objective of **promoting effective competition in the interests of consumers in the financial markets** was lower than confidence relating to the FCA's other statutory objectives - seven in ten non-CC firms (69%) were confident in this respect.

Confidence was notably higher in the Retail Banking and Payments + Digital Assets sector (80%) and the Retail Lending sector (79%).

Six in ten firms in the Pensions and Retirement Income sector (61%) and the Retail Investment sector (61%) were confident that the FCA delivers on the objective of promoting effective competition in the interests of consumers in the financial markets.

Figure 8.6 – Confidence that the FCA delivers on its statutory objective of... promoting effective competition in the interests of consumers in the financial markets



Q3. How confident are you that the FCA's oversight of the industry delivers on the following statutory objectives?
Base: All non consumer credit firms: Total (6,608); General Insurance & Protection (1,339); Investment Management (757); Pensions & Retirement Income (61); Retail Banking + Payments & Digital Assets (528); Retail Investments (2,429); Retail Lending (974); Wholesale Financial Markets (509)

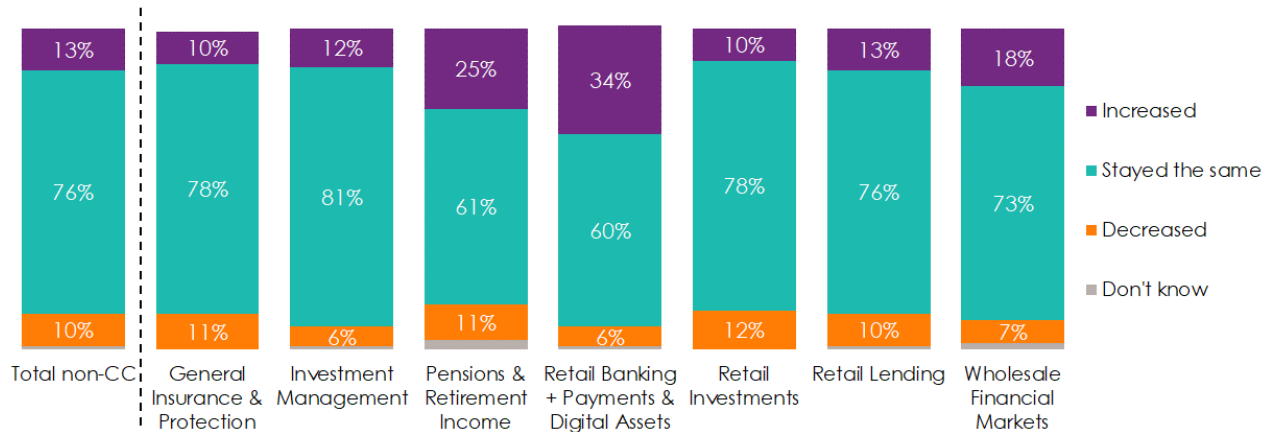
8.5 Trust in the FCA

Firms were asked how their trust in the FCA had changed over the last 12 months. Overall, 13% of non-CC firms said that their trust in the FCA had increased over the past year. The proportion of firms reporting an increase in trust was notably higher in the Retail Banking and Payments + Digital Assets sector (34%), and the Pensions and Retirement Income sector (25%).

The proportion of firms reporting that their trust in the FCA had decreased over the past year was relatively similar across the sectors, ranging from 6% in the Investment Management sector and the Retail, Banking and Payments + Digital Assets sector, up to 12% in the Retail Investments sector.

Figure 8.7 – Confidence that the FCA delivers on its statutory objective of... promoting effective competition in the interests of consumers in the financial markets

Whether trust in FCA has increased, decreased or stayed the same over the last 12 months



Q7. Over the last 12 months, would you say your firm's trust in the FCA has...
Base: All non consumer credit firms; Total (6,408); General Insurance & Protection (1,339) Investment Management (757) Pensions & Retirement Income (61) Retail Banking + Payments & Digital Assets (528) Retail Investments (2,429) Retail Lending (974) Wholesale Financial Markets (509)

8.6 Perceptions of the FCA's approach to identifying risk

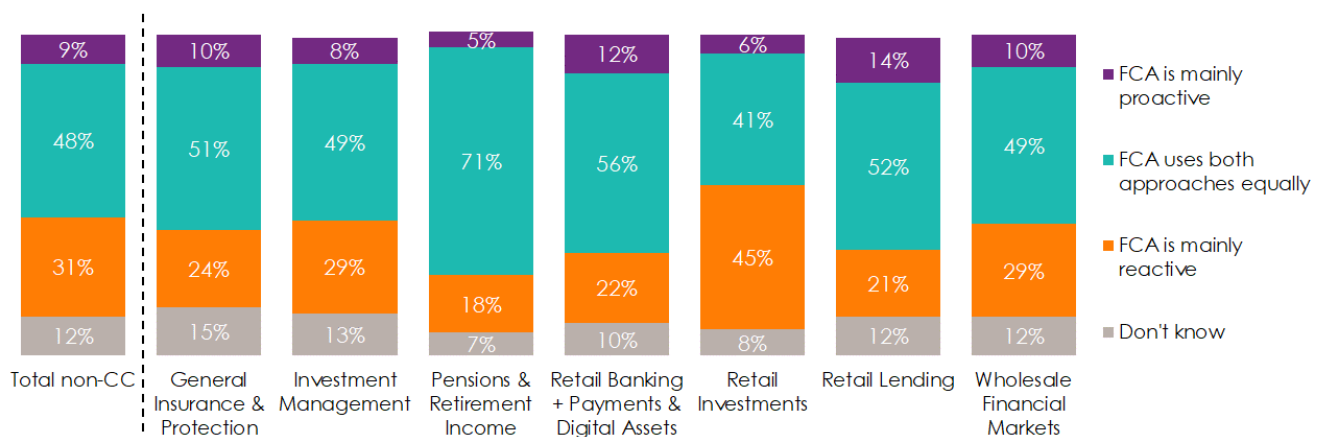
Firms were asked whether they felt the FCA took a mainly **reactive** approach to risk by relying on information and intelligence provided by the industry, a mainly **proactive** approach by taking steps to uncover risks themselves, or an approach which was equally proactive and reactive.

Around one in ten non-CC firms (9%) thought that the FCA was mainly proactive in identifying risk, rising to 14% amongst those in the Retail Lending sector.

Firms in the Pensions and Retirement Income sector were most likely to say that the FCA's approach to identifying risk was equally proactive and reactive (71% compared with 48% of all non-CC firms).

Retail Investment firms were most likely to view the FCA's approach to identifying risk as being mainly reactive (45% compared with 31% of all non-CC firms). Those in the Pensions and Retirement Income sector were the least likely to view the FCA's approach as being mainly reactive (18%) but were also least likely to view the FCA as being mainly proactive (5%).

Figure 8.8 – Perceptions of the FCA’s approach to identifying risk



Q19. Which of the following best describes your view of the FCA's approach to identifying risk? In order to identify risks, would you say that...
 Base: All non consumer credit firms; Total (6,608); General Insurance & Protection (1,339) Investment Management (757) Pensions & Retirement Income (61) Retail Banking + Payments & Digital Assets (528) Retail Investments (2,429) Retail Lending (974) Wholesale Financial Markets (509)

8.7 Perceptions of the FCA’s communications

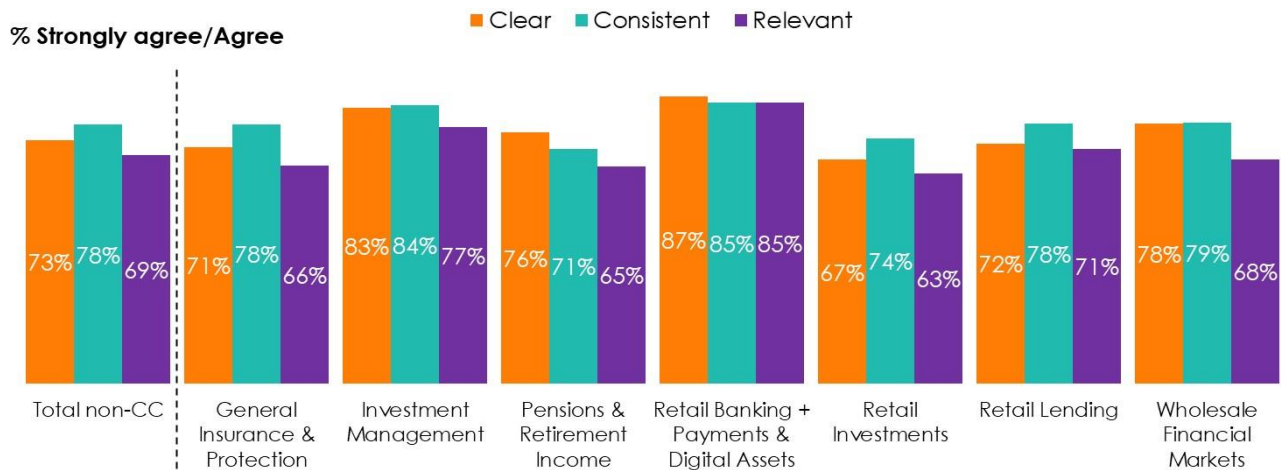
Firms were asked to what extent they agreed or disagreed with a series of statements about the FCA’s communications.

Around three quarters of non-CC firms agreed that the FCA’s communications were clear (73%) and consistent (78%), and a slightly lower proportion (69%) agreed that the communications were relevant (**Figure 8.9**).

Compared with all non-CC firms, those in the Retail, Banking + Payments & Digital Assets sector were notably more likely to agree that the communications were clear (87%), consistent (85%) and relevant (85%). Those in the Investment Management sector were also notably more likely to agree that the communications were clear (83%), consistent (84%) and relevant (77%).

Firms in the Retail Investments sector were the least likely to agree that communications from the FCA were clear (67%) and relevant (63%).

Figure 8.9 – Agreement that the FCA's communications are clear, consistent and relevant



Q9. To what extent do you agree or disagree with the following statements? Overall, the FCA's communications to my firm are [CLEAR / CONSISTENT / RELEVANT]
Base: All non consumer credit firms; Total (6,608); General Insurance & Protection (1,339) Investment Management (757) Pensions & Retirement Income (61) Retail Banking + Payments & Digital Assets (528) Retail Investments (2,429) Retail Lending (974) Wholesale Financial Markets (509)

8.8 Whether the FCA acts proportionately

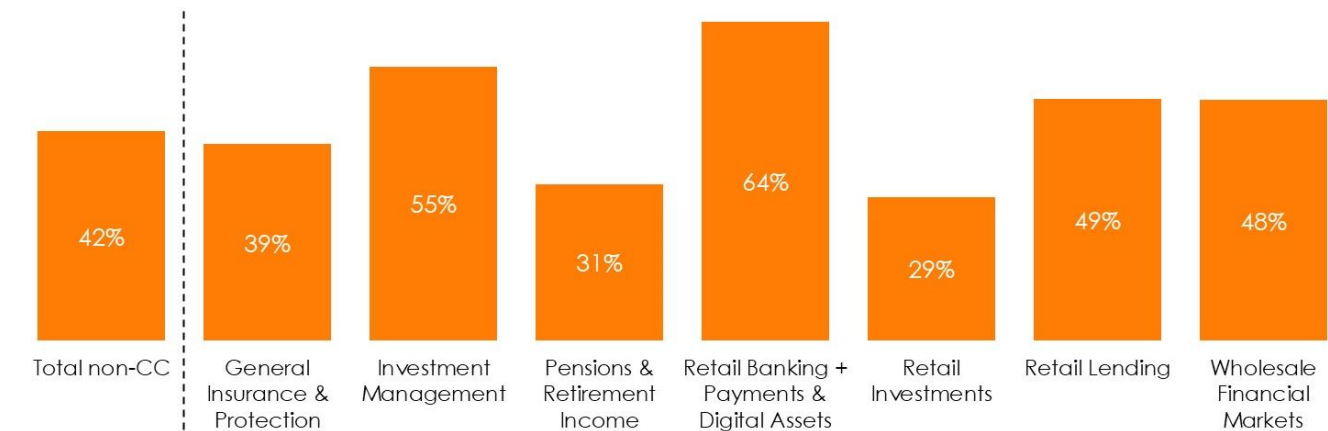
Firms were asked to what extent they agreed or disagreed that the FCA acts proportionately, so that the costs imposed on firms are proportionate to the benefits gained (**Figure 8.10**).

Firms in the Retail Banking + Payments & Digital Assets sector were clearly the most likely to agree that the FCA acts proportionately (64%). Those in the Investment Management sector were also notably more likely to agree (55%) compared with all non-CC firms (42%).

Those in the Retail Investments sector (29%) and those in the Pensions and Retirement Income sector (31%) were the least likely to agree that the FCA acts proportionately.

Figure 8.10 – Agreement that the FCA acts proportionately, so that the costs imposed on firms are proportionate to the benefits gained

% Strongly agree/Agree



Q15. To what extent do you agree or disagree with the following statements? The FCA acts proportionately, so that the costs imposed on firms are proportionate to the benefits gained
 Base: All non consumer credit firms; Total (6,608); General Insurance & Protection (1,339) Investment Management (757) Pensions & Retirement Income (61) Retail Banking + Payments & Digital Assets (528) Retail Investments (2,429) Retail Lending (974) Wholesale Financial Markets (509)

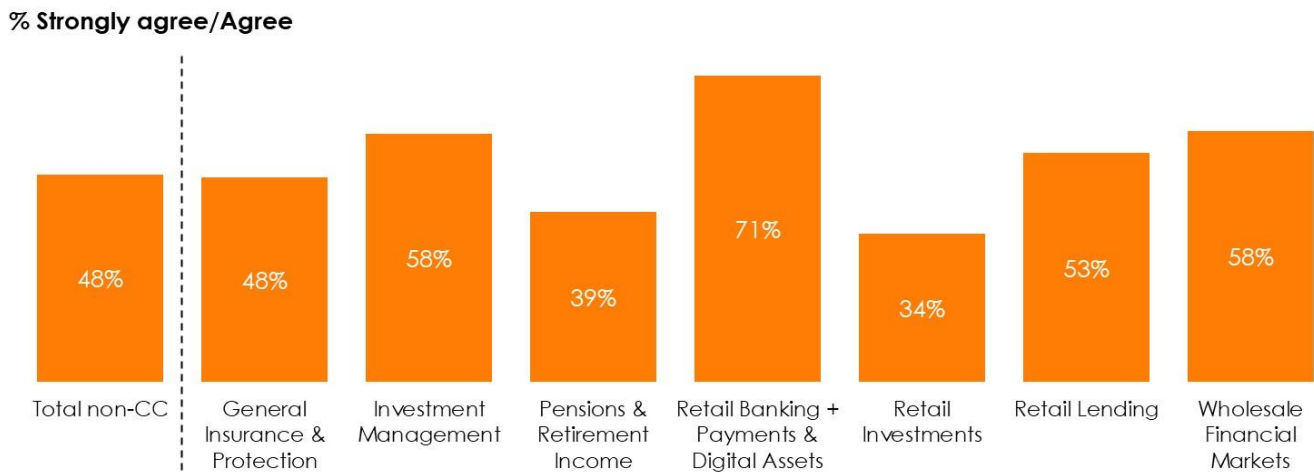
8.9 Perceptions of whether the regulatory framework is trusted by all market participants

Firms were asked to what extent they agreed or disagreed that the regulatory framework is trusted by all market participants (**Figure 8.11**).

Firms in the Retail Banking + Payments & Digital Assets sector were clearly the most likely to agree that the regulatory framework is trusted (71%). Those in the Investment Management sector (58%) and those in the Wholesale Financial Markets sector (58%) were also notably more likely to agree compared with all non-CC firms (48%).

Those in the Retail Investments sector (34%) and those in the Pensions and Retirement Income sector (39%) were the least likely to agree that the regulatory framework is trusted by all market participants.

Figure 8.11 – Agreement that the regulatory framework is trusted by all market participants



Q16. To what extent do you agree or disagree with the following statements? The regulatory framework is trusted by all market participants
Base: All non consumer credit firms; Total (6,608); General Insurance & Protection (1,339) Investment Management (757) Pensions & Retirement Income (61) Retail Banking + Payments & Digital Assets (528) Retail Investments (2,429) Retail Lending (974) Wholesale Financial Markets (509)

8.10 Whether the work of the FCA is effective in promoting international trade in the financial services industry

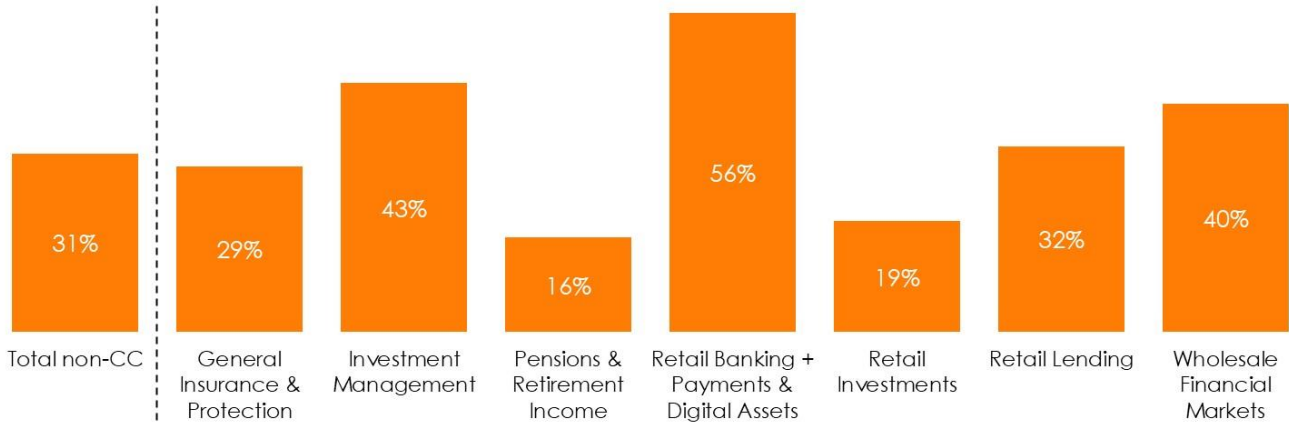
Firms were asked to what extent they agreed or disagreed that the work of the FCA is effective in promoting international trade in the financial services industry (**Figure 8.12**).

As is the case with many of the other metrics, firms in the Retail Banking + Payments & Digital Assets sector were clearly the most likely to agree that the work of the FCA is effective in promoting international trade (56%). Those in the Investment Management sector (43%) and those in the Wholesale Financial Markets sector (40%) were also notably more likely to agree compared with all non-CC firms (31%).

Once again, those in the Retail Investments sector and those in the Pensions and Retirement Income sector were the least positive. Fewer than one in five of those in the Retail Investments sector (19%) and the Pensions and Retirement Income sector (16%) agreed that the work of the FCA is effective in promoting international trade in the financial services industry.

Figure 8.12 – Agreement that the work of the FCA is effective in promoting international trade in the financial services industry

% Strongly agree/Agree



Q16. To what extent do you agree or disagree with the following statements? The work of the FCA is effective in promoting international trade in the financial services industry Base: All non consumer credit firms; Total (6,608); General Insurance & Protection (1,339) Investment Management (757) Pensions & Retirement Income (61) Retail Banking + Payments & Digital Assets (528) Retail Investments (2,429) Retail Lending (974) Wholesale Financial Markets (509)

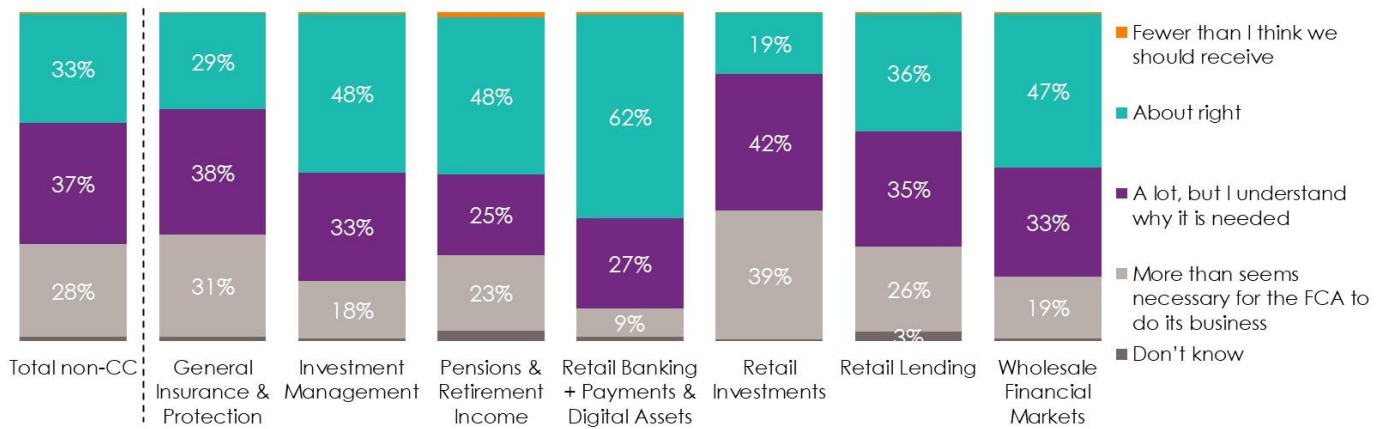
8.11 Data / information requests they receive from the FCA

Firms were asked how they felt about the number of data/ information requests they receive from the FCA (**Figure 8.13**).

Firms in the Retail Banking + Payments & Digital Assets sector were the most likely to report that the number of data/ information requests from the FCA was about right (62% compared with 33% of all non-CC firms). Those in the Investment Management sector (48%), the Pensions and Retirement Income sector (48%) and the Wholesale Financial Markets sector (47%) were also notably more likely than the total non-CC population to think that the number of data / information requests was about right.

Firms in the Retail Investments sector were clearly the most likely to report that the FCA makes more data / information requests than seems necessary for the FCA to do its business (39% compared with 28% of all non-CC firms).

Figure 8.13 – Views on the number of data / information requests firms receive from the FCA



Q30. Which of the following best describes how you feel about the number of data/information requests your firm receives from the FCA?
 Base: All non consumer credit firms; Total (6,608); General Insurance & Protection (1,339) Investment Management (757) Pensions & Retirement Income (61) Retail Banking + Payments & Digital Assets (528) Retail Investments (2,429) Retail Lending (974) Wholesale Financial Markets (509)
 Mean Score: 10 = Extremely satisfied, 1 = Extremely dissatisfied

Appendix A – Methodology

The FCA and the FCA Practitioner Panel (the “Panel”) commissioned Verian to conduct the annual industry survey to measure perceptions of FCA performance as a regulator. This report details the results from the 2023-2024 survey, incorporating trend data from 2022-23 and previous waves of the Panel survey.

Fieldwork took place between February and April 2024. A total of 25,000 firms were invited to take part. This included all fixed portfolio firms, all non-consumer credit flexible firms and a sample of consumer-credit (flexible portfolio) firms. Contact details were obtained from the FCA’s INTACT database of regulated firms. The most senior person in each firm was the intended respondent of the survey.

From 2014, the FCA became responsible for the regulation of consumer credit firms. Therefore, since the 2015 Panel survey consumer credit firms have been invited to complete it, with 8,070 being invited to take part in 2023-2024. This year, consumer credit firms were asked a smaller number of questions, shortening approximate survey completion time from 10-15 minutes to 7-10 minutes.

4,000 firms were first sent a warm-up email and letter (this can be found in Appendix C), with all others just sent an email. This informed the firm that we would soon be contacting them with login details for the online survey. A week later all firms were sent an invitation email containing these login details (this can be found in Appendix D), while the sub-sample of 4,000 firms was also sent an invitation letter.

During the fieldwork period, three reminder emails were sent to firms that were yet to complete the survey. For firms who received invitation letters, a reminder letter was sent alongside the first reminder email. Fixed portfolio firms that had not completed the survey by the date of the third reminder email were sent a reminder letter as well.

A PDF copy of the questionnaire was available for any firm to download from the survey website throughout fieldwork. This was mentioned explicitly in all communication with respondent firms.

In the last two weeks of fieldwork, in order to boost the response rate, certain firms were also contacted via telephone and reminded to take part in the survey. Upon request, some of these firms were also resent invitation emails containing their login details. The targeted firms were non-responding fixed portfolio firms and large flexible portfolio firms (e.g. those in wholesale financial markets).

In total, 6,608 non-consumer credit firms completed the survey, at a response rate of 39%. The response rate among consumer credit firms was lower at 11.9%.

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 actively 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 (99%). This reflects the fact that flexible firms represent the majority of all FCA regulated firms. In light of this, results for the whole sample will be almost identical to results for the flexible firms in isolation. Within this report, results will often be considered at a Fixed and Flexible firm level.

Appendix B – Questionnaire



FCA and Practitioner Panel Survey 2024

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

Survey ID:	
------------	--

Thank you for taking the time to complete this questionnaire.

How the information will be used

Your feedback is important and the results of this survey will be used to improve the work of the Financial Conduct Authority (FCA). In reporting the survey answers, Verian will always group responses so that no individual's or firm's responses can be identified. Your individual response to the survey will therefore be **completely confidential**. This is in accordance with the Market Research Society Code of Conduct.

The intention is to publish the results of this year's survey in summer 2024.

Completing the questionnaire

The questionnaire should be completed by the most senior person (Chief Executive or equivalent) in your firm or group. We estimate the questionnaire should take about 10-15 minutes to complete and there is an opportunity towards the end of the survey to provide comments on any topics that you feel have not been addressed elsewhere in the questionnaire.

Please read the rest of the information on this page, then turn over the page to start the survey.

How do I fill in the questionnaire?

1. Most questions can be answered by putting a cross in the box next to the answer that applies to you, like this: ☒
2. Some questions will ask you to **"Please cross as many boxes as apply."** When you see this instruction, please cross as many boxes as apply to you.
3. A small number of questions will ask you to write your response in the box provided.
4. Please try to answer every question. If there are any questions that you can't answer, simply cross the 'Don't know' box.
5. If you have made a mistake or change your mind about an answer you have given, completely block out the box you have crossed like this ☒ and then put a cross in your preferred box.
6. Please use black or blue ink to complete the questionnaire.

We look forward to receiving your feedback.

Where can I get more information?

✉ : fcappsurvey@veriangroup.com

☎ : 0800 015 0302 (9am-5pm)

🌐 : www.fcapractitionerpanelsurvey.co.uk

Information about how your data is processed and information about your rights in relation to the data we collect is available on the back of the accompanying letter. You can also access our privacy policy at:

www.veriangroup.com/uk-surveys

V2

Section 1: FCA Performance

The first questions are about your general impressions of the FCA

Q1 Taking into account all of your firm's dealings with the FCA, how satisfied are you with the relationship?

Please give an answer on a scale of 1 to 10, where 1 is 'Extremely dissatisfied' and 10 is 'Extremely satisfied'.

➔ Please cross one box only

Extremely
dissatisfied

Extremely
satisfied

☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
1	2	3	4	5	6	7	8	9	10

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

Please give an answer on a scale of 1 to 10, where 1 is 'Not at all effective' and 10 is 'Extremely effective'.

➔ Please cross one box only

Not at all
effective

Extremely
effective

☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
1	2	3	4	5	6	7	8	9	10

Section 2: FCA Aims and Objectives

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

Q3 How confident are you that the FCA's oversight of the industry delivers on the following statutory objectives?

➔ Please cross one box in each row

Objective number	Objective	Very confident	Fairly confident	Not very confident	Not at all confident	Don't know
1	Ensuring relevant financial markets function well	☐	☐	☐	☐	☐
2	Securing an appropriate degree of protection for consumers	☐	☐	☐	☐	☐
3	Protecting and enhancing the integrity of the UK financial system	☐	☐	☐	☐	☐
4	Promoting effective competition in the interests of consumers in the financial markets	☐	☐	☐	☐	☐

Q4 How well would you say your firm understands what the FCA is trying to achieve through the following objectives?

⇒ Please cross one box in each row ☒

Objective number	Objective	Very well	Fairly well	Not very well	Not at all	Don't know
1	Ensuring relevant financial markets function well	☐	☐	☐	☐	☐
2	Securing an appropriate degree of protection for consumers	☐	☐	☐	☐	☐
3	Protecting and enhancing the integrity of the UK financial system	☐	☐	☐	☐	☐
4	Promoting effective competition in the interests of consumers in the financial markets	☐	☐	☐	☐	☐

Q5 Alongside its primary strategic and operational objectives, the FCA has a secondary international competitiveness and growth objective (SICGO).

How confident are you that the FCA's oversight of the industry delivers on this objective?

⇒ Please cross one box only ☒

- ☐ Very confident
- ☐ Fairly confident
- ☐ Not very confident
- ☐ Not at all confident
- ☐ Don't know

Q6 How well would you say your firm understands what the FCA is trying to achieve through the secondary international competitiveness and growth objective (SICGO)?

⇒ Please cross one box only ☒

Very well	Fairly well	Not very well	Not at all well	Don't know
☐	☐	☐	☐	☐

Q7 Over the last 12 months, would you say your firm's trust in the FCA has...

⇒ Please cross one box only ☒

- ☐ ...increased
- ☐ ...decreased
- ☐ ...or stayed the same
- ☐ Don't know



If your firm is dual regulated (that is, regulated by both the Financial Conduct Authority and the Prudential Regulation Authority) please answer Q8. Otherwise, please go to Q9.

Q8 And to what extent would you agree or disagree with the following statements?

➔ Please cross one box in each row ☑

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
My firm has a clear understanding of the distinction between the <u>FCA's</u> regulatory objectives and those of the Prudential Regulation Authority (PRA)	☐	☐	☐	☐	☐	☐
The <u>FCA</u> and the PRA are appropriately co-ordinated in their supervision of my firm, taking into account their respective regulatory objectives	☐	☐	☐	☐	☐	☐

Section 3: Communication and Engagement

The next questions are about the ways in which the FCA communicates with your firm.

Q9 To what extent do you agree or disagree with the following statements?

➔ Please cross one box in each row ☑

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
Overall, the <u>FCA's</u> communications to my firm are <u>CLEAR</u>	☐	☐	☐	☐	☐	☐
Overall, the <u>FCA's</u> communications to my firm are <u>CONSISTENT</u>	☐	☐	☐	☐	☐	☐
Overall, the <u>FCA's</u> communications to my firm are <u>RELEVANT</u>	☐	☐	☐	☐	☐	☐

Q10 Thinking about each of the different channels of communication that the **FCA** uses, would you say that the **FCA** contacts your firm too often, not enough, or would you say the level of contact is about right?

⇒ Please cross one box in each row ☑

	Too often	About right	Not enough	Don't know
Telephone	☐	☐	☐	☐
Video call	☐	☐	☐	☐
Email	☐	☐	☐	☐
Postal mail	☐	☐	☐	☐
In person meetings	☐	☐	☐	☐
Through FCA hosted events (e.g. webinars, conferences)	☐	☐	☐	☐
Through social media (e.g. X (formerly known as Twitter), LinkedIn)	☐	☐	☐	☐

Q11 What information sources do you use to learn about regulation and the **FCA**?

⇒ Please cross as many boxes as apply ☑

- | | |
|--|--|
| ☐ FCA hosted events | ☐ FCA website |
| ☐ FCA speakers at industry events | ☐ Letters from the FCA |
| ☐ External advisers (lawyers, consultants etc.) | ☐ The media |
| ☐ FCA Regulation round-up | ☐ LinkedIn |
| ☐ FCA Supervision Hub (formerly customer contact centre) | ☐ Trade associations |
| ☐ FCA speeches | ☐ Blogs |
| ☐ FCA supervisors | ☐ Podcasts |
| | ☐ None of the above |

Q12 In which of the following ways, if any, has your firm engaged with the **FCA's** work to develop or change rules in their Handbook in the last 12 months?

⇒ Please cross as many boxes as apply ☑

- ☐ Responded to an **FCA** consultation, discussion paper or other paper
- ☐ Participated in a roundtable run by the **FCA**
- ☐ Joined an **FCA** webinar or other event
- ☐ Participated in a related discussion facilitated by another organisation, such as a trade association
- ☐ In some other way (please specify)

- ☐ My firm has not engaged with the **FCA's** work in this area in the last 12 months
- ☐ Don't know

Q13 How well does the FCA engage with stakeholders when developing new regulations and regulatory reforms?

➡ Please cross one box only ☑

- ☐ Very well
- ☐ Fairly well
- ☐ Not very well
- ☐ Not at all well
- ☐ Don't know

Q14 And, in general, to what extent do you agree or disagree that FCA engagement with stakeholders leads to more effective regulations?

➡ Please cross one box only ☑

- ☐ Strongly agree
- ☐ Tend to agree
- ☐ Neither agree nor disagree
- ☐ Tend to disagree
- ☐ Strongly disagree
- ☐ Don't know

Section 4: Impact of FCA Regulation

The next questions are about your views on the impact of FCA regulation.

Q15 To what extent do you agree or disagree with the following statements?

➡ Please cross one box in each row ☑

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
The work of the <u>FCA</u> enhances the reputation of the UK as a financial centre	☐	☐	☐	☐	☐	☐
<u>FCA</u> regulation has helped my firm to deliver better outcomes for consumers	☐	☐	☐	☐	☐	☐
The <u>FCA</u> acts proportionately, so that the costs imposed on firms are proportionate to the benefits gained	☐	☐	☐	☐	☐	☐
<u>FCA</u> regulation is aligned with rules imposed by other regulators	☐	☐	☐	☐	☐	☐

Q16 And to what extent do you agree or disagree with the following statements?

➡ Please cross one box in each row ☑

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
The regulatory framework is clear and well-understood by all market participants	☐	☐	☐	☐	☐	☐
The regulatory framework is trusted by all market participants	☐	☐	☐	☐	☐	☐
The <u>FCA</u> is effective at supporting the development of digital markets and new technologies in financial products and services	☐	☐	☐	☐	☐	☐
The work of the <u>FCA</u> is effective in promoting international trade in the financial services industry	☐	☐	☐	☐	☐	☐
The <u>FCA</u> is able to adapt its regulatory requirements to respond efficiently to innovation and new challenges	☐	☐	☐	☐	☐	☐

Q17 The next question is for principal firms who appoint and are responsible for overseeing appointed representatives. An appointed representative is a firm or person who carries on a regulated activity on behalf, and under the responsibility of, a firm authorised by the FCA (the principal firm).

As a result of the FCA's actions in the last 12 months, how have principal firms in your sector changed the way they oversee their Appointed Representatives?

Has oversight in your sector...

➡ Please cross one box only ☑

- ☐ Increased
- ☐ Stayed the same
- ☐ Decreased
- ☐ Non-applicable – firms in my sector do not appoint or oversee Appointed Representatives
- ☐ Don't know

Section 5: Enforcement and Identifying Risk

In the next section we will ask about the FCA's role in identifying emerging risks within the industry and associated enforcement action.

Q18 Do you feel there are any significant or emerging risks in your market that the FCA is not currently aware of?

➔ Please cross one box only ☒

- ☐ Yes
- ☐ No
- ☐ Don't know

Q19 Which of the following best describes your view of the FCA's approach to identifying risk?

In order to identify risks, would you say that...

➔ Please cross one box only ☒

- ☐ ...the FCA is mainly **REACTIVE**, that is they rely on information/ intelligence provided by the industry
- ☐ ...the FCA is mainly **PROACTIVE**, that is they take steps to uncover risks themselves
- ☐ ...the FCA uses both approaches equally
- ☐ Don't know

Q20 As far as you are aware, which of the following enforcement actions has the FCA imposed on firms or individuals in the last 12 months?

Please include anything you know about through personal knowledge, notifications from the FCA, or wider media coverage.

➔ Please cross as many boxes as apply ☒

- ☐ Issued a public censure ➔ Go to Q21
- ☐ Issued a fine/ financial penalty ➔ Go to Q21
- ☐ Limited a firm or individual's activities/ Withdrawn selected permissions ➔ Go to Q21
- ☐ Withdrawn authorised status ➔ Go to Q21
- ☐ Launched criminal prosecution ➔ Go to Q21
- ☐ Something else (please write in) ➔ Go to Q22

- ☐ Not aware of any enforcement actions being imposed ➔ Go to Q22
- ☐ Don't know ➔ Go to Q22

Q21 How effective do you think each of the following enforcement actions has been in reducing further harm to the industry?

➡ Please cross one box in each row ☑

	Very effective	Fairly effective	Not very effective	Not at all effective	Don't know
Issuing of a public censure	☐	☐	☐	☐	☐
Issuing of a fine/ financial penalty	☐	☐	☐	☐	☐
Limiting of a firm or individual's activities/ Withdrawal of selected permission	☐	☐	☐	☐	☐
Withdrawal of authorised status	☐	☐	☐	☐	☐
Launch of criminal prosecution	☐	☐	☐	☐	☐



If, at Q21, you selected either 'Limited activities/ Withdrawn selected permissions' or 'Withdrawn authorised status', please go straight to Q23.
Otherwise, please answer Q22.

Q22 As you may know, the **FCA** can withdraw permissions from firms or individuals they find to be in breach of regulations, to stop them from operating.

As far as you are aware, has the **FCA** withdrawn permissions from any firms or individuals?

➡ Please cross one box only ☑

- ☐ Yes
- ☐ No
- ☐ Don't know

Q23 Thinking now about **ANY** enforcement action the **FCA** has taken as a result of poor business practices by another firm or individual. What actions, if any, have your firm taken in response to such enforcement action?

➡ Please cross as many boxes as apply ☑

- ☐ Implemented a specific review of your own business
- ☐ Carried out a review of your conduct risks
- ☐ Made a change to your business model
- ☐ Called meeting(s) to specifically discuss the issue
- ☐ Introduced or changed training modules
- ☐ Something else (please write in)

- ☐ None of these
- ☐ Don't know



The FCA Threshold Conditions are the minimum conditions which a firm is required to satisfy - and continue to satisfy - in order to be given and to retain permission by the FCA.

Q24 How familiar is your firm with the FCA's Threshold Conditions?

→ Please cross one box only ☒

- ☐ Very familiar
- ☐ Fairly familiar
- ☐ Not very familiar
- ☐ Not at all familiar
- ☐ Don't know

Section 6: People

The next questions are about FCA staff and FCA supervisors.



If your firm has specific, named FCA supervisors, please answer Q25 and then go straight to Section 7.

Otherwise, please go straight to Q26.

Q25 In relation to your FCA supervisors, to what extent to do you agree or disagree with the following statements?

→ Please cross one box in each row ☒

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

Q26 In relation to FCA staff (e.g. the FCA Supervision Hub, [formerly FCA customer contact centre]), to what extent do you agree or disagree with the following statements?

⇒ Please cross one box in each row ☑

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
<u>FCA</u> staff are knowledgeable about <u>FCA</u> rules and requirements	☐	☐	☐	☐	☐	☐
<u>FCA</u> staff have sufficient experience	☐	☐	☐	☐	☐	☐
<u>FCA</u> staff are appropriately qualified and have the necessary skills to undertake the role	☐	☐	☐	☐	☐	☐
Guidance provided by <u>FCA</u> staff is consistent with that from the leaders of the <u>FCA</u> , and the <u>FCA</u> 's wider policy approach	☐	☐	☐	☐	☐	☐

Section 7: FCA Focus and Processes

Q27 Thinking now about the FCA's work to promote effective competition within the industry. Do you think the emphasis the FCA places on the following areas is too much, about right or too little?

⇒ Please cross one box in each row ☑

	Too much emphasis	About right	Too little emphasis	Don't know
Supporting innovation within the industry	☐	☐	☐	☐
Regulating the price of products and services	☐	☐	☐	☐
Controlling the entry of firms into new markets	☐	☐	☐	☐
Regulating the quality of products and services	☐	☐	☐	☐
Making it easier for consumers to understand and compare products and services	☐	☐	☐	☐
Making it easier for consumers to switch products and services	☐	☐	☐	☐

Q28 Are you aware of the FCA's work to ensure firms are operationally resilient?

➔ Please cross one box only 

- ☐ Yes
☐ No
☐ Don't know

Q29 Would you say that over the last 12 months operational resilience has become more of a priority for your firm?

➔ Please cross one box only 

- ☐ Yes
☐ No
☐ Don't know

Q30 Which of the following best describes how you feel about the number of data/ information requests your firm receives from the FCA?

➔ Please cross one box only 

- ☐ Fewer than I think we should receive
☐ About right
☐ A lot, but I understand why it is needed
☐ More than seems necessary for the FCA to do its business
☐ Don't know

Q31 To what extent do you agree or disagree with the following statements about data/ information requests your firm receives from the FCA?

➔ Please cross one box in each row 

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
The <u>FCA</u> gives my firm enough time to compile the data/ information that they request	☐	☐	☐	☐	☐	☐
My firm has sufficient resources to respond to <u>FCA</u> data/ information requests	☐	☐	☐	☐	☐	☐
The <u>FCA</u> only asks for data/ information about my firm that they cannot get from other sources	☐	☐	☐	☐	☐	☐
The <u>FCA</u> makes good use of the data/ information that my firm provides	☐	☐	☐	☐	☐	☐
The information requested by the <u>FCA</u> is often difficult to collate	☐	☐	☐	☐	☐	☐
The <u>FCA</u> reviews the information it requests and feeds back in a timely manner	☐	☐	☐	☐	☐	☐



If your firm is involved in wholesale markets, please answer Q32-Q37.
Otherwise, please go to Q38.

Section 8: Market Excellence

The next questions are about your views on the impact of FCA regulation specifically in relation to wholesale markets.

Q32 To what extent do you agree or disagree with the following statements?

➔ Please cross one box in each row ☑

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
The <u>FCA</u> is effective in regulating wholesale markets	☐	☐	☐	☐	☐	☐
<u>FCA</u> regulation supports market participants determining fair value in wholesale markets	☐	☐	☐	☐	☐	☐
<u>FCA</u> regulation ensures the integrity of wholesale markets	☐	☐	☐	☐	☐	☐
<u>FCA</u> regulation in wholesale markets is proportional in terms of the benefits versus the costs	☐	☐	☐	☐	☐	☐

Q33 Over the last 12 months, do you think the UK's position in wholesale markets has...

➔ Please cross one box only ☑

- ☐ Strengthened
- ☐ Weakened
- ☐ or has remained the same during this time
- ☐ Don't know

Q34 Taking everything into account, can you tell us how the FCA's actions have impacted the UK's position in the wholesale markets during this time.

Please give an answer on a scale of 1 to 10, where 1 is 'Significant negative impact' and 10 is 'Significant positive impact'.

➔ Please cross one box only ☑

Significant negative impact										Significant positive impact	Don't Know
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
1	2	3	4	5	6	7	8	9	10		

Section 9: Market Abuse

Market abuse can occur in a number of ways:

- Delayed or misleading disclosures – listed issuers do not disclose inside information in a timely manner or issue misleading statements
- Insider dealing – people with access to inside information disclose it unlawfully and/ or use it to trade in their own financial interests
- Market manipulation – participants trade in a way designed to manipulate the price of a financial instrument

Q35 Overall, how much of an issue do you believe market abuse is in the UK? Do you feel this is a...

➡ Please cross one box only ☑

- ☐ Very big issue
- ☐ Fairly big issue
- ☐ Not a very big issue
- ☐ Not an issue at all
- ☐ Don't know

Q36 Over the last 12 months, how effective do you think the FCA has been in protecting UK markets from...

➡ Please cross one box in each row ☑

	Very effective	Fairly effective	Not very effective	Not at all effective	Don't know
Delayed or misleading disclosures from listed issuers	☐	☐	☐	☐	☐
Insider dealing	☐	☐	☐	☐	☐
Market manipulation	☐	☐	☐	☐	☐

Q37 How effective has the FCA been in combatting market abuse in the UK compared to regulators in other global markets. Has the FCA been...

➡ Please cross one box only ☑

- ☐ Much better
- ☐ A little better
- ☐ About the same
- ☐ A little worse
- ☐ Much worse
- ☐ Don't know

Section 10: Suggestions for the FCA

Q38 Now thinking about your opinion of the **FCA** in general, if you could choose one thing you would like to see the **FCA** doing more or less of, or doing differently/better, what would it be?

➔ Please write your answer in the box below

Section 11: Staying in touch

Q39 Would you be willing to be re-contacted by Verian regarding this research?

You can be assured that your name will never be passed to anyone outside of Verian without your permission.

➔ Please cross one box only 

☐ Yes

☐ No

Appendix C – Warm up communication



FAO {Full name}
{Organisation name}

Ref: {RespondentKey}
Date: {Date}

Dear {First_name},

Your opportunity to tell the FCA what you think

You will shortly be contacted by independent research firm Verian (formerly known as Kantar Public) and asked to take part in an online study, the **2023-2024 FCA and Practitioner Panel Survey** of regulated firms. This is an excellent opportunity for you, as a senior representative of a regulated firm, to provide your views of the FCA. The purpose of this survey is to give firms the opportunity to comment on the ability of the FCA to deliver on its statutory objectives, enable the FCA to better understand issues affecting firms and assess any changes needed to their approach. The results of the survey will feed back directly to ourselves as FCA CEO and Panel Chair as the wider FCA senior leadership and Board. We would appreciate the survey being completed by the most senior person in your firm or group.

Following an extensive review and in light of feedback, this year's survey is notably shorter than recent years and should only take 10-15 minutes to complete.

If you have any questions, you can contact Verian on 0800 015 0302 or at fcappsurvey@veriangroup.com. Alternatively, you can contact the FCA Supervision Hub on 0300 500 0597.

You can find more information about previous surveys and the FCA's Practitioner Panels, including the Smaller Business Practitioner Panel, at www.fca-practitioner-panels.org.uk/. For more information about this year's survey visit www.fcapractitionerpanelsurvey.co.uk.

We will publish headline results from the survey in summer 2024.

Thank you for helping us.

Yours sincerely,

Nikhil Rathi
Chief Executive
Financial Conduct Authority

Matt Hammerstein
Chair
FCA Practitioner Panel

Appendix D – Survey invitation



FAO {Full name}
{Organisation name}

Ref: {RespondentKey}
Date: {Date}

Dear {First_name},

Have your say: the FCA and Practitioner Panel Survey 2023-2024

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 you think of the FCA and where it can improve. The purpose of this survey is to give firms the opportunity to comment on the ability of the FCA to deliver on its statutory objectives, enable the FCA to better understand issues affecting firms and assess any changes needed to their approach. The results of the survey will feed back directly to ourselves as FCA CEO and Panel Chair as well as the wider FCA senior leadership and Board.

Following an extensive review and in light of feedback, this year's survey is notably shorter than recent years and should only take 10-15 minutes to complete.

How to take part

- ① Go to www.fcapractitionerpanelsurvey.co.uk and select "Click here to complete the survey"
- ② Enter your log-in details in the boxes provided:

Username

Password
- ③ Select "**START NOW**" to complete the survey and submit when done

We would appreciate the questionnaire being completed by the most senior person in your firm or group (Chief Executive or equivalent). If your firm is a member of a group, please answer from the group's perspective as much as possible. The questionnaire is only sent to one contact in each group.

More information about the survey, including a **PDF copy of the questionnaire**, can be found at www.fcapractitionerpanelsurvey.co.uk.

Confidentiality

The independent research company, Verian (formerly known as Kantar Public), is conducting the survey. In line with the Market Research Society Code of Conduct, Verian will treat all survey responses in the strictest confidence and no personally identifiable information will be published or shared with the FCA or Practitioner Panel.

Survey results

Verian will present the results from the survey to the FCA Board and the Practitioner Panel. We will publish the results in summer 2024. For information about the Practitioner Panels, including the Smaller Business Practitioner Panel, and previous Surveys, please visit www.fca-practitioner-panels.org.uk.

If you have any questions, please contact Verian on 0800 015 0302 or at fcappsurvey@veriangroup.com. Alternatively, you can contact the FCA Supervision Hub on 0300 500 0597.

Thank you for helping us. This survey is a valuable source of information for the FCA and the Practitioner Panel, and your participation is greatly appreciated.

Yours sincerely,

Nikhil Rathi
Chief Executive
Financial Conduct Authority

Matt Hammerstein
Chair
FCA Practitioner Panel

About the survey

Why has my business been chosen?

Your business has been chosen from a database of regulated firms held by the FCA. To ensure that the results from the survey are representative of the financial services industry, we are contacting a statistically representative sample of firms, and so your response is important to ensure that the results of the survey are representative.

What is the survey about?

The main aim of the survey is to obtain views from within the financial services industry of how well the FCA is performing in relation to its statutory objectives - protecting consumers, enhancing the integrity of the UK financial system, and promoting effective competition. The

survey asks about your dealings with the FCA and how FCA regulation has impacted on your firm and business.

Why should I take part?

This is an opportunity to have your say about how the FCA carries out its regulatory duties. The results from this survey will have a major influence on the functions of the FCA and the way in which they communicate with firms.

Who should take part?

An important element of this survey is that it collects the views of people running regulated firms. This is why we are asking that the most senior executive in your organisation completes this survey.

Depending on your personal level of contact with the FCA, you may find it useful to consult other colleagues within your organisation before completing the online survey. On the survey homepage (www.fcapractitionerpanelsurvey.co.uk), we have provided the option of printing out a paper copy of the questionnaire, which may help you to gather the required information.

How long will the survey take?

The survey should take around 10-15 minutes to complete.

What will happen to my answers and the information I give?

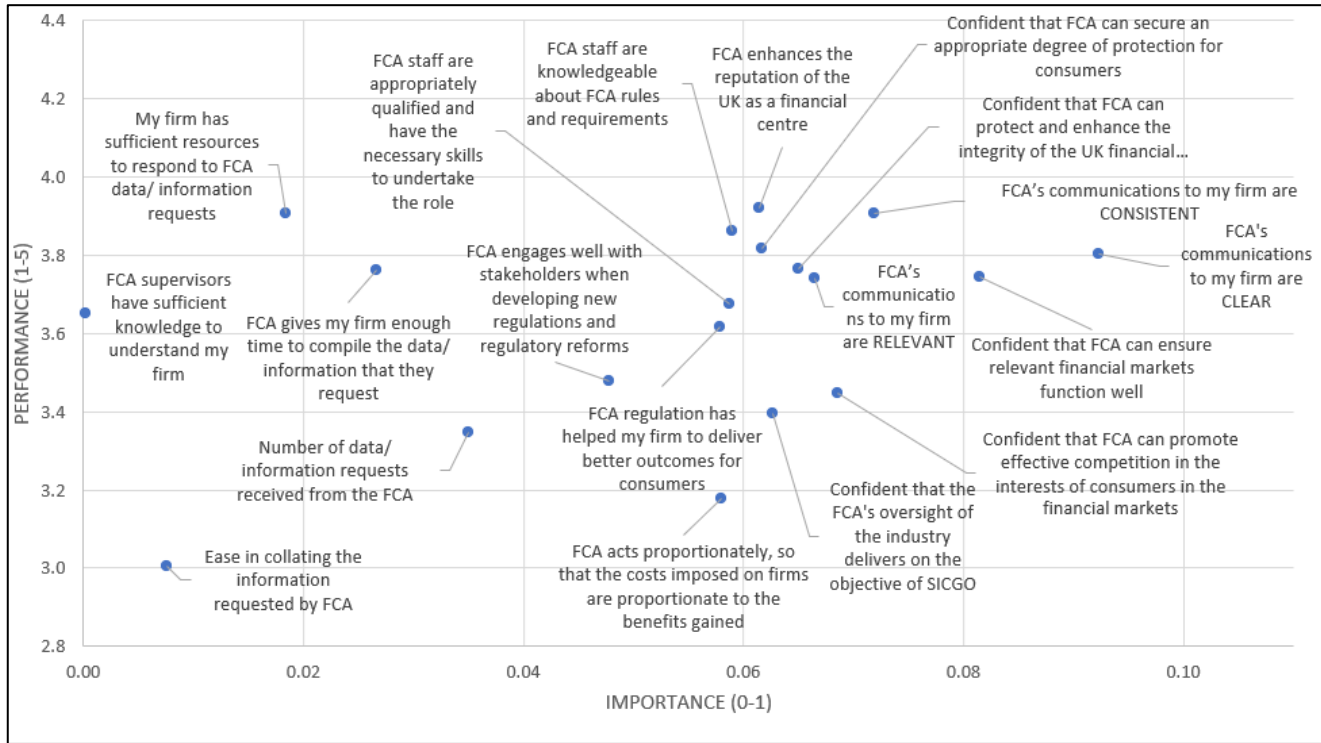
The information given by everyone who helps with the survey will be combined and used by the FCA and the Panel to provide a current picture of the FCA's regulatory performance.

Who is conducting the survey?

The survey is being conducted by Verian (formerly known as Kantar Public), an independent social research agency. To find out more about Verian, please visit www.veriangroup.com.

Appendix E – Key Driver Analysis

Drivers of satisfaction



Drivers of effectiveness

