



Britainthinks

— Insight & Strategy —

Financial Conduct Authority: Stakeholder Engagement Research

External summary of findings based on
research conducted in late 2018

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Methodology note and introduction

BritainThinks conducted quantitative interviews with 151 of the FCA's external stakeholders, and further follow-up qualitative interviews with 45 of these stakeholders, between September and December 2018. Participants included representatives from:

- Trade associations and representative bodies
- Consumer bodies
- The media
- Parliament
- Think-tanks
- Other regulators

An additional 5 qualitative interviews were conducted with stakeholders based in Scotland specifically to explore their views of the FCA's Scottish Office and their engagement. The views of firms are sought separately through an FCA-run survey.

Running annually since 2013, the overall purpose of this research was to explore stakeholder perceptions of the FCA's overarching reputation and communications, track any changes over time, and identify any priorities or areas for improvement for the FCA.

This external summary document is intended to provide an overview of the high-level findings of the research and to thank respondents for their time and contributions. The research findings have also been presented in full to teams across the FCA.

Key findings

- The FCA's reputation score among its stakeholders has **remained steady since last year** and continues to represent a significant overall improvement in the FCA's reputation since the first wave of tracking research conducted in 2013.
 - The picture is also more balanced between consumer- and firm-facing stakeholders in this wave compared to last, in which positivity had risen among trades, but waned slightly among consumer bodies.
- **Brexit remains the key issue** when stakeholders think about the main challenges facing the FCA in the coming years.
 - There is appetite to see the FCA demonstrating preparedness and focusing on the practical implications of Brexit for firms, consumers and financial regulation, rather than seeking to influence the external-facing debate.
- The FCA continues to be seen to be prioritising what is for most stakeholders the FCA's **most important objective: consumer protection**.
 - However, there is some concern about timeliness of delivery against this objective, and the implications of this for the FCA's ability to be on the 'front foot' in addressing the issues causing consumers most detriment.
- **FCA communications and engagement continue to be highly rated** overall, but particularly by consumer bodies and most trades and representative bodies.
 - In particular, there is a perception among some stakeholders of greater visibility of the FCA's senior leaders in more recent months.

Perceptions of the FCA's objectives and priorities

- Of the **FCA's statutory objectives, consumer protection** continues to be seen as the most important by a majority of the FCA's stakeholders. Positively, this is the objective which the FCA is most likely to be seen to be achieving.

"Protecting consumers is absolutely key. Implicit in customers getting a fair deal is the fact that customers should have greater confidence in financial markets, with greater evidence that they work well for them."

(Parliamentarian)

- Of the FCA's non-statutory objectives, stakeholders feel it is most important that the FCA **acts in a timely manner** and **establishes authority over the industry**.

- Views are split on whether the FCA currently **acts in a timely manner**. Stakeholders who are concerned about timeliness relate this to one of two themes:
 - Instances where they feel that the FCA is slow to process specific cases.
 - Instances where they feel that the FCA is seen to be slow to act in tackling emerging issues that are causing consumers detriment and/or focused on some types of firm or financial product within a particular market at the expense of others.
- However, stakeholders are clear that any response to concerns about timeliness should **not come at the expense of the rigorous, considered and evidence-led approach** they have come to expect from the FCA.

Brexit

- Brexit is mentioned as the **greatest challenge facing the FCA** in the year(s) ahead and a **desired priority** for many stakeholders going forward.

“Their priority is an acceleration of many of the areas that the FCA already work on, with significant challenges potentially resulting from the nature of our withdrawal from the EU.”

(Other regulator)

- Stakeholders are now more likely to feel that the FCA is prioritising Brexit, and **more likely to mention having seen Brexit-related actions and announcements** from the FCA this year compared to last. Those who have seen the FCA’s communications tend to feel relatively positive about them.
- However, **not all stakeholders have seen these communications**, and significant proportions say that they still feel uncertain about the FCA’s position. Some attribute this to wider uncertainty related to Brexit, making it challenging for regulators like the FCA to clarify its position.
- When thinking about what they would like to see from the FCA with regards to Brexit, stakeholders tend to highlight three key areas:
 - **Ensuring a smooth transition:** There is a desire for the FCA to work to minimise disruption both for the financial services industry and consumers in accessing financial products.
 - **Clarity on the implications of potential outcomes:** Industry stakeholders in particular wish to hear from the FCA on the implications of potential outcomes for firms and for consumers.

- **Maintaining sight of its core work:** While stakeholders believe it is right for the FCA to prioritise Brexit, they do not want this to result in a distraction from 'business as usual'.

"It's about meeting firms, trade associations and professional bodies, and talking about scenarios that could happen. Because, at the moment, there's an awful amount of uncertainty and it's affecting things like investment in the main."

(Trade association)

Perceptions of the FCA's engagement and communications

- FCA communications and engagement **continue to be rated highly** by most stakeholder groups, and the majority of stakeholders say that they hear about right amount from the FCA.
 - Consumer bodies, trade associations and representative bodies tend to be the most positive about the communications they receive from the FCA, while media and Parliamentary stakeholders are most likely to describe room for improvement.
 - Most stakeholders agree that FCA communications are constructive and clear. Agreement is slightly lower that these communications are concise and timely, and stakeholders' suggested improvements for FCA communications tend to relate to better signposting to enhance navigability.
- Stakeholders who feel that they have specific points of contact at the FCA tend to be positive about the **responsiveness, expertise and availability** of FCA staff. Stakeholders based in Scotland described a particular improvement in engagement.
 - However, these effective relationships can sometimes be undermined by perceived inconsistency between different teams at the FCA, and by staff moving on to different roles and departments within the regulator.

"They are approachable and available when I need to talk to them. My staff feel the same. We have good relationships at all levels. That has improved enormously in the past 2-3 years."

(Trade association)

Looking ahead to the future

- These findings suggest 3 potential priorities for the FCA in relation to stakeholder engagement in the coming year. Each priority is perceived to be particularly pressing in the context of Brexit:
 1. **Balance:** Results this year suggest the FCA has struck a more effective balance between the priorities of consumer- and industry-facing stakeholders. Maintaining this careful balance in the context of Brexit, and ensuring that the FCA balances the interests of firms with those of consumers in its Brexit work, will be critical.
 2. **Prioritisation:** Timeliness has emerged as a concern for some stakeholders, who are seeking reassurance that the FCA has the right motivations when choosing its priorities (for example, the issues causing consumers greatest detriment). Prioritisation will be particularly important in the context that stakeholders are also seeking reassurance that the FCA has a plan for keeping up momentum on its key priorities despite the increased workload around Brexit.
 3. **Consistency and joined-up working:** Experiences of inconsistency between different people, teams and level at the FCA remains a key challenge for some stakeholders, particularly when FCA staff move roles. Consistency and clarity of message will be key in relation to Brexit, where stakeholders see a risk that any inconsistencies could fuel further uncertainty.