



Practitioner Panel Survey

2022-2023 Report

July 2023

Foreword

The FCA values input from the industry about how it is performing against its objectives, what is working well and what it could do better. Together with its statutory Practitioner Panel, it carries out a regular survey of regulated firms of all sizes, giving them an opportunity to give direct and anonymous feedback which feeds into its planning and strategy. This year's survey, conducted between February and April 2023, included questions seeking firms' views of FCA communications about the Consumer Duty and the cost-of-living crisis. This year the survey will be one of several sources of feedback used to help monitor the FCA's progress towards its commitments outlined in its [3-year Strategy](#). The FCA's latest [Annual Report](#) shows what has been achieved in 2022/23 and the progress made in the first year of its 3-year strategy.

With a response rate of 31%, and a total of 4,881 for all firms, including consumer credit, completing the survey, it gives valuable information from a broad range of sectors, firm sizes, business models and locations.

The results this year, while showing a slight decline from 2021 in some areas, broadly show relative stability with pre-pandemic survey trends. They indicate a majority of responding firms have a positive view of the regulator's performance over the last year. In the context of the volume of change industry and the FCA have continued to absorb over the last year, notably pressures associated with the implementation of the Consumer Duty, the introduction of further regulatory reforms and ongoing transformation, this is a significant achievement.

Considering the survey results the FCA and Panels are aware there are areas for improvement. Within this context, the regulator recognises the importance of improving operational efficiency, continuing to streamline processes, ensuring resources are directed at priority work and being proportionate.

Areas on which the FCA are particularly focusing include:

- ensuring the FCA acts proportionately, so that the costs imposed on firms are proportionate to the benefits gained
- responding efficiently to innovation and new challenges
- trust and confidence in the FCA and its supervisors
- continuing to highlight ongoing improvements in the Authorisations process in the service standards quarterly reporting
- how the use of data requests is fed back to firms

We have received invaluable feedback, which we will take on board. The FCA looks forward to working to address the issues raised with continuing input from the Panels throughout the upcoming year.

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1. Executive Summary

Since its creation in 2013, the Financial Conduct Authority (FCA) has had a single strategic objective; namely, to ensure that the financial markets function well. This overarching strategic 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

The FCA has sought to deliver on its objectives in a world subject to continual change and where there have been a number of potential shocks to the markets in recent years both in the UK and globally: for example, the UK's decision to leave the EU following the 2016 referendum; the impact of the Covid-19 pandemic in 2020; the ongoing transition to a net zero economy; and more recently the outbreak of war in Ukraine. The effect of these global events has impacted on the financial markets which is likely to be felt for many years.

In parallel with these macro events, there are also significant changes taking place in the way consumers access and use financial services, which in turn has consequences for how firms operate in the market and how they are regulated. For example, the Covid-19 pandemic triggered a rapid increase in consumers' digital engagement: while this created new opportunities for firms it also increased the potential risk of financial exposure for consumers and firms alike.

Economic circumstances are also driving changes in consumers' behaviour. Interest rates have remained low for many years, which has raised concerns that consumers are taking excessive financial risk in a low interest rate environment, creating the potential to cultivate further systemic risks in the financial markets. Additionally, with high inflation driving a cost of living crisis and a potential global recession, the financial resilience of consumers and financial institutions alike is likely to be tested in the short to medium term.

The [FCA's Three-year strategy](#) was published in 2022 together with the [2022-23 Business Plan](#) which set out the work the FCA planned over the next 12 months to help deliver the strategy. As well as highlighting the key priority areas for the FCA over the next three years, the strategy also sets out its expectations for both consumers and regulated firms and the outcomes it is seeking for both groups. The [FCA's Annual Report](#) shows what they have achieved in 2022/23 and explains how they have met their strategic and operational objectives. It also shows the progress they have made in the first year of their three-year strategy.

The strategy highlights three **focus areas** for the FCA over the next three years:

- **Reducing and preventing serious harm:** which includes dealing with problem firms, improving redress when things go wrong, reducing harm when firms do fail, and taking assertive action on market abuse.
- **Setting and testing higher standards:** which includes ensuring firms put consumers' needs first, ensuring consumers have the right information to make good decisions, and minimizing the impact of operational disruption (such as Covid-19) by strengthening the operational resilience of firms.
- **Promoting competition and positive change:** which includes adapting and tailoring the UK's regulatory regime to be fit for the future, strengthening the UK's position in the wholesale markets, and ensuring the regulatory framework is adapted to digital markets.

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, the tools and interventions it will use to achieve these, and a set of metrics against which progress will be measured so that it can be held accountable.

The Framework distinguishes two different types of outcomes:

- **topline outcomes** which the FCA expects the markets to deliver. These will stay the same from year to year to enable the FCA to measure how it delivers against its statutory objectives over time; and
- **commitment outcomes** which are the actions the FCA will take to create the conditions which will deliver the outcomes expected. These will be set for a three-year period and reviewed every year.

The 2022-23 Business Plan set out 13 strategic commitments for the next three years which map to the three focus areas outlined above. Within each commitment different outcomes are identified for consumers and wholesale markets. Additionally, a set of metrics has been developed to help monitor progress against each outcome.

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, going forward it will also be one of the key data sources underpinning the FCA's transformation journey.

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. While providing an overview of the industry as a whole, the survey design also allows for more granular analysis. Results can be presented for separate supervisory groups (fixed and flexible-portfolio firms).

Although the survey provides a valuable vehicle for measuring long-term trends and change over time this does not mean that it has remained static since it was first conducted. 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. For example, the design of the survey had to be reviewed in 2015 when the FCA took on the regulation of consumer credit firms, doubling the number of firms regulated by the FCA. This year specific questions have been added to the survey to measure progress against the outcomes and metrics outlined above.

In terms of questionnaire content, the survey has been used to evaluate the FCA's role and performance during the EU withdrawal period, including the information it provided to firms on how Brexit would affect them and the issues they should be aware of. Most recently, the 2021 survey was adapted to evaluate the FCA's performance since the start of the Covid-19 pandemic. As noted above, the survey is now going to be used as one of the key data sources for measuring progress against the FCA's three-year strategy as part of its transformation agenda.

The latest wave of the survey was conducted by Kantar Public on behalf of the FCA and the Panel. Fieldwork took place between February and April 2023. In total, 4,287 firms completed the survey; a response rate of 34%. The results for consumer credit firms are based on responses from 594 firms and are presented separately.

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 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 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. Where results are compared with findings from the 2021 survey, changes are statistically significant at a 95% level (unless stated otherwise).

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 declined slightly since 2021, with a mean score of 6.9 out of 10 (compared with 7.3 in 2021). The effectiveness score has also fallen slightly over the same period, from 7.2 to 6.7 out of 10.

Satisfaction levels among flexible firms remain largely unchanged compared with 2021. The mean score out of 10 was 7.2 in 2022-23 and 7.3 in 2021. Flexible firms' rating of the effectiveness of the FCA in regulating the industry has fallen slightly, from 7.1 in 2021 to 6.9 in 2022-23.

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

- Acting proportionately so that the costs are proportionate to benefits gained
- Being more forward-looking in its regulation
- Making regulation more transparent
- Adapting its 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.

The objective to promote effective competition in the interests of consumers in the financial markets has consistently been subject to lower levels of confidence when compared with the FCA's other objectives. This trend continues in 2022-23. There is also evidence that this objective is the least well understood by firms.

Nine in ten fixed firms (88%) were confident that the FCA was delivering on its strategic objective of ensuring financial markets function well, a drop from 96% in 2021 but a return to the confidence level seen in 2019 (88%). 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 (93%). Fixed firms expressed a lower level of confidence in relation to the third operational objective, with 65% saying they were confident that the FCA is delivering

on its objective to promote effective competition. This represents the lowest level of confidence since 2017.

A similar pattern of results was in evidence for Flexible firms. Eight in ten flexible firms were confident in the FCA's ability to ensure financial markets function well, secure protection for consumers, and protect the integrity of the financial system. Two thirds were confident that the FCA is promoting effective competition. Confidence among flexible firms showed a slight fall across all objectives compared with 2021.

FCA's approach to identifying risk

Nine in ten fixed firms (87%) felt that the FCA had performed very or fairly well in identifying emerging risks over the last 12 months, while just under one in ten (8%) felt that it had not performed well. Flexible firms took a less positive view, with six in ten (61%) feeling that the FCA had performed well compared with two in ten (19%) saying that it had not performed well. These figures are broadly consistent with those reported in 2021.

Although most firms felt the FCA took either a pro-active or balanced approach to identifying risk, there was also a clear feeling among a minority of firms that the FCA tended to be reactive rather than proactive.

One in ten fixed firms (10%) and flexible firms (9%) felt there were significant or emerging risks in their market(s) that the FCA was not currently aware of. Among flexible firms, the most common theme mentioned was the risk of insufficient regulation and monitoring of firms. It should be stressed that responses to this question reflects firms' *perception* of whether the FCA is aware of these risks and so does not necessarily reflect the true picture.

FCA's use of data and advanced analytics

A majority of both fixed and flexible firms said they didn't know how well the FCA was performing across a range of tasks relating to data and advanced analytics, suggesting that firms have limited visibility of these FCA activities in this area. In all cases fixed firms were more likely than flexible firms to say that they didn't know. However, fixed firms were more likely than 12 months ago to have a view on how well the FCA is ensuring that its staff have strong data and analytics skills. The proportion of fixed firms saying that the FCA is performing well in this area doubled from 12% in 2021 to 25% in 2022-23.

Impact of regulation

On most aspects of regulation, fixed firms were largely positive with the majority of firms agreeing with each statement and only a relatively small minority disagreeing. Fixed firms were most likely to agree that FCA regulation is transparent (80%). Levels of agreement with this statement were notably higher among fixed firms compared with 2021, when six in ten (61%) agreed and three in ten (31%) were non-committal.

Just over three-quarters of fixed firms (78%) agreed that **FCA regulation enhances the reputation of the UK as a financial centre**, with seven in ten (70%) agreeing that **FCA regulation is outcome-focused** and just under two-thirds (63%) agreeing that FCA

regulation delivers better outcomes for customers. Although agreement remained high for all three of these statements, there has been a drop in agreement levels since the last survey, most notably in terms of delivering better outcomes for customers (63% agreeing compared to 78% in 2021).

While generally less positive than fixed firms for each individual statement, flexible firms felt that the impact of most aspects of FCA regulation was broadly positive. A majority of flexible firms agreed that FCA **regulation enhances the reputation of the UK as a financial centre** (71%); is **outcome-focused** (61%); **delivers better outcomes for consumers** (55%) and is **transparent** (51%), although agreement with all four statements was down on the levels reported in 2021.

Trust and confidence

Among fixed firms there was a notable drop in trust compared with the previous survey. Fixed firms were twice as likely to say that their trust in the FCA had decreased over the last 12 months compared with the previous survey: (22%) in 2022-23 compared with 11% in 2021. The proportion of fixed firms saying that they now trusted the FCA more than they did 12 months ago was largely unchanged since 2021.

The trend among flexible firms was less marked, with similar levels of trust compared to 2021: 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 results from this year's survey suggest that attitudes have deteriorated somewhat over the last 12 months. As with other results from this year's survey, these responses represent a return to levels of agreement seen in 2021.

FCA communication

Overall, most firms (fixed and flexible) seemed satisfied with the frequency of contact across different channels: for all channels a majority of both fixed and flexible firms felt the frequency of contact was about right. One exception was with regards to FCA-hosted events, where two in ten fixed firms (20%) and more than one in ten flexible firms (15%) reported that the level of contact was not enough.

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

Firms found it relatively easy to get in touch with the relevant person or team within the FCA over the last 12 months. Nearly nine in ten fixed firms (88%) and eight in ten flexible firms (82%) stated it was either very or fairly easy to contact the relevant person or team. Furthermore, eight in ten fixed firms (78%) and flexible firms (82%) who had contacted the FCA in the last 12 months were either very or fairly satisfied with the time taken to resolve any queries or issues following contact with the FCA.

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 FCA Regulation round-ups.

Seven in ten fixed firms (70%) and six in ten flexible firms (57%) reported accessing information about how best to support consumers in relation to the rise in the cost of living on the FCA website or in the Regulation round-up. Among these firms, seven in ten fixed firms (71%) and three quarters of flexible firms (76%) felt that the information was helpful in enabling them to support consumers against the rise in the cost of living.

Nearly all fixed firms (95%) stated that they had accessed information and guidance on the introduction of the Consumer Duty from the FCA website or in the Regulation round-up. Most flexible firms (85%) were also aware of the Consumer Duty through these channels, although one in ten flexible firms (11%) stated that they had not accessed any information or guidance provided by the FCA. The FCA's communication with firms on the proposed approach to implementation was seen as effective by more than three-quarters of fixed and flexible firms.

Authorisation process

Among firms that had experience of the FCA's authorisation process in the last 12 months, fixed firms were most likely to feel that the FCA was helpful (77%) and that it was clear what was required of their firm (77%). However, they were less positive about other aspects of the authorisation process. Fixed firms were particularly negative about the time taken to receive authorisation: only 36% of fixed firms felt the amount of time taken to receive authorisation was reasonable but almost twice as many (64%) did not think the amount of time taken was reasonable.

Flexible firms were generally positive about their experience of the authorisation process, but to a lesser extent than was seen in 2021.

Around three quarters of fixed firms (78%) and flexible firms (74%) felt, at least to some extent, that the authorisation process prevented firms or individuals who are engaged in poor business practices from entering the industry.

Threshold Conditions

Almost all fixed firms (97%) and flexible firms (94%) said that they were familiar with the FCA's Threshold Conditions. However, there was a notable difference in the extent to which firms were familiar. While eight in ten fixed firms (80%) said that they were *very* familiar with the Threshold Conditions, fewer than six in ten flexible firms (57%) said the same, with four in ten (38%) saying that they were only *fairly* familiar.

Firms were asked to provide their views on how effectively they felt the Threshold Conditions are applied by the FCA. The responses received suggest that while firms may be familiar with the Threshold Conditions themselves, they are less certain about how well the FCA applies these conditions to prevent harm.

FCA investigations and enforcement

A quarter of fixed firms (27%) and one in ten flexible firms (10%) felt that the pace at which FCA investigations are carried out is too slow. However, almost half of fixed firms and around two-thirds of flexible firms were unable to offer a view on the pace of FCA investigations (i.e. 'Too slow', 'Too quick' 'About right') at different stages of the process, suggesting that familiarity with the investigation process and associated timescales is limited.

Almost all fixed firms (99%) were aware of the FCA taking enforcement action on firms or individuals in the last 12 months, compared with three quarters of flexible firms (73%). Awareness among flexible firms has increased since 2021, when the corresponding figure was 56%.

Fixed firms were slightly more likely than flexible firms to have been impacted by FCA enforcement action taken as a result of the poor business practices of another firm or individual, although this still represented a minority of firms. They were also more likely to have responded to an enforcement action by carrying out a review to ensure that this was the case.

Data/ information requests

Fixed firms were more likely than flexible firms to feel they received a lot of data/ information requests from the FCA, with over half (55%) saying they received a lot of requests but understood the reasons, and another 18% saying they received more than seemed necessary. This represents a slight improvement on the 2021 survey, and a return to the results seen in 2017. In 2022-23 fixed firms were less likely to feel the FCA asked for more information than necessary compared with 2021 (18% and 27% respectively), while the number perceiving the number of requests to be about right increased from 22% in 2021 to 27% in 2022-23.

Flexible firms were split into three roughly equally sized groups with around a third perceiving the number of requests they receive to be about right (31%), that they receive a lot of requests but understood the reasons (35%), or that they receive more requests than seemed necessary (32%). The proportion of flexible firms who thought the number of data or information requests they receive to be more than necessary has more than doubled from 14% in 2019 to 32% in 2022-23. Meanwhile, the number of flexible firms who considered the number of requests to be about right fell from 63% in 2019 to 41% in 2021 and 31% in 2022-23.

Views on various aspects of the data/ information requests process varied. Almost half of fixed firms (48%) felt that the FCA does ***not*** review the information it requests in a timely manner, while a third of flexible firms felt that the information requested is often difficult to collate. Around a third of both fixed and flexible firms said that they didn't know whether the FCA makes good use of the data/ information that their firm provides.

FCA outcomes and metrics

Firms were asked about their level of awareness with regards to the FCA's outcomes and metrics. Awareness levels were higher among fixed firms, eight in ten of which (80%) said they were aware of the outcomes and metrics, compared with just over half of flexible firms (54%). Among firms that were aware, there was a high level of 'ambivalence' as to whether the outcomes and metrics were clear, particularly among flexible firms. Nearly six in ten fixed firms (56%) agreed that the outcomes and metrics were clear, while just over four in ten flexible firms (44%) said the same. However, flexible firms were equally likely to neither agree nor disagree (45%).

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. Only 1% of firms said that oversight of Appointed Representatives in their sector had decreased in the previous 12 months, with three in ten (30%) saying it had stayed the same. However, the majority of firms (56%) reported an increase in oversight in the last 12 months.

Operational Resilience

All fixed firms (100%) said that they were aware of the FCA's work to ensure that firms are operationally resilient. Nearly all fixed firms (98%) 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. Almost nine in ten flexible firms (88%) were aware of the FCA's work to ensure that firms are operationally resilience. Just under six in ten flexible firms (57%) said that operational resilience had become more of a priority over the previous 12 month, while more than a third (37%) said that it had not.

2. Performance of the FCA as a regulator

This chapter covers firms:

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

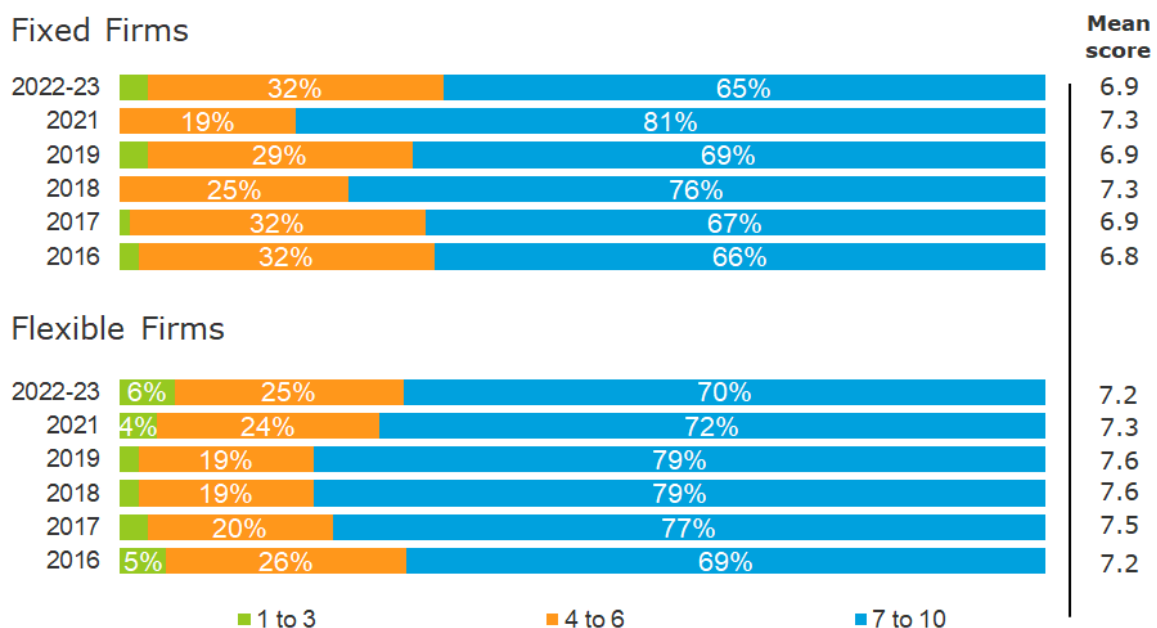
2.1 Satisfaction with relationship with the FCA

Firms were asked to rate how satisfied they are with the relationship they have with the FCA on a scale of 1 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 (**Figure 2.1**).

Satisfaction among fixed firms has decreased since 2021, with the mean score falling from 7.3 to 6.9 (which is comparable with the pre-pandemic levels seen in 2019). There was also a significant decrease in the proportion of fixed firms giving a 'high' score (7 to 10), from 81% in 2021 to 65% in 2022-23.

By contrast, satisfaction levels among flexible firms remained largely unchanged over the last 12 months. The mean score of 7.2 was comparable with the equivalent score from 2021 (7.3). Seven in ten flexible firms (70%) gave a high satisfaction score (7 to 10), only slightly lower than in 2021 (72%).

Figure 2.1 – Satisfaction with relationship with the FCA (2016 to 2022-23)



Q1. Taking into account all of your firm's dealings with the FCA, how satisfied are you with the relationship?
 Base: All firms: Fixed – 2022-23 (60); 2021 (58); 2019 (71); 2018 (65); 2017 (74); 2016 (62)
 Flexible – 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

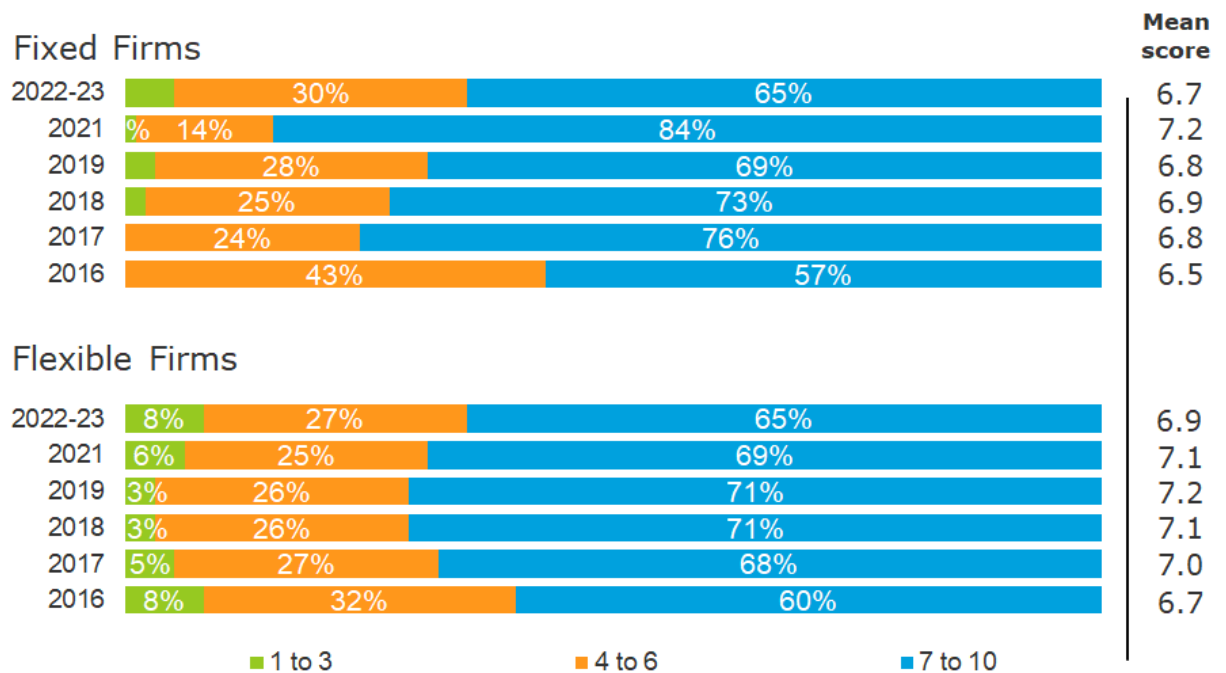
2.2 Effectiveness of the FCA

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 2.2**).

As with satisfaction, fixed firms were less likely than in 2021 to view the FCA as being effective in regulating the industry, falling back to levels similar to those seen in 2019. The mean score fell from 7.2 in 2021 to 6.7 in the latest survey. There was also a significant decrease in the proportion of fixed firms giving a 'high' score, from 84% in 2021 to 65% in 2022-23.

Similarly, perceived effectiveness fell among flexible firms. The mean score fell from 7.1 in 2021 to 6.9 in the latest survey. Two thirds of flexible firms (65%) gave a high effectiveness score, representing a decrease from 69% since 2021.

Figure 2.2 – Perceived effectiveness of the FCA in regulating the financial services industry in the last year (2016 to 2022-23)

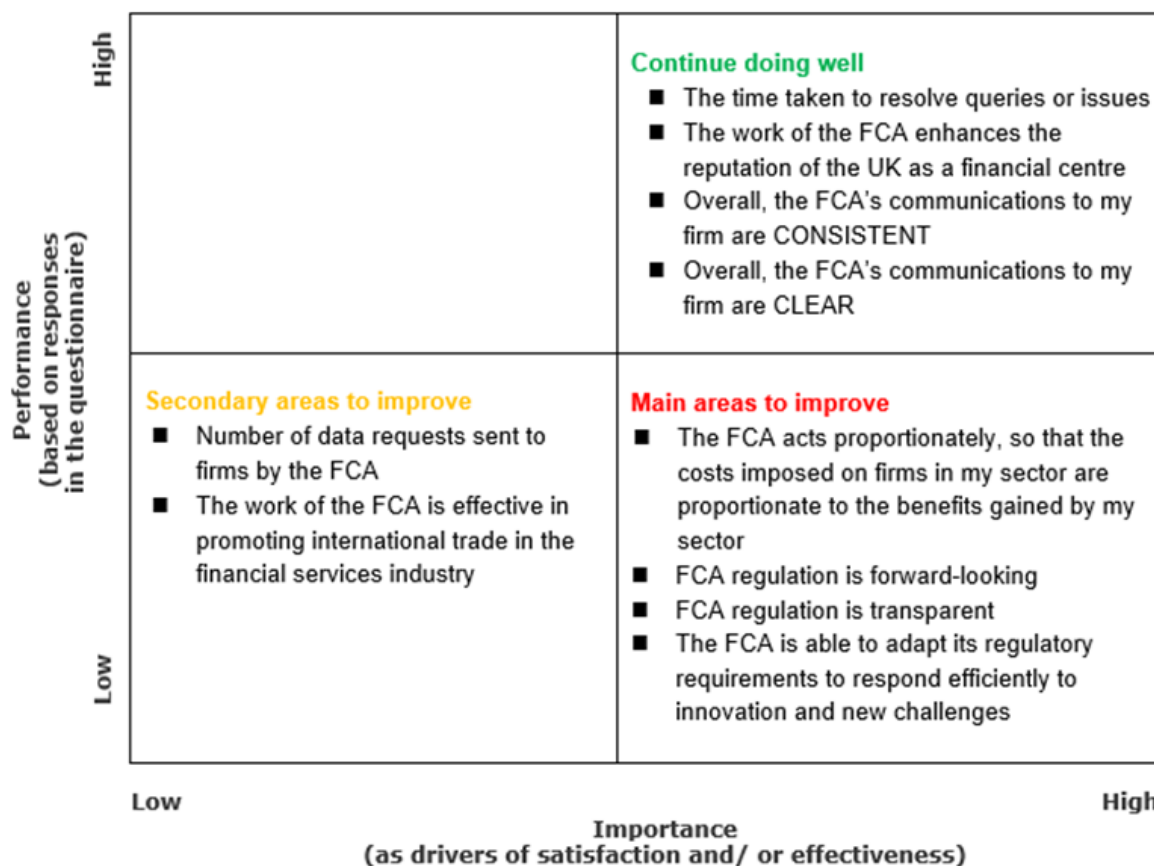


Q2. Overall, from your firm's perspective, how effective has the FCA been in regulating the financial services industry in the last year?
 Base: All firms: Fixed – 2022-23 (60); 2021 (58); 2019 (71); 2018 (65); 2017 (74); 2016 (62)
 Flexible – 2022-23 (4,227); 2021 (3,551); 2019 (2,817); 2018 (2,548);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

2.3 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 2.3** 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 2.3 – Key driver analysis: key areas to 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; and second, to improve in areas where it is not doing so well.

Figure 2.3 shows that the FCA is 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 are also performing well with regards to resolving firms' queries or issues in a timely manner, and in enhancing the reputation of the UK as a financial centre.

The FCA's priority areas for improvement are:

- Acting proportionately so that the costs are proportionate to benefits gained
- Being more forward-looking in its regulation
- Making regulation more transparent
- Adapting its regulatory requirements to respond efficiently to innovation and new challenges

Secondary areas to improve are those areas where FCA performance is also lower, but which are less important to firms. The main secondary areas to improve are the number of data requests sent to firms and being effective in promoting international trade in the financial services industry.

Acting proportionately so that the costs are proportionate to benefits gained has been consistently identified as a main area for improvement since 2019, suggesting that this is an ongoing concern for firms. The FCA may want to explore whether this is an issue with costs being disproportionate to benefits or if there is more that can be done to improve firms' understanding of the cost/ benefit balance.

2.4 Performance against objectives

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

Performance against the FCA's strategic objective

Nine in ten fixed firms (88%) were confident that the FCA was delivering on its strategic objective to ensure that financial markets function well. While this represents a drop in confidence from 2021 (from 96%) it is a return to the level seen in 2019 (**Figure 2.4**).

Although confidence in the FCA among flexible firms was also high it was slightly lower compared to fixed firms: 80% of flexible firms were confident that the FCA ensures that financial markets function well. Confidence among flexible firms has dropped since 2019: down from 88% (**Figure 2.5**).

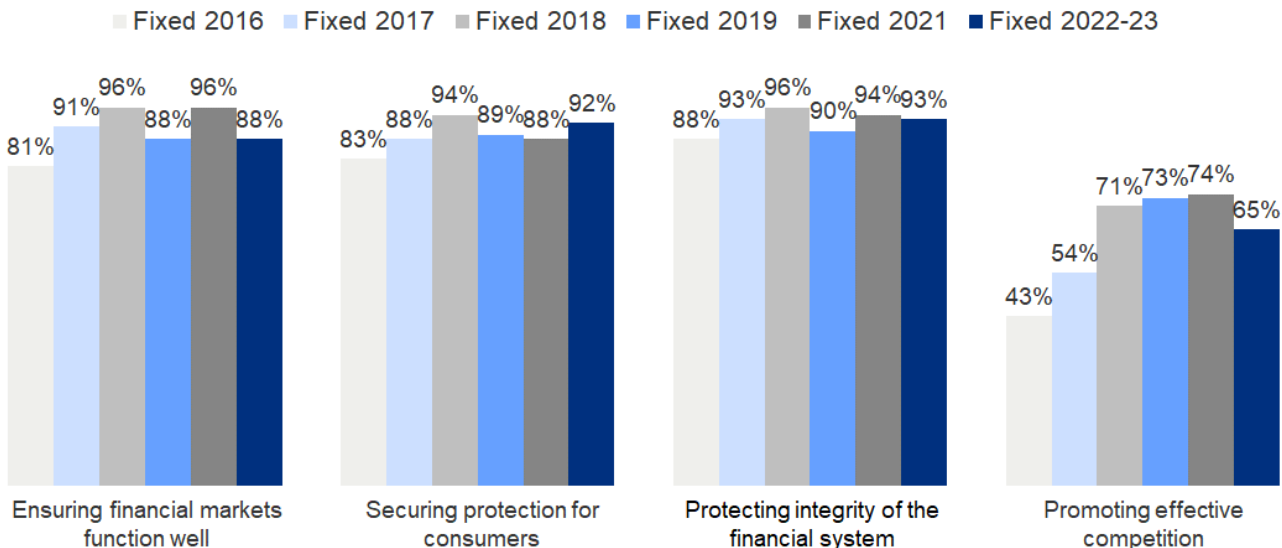
Performance against operational objectives of protecting consumers and enhancing market integrity

The FCA has three operational objectives related to consumer protection, market integrity, and promoting competition.

Among fixed firms there was a high level of confidence in relation to the first two operational objectives: securing protection for consumers (92%) and protecting the integrity of the financial system (93%). These results broadly reflect the findings from the previous survey in 2019 when fixed firms had similarly high levels of confidence.

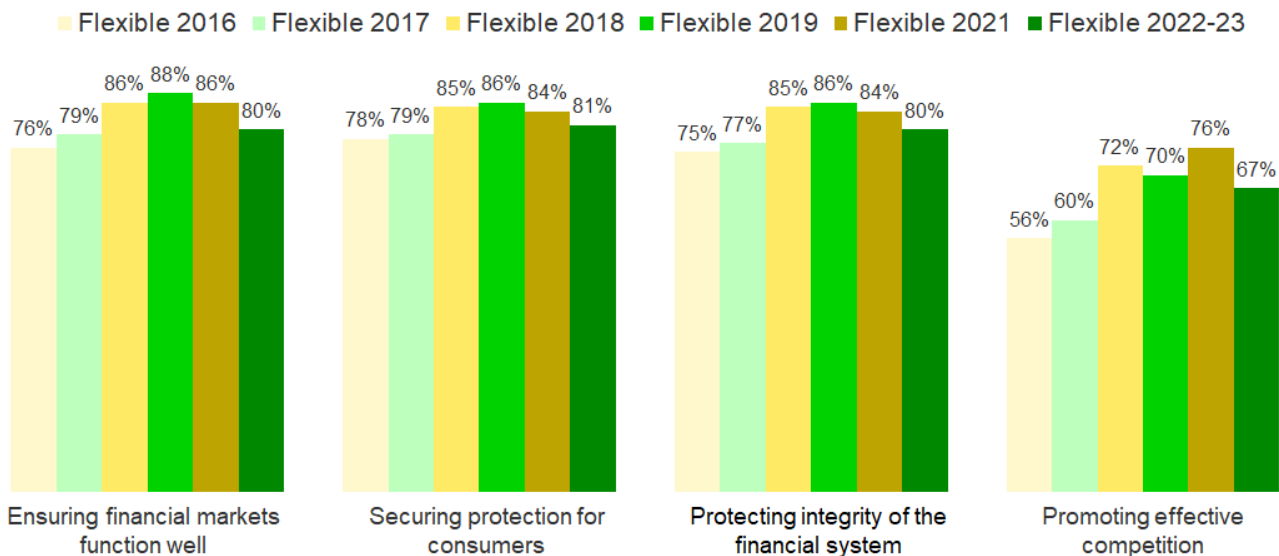
As with the strategic objective, confidence among flexible firms was slightly lower compared with fixed firms but was still high: eight in ten flexible firms thought the FCA secures protection for consumers (81%) and ensures the integrity of the UK financial system (80%). While confidence levels among fixed firms were broadly consistent with previous years, confidence among flexible firms showed a slight fall across these two objectives, continuing a trend seen since 2019. As such, the difference between fixed and flexible firms was more pronounced in 2022-23 compared with previous surveys.

Figure 2.4 – Levels of confidence in the FCA’s ability to deliver on its objectives among fixed firms (% very/ fairly confident)



Q3. How confident are you that the FCA's oversight of the industry delivers on the following statutory objectives?
 Base: All fixed firms: 2016 (62); 2017 (73); 2018 (65); 2019 (71); 2021 (58); 2022-23 (60)

Figure 2.5 – Levels of confidence in the FCA’s ability to deliver on its objectives among flexible firms (% very/ fairly confident)



Q3. How confident are you that the FCA's oversight of the industry delivers on the following statutory objectives?
 Base: All flexible firms: 2016 (3,295); 2017 (2,007); 2018 (2,548); 2019 (2,817); 2021 (3,551); 2022-23 (4,227)

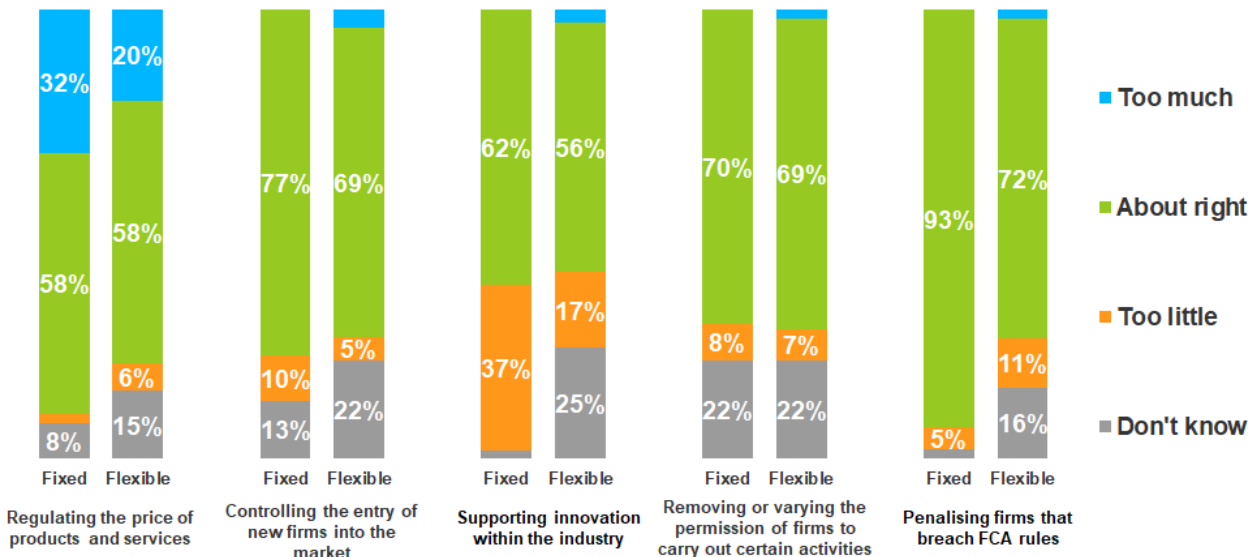
Performance against promoting effective competition

Since 2016, the objective to promote effective competition in the interests of consumers in the financial markets has consistently been subject to lower levels of confidence among firms compared with confidence in the FCA’s other objectives. In 2022-23, around two-thirds of both fixed firms (65%) and flexible firms (67%) were confident that the FCA promotes effective competition for consumers. However, this represents a fall in confidence among both types of firms since 2021 from around three-quarters of firms. For flexible firms this year’s figure represents the lowest level of confidence since 2017 when six in ten flexible firms (60%) expressed confidence in the FCA’s ability to deliver on this objective.

To try 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 then asked whether they felt the emphasis placed on each measure by the FCA is too much, too little, or about right (**Figure 2.6**).

For all statements most fixed and flexible firms felt the FCA’s emphasis is about right in terms of how it promotes effective competition. However, compared with the other measures, firms were much more likely to say that the FCA does *too much* in **regulating the price of products and services**. One third of fixed firms (32%) said that the FCA is doing too much in this area, as did one in five flexible firms (20%). Conversely, nearly two in five fixed firms (37%) and nearly one in five flexible firms (17%) felt that the FCA does *too little* to **support innovation within the industry**.

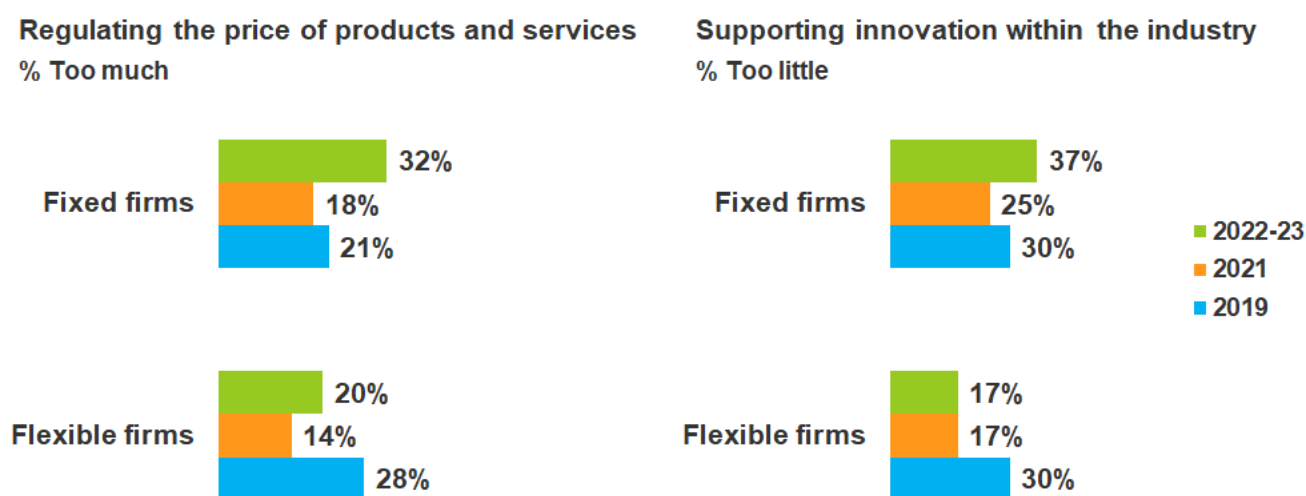
Figure 2.6 – Firms’ perception of the relative emphasis the FCA places on different measures as part of its work to promote effective competition



Q43. 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 firms: Fixed (60); Flexible (4,227)

The proportion of fixed firms who feel the FCA is doing *too much* to regulate the price of products and services has increased from 21% in 2019 to 32% in 2023-24, while at the same time the proportion of fixed firms thinking the FCA is doing *too little* to support innovation has also increased: from 30% in 2019 to 37% in 2022-23. By contrast flexible firms show the opposite trend over the same period. The proportion of flexible firms who feel the FCA is doing *too much* to regulate the price of product has fallen from 28% in 2019 to 20% in 2023-24, as has the proportion of flexible firms thinking the FCA is doing *too little* to support innovation: from 30% in 2019 to 17% in 2022-23 (**Figure 2.7**).

Figure 2.7 – Year on year change in perception of FCA emphasis on...



Q3. How confident are you that the FCA's oversight of the industry delivers on the following statutory objectives?
 Base: All flexible firms: 2022-23 (4,227); 2021 (3,551); 2019 (2,817); 2018 (2,548); 2017 (2,156); 2016 (3,295)

2.5 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 2.8**).

Overall, self-reported understanding is high. 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 (98%)
- Secure an appropriate degree of protection for consumers (98%), and
- Protect and enhance the integrity of the UK financial system (97%)

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 objective (89%, 91% and 88%, respectively).

As was the case in 2021, understanding was slightly lower in relation to the competition objective, with 77% of fixed firms and 80% of flexible firms claiming to understand what the FCA is trying to achieve. This lower level of understanding among firms of 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 are largely unchanged compared with 2021.

Figure 2.8 – Extent to which firms understand what the FCA is trying to achieve through its objectives (% very/ fairly well)

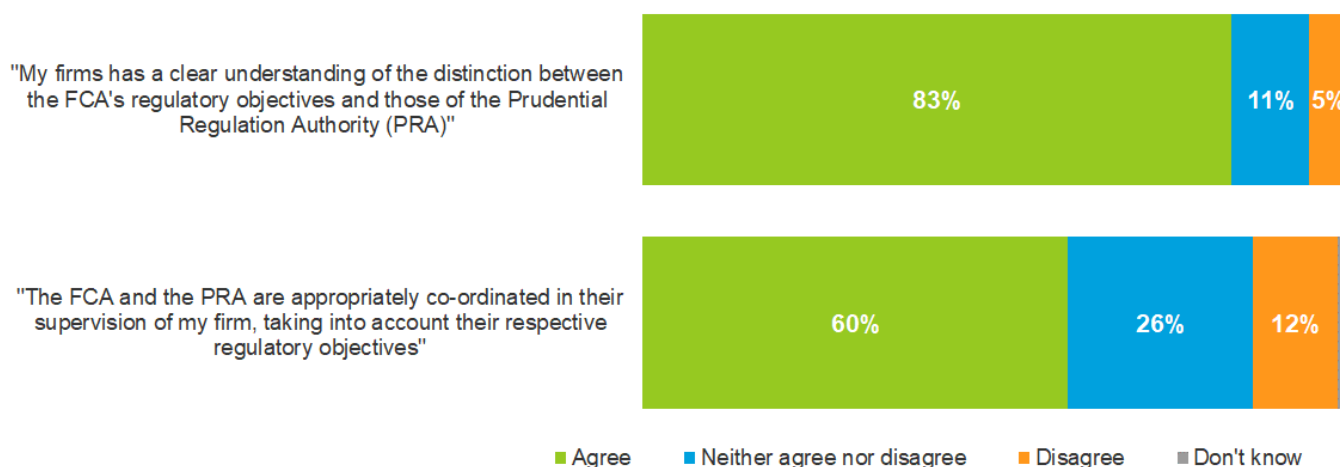


Q4. How well would you say your firm understands what the FCA is trying to achieve through the following objectives?
 Base: All firms: Fixed (60); Flexible (4,227)

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 771 dual-regulated firms were invited to take part in the survey and 215 of them responded. These firms were asked a question to assess their understanding of the distinction between the two regulators and to assess their coordination. 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 (83%) reported a clear understanding of the distinction between the PRA’s and FCA’s regulatory objectives (83%), while six in ten (60%) believed that the PRA and FCA are appropriately co-ordinated in their supervision (**Figure 2.9**).

Figure 2.9 – Extent to which firms agreed or disagreed with statements about dual regulation



Q9. And to what extent would you agree or disagree with the following statements?
 Base: All dual-regulated non-consumer credit firms (215)

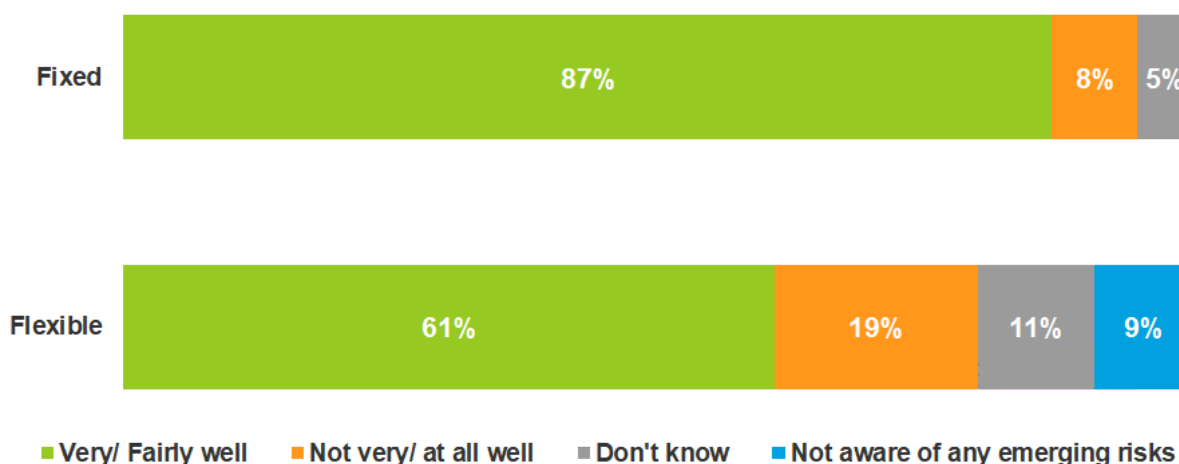
2.6 FCA’s approach to identifying risks

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. This might include being more active in identifying business models which pose the greatest risk and preventing firms with unmanageable risks entering the market, acting faster to identify and deal with problem firms already operating in the markets, or better understanding the emerging risks in digital markets and acting faster to protect consumers and markets.

Firms were asked how well they felt the FCA had performed over the previous 12 months in identifying emerging risks in their own market. Just under nine in ten fixed firms (87%) felt that the FCA had performed very or fairly well in identifying emerging risks in the last 12 months, with just 8% feeling that it had not performed well. Flexible firms took a less positive view, with six in ten (61%) feeling that the FCA had performed well compared with two in ten (19%) who felt it had not performed well (**Figure 2.10**).

These figures are broadly consistent with those reported in 2021.

Figure 2.10 – How well firms felt the FCA has performed in identifying emerging risk areas for their market(s)



Q24. In the last 12 months, how well do you feel the FCA has performed in identifying emerging risk areas for your market(s)?
 Base: All firms; Fixed (60), Flexible (4,227)

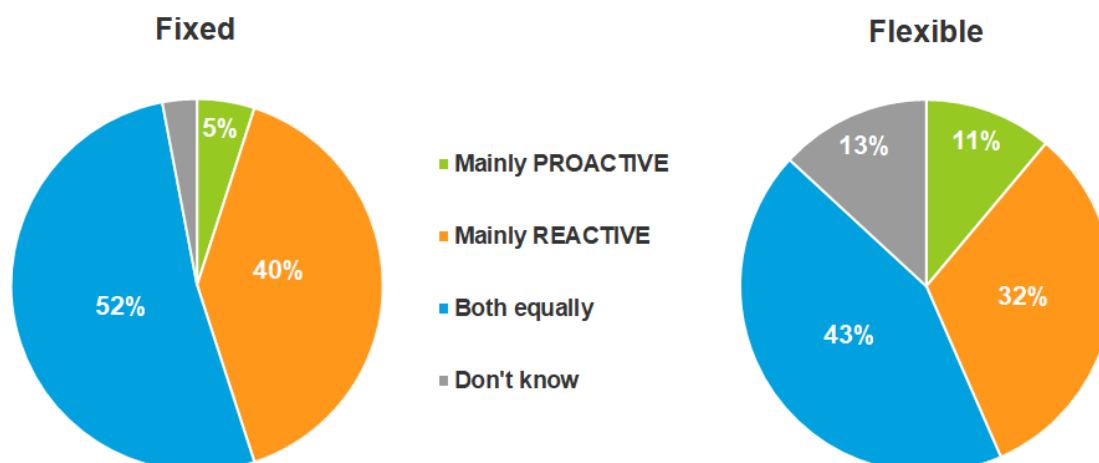
As well as asking firms about the FCA’s performance in identifying emerging risks, firms were also asked whether they felt the FCA took a mainly *reactive* approach to risk by relying on information and intelligence provided by the industry or a *proactive* approach by taking steps to uncover risks themselves (**Figure 2.11**).

The main response among fixed and flexible firms was to express the view that the FCA was proactive and reactive in equal measure in identifying risks: 52% of fixed firms and 43% of flexible firms felt this way. However, among flexible firms, a larger proportion expressed uncertainty about this, with 13% saying they didn’t know what the FCA’s approach to identifying risk was.

Although most firms felt the FCA took a balanced approach to identifying risk there was also a clear feeling among a significant minority of firms that the FCA tended to be reactive rather than proactive. Around a third of flexible firms (32%) viewed the FCA’s approach to identifying risk as being mainly reactive compared with only one in ten (11%) who viewed it as being mainly proactive. The difference was even greater among fixed firms with 40% viewing the FCA as reactive compared to only 5% thinking the FCA is proactive.

While the views of flexible firms have not changed since 2021, fixed firms were more likely to describe the FCA’s approach as mainly reactive: 40% in 2022-23 compared with 28% in 2021.

Figure 2.11 – Firms’ view of FCA’s approach to identifying risk



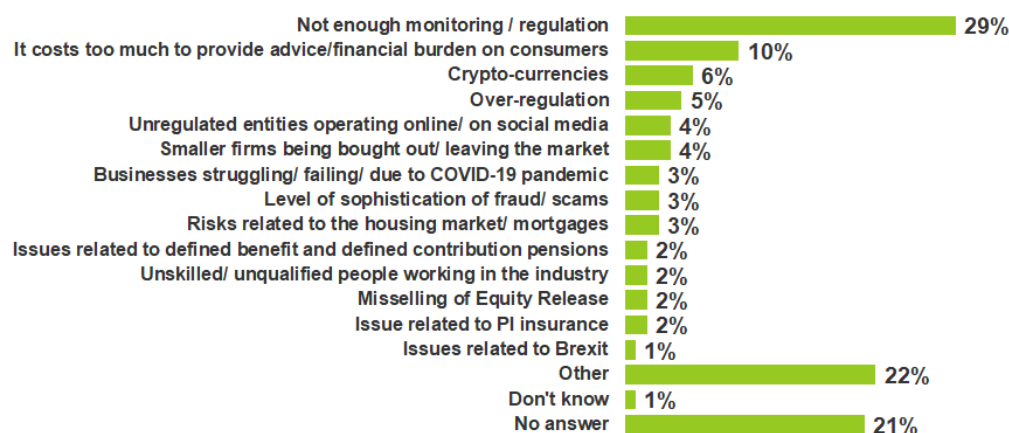
Q27. Which of the following best describes your view of the FCA’s approach to identifying risk?
 Base: All firms; Fixed (60), Flexible (4,227)

In light of this finding, firms were asked if they felt there were any emerging risks in their markets which the FCA was not aware of.

Around one in ten fixed firms (10%) and flexible firms (9%) felt there were significant or emerging risks in their market(s) that the FCA was not currently aware of. This compares with 21% of fixed firms and 9% of flexible firms who said the same thing in 2021.

Firms who felt there were risks which the FCA was not currently aware of were asked what they thought these risks were. They were asked to give a verbatim response which was then coded into common themes. Due to the broad nature of the question, an unusually high proportion of responses were too specific to allow them to be categorised (for example, often referring to particular products or policies) (**Figure 2.12**).

Figure 2.12 – Significant or emerging risks that the FCA is not aware of



Q26. What are the significant or emerging risks that you feel the FCA is not currently aware of?
 Base: All flexible firms who felt there were significant or emerging risks in their market which the FCA is not currently aware of (291)

Only six fixed firms felt there were any significant or emerging risks in their markets which the FCA was not currently aware of and so it is not possible to group these into meaningful themes.

Among flexible firms, the most common theme mentioned as being a significant or emerging risk that the FCA was not aware of was the risk of insufficient regulation and monitoring of firms (29%). This was also the most common theme in 2021.

In terms of insufficient regulation and monitoring of firms, common sub-themes within this broader theme included:

- Specific markets or types of firms that are felt to some extent to be overlooked by the FCA, such as cryptocurrencies and estate agents. Some examples of comments are as follows:

'Estate agents forcing people to use their own brokers or refusing to allow viewings / offers without speaking to their brokers... Better regulation of in-house brokers [is] needed'

'I believe the FCA needs heavier regulation of the premium finance markets and the provision of facilities.'

'In my opinion, some of the greatest potential for consumer harm is from the promotion of unregulated investments that technically sit outside of the FCAs remit.'

'Lack of supervision/regulation of 3rd party risk profiling providers. A large portion of the industry use their allocations when they are not subject to the same strenuous oversight as other participants within our industry.'

'Lack of control on non-advised life insurance services. There are 1,000's of 'advisors' who aren't offering advice.'

'The appalling practice of new build developers often only accepting offers from clients who have used their own advisers rather than their own choice. Some estate agents also do this. This is anti-competition.'

- Lack of action against misleading advice/ information. Some examples of comments included:

'Equity release products are inappropriately promoted on the TV'

'Constantly get bombarded with misleading financial promotions on social media for crypto, property, SSAS schemes, directional trading "education", FX schemes and other private investments...that are portrayed as sure bets and, in some cases, have actually used the FCAs logo on the adverts, hinting at guaranteed returns.'

- Companies, knowingly or otherwise, providing customers with poor advice/ service. Some examples of these comments are as follows:

‘Claims Management Companies need better policing as they are offering poor or lack of service to customers resulting in more complaints and upset.’

‘When the interest rates [went] up, the lenders purposely cancelled the applications and [did] not honour their commitment[s]...Customers were not treated fairly.’

‘Insurers are not sending contractual insurance documents to users. The trend is for insurers to lock the documents inside a portal, obliging the user to create a username and password in order to access the contractual documents.’

‘Product providers and their staff increasingly becoming incompetent, showing total disregard to FCA rules, and purposefully harming customer outcomes as a result of their ignorance and arrogance!’

In 2021, one of the most commonly mentioned risks was the activities of unregulated entities operating online or on social media, which was mentioned by 22% of firms citing emerging risks. Among firms citing emerging risks in 2022-23, only 4% mentioned the activities of unregulated entities, suggesting that either firms were less likely to consider this an emerging risk or were more confident that the FCA are aware of this risk.

While many of the risks raised by firms were similar to those reported in 2021, there were also a number of new risks. These included:

- Smaller firms being bought out/ leaving the market (4%)
- Risks related to the housing market/ mortgages (3%)
- Unskilled/ unqualified people working in the industry (2%)
- Mis-selling of Equity Release (2%)

It should be stressed that responses to this question reflects firms’ *perception* of whether the FCA is aware of these risks and so does not necessarily reflect the true picture. For example, several firms made comments about the FCA being unaware of the risks posed by crypto-assets, even though the FCA has published guidance in this area and regulates part of the market. Similarly, the three-year strategy has clear commitments to reduce consumer loss through action against mis-selling and illegal financial promotions and to improve redress for consumers, including ensuring Claims Management Companies offer fair value.

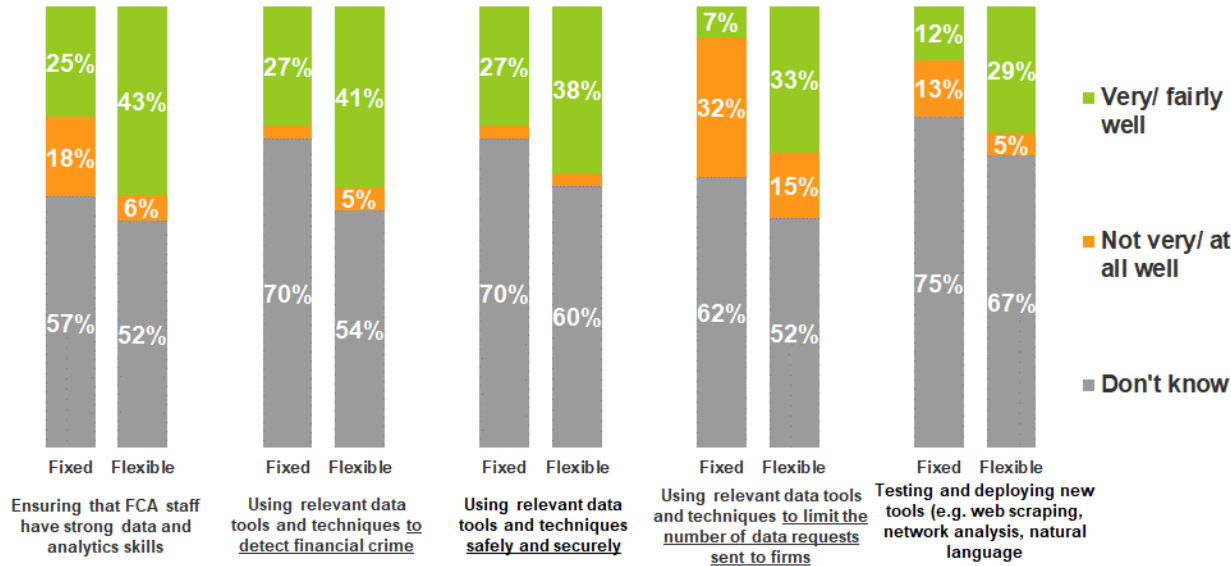
As such these findings may provide pointers about which of their activities the FCA could be doing more to publicise to firms, to demonstrate how they are addressing emerging risks.

2.7 Confidence in how the FCA uses data and advanced analytics

The FCA has a clear strategy to become a data-led regulator by making better use of data analytics and technology to improve the way it regulates and to reduce burden on firms. Its vision is to be more efficient and effective by harnessing the power of data and advanced analytics to make evidence-based decisions in predicting potential harm and acting quickly on this information.

Firms were asked how well they feel the FCA is performing in relation to a range of areas relating to data and analytics. As was the case in 2021, across all statements the majority of both fixed and flexible firms said they didn't know how well the FCA was performing in these areas, suggesting that firms have limited visibility of these FCA activities. In all cases fixed firms were more likely than flexible firms to say that they didn't know, which is also consistent with the 2021 findings (**Figure 2.13**).

Figure 2.13 – Firms' assessment of how well the FCA is performing in relation to data processes



Q50. Thinking about the ways in which the FCA uses data and advanced analytics to regulate firms, how well do you feel the FCA is performing in each of the following areas?
 Base: All firms; Fixed (60), Flexible (4,227)

Around seven in ten fixed firms said they did not know how well the FCA was using new analytical tools (75%), whether the FCA was using data tools safely and securely (70%), or whether the tools and techniques were being used to detect financial crime (70%). These levels of 'Don't know' responses are all slightly down compared with 2021, suggesting perhaps that fixed firms' knowledge of the FCA's data and analytics strategy is slowly improving.

Fixed firms were more likely than 12 months ago to have a view on how well the FCA is ensuring that its staff have strong data and analytics skills. Just under six in ten fixed firms (57%) said they did not know how well the FCA was performing in this area, compared with three quarters (74%) in 2021. In addition, the proportion of fixed firms saying that the FCA is performing well in this area doubled from 12% in 2021 to 25% in 2022-23.

Findings were similar for flexible firms with anywhere from half to two-thirds of flexible firms saying they didn't know how the FCA was performing in this area. Levels of don't know among flexible firms were similar to 2021, suggesting they remain largely unaware of the FCA's data and analytics strategy.

Where flexible firms did give an opinion, they were more likely than fixed firms to take a positive view: 43% of flexible firms felt that FCA staff had strong data and analytics skills compared with only 25% of fixed firms; 41% of flexible firms felt the FCA used relevant tools and techniques to detect financial crimes compared with 27% of fixed firms; and 38% of flexible firms felt the FCA used data tools and techniques safely and securely compared with 27% of fixed firms.

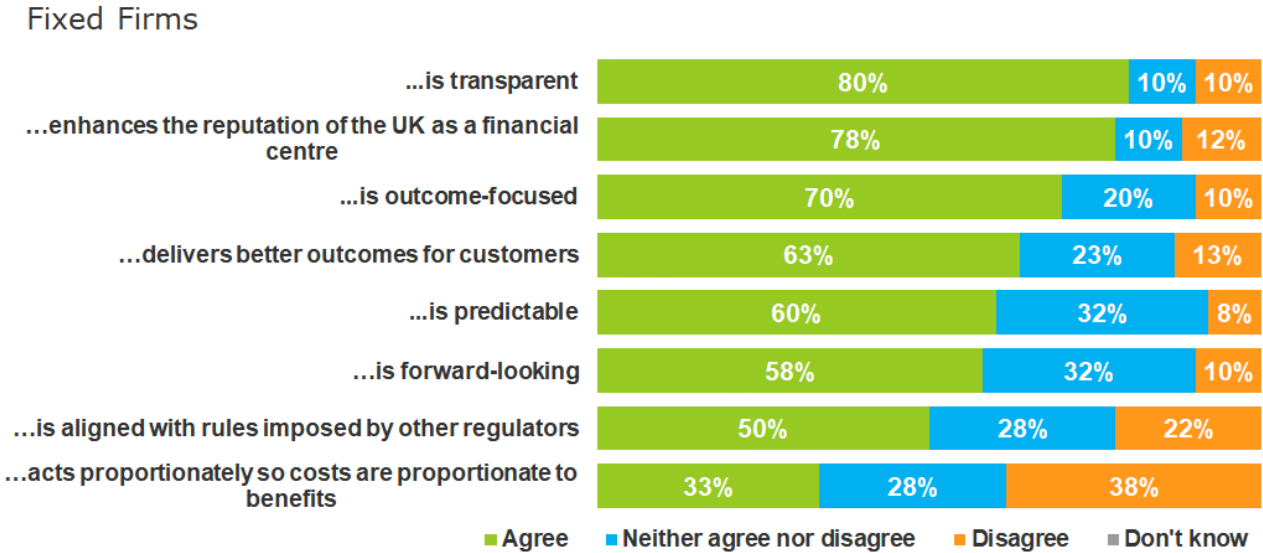
2.8 Impact of regulation on the industry as a whole

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

On most aspects of regulation fixed firms were largely positive, with the majority of firms agreeing with each statement and only a relatively small minority disagreeing. Eight in ten fixed firms (80%) agreed that FCA regulation is transparent, with only one in ten disagreeing (**Figure 2.14**).

Levels of agreement with this statement were notably higher among fixed firms compared with 2021, when six in ten (61%) agreed and three in ten (31%) were non-committal.

Figure 2.14 – Fixed firms' agreement with statements about FCA regulation



Q20. To what extent do you agree or disagree with the following statements?
 Base: All fixed firms (60)

Just over three-quarters of fixed firms (78%) agreed that **FCA regulation enhances the reputation of the UK as a financial centre**, with seven in ten (70%) agreeing that **FCA regulation is outcome-focused** and just under two-thirds (63%) agreeing that **FCA regulation delivers better outcomes for customers**. Although agreement remained high for all three of these statements, there has been a drop in agreement levels since the last survey, most notably in terms of delivering better outcomes for customers (63% agreeing compared to 78% in 2021).

Fixed firms were also more likely to agree that **FCA regulation is predictable** and **forward-looking** with three in five agreeing to each statement (60% and 58% respectively) and only around one in ten disagreeing (8% and 10%, respectively).

Fixed firms were divided on the issue of proportionality: while a third (33%) agreed that **the FCA acts proportionately** in terms of weighing up costs against benefits, almost four in ten (38%) disagreed with this. This finding is broadly consistent with the results of the 2021 survey.

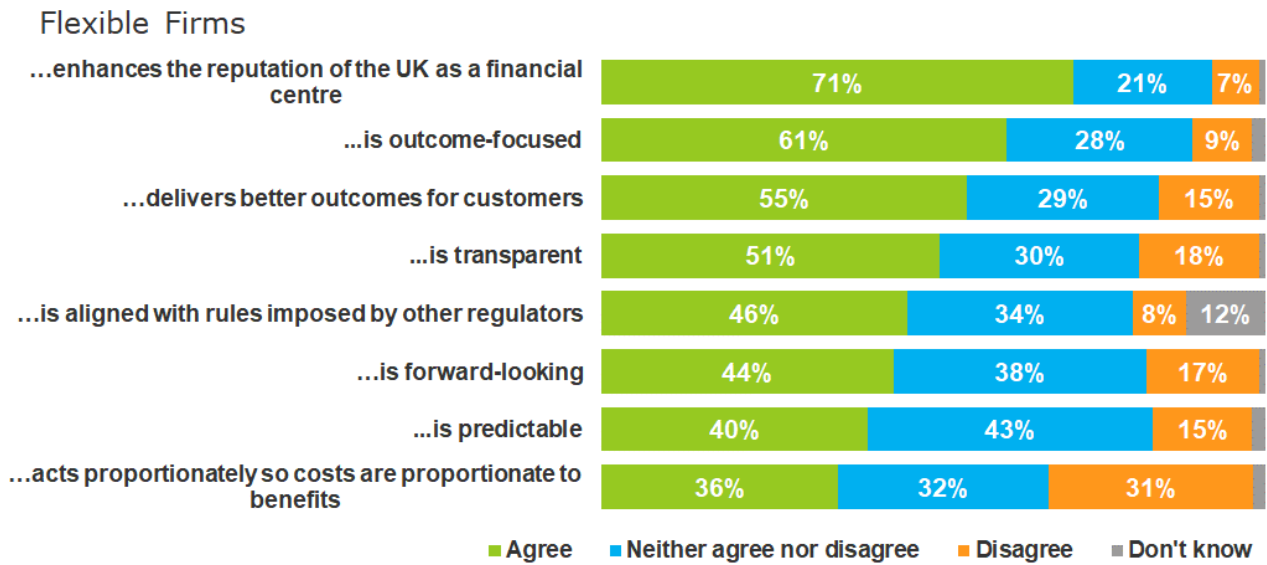
While generally less positive than fixed firms for each individual statement, flexible firms felt that the impact of most aspects of FCA regulation was broadly positive. A majority of flexible firms agreed that **FCA regulation enhances the reputation of the UK as a financial centre** (71%); is **outcome-focused** (61%); **delivers better outcomes for consumers** (55%) and is **transparent** (51%), although agreement with all four statements was down on the levels reported in 2021.

Agreement levels among flexible firms were lower for some other aspects of FCA regulation, although for all statements, firms were more likely to agree than disagree. A minority of flexible firms agreed that **FCA regulation is aligned with other regulators** (46%); is forward-looking (44%) and is predictable (40%) (**Figure 2.15**).

As with fixed firms, flexible firms were divided on the issue of proportionality: while more than a third (36%) agreed that **the FCA acts proportionately** in terms of weighing up costs against benefits, similar proportions disagreed (31%) or were non-committal (32%). This is broadly similar to the 2021 survey, although the proportion of flexible firms disagreeing with the statement is higher in 2022-23 (31% compared to 27% in 2021).

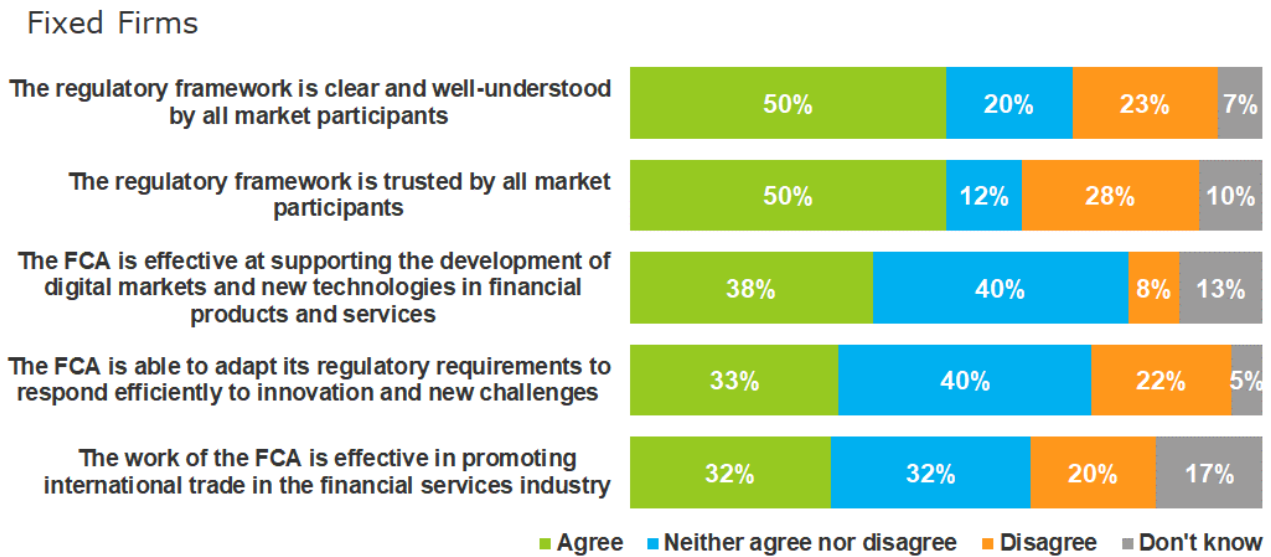
An additional battery of statements relating to FCA regulation and the regulatory framework were included in 2022-23. While fixed firms were more likely to agree than disagree with all five statements, a significant minority of fixed firms disagreed with four of the five statements (**Figure 2.16**).

Figure 2.15 – *Flexible firms*’ agreement with statements about FCA regulation



Q20. To what extent do you agree or disagree with the following statements?
 Base: All flexible firms (4,227)

Figure 2.16 – *Fixed firms*’ agreement with statements about the FCA regulatory framework



Q21. To what extent do you agree or disagree with the following statements?
 Base: All fixed firms (60)

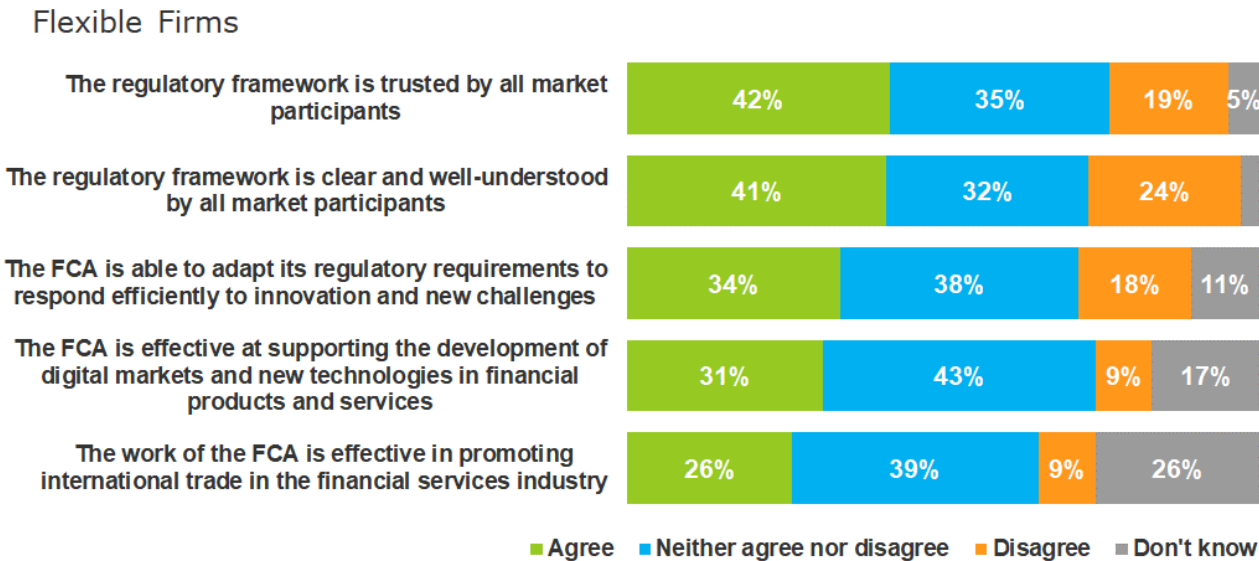
Half of fixed firms agreed that the regulatory framework is clear and well understood (50%), as well as trusted (50%). However, around a quarter of fixed firms disagreed with these statements (23% and 28%, respectively).

Around a third of fixed firms agreed that the FCA can adapt to respond efficiently to innovation and new challenges (33%) and is effective in promoting international trade (32%), but around one in five fixed firms disagreed (22% and 20%, respectively). Fewer than one in ten fixed firms disagreed that the FCA is effective at supporting the development of digital markets and new technologies in financial products and services (8%), but only four in ten agreed (38%), with a similar number non-committal on this statement (40%).

While flexible firms were less positive than fixed firms, they were also more likely to be non-committal (neither agree or disagree) rather than have higher levels of disagreement (**Figure 2.17**).

Four in ten flexible firms agreed that the regulatory framework is clear and well understood (41%), as well as trusted (42%), but a sizeable minority again disagreed with each statement (24% and 19%, respectively).

Figure 2.17 – *Flexible firms'* agreement with statements about the FCA regulatory framework



Q21. To what extent do you agree or disagree with the following statements?
 Base: All flexible firms (4,227)

Around four in ten flexible firms neither agreed nor disagreed when asked whether the FCA is effective at supporting the development of digital markets and new technologies in financial products and services (43%); in promoting international trade (39%) and in its ability to adapt regulatory requirements to respond efficiently to innovation and new challenges (38%). Disagreement with these statements was relatively low (fewer than one in ten), with the exception of responding efficiently to innovation and new challenges (18% of flexible firms disagreeing compared to 34% of flexible firms agreeing).

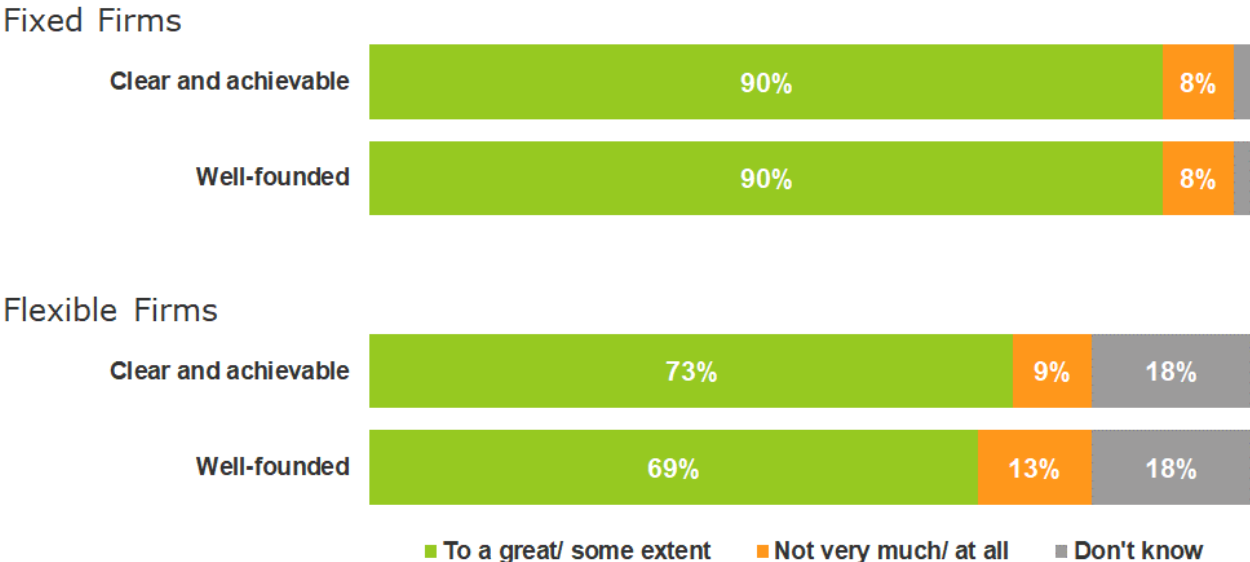
2.9 Impact of regulation on individual firms

Firms were also asked about the impact that FCA regulation had on their own firms in terms of the actions the FCA asked them to take as part of its regulatory function (**Figure 2.18**).

Fixed firms were extremely positive with nine in ten fixed firms stating that the actions allocated to them by the FCA were clear and achievable (90%) and well-founded (90%).

Flexible firms were also broadly positive although not to quite the same extent as fixed firms. Around three-quarters of flexible firms (73%) believed the actions allocated to them by the FCA were clear and achievable, with a slightly lower proportion (69%) thinking they were well-founded. For both statements a minority of flexible firms did not feel the FCA’s actions were clear and achievable or well-founded (9% and 13% respectively).

Figure 2.18 – Extent to which actions allocated to your firm by the FCA as part of a risk mitigation activity (or another issue) are...



Q25. The next question is about actions allocated to your firm by FCA staff, either as part of a risk mitigation activity or another issue. To what extent would you say that these actions are...?
 Base: All firms; Fixed (60), Flexible (4,227)

3. Trust and confidence in the FCA and its staff

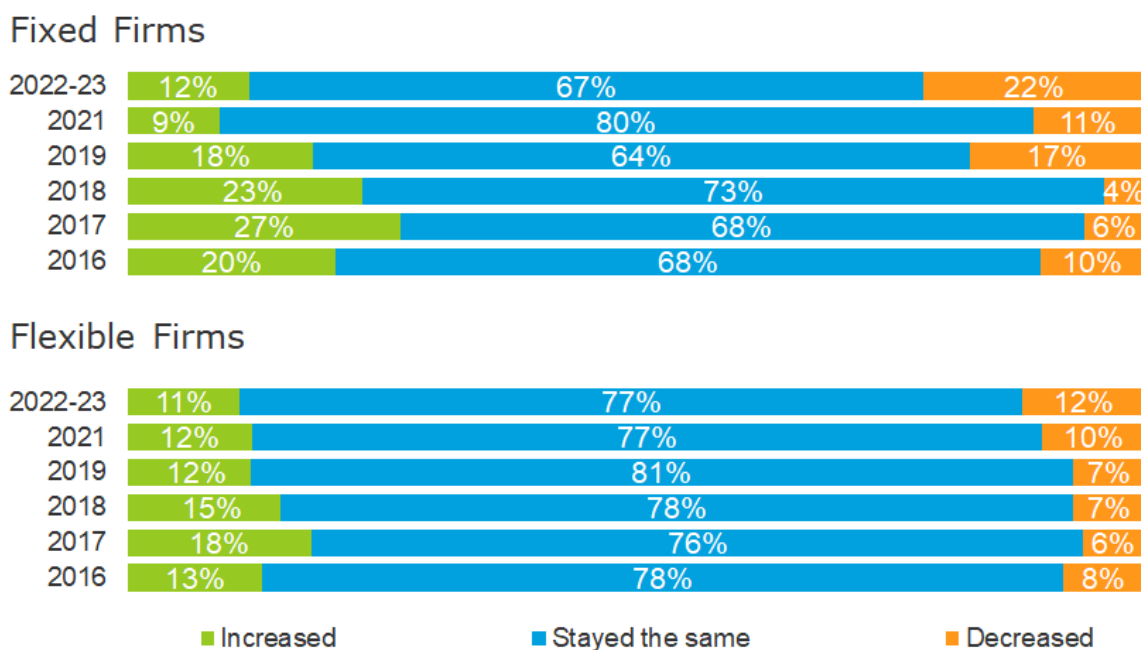
This chapter examines the extent to which firms trust the FCA as an organisation and have confidence in FCA staff.

3.1 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 (67%) and flexible firms (77%) said that their trust in the FCA had stayed the same over this period.

However, among fixed firms there was a notable drop in trust compared with the previous survey. Fixed firms were twice as likely to say that their trust in the FCA had decreased over the last 12 months compared with the previous survey: (22%) in 2022-23 compared with 11% in 2021. The proportion of fixed firms saying that they now trusted the FCA more than they did 12 months ago was largely unchanged since 2021 (**Figure 3.1**).

Figure 3.1 – How firms’ level of trust in the FCA had changed over the last 12 months



Q8. Over the last 12 months, would you say your firm's trust in the FCA has...
 Base: All firms: Fixed – 2022-23 (60); 2021 (58); 2019 (71); 2018 (65); 2017 (74); 2016 (62)
 Flexible – 2022-23 (4,227); 2021 (3,551); 2019 (2,817); 2018 (2,548); 2017 (2,156); 2016 (3,295)

The trend among flexible firms was less marked with similar levels of trust compared to 2021: 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.

3.2 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, although results from this year’s survey suggest that attitudes towards supervisors have deteriorated somewhat over the last 12 months.

Almost nine in ten fixed firms (87%) agreed that FCA supervisors are knowledgeable about FCA rules and requirements, while three quarters (75%) agreed that their approach is consistent with the that of FCA leaders and the FCA’s wider policy. Around two thirds agreed that supervisors exercise good judgement (68%), are appropriately qualified and have the necessary skills to undertake the role (68%) and have sufficient experience (65%). Fixed firms were least likely to agree that supervisors have sufficient knowledge to understand their firm, with fewer than six in ten (57%) agreeing with this statement (**Figure 3.2**).

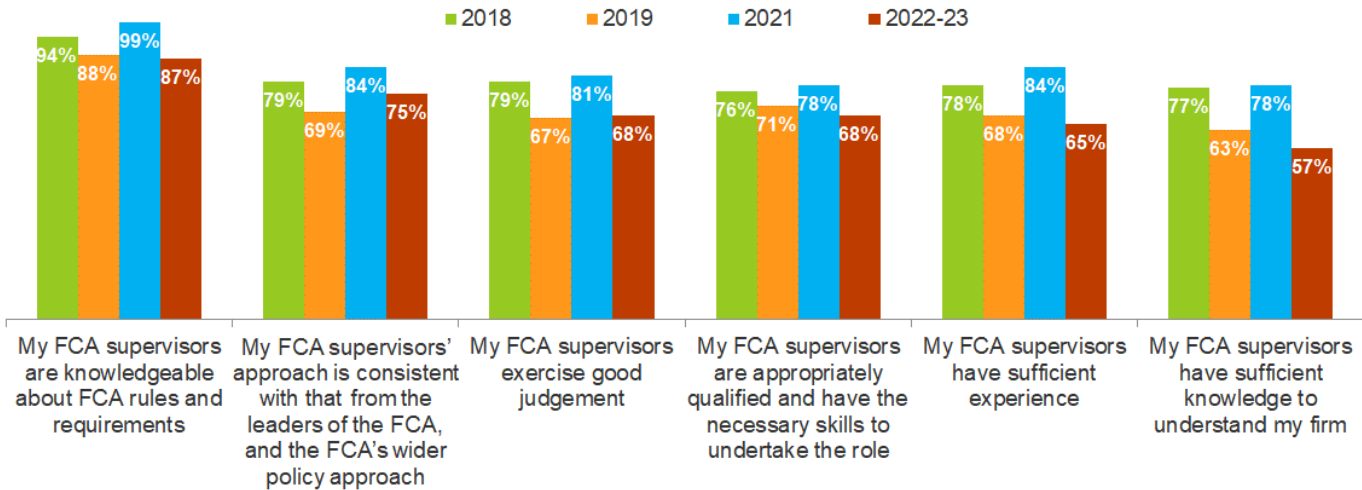
Figure 3.2 – Extent to which fixed firms agreed or disagreed that their FCA supervisors...



Q41. In relation to your FCA supervisors, to what extent to do you agree or disagree with the following statements?
 Base: All non consumer credit fixed firms (60)

As with other results from this year’s survey, these responses represent a return to levels of agreement seen in 2019. Compared with the 2021 survey, agreement levels have fallen across all statements. The most pronounced change was in relation to supervisors having sufficient knowledge to understand firms, with agreement levels having fallen from eight in ten (78%) in 2021 to less than six in ten (57%) this year. Furthermore, fixed firms are more likely to *disagree* with this statement than they were 12 months ago. Compared with 2021, the proportion of fixed firms that disagreed that their supervisions have sufficient knowledge had effectively doubled from just under one in ten (7%) to two in ten (20%) in 2022-23 (**Figure 3.3**).

Figure 3.3 – *Fixed firms*’ perception of FCA supervisors, year on year (% agree)

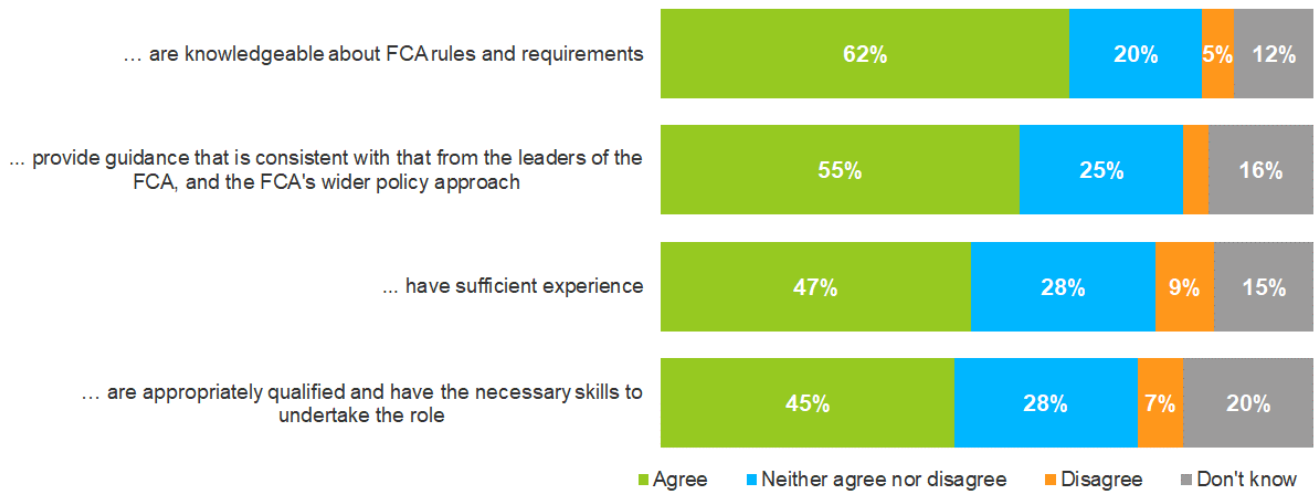


Q45. In relation to your FCA supervisors, to what extent do you agree or disagree with the following statements?
 Base: All fixed firms: 2018 (65); 2019 (71); 2021 (58); 2022-23 (60)

Flexible firms were asked some of the same statements in relation to FCA staff in general rather than supervisors. Generally flexible firms had a less positive attitude about FCA staff, although this is perhaps to be expected given that they don’t have the same relationship with the FCA as fixed firms, such as being assigned a named supervisor.

Most flexible firms agreed that FCA staff are knowledgeable about FCA rules and requirements (62%, down from 70% in 2021) and that guidance provided by FCA staff is consistent with the FCA’s wider policy objectives (55%, down from 59%). However, the proportion of flexible firms agreeing that FCA staff are sufficiently experienced and appropriately qualified is now less than half, with agreement that staff are sufficiently experienced at 47% (down from 56%) and agreement on being appropriately qualified at 45% (down from 53%). Only a relatively small proportion of flexible firms disagreed with either of these statements, with firms more likely to be non-committal or to be unsure of FCA staff’s abilities in these areas (**Figure 3.4**).

Figure 3.4 – Extent to which flexible firms agreed or disagreed that FCA staff...



Q42. In relation to FCA staff, to what extent to do you agree or disagree with the following statements?
 Base: All non consumer credit flexible firms (4,227)

4. Communication and Engagement

This chapter covers:

- 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.

Firms were also asked about whether they engaged with the FCA's communications on the 'cost of living' crisis and the extent to which they had considered this to be helpful.

4.1 Regularity of contact with the FCA

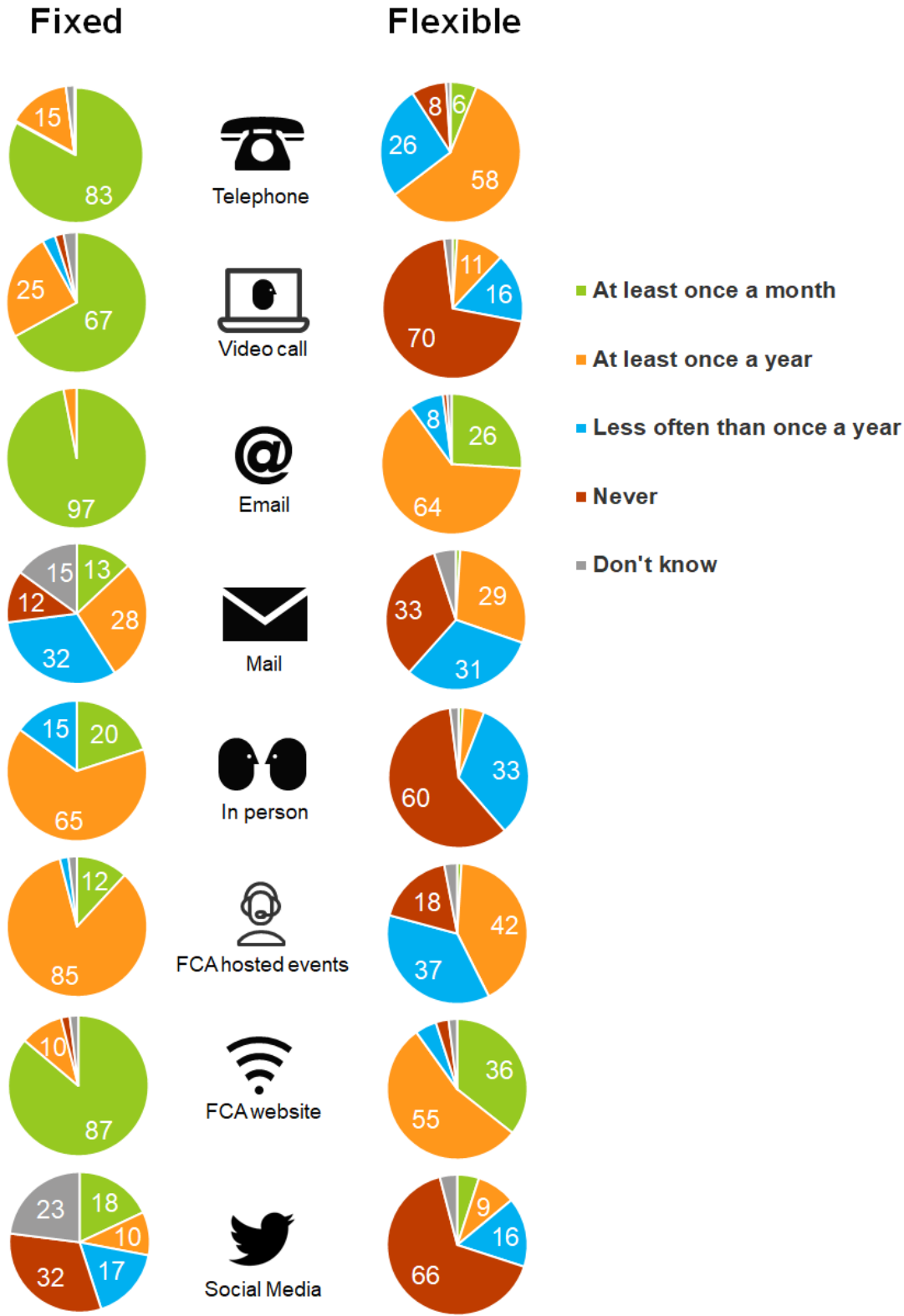
Firms were asked how regularly they had contact with the FCA through a range of different channels. The post-pandemic shift to digital and online communications noted in the 2021 survey continued to be observed in 2022-2023, with an increase in regular communication by email, through the website and via social media compared with 2021. This was accompanied by a reduction in other forms of contact, such as postal mail and most notably in-person meetings for fixed firms.

Fixed firms' primary channels of regular contact with the FCA (at least once a month) were by email (97%), through the FCA website (87%) and by telephone (83%). Two-thirds of fixed firms (67%) also reported having video calls at least once a month. One-third of fixed firms (32%) reported no dealings with the FCA via social media, compared with 48% of firms in 2021. The proportion of fixed firms that had regular contact with the FCA via social media doubled from 9% in 2021 to 18% in 2022-23.

While the proportion of fixed firms reporting regular contact by digital and online communications has increased since 2021, communication by other means has become less frequent. Two in ten fixed firms (20%) had at least monthly in-person meetings with the FCA, compared with a third (34%) in 2021, although the number of fixed firms having at least one in-person meeting a year increased from 76% in 2021 to 85% in 2022-23.

Flexible firms' communication channels in 2022-2023 roughly mirrored those reported in 2021. The most common means of regular (monthly) contact was through the FCA website (36%, up from 31% in 2021) and by email (26%, up from 20%). Regular (monthly) contact by other channels was low, although 7% of flexible firms cited monthly contact by telephone and 5% had monthly contact via social media. Other communication channels such as video calls, in-person meetings and virtual or online events hosted by the FCA were not used on a regular basis by flexible firms (**Figure 4.1**).

Figure 4.1 – How regularly firms had dealings with the FCA through different channels



Q11. How often does your firm have any dealings with the FCA through each of the following methods?
 Base: All firms; Fixed (60), Flexible (4,227)

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. One exception was with regards to FCA-hosted events, where two in ten fixed firms (20%) and more than one in ten flexible firms (15%) reported that the level of contact was not enough.

Satisfaction with the frequency of contact with the FCA was broadly the same as in 2021, although there was an increase in the proportion of fixed firms feeling there was not enough contact through in-person meetings: over a quarter (28%) of fixed firms felt there were not enough in-person meetings, compared with only 9% in 2021.

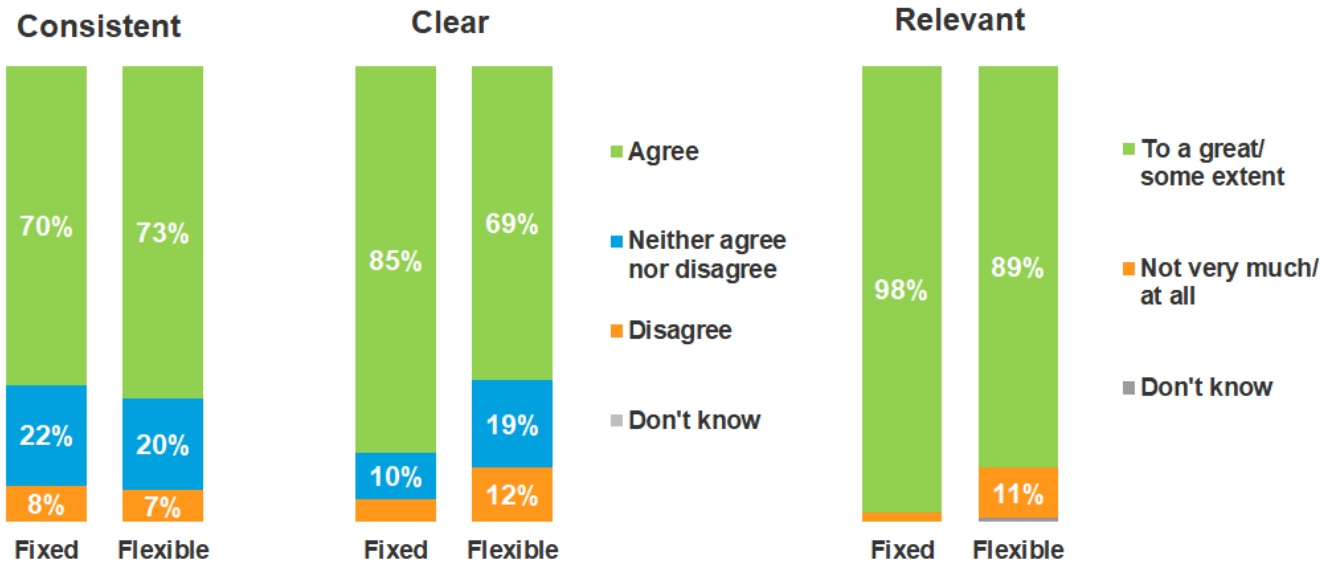
4.2 Quality of contact with the FCA

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

More than eight in ten fixed firms (85%) agreed that the FCA’s communications to their firm were clear, with seven in ten (70%) agreeing that the FCA’s communications were consistent (70%), and nearly all (98%) saying that, to at least some extent, communications they received from the FCA were relevant to their firm.

Flexible firms were most likely to agree that FCA communications to their firm were consistent, with three quarters (73%) expressing this view. A similar proportion (69%) agreed that FCA communications were clear, while nine in ten (89%) felt that communications were relevant to their firm to at least some extent (**Figure 4.2**).

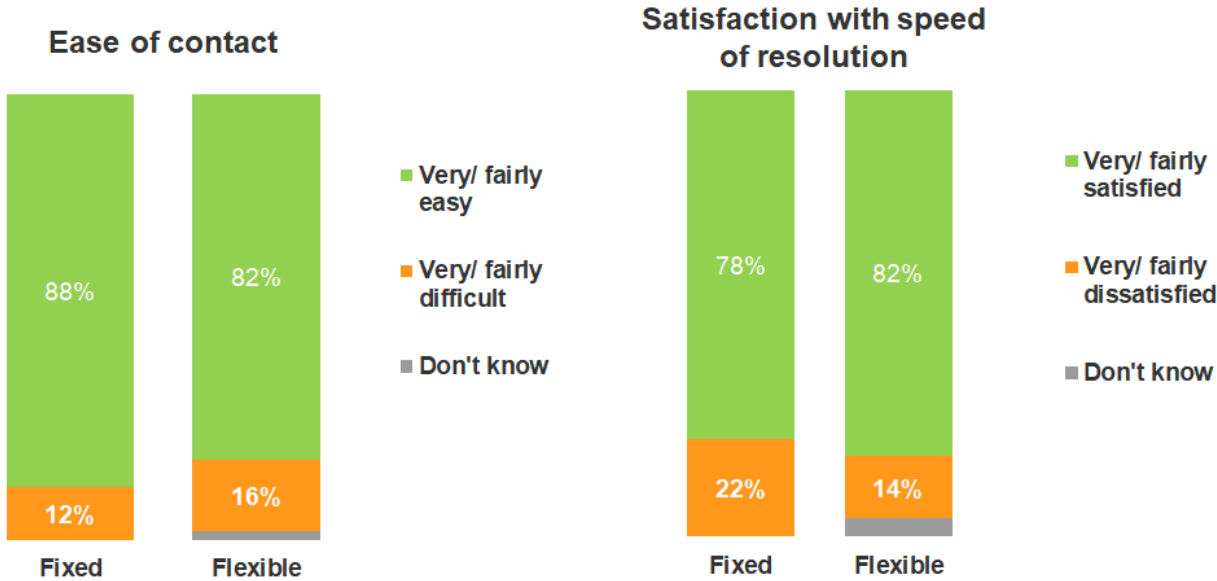
Figure 4.2 – Perceived consistency, clarity and relevance of the FCA’s communications to firms



Q10. To what extent do you agree or disagree with the following statements?
 Q14. Taking everything into account, to what extent have you found that communications from the FCA have been relevant to your firm?
 Base: All firms; Fixed (60), Flexible (4,227)

Firms found it relatively easy to get in touch with the relevant person or team within the FCA over the last 12 months. Nearly nine in ten fixed firms (88%) and eight in ten flexible firms (82%) stated it was either very or fairly easy to contact the relevant person or team. Furthermore, eight in ten fixed firms (78%) and flexible firms (82%) who had contacted the FCA in the last 12 months were either very or fairly satisfied with the time taken to resolve any queries or issues following contact with the FCA (**Figure 4.3**).

Figure 4.3 – Firms’ assessment of contact with the FCA



Q15. Thinking about occasions when your firm has contacted the FCA over the last 12 months., how easy or difficult has it been to get in touch with the relevant person or team?
 Q16. Generally, during your dealings with the FCA over the last 12 months, how satisfied or dissatisfied were you with the time taken to resolve any queries or issues?
 Base: All firms that have contacted the FCA in the last 12 months; Fixed (60), Flexible (3,581)

4.3 FCA communications and publications

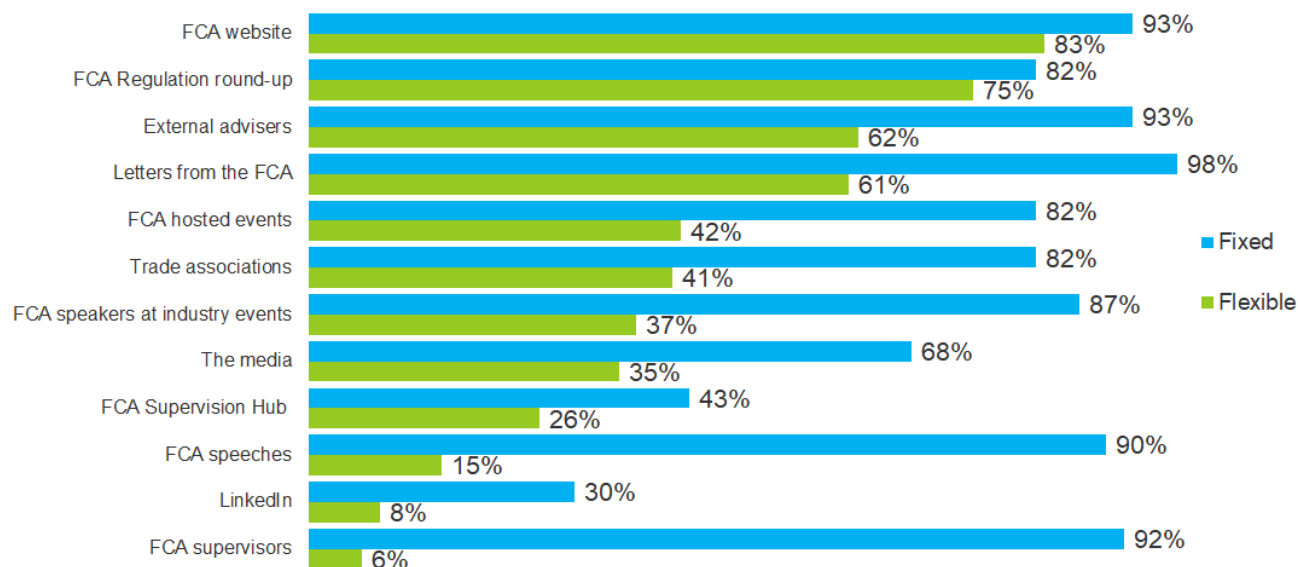
Firms used a wide range of information sources to learn about regulation and the FCA. In fact, all fixed firms and 99% of flexible firms reported using at least one named source, although fixed firms were more likely to engage with each individual type of information source asked about.

Fixed firms used a wide range of sources to learn about regulation and the FCA, with at least nine in ten fixed firms relying on letters from the FCA (98%), the FCA website (93%), external advisers (93%), FCA supervisors (92%) and FCA speeches (90%), and LinkedIn being the least used source, cited by three in ten (30%).

Flexible firms cited four main sources used 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 (83%), the Regulation round-up (75%) external advisers (62%) and letters from the FCA (61%). The least used sources were FCA speeches (15%), LinkedIn (8%) and FCA supervisors (6%) (**Figure 4.4**).

Figure 4.4 – Firms’ use of information sources to learn about regulation and the FCA in the last 12 months

% of firms that had used given type of FCA publication



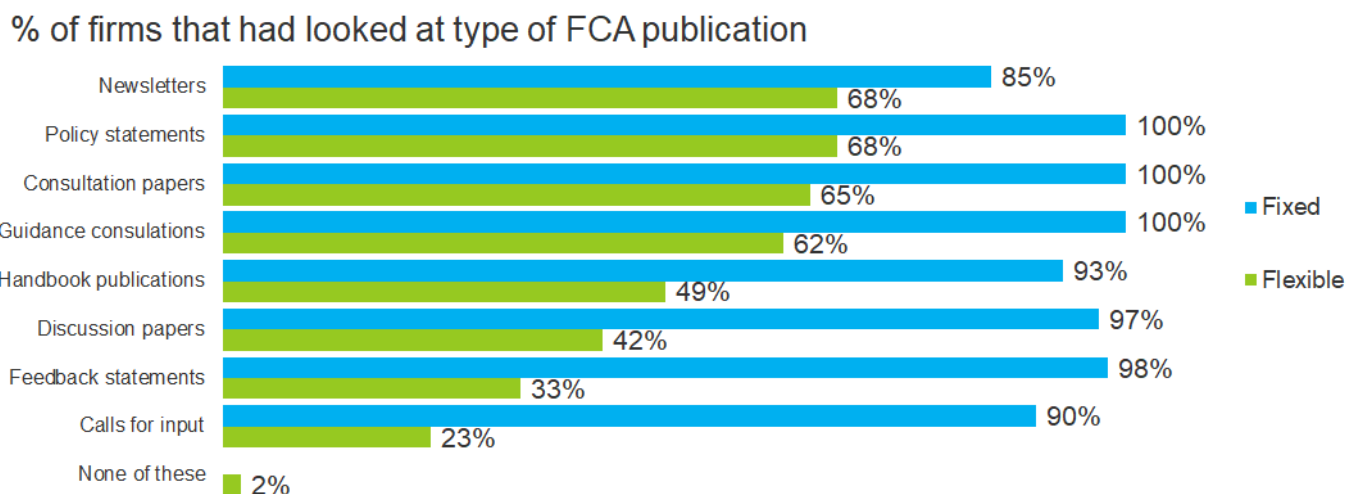
Q13. What information sources do you use to learn about regulation and the FCA?
 Base: All non consumer credit firms; Fixed (60), Flexible (4,227)

Firms were also asked about whether they had looked at different types of FCA publications in the last 12 months.

Among fixed firms, engagement levels were similar to those reported in 2021, with almost all having looked at each type of FCA publication over the last 12 months. Notably, all fixed firms (100%) reported looking at consultation papers, policy statements and guidance consultations, and all other sources were cited by at least 85% of fixed firms. The types of FCA publications with slightly lower reported levels of engagement compared to 2021 were newsletters (85%, down from 96% in 2021) and calls for input (90%, down from 98% in 2021).

Nearly all flexible firms (96%) had viewed at least one type of FCA publication over the last 12 months, with most publication types being mentioned by more flexible firms than in 2021. As in 2021, there was a significant difference in engagement levels between the different FCA publication types. The most reported types of FCA publications which flexible firms had looked at in the last 12 months were policy statements (68%, up from 58% in 2021), newsletters (68%, down from 70%), consultation papers (65%, up from 52%) and guidance consultations (62%, up from 48%) (**Figure 4.5**).

Figure 4.5 – Proportion of firms that had looked at each type of FCA publication in the last 12 months

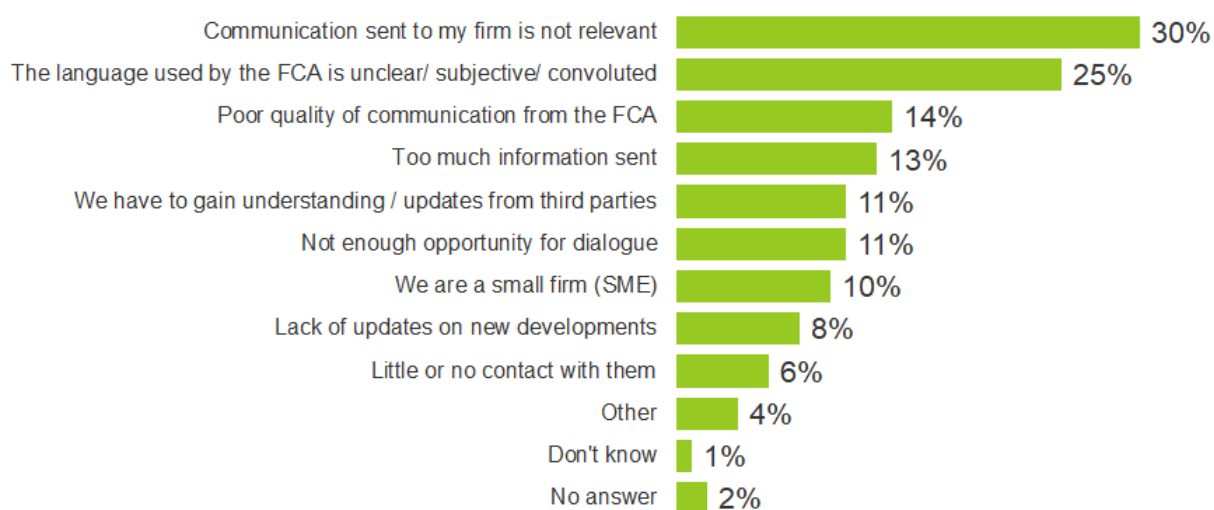


Q19. In the last 12 months, which of the following types of FCA publication has your firm looked at?
 Base: All non consumer credit firms; Fixed (60), Flexible (4,227)

Given the high rates of engagement with FCA communications/ publications as a whole, it is perhaps unsurprising that almost all fixed firms (98%) and nine in ten flexible firms (92%) reported being well-informed in relation to developments across the FCA.

Firms stating that they did not feel well-informed were asked a follow-up, open question to understand why they didn't feel well-informed. This question is reported at an overall level to reflect the low number of firms that were asked to feedback on this question. The most common reasons cited by firms were that communications sent by the FCA were not considered relevant (30%), the language used by the FCA was unclear or subjective (25%) and poor quality of communication from the FCA in general (14%) (**Figure 4.6**).

Figure 4.6 – Reasons why firms felt they were not well-informed in relation to developments across the FCA



Q18. Why do you feel that your firm is [not very well informed/ not at all informed] in relation to developments across the FCA?
 Base: All flexible non consumer credit firms that not very well informed in relation to developments across the FCA; Flexible (181)

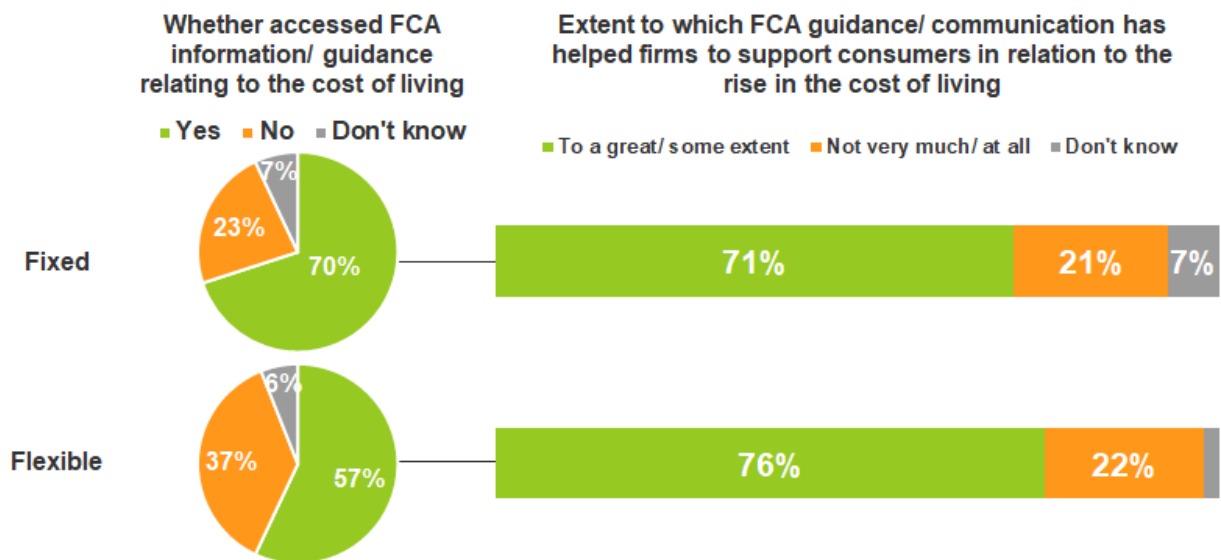
4.4 FCA communication about the cost of living

The 'cost of living' crisis is one of the key economic and political issues in the UK at present. As such, the FCA had published a wide range of guidance on its website, specific to how the financial services industry can best support customers. In addition, firms in different sectors have received communication directly from the FCA on this issue.

Seven in ten fixed firms (70%) and six in ten flexible firms (57%) reported accessing information about how best to support consumers in relation to the rise in the cost of living on the FCA website or in the Regulation round-up.

Among firms that accessed the information provided by the FCA, seven in ten fixed firms (71%) and three quarters of flexible firms (76%) felt that it was helpful in enabling the firm to support consumers against the rise in the cost of living. However, around two in ten firms who accessed the information felt the information provided by the FCA was not helpful to their firm (**Figure 4.7**).

Figure 4.7 – Firms’ engagement with and assessment of FCA information/ guidance relating to the cost of living

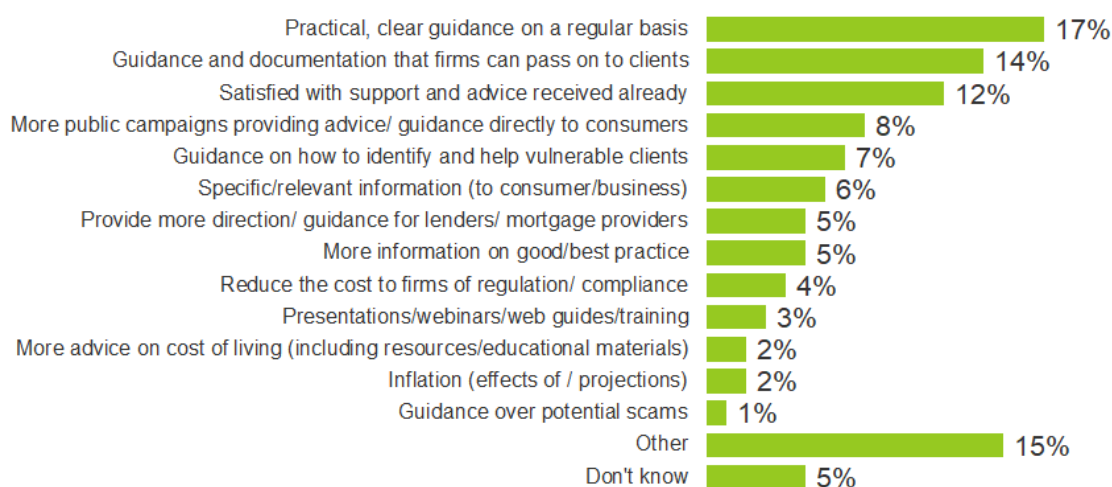


Q51. Has your firm accessed any of the information and guidance the FCA has published on its website or in the Regulation round-up about how best to support consumers in relation to the rise in the cost of living?
 Base: All firms; Fixed (60), Flexible (4,227)

Q52. To what extent do you feel that the guidance and communication from the FCA has helped your firm to support consumers in relation to the rise in the cost of living?
 Base: All firms that have accessed FCA information/ guidance relating to the cost of living; Fixed (42), Flexible (2,352)

Firms accessing information relating to the FCA’s cost of living guidance were asked a further question, asking them to specify what guidance or communication they would like to receive from the FCA on this topic. Among firms that provided a response, the most commonly mentioned answers were practical, clear guidance on a regular basis (17%) and guidance and documentation that firms can pass on to consumers (14%) (**Figure 4.8**).

Figure 4.8 – What guidance/communication on supporting consumers with cost of living firms would like to receive from the FCA



Q53. What guidance/ support would you most like to receive from the FCA to support consumers in relation to the rise in the cost of living?
 Base: All non consumer credit flexible firms that had accessed information/guidance published by the FCA on supporting consumers with the cost of living, and provided a response to Q53 (560)

4.5 FCA engagement around the Consumer Duty

In July 2022, the FCA published final rules and guidance for a new Consumer Duty, which will come into effect in July 2023. The Consumer Duty is a central component of the FCA’s three-year strategy which requires firms to consider the needs, characteristics and objectives of their customers – including those with characteristics of vulnerability – and how they behave, at every stage of the customer journey. As well as acting to deliver good customer outcomes, firms will need to understand and evidence whether those outcomes are being met.

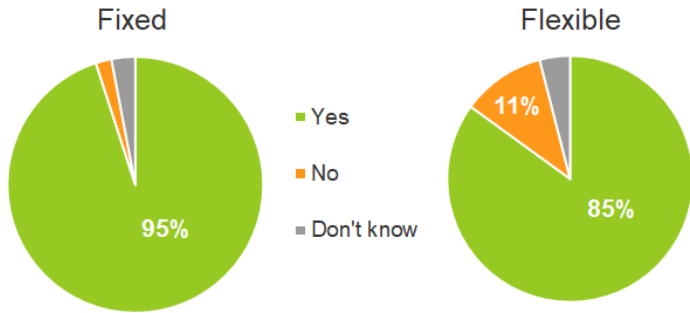
This chapter explores firms’ views on how well the FCA has communicated with them around the new Consumer Duty.

In the lead-up to the introduction of the new Consumer Duty regulations, the FCA launched a dedicated page on its website outlining the new rules and implementation process, as well as other specific information for firms in this area. Alongside this, information was also included as part of the FCA’s Regulation round-up, where appropriate.

To assess the effectiveness of the FCA’s communication and engagement with firms regarding the Consumer Duty, firms were asked a series of questions about whether they had accessed the relevant guidance and how effective the FCA had been in communicating and engaging with firms on the proposed changes.

Nearly all fixed firms (95%) stated that they had accessed information and guidance on the introduction of the Consumer Duty from the FCA website or in the Regulation round-up. Most flexible firms (85%) were also aware of the Consumer Duty through these channels, although one in ten flexible firms (11%) stated that they had not accessed any information or guidance provided by the FCA (**Figure 4.9**).

Figure 4.9 – Whether firms accessed any information/guidance the FCA published on its website or in the Regulation round-up about introduction of the Consumer Duty

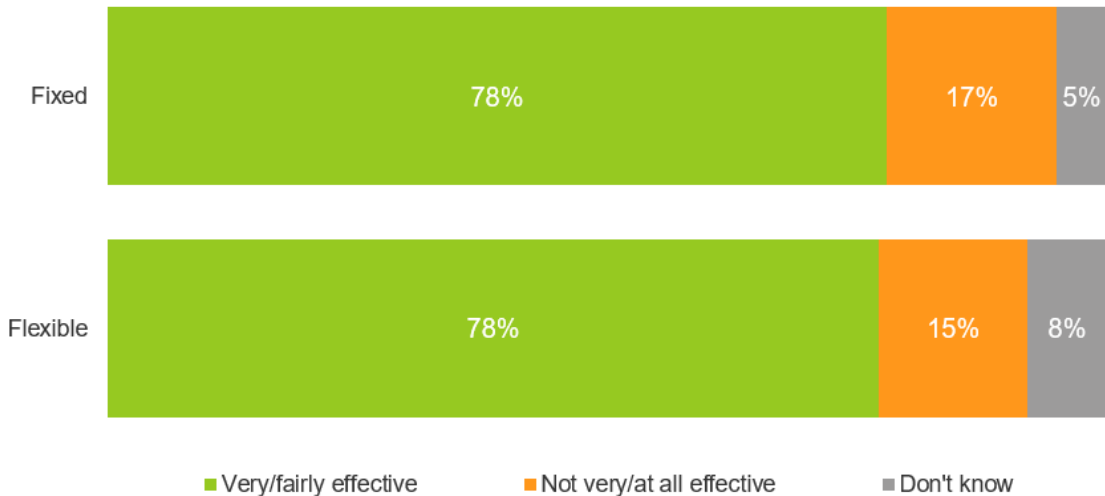


Q54. Has your firm accessed any of the information and guidance the FCA has published on its website or in the Regulation round-up about the introduction of the Consumer Duty?
 Base: All non consumer credit firms; Fixed (60), Flexible (4,227)

Firms were also asked how effective the FCA had been in communicating the proposed approach to implementing the regulations, as well as the FCA’s effectiveness in engaging with firms to shape planning around embedding the new regulations. Although firms considered the FCA to be effective on both measures, they were more positive about the communication phase than the engagement and embedding of the regulations.

The FCA’s communication with firms on the proposed approach to implementation was seen as effective by more than three-quarters of fixed firms (78%), with fewer than one in five firms feeling the communication was not effective (17%) (**Figure 4.10**).

Figure 4.10 – How effective FCA has been in communicating with firms regarding the approach to implementing the Consumer Duty regulations



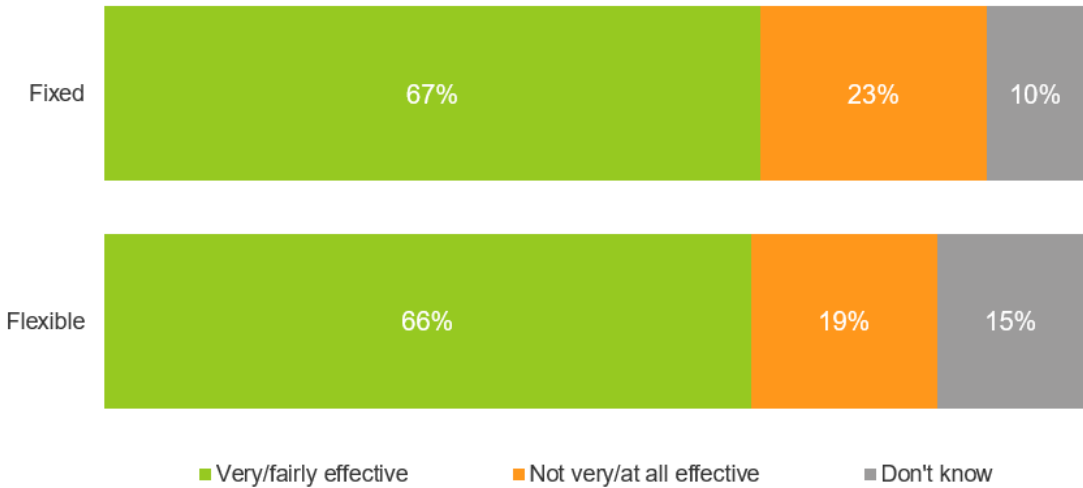
Q55. How effective has the FCA been in in communicating with firms in your sector in relation to the proposed approach to implementing the Consumer Duty regulations?
 Base: All non consumer credit firms; Fixed (60), Flexible (4,227)

Flexible firms had an almost identical response, with more than three-quarters of flexible firms rating communication as effective (78%) compared with 15% who felt it had not been effective date.

Two-thirds of fixed firms (67%) considered the FCA effective in engaging with firms to shape planning around embedding the new regulations, with just under a quarter of fixed firms (23%) feeling the FCA’s performance had not been effective (**Figure 4.11**).

The response from flexible firms, again, mirrored fixed firms, with two-thirds (66%) considering the FCA to have been effective in engaging with firms to shape planning around embedding the new regulations, and one in five flexible firms (19%) feeling that the FCA’s engagement had not been effective.

Figure 4.11 - How effective FCA has been in communicating with firms to shape planning around embedding new Consumer Duty regulations



Q56. How effective has the FCA been in engaging with firms in your sector to shape planning around embedding the new Consumer Duty regulations?
Base: All non consumer credit firms; Fixed (60), Flexible (4,227)

5. 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.

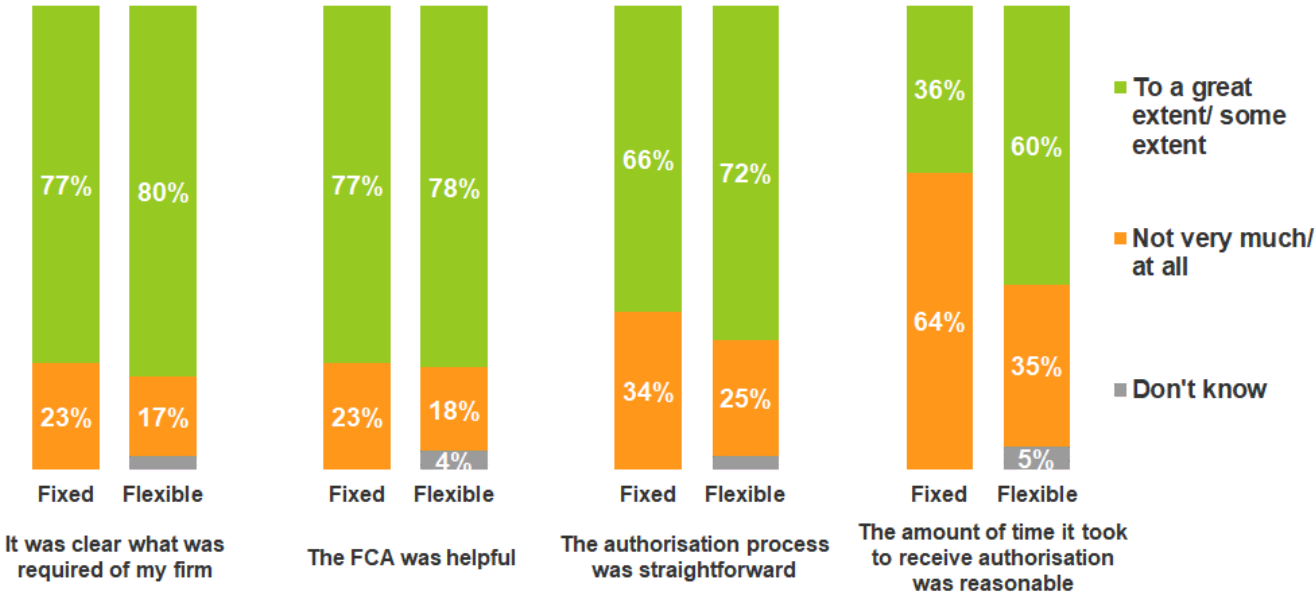
This chapter examines firms' views on different aspects of the FCA's regulatory functions, including the authorisation process, FCA investigations, and its enforcement actions.

5.1 Authorisation process

Firms were asked about their own experiences of the authorisation process.

Almost three-quarters of fixed firms (73%) and one-third of flexible firms (31%) had experience of the FCA's authorisation process, including variations of permissions, in the last 12 months. These firms were then questioned about their experiences of the authorisation process in the last 12 months (**Figure 5.1**).

Figure 5.1 – Extent to which firms agreed or disagreed with statements about the FCA’s authorisation process



Q30. Thinking about your firm’s experience of the FCA’s authorisation process, including variations of permissions, to what extent do you agree or disagree with the following statements?
 Base: Firms who have had experience of FCA’s authorisation process in the last 12 months; Fixed (44), Flexible (1,364)

The views of fixed firms in relation to the authorisation process were largely positive and have not changed since 2021. However, the time taken for the process was an issue as just under two-thirds (64%) felt that the time taken to receive authorisation was not reasonable.

Overall, flexible firms had similar views to fixed firms in terms of the authorisation process although they were a lot more positive about the time taken to receive authorisation, with 60% of flexible firms thinking the time taken was reasonable compared with 35% who thought it was not reasonable. **(Figure 5.2).**

Figure 5.2 – Change in flexible firms’ attitudes towards the FCA’s authorisation process
 (%To a great extent/ some extent)



Q30. Thinking about your firm’s experience of the FCA’s authorisation process, including variations of permissions, to what extent do you agree or disagree with the following statements?
 Base: Flexible firms who have had experience of FCA’s authorisation process in the last 12 months; 2022-23 (1,364), 2021 (1,342)

All firms, including those that had no direct experience of FCA authorisation in the previous 12 months, were asked to give their view on the effectiveness of the FCA’s authorisation process (**Figure 5.3**).

Eight in ten fixed firms (78%) felt, at least to some extent, that the authorisation process prevented firms or individuals who are engaged in poor business practices from entering the industry, compared with 12% who felt that it did not and 10% who said that they didn’t know.

Responses were similar among flexible firms. Three-quarters (74%) felt, at least to some extent, that the authorisation process prevented firms or individuals who are engaged in poor business practices from entering the industry. Just 14% felt that the authorisation process did not prevent this, while 12% said that they didn’t know. These figures are unchanged since 2021.

Recent experience of the authorisation process made no difference to views. Firms who had experience of the authorisation process in the last 12 months were just as likely as firms with no experience to think the authorisation process was effective to a great extent or some extent.

Figure 5.3 – Extent to which firms felt that the FCA’s authorisation process prevents firms or individuals who are engaged in poor business practices from entering the industry



Q28. To what extent do you feel that the FCA's authorisation process prevents firms or individuals who are engaged in poor business practices from entering the industry?
 Base: All firms; Fixed (60), Flexible (4,227)

5.2 Threshold Conditions

The FCA’s Threshold Conditions represent the minimum conditions which firms are required to satisfy to obtain and maintain authorisation status and relevant permissions. The threshold sets out five conditions:

- Location of Offices
- Effective Supervision
- Appropriate Resources
- Suitability
- Business Modelling

The three-year strategy has a metric to track firms’ confidence that firms failing to meet the Threshold Conditions are identified and cancelled quickly.

Almost all fixed firms (97%) and flexible firms (94%) said that they were familiar with the FCA’s Threshold Conditions. However, there was a notable difference in the extent to which firms were familiar. While eight in ten fixed firms (80%) said that they were very familiar with the Threshold Conditions, fewer than six in ten flexible firms (57%) said the same, with four in ten (38%) saying that they were only *fairly* familiar.

Firms were asked to provide their views on how effectively they felt the Threshold Conditions are applied by the FCA. The responses received suggest that while firms may be familiar

with the Threshold Conditions themselves, they are less certain about how well the FCA applies these conditions to prevent harm (**Figure 5.4**).

Just over four in ten (42%) fixed firms agreed that **firms which fail to meet the Threshold Conditions are identified promptly and dealt with appropriately**. While only a small proportion of fixed firms (10%) disagreed with this, almost half of fixed firms neither agreed or disagreed (15%) or said they didn't know (33%).

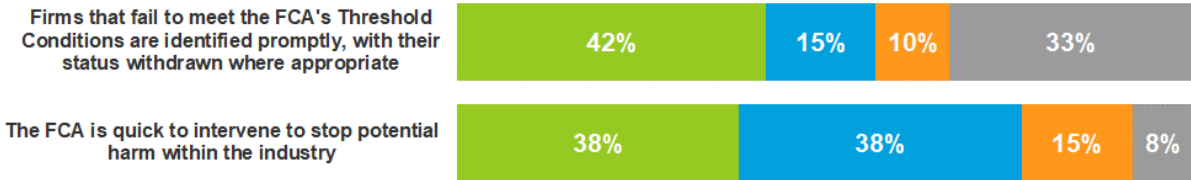
Flexible firms had broadly similar views: 53% of flexible firms agreed that firms which fail to meet the Threshold Conditions are identified promptly and dealt with appropriately compared with only 4% who did not agree. Again, however, a high proportion of flexible firms neither agreed or disagreed (25%) or said they didn't know (19%).

Similarly, when asked whether they think the FCA is **quick to intervene to stop potential harm within the industry**, only 38% of fixed firms agreed with this, while 15% did not agree. Again, the largest proportion of firms said they neither agreed or disagreed (38%) or didn't know (8%).

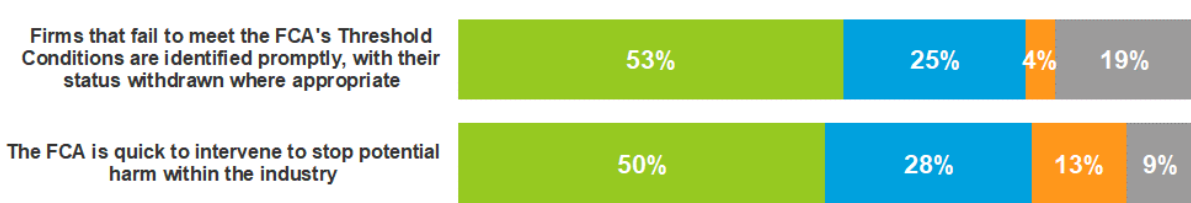
Flexible firms were slightly more positive than fixed firms with 50% agreeing that the FCA is quick to intervene to stop potential harm within the industry compared with 13% who did not agree. Again, however, a high proportion of flexible firms neither agreed or disagreed (28%) or said they didn't know (9%).

Figure 5.4 – Firms’ view on the FCA’s Threshold Conditions

Fixed Firms



Flexible Firms



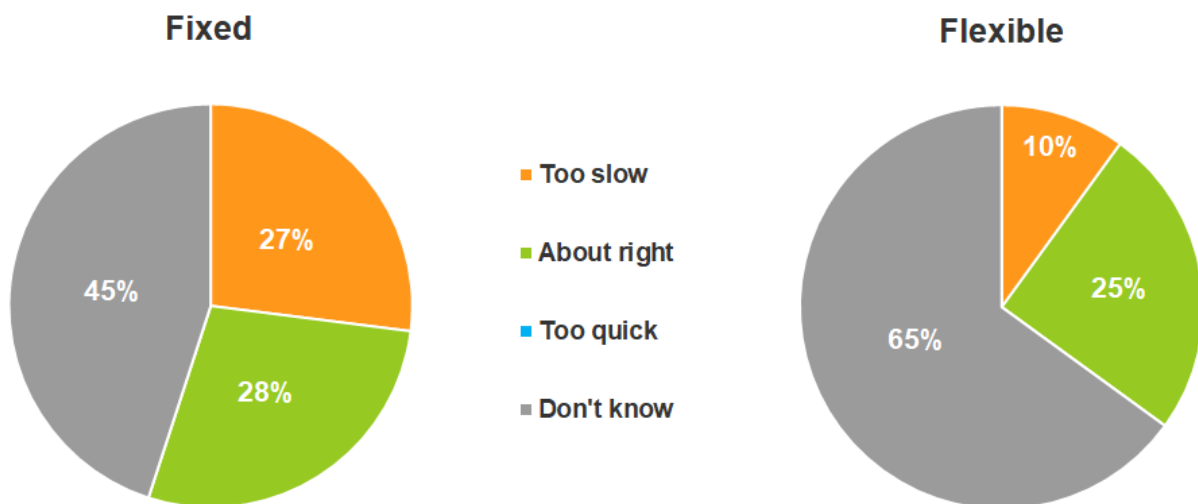
Q40. To what extent do you agree or disagree with the following statements?
 Base: All firms; Fixed (60), Flexible (4,227)

5.3 FCA investigations

The FCA is committed to acting more assertively and testing the limits of its powers by taking swifter action where there is immediate harm rather than always conducting long investigations. In the survey, firms were asked to give their assessment of the pace at which the FCA operates during an investigation.

A high proportion of both fixed firms (45%) and flexible firms (66%) indicated that they did not have a view about the pace of FCA investigations. Among fixed firms who had an opinion there was an even split between firms who thought the pace of investigations was about right (28%) and those who thought it was too slow (27%). Among flexible firms who expressed a view, 25% thought the pace of investigation was about right, with only 10% feeling it was too slow (**Figure 5.5**).

Figure 5.5 – Firms’ assessment of the pace at which FCA investigations are carried out

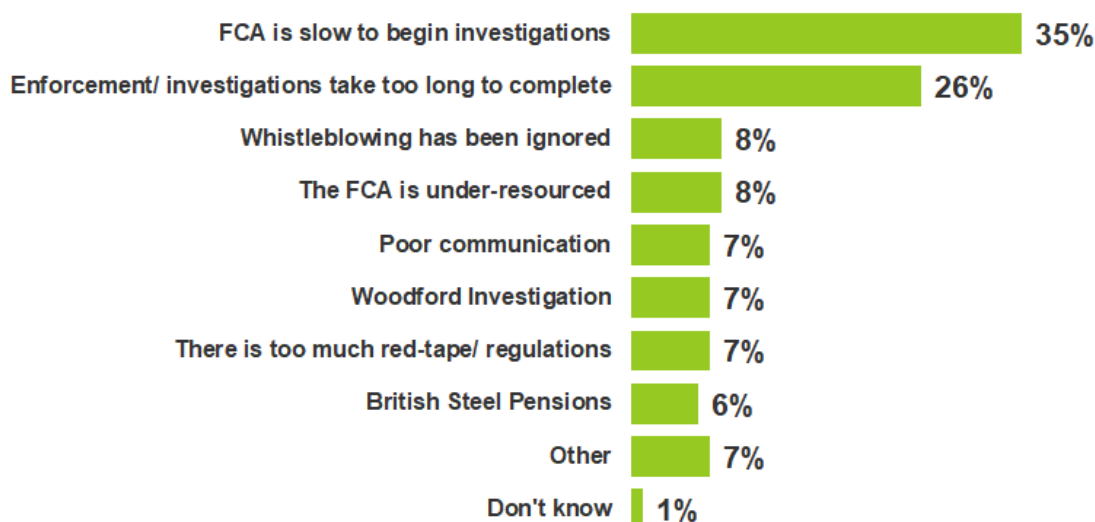


Q31. Thinking about the FCA's investigation process, and in particular the pace at which the FCA operates during an investigation, do you think this is too slow, about right or too quick?
 Base: All firms; Fixed (60), Flexible (4,227)

Firms which said the pace of FCA investigations was too slow were asked why they felt this to be the case. Due to the small number of fixed firms answering this question, results are only presented for flexible firms (**Figure 5.6**).

Broadly speaking, firms answered this question in one of two ways. Some firms outlined which parts of the investigation process they felt were particularly slow or how the perceived slow pace manifests itself, while other responses cited examples of, or reasons for, slow FCA activity in relation to specific recent investigations.

Figure 5.6 – Reasons for feeling that the FCA’s investigations process is too slow



Q32. Why do you feel the FCA's investigation process is too slow?
 Base: All flexible firms who felt that the FCA's investigation process is too slow (293)

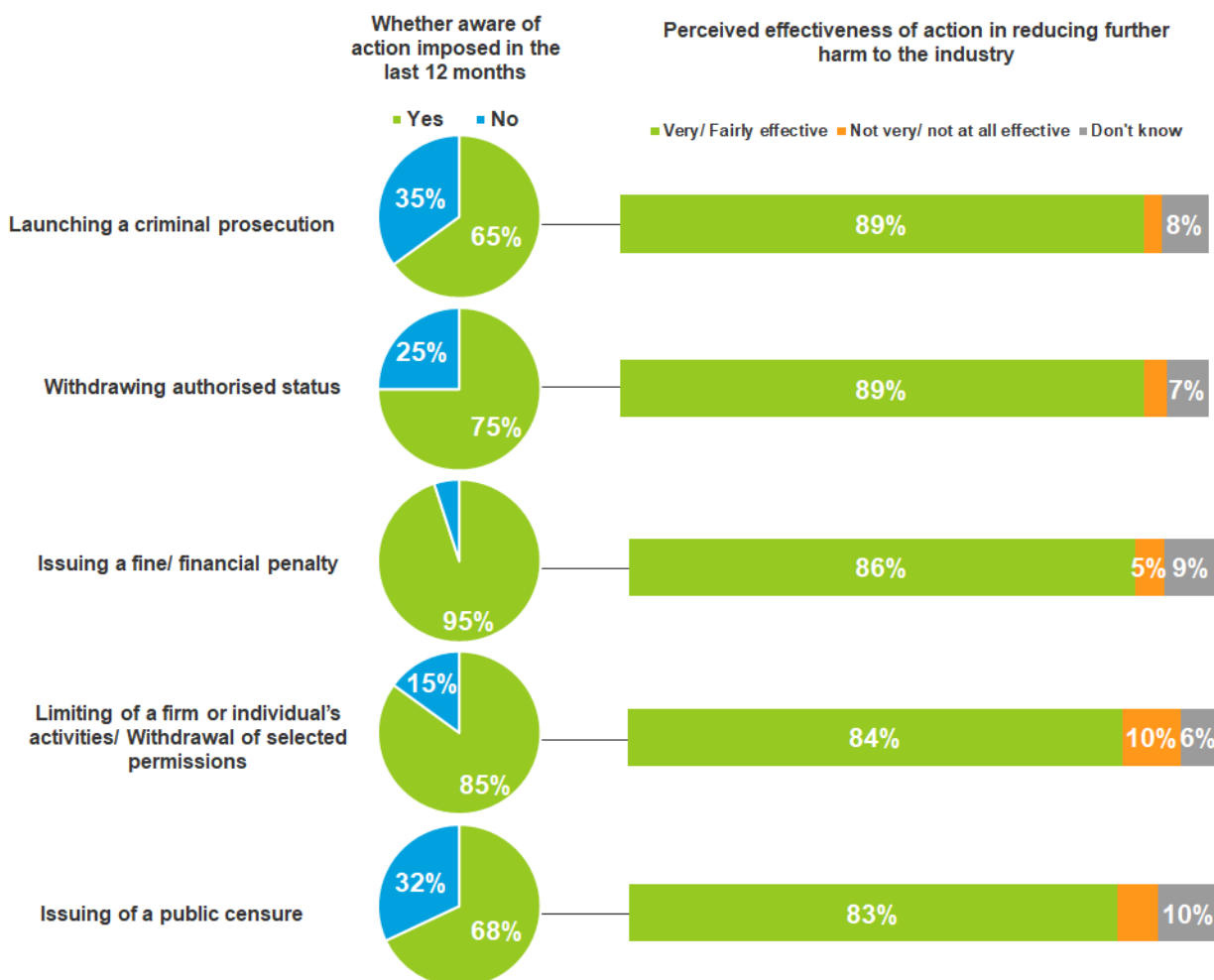
The most common responses given were that the FCA is slow to begin investigations in the first place (mentioned by 35% of firms who felt investigations were slow) or that once underway the investigation itself and any enforcement action took too long (mentioned by 26% of firms). All other reasons were mentioned by only a relatively small proportion of firms.

5.4 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.

Overall, fixed firms were more aware of enforcement action taken by the FCA in the last 12 months than flexible firms. More than nine in ten fixed firms (95%) were aware of at least one type of enforcement action being imposed in the last 12 months, compared with three quarters of flexible firms (73%) (**Figures 5.7 and 5.8**).

Figure 5.7 – Awareness of, and perceived effectiveness of, FCA enforcement actions among *fixed firms*



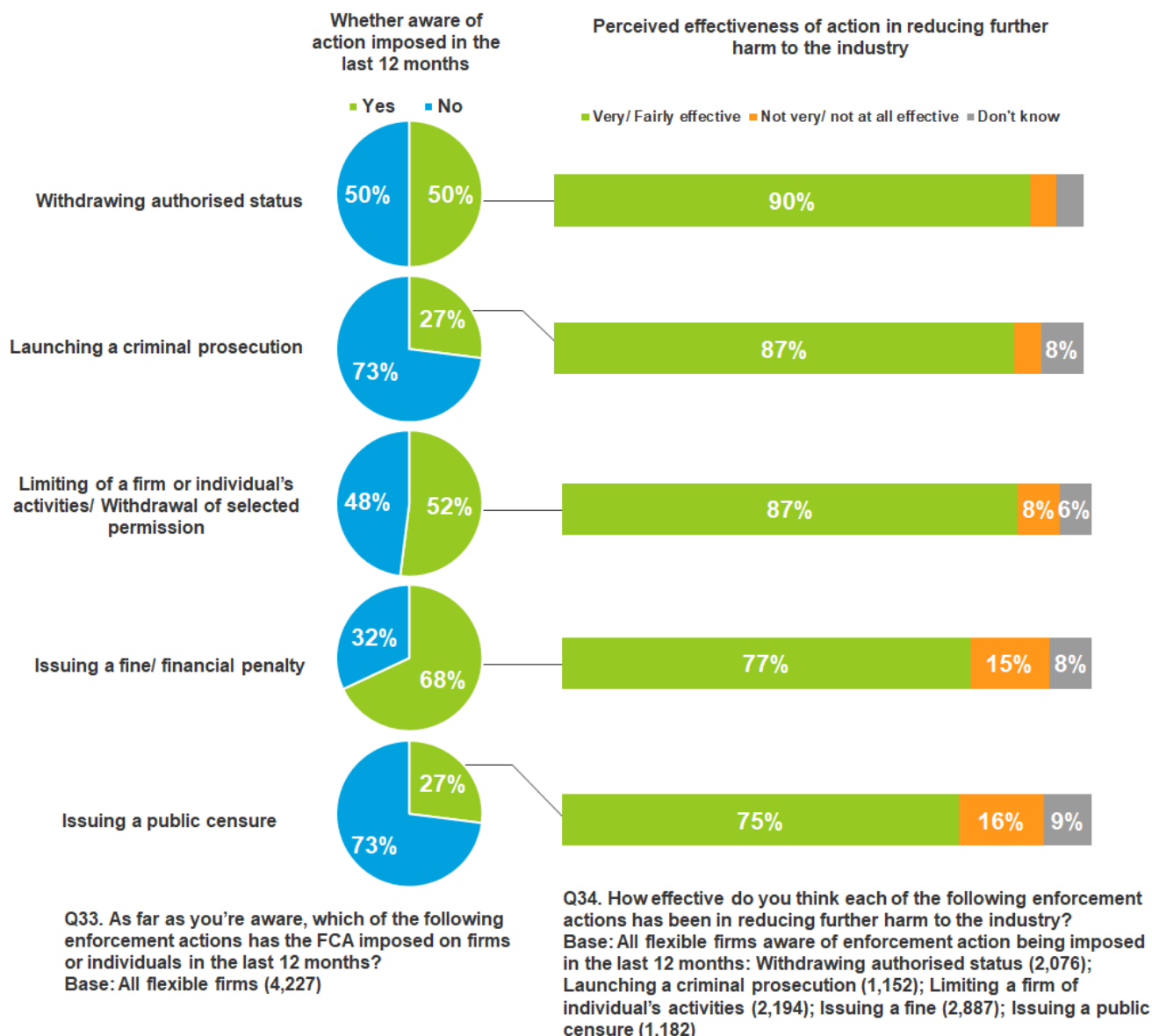
Q33. As far as you're aware, which of the following enforcement actions has the FCA imposed on firms or individuals in the last 12 months?
Base: All fixed firms (60)

Q34. How effective do you think each of the following enforcement actions has been in reducing further harm to the industry?
Base: All fixed firms aware of enforcement action being imposed in the last 12 months: Launching a criminal prosecution (38); Withdrawing authorised status (45); Issuing a fine (57); Limiting a firm of individual's activities (51); Issuing a public censure (42)

The majority of fixed firms were aware of all different types of enforcement actions that the FCA had imposed in the last 12 months (Figure 7.6). The highest level of awareness was for issuing a fine or financial penalty (95%) followed by limiting a firm or individual’s activities or permissions (85%), withdrawing authorised status (75%), issuing a public censure (68%), and launching a criminal investigation (65%).

Fixed firms were most likely to view launching a criminal investigation and withdrawing authorised status as being effective in reducing further harm to the industry, with nearly nine in ten (89%) expressing this view. Similar proportions felt that issuing a fine (86%), limiting a firm or individual’s activities or permissions (84%), and withdrawing authorised status (83%) were effective.

Figure 5.8 – Awareness of, and perceived effectiveness of, FCA enforcement actions among *flexible firms*



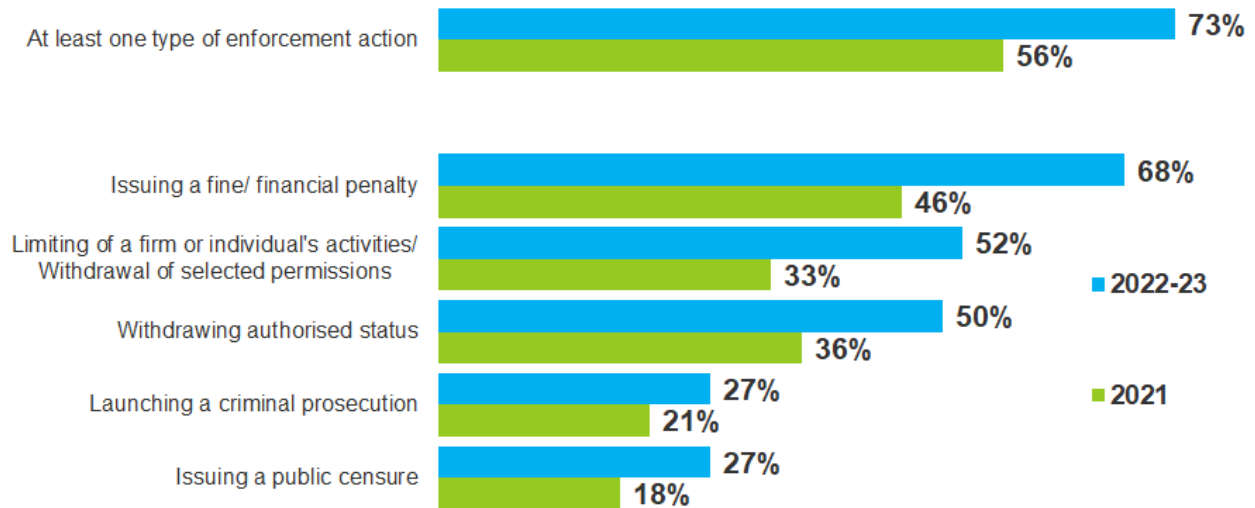
Among flexible firms, the FCA issuing a fine or financial penalty had the highest awareness (68%), followed by the limiting of a firm or individual’s activities or permissions (52%) and the withdrawal of authorised status (50%). Around a quarter of flexible firms were aware of the FCA launching a criminal prosecution or issuing a public censure (27%).

Withdrawing authorised status was viewed to be effective by nine in ten flexible firms (90%), as was launching a criminal prosecution (87%) and limiting a firm or individual’s activities (87%). Issuing a fine was viewed as being effective by slightly fewer flexible firms (77%), while issuing a public censure was the least likely action to be regarded as effective (75%).

While flexible firms were less likely than fixed firms to be aware of enforcement actions taken by the FCA in the last 12 months, awareness levels have increased since 2021. Three quarters of flexible firms (73%) were aware of at least one type of enforcement action being

imposed in the last 12 months (up from 56% in 2021), and the proportion of flexible firms aware of each individual enforcement action has risen over the last 12 months (**Figure 5.9**).

Figure 5.9 – Change in *flexible firms*’ awareness of FCA enforcement action (% aware of action imposed in the last 12 months)

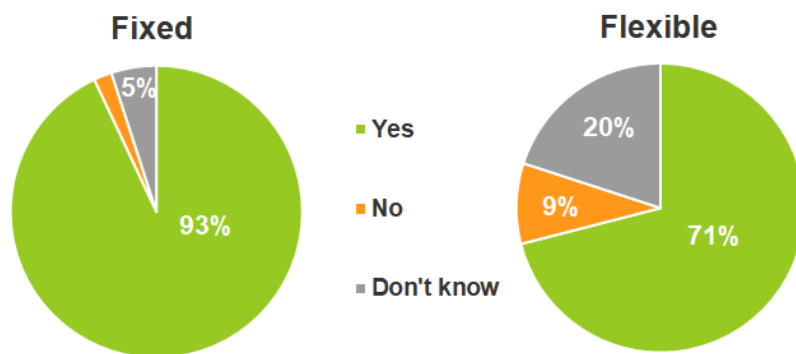


Q33. As far as you're aware, which of the following enforcement actions has the FCA imposed on firms or individuals in the last 12 months?

Base: Firms flexible firms; 2022-23 (4,227), 2021 (3,551)

Going beyond the last 12 months, firms were asked whether they were aware of the FCA ever withdrawing permissions from any firms or individuals. Nine in ten fixed firms (93%) and seven in ten flexible firms (71%) said that they were aware of the FCA having taken this enforcement action (**Figure 5.10**).

Figure 5.10 – Whether firms aware of the FCA withdrawing permissions from firms or individuals AT ANY TIME



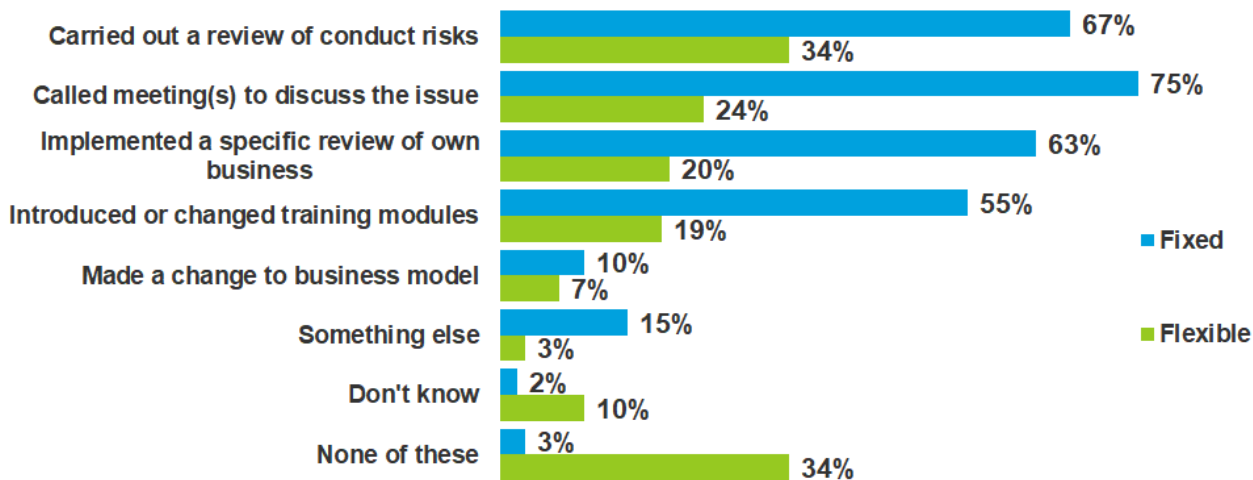
Q33. As far as you're aware, which of the following enforcement actions has the FCA imposed on firms or individuals in the last 12 months?
 Q35. As far as you're aware, has the FCA withdrawn permissions from any firms or individuals?
 Base: All firms; Fixed (60), Flexible (4,227)

While enforcement action by the FCA is designed to deal directly with problem firms who don't meet the expected standards and so stop consumer harm, awareness of such action may also have a deterrent effect on other firms and encourage firms to adopt high 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 5.11**).

Fixed firms were more likely than flexible firms to have taken at least one action: only 3% of fixed firms had taken no action, compared with a third of flexible firms (34%). The most common actions taken by fixed firms were calling meetings to discuss the particular issue (75%), carrying out a review of conduct risks (67%), implementing a specific review of their own business (63%), and introducing or changing training modules (55%).

The most common action taken by flexible firms was to carry out a review of their conduct risks which was mentioned by a third of firms. (34%). Only a relatively small minority of firms had taken any other actions.

Figure 5.11 – Actions firms had taken in response to FCA enforcement actions against another firm or individual



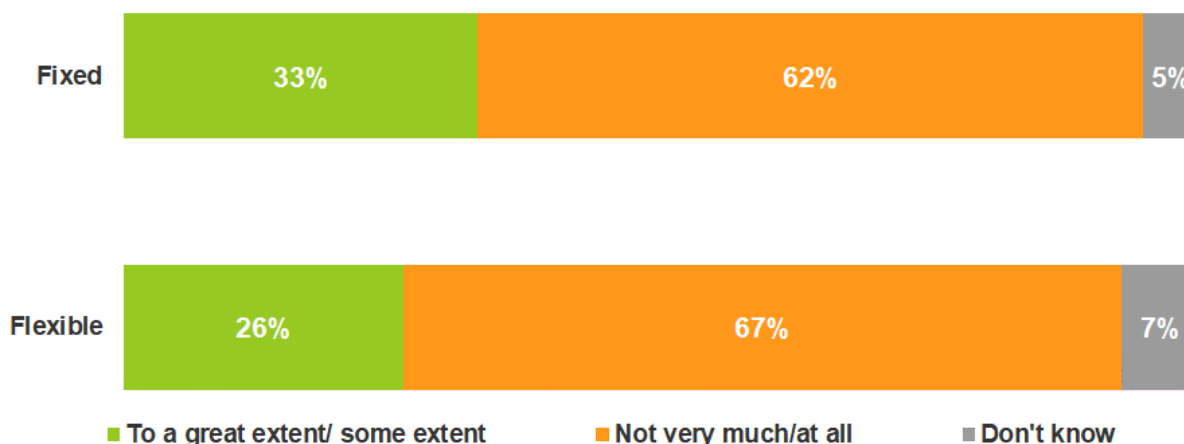
Q36. Thinking now about ANY enforcement action the FCA has taken as a result of poor business practices by another firm or individual. What actions, if any, have your firm taken in response to such enforcement action?
 Base: All firms; Fixed (60), Flexible (4,227)

Firms were also asked to what extent they had been impacted by FCA enforcement action taken as a result of the poor business practices of another firm or individual (**Figure 5.12**).

Fixed firms were slightly more likely than flexible firms to have been impacted by FCA enforcement action taken as a result of the poor business practices of another firm or individual, although this still represented a minority of firms. They were also more likely to have responded to an enforcement action by carrying out a review to ensure that this was the case.

In contrast fewer flexible firms were aware of enforcement actions that potentially impacted on them and were less likely to have carried out a review of their business to understand if it did.

Figure 5.12 – Extent to which firms had been impacted by FCA enforcement action taken as a results of poor business practices by another firm or individual



Q37. To what extent do you feel that your firm has been impacted by FCA enforcement action taken as a result of poor business practices by another firm or individual?
 Base: All firms; Fixed (60), Flexible (4,227)

5.5 Attitudes towards enforcement

Firms were shown a series of statements relating to FCA enforcement and asked to indicate their level of agreement with each one (**Figure 5.13**).

Fixed firms generally expressed positive attitudes towards most aspects of enforcement, with around nine in ten agreeing that the FCA’s enforcement procedure:

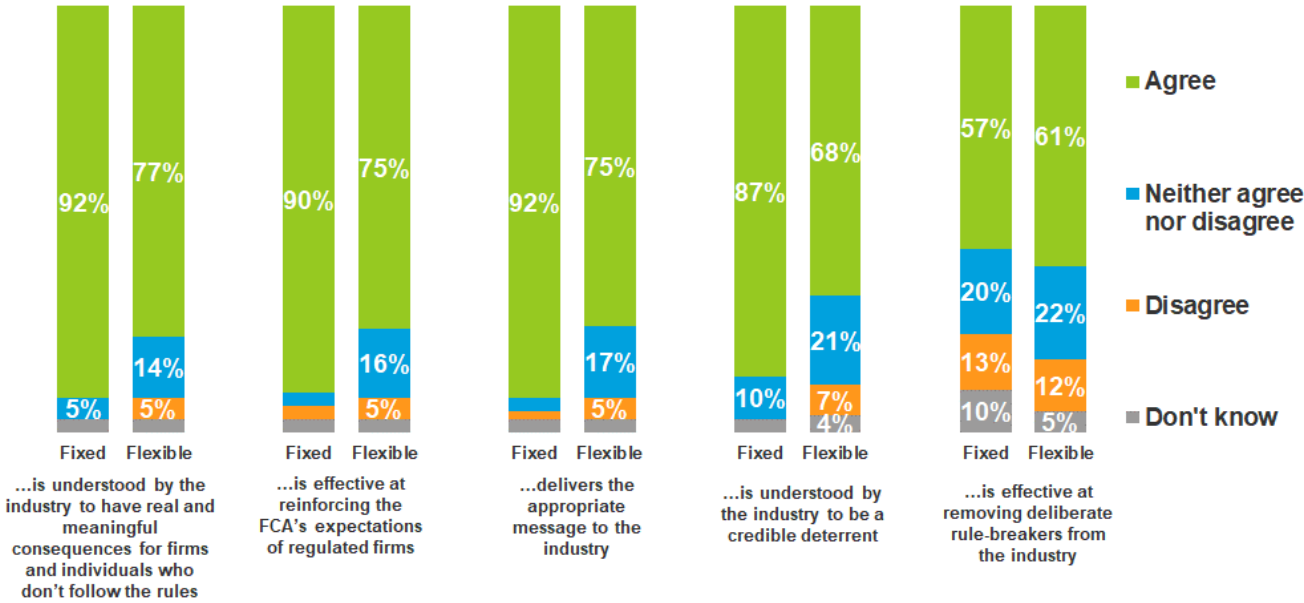
- is understood by the industry to have real and meaningful consequences for firms and individuals who don’t follow the rules (92%);
- delivers the appropriate message to the industry (92%);
- is effective at reinforcing the FCA’s expectations (90%); and
- is understood by the industry to be a credible deterrent (87%)

While flexible firms were less likely than fixed firms to agree, their views were still generally positive, with between two thirds and three quarters of flexible firms expressing agreement with these statements.

The one area where both fixed and flexible firms were less likely to view FCA enforcement as being effective was in relation to removing deliberate rule-breakers from the industry. While the majority of firms did think the FCA’s enforcement action was effective in doing this (57% of fixed firms and 61% of flexible firms), around one in eight firms did not agree this was the case (13% of fixed firms and 12% of flexible firms).

While the views of most flexible firms remain generally positive, there has been a slight decline in levels of agreement for each statement compared with 2021 (**Figure 5.14**).

Figure 5.13 – Extent to which firms agreed or disagreed that the FCA’s enforcement procedure...



Q38. To what extent do you agree or disagree with the following statements about the FCA's enforcement procedure?
 Would you say that the FCA's enforcement procedure...
 Base: All firms; Fixed (60), Flexible (4,227)

Figure 5.14 – Change in *flexible firms'* attitudes towards aspects of the FCA's enforcement procedure (%Strongly agree/ agree)



Q38. To what extent do you agree or disagree with the following statements about the FCA's enforcement procedure?
 Base: Firms who have had experience of FCA's authorisation process in the last 12 months; Fixed (39), Flexible (1,342)

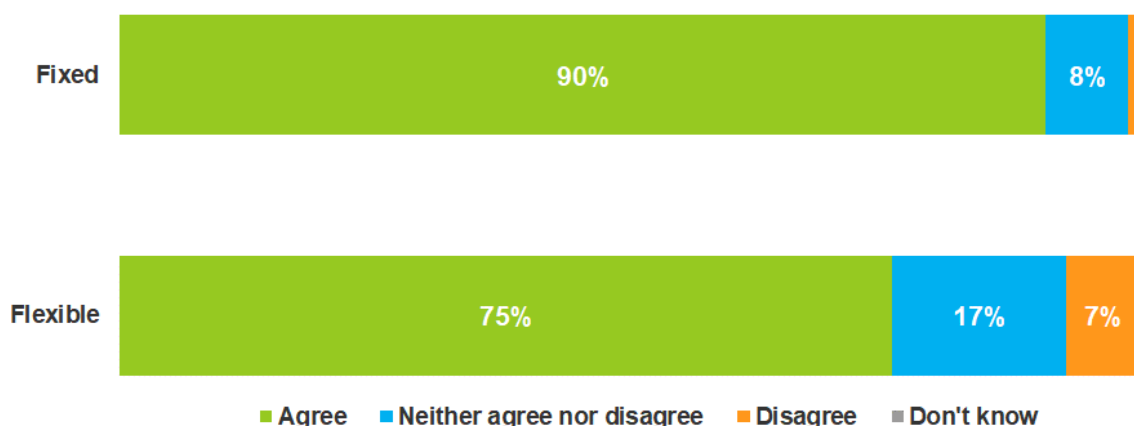
6. Regulatory Burden

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

6.1 FCA expectations of firms

Firms were asked whether they felt that the FCA’s expectations of their firm were clear. Nine in ten fixed firms (90%) agreed that these expectations were clear, as did three quarters (75%) of flexible firms.

Figure 6.1 – Extent to which firms agreed or disagreed that the FCA’s expectations of their firm are clear



Q8. To what extent do you agree or disagree with the following statement?: Overall, the FCA’s expectations of my firm are clear
 Base: All firms; Fixed (60), Flexible (4,227)

6.2 Data and Information requests

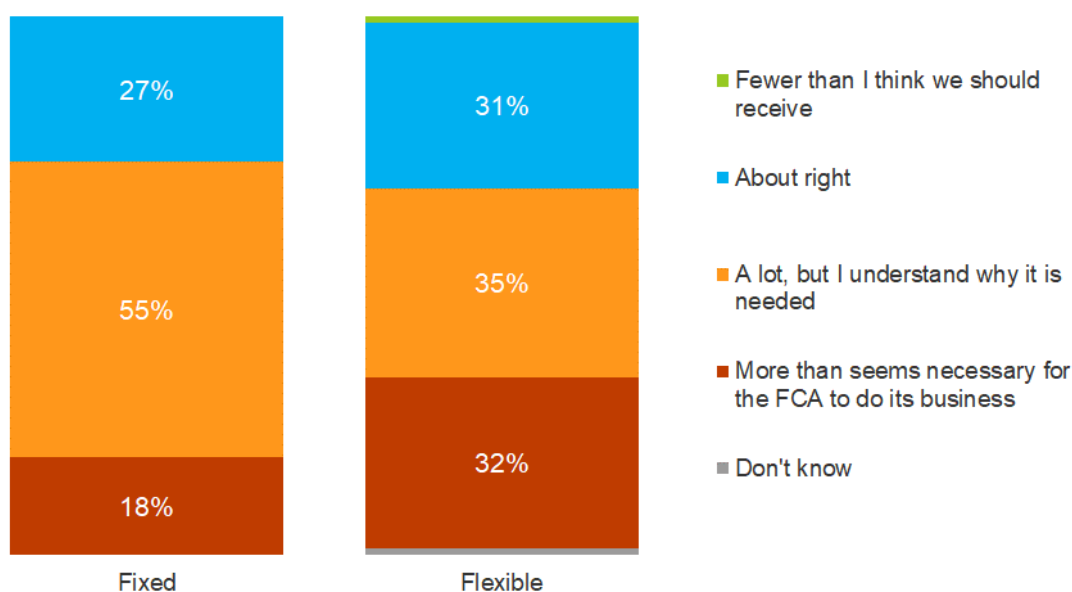
The FCA may request information and data from the firms it regulates either on a voluntary basis or through its statutory powers to support its supervisory and enforcement functions. Firms were asked how they felt about the number of data and information requests they receive from the FCA, the extent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

Fixed firms were more likely than flexible firms to feel they receive a lot of information requests from the FCA but were also more likely to understand the reasons for these

requests. In contrast, flexible firms were more likely than fixed firms to feel they receive more information requests than necessary (**Figure 6.2**).

Just over a quarter of fixed firms (27%) felt the number of data and information requests they receive was about right. A further 55% felt they received a lot of requests but understood the reasons for them, while the remaining 18% felt they receive more requests than necessary.

Figure 6.2 – How firms felt about the number of data/ information requests they receive

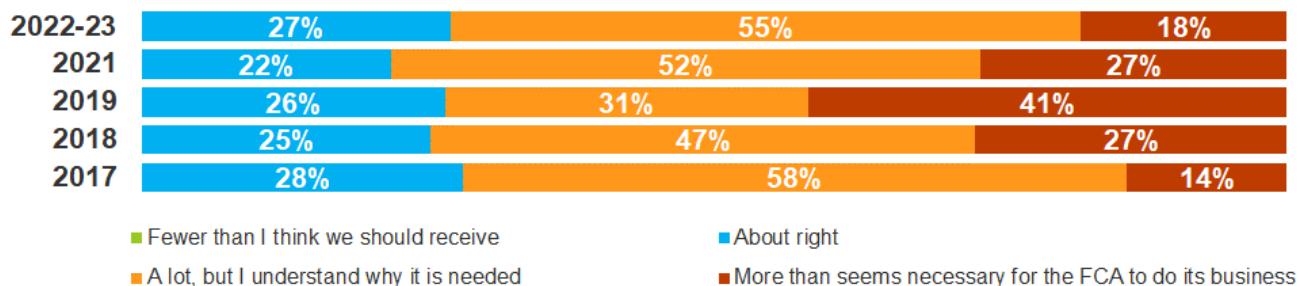


Q47. Which of the following best describes how you feel about the number of data/ information requests your firm receives from the FCA?
 Base: All non consumer credit firms; Fixed (60), Flexible (4,227)

Flexible firms were split into three roughly equally sized groups with around a third perceiving the number of requests they receive to be about right (31%), that they receive a lot of requests but understood the reasons (35%), or that they receive more requests than seemed necessary (32%).

Results for fixed firms were a slight improvement on the 2021 survey, representing a return to the results seen in 2017. In 2022-23 fixed firms were less likely to feel the FCA asked for more information than necessary compared with 2021 (18% and 27% respectively) (**Figure 6.3**).

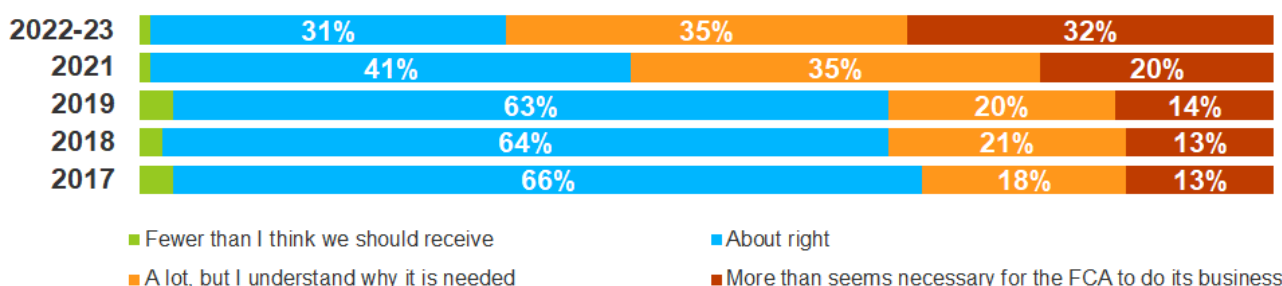
Figure 6.3 – How *fixed firms* felt about the number of data/ information requests they receive (2017 to 2022-23)



Q47. 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 (60)

The opinions of flexible firms were less positive compared with previous surveys. The proportion of flexible firms who thought the number of data or information requests they receive to be more than necessary more than doubled from 14% in 2019 to 32% in 2022-23. Meanwhile, the number of flexible firms who considered the number of requests to be about right fell from 63% in 2019 to 41% in 2021 and 31% in 2022-23 (**Figure 6.4**).

Figure 6.4 – How *flexible firms* felt about the number of data/ information requests they receive (2017 to 2022-23)



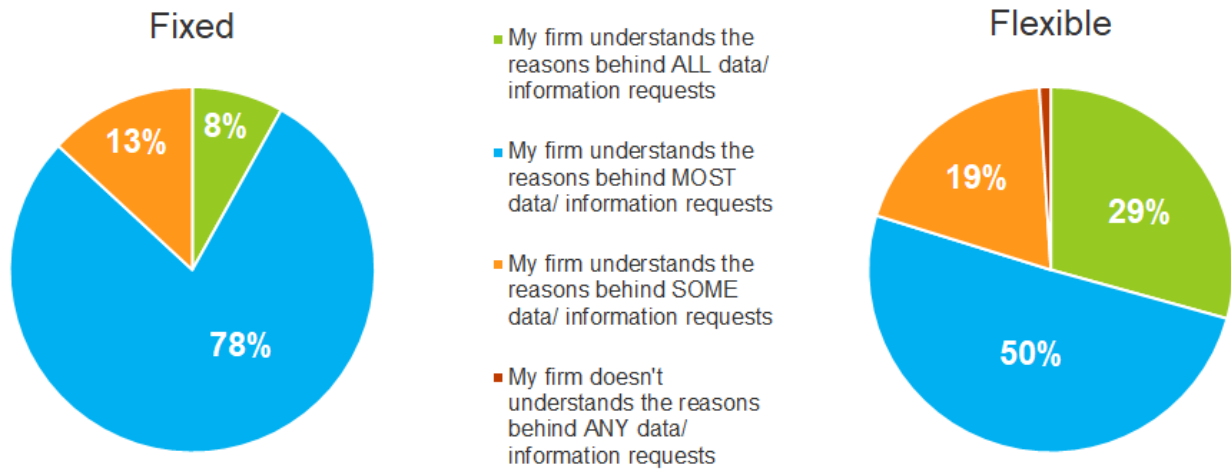
Q47. Which of the following best describes how you feel about the number of data/ information requests your firm receives from the FCA?
 Base: All flexible firms (4,227)

Firms were also asked to what extent they understood the reasons behind the FCA’s data and information requests.

Nearly all fixed and flexible firms said that they understood the reasons behind at least **some** of the FCA’s data and information requests. Among fixed firms 78% said they understood the reasons behind **most** requests and a further 8% said they understood the reasons behind **all** requests (**Figure 6.5**).

Among flexible firms 50% said they understood the reasons behind **most** requests, while a further 29% said they understood the reasons behind **all** requests. The fact that flexible firms were more likely than fixed firms to say they understood the reasons behind all data and information requests may reflect the fact that flexible firms are likely to receive far fewer requests for data and information from the FCA than fixed firms.

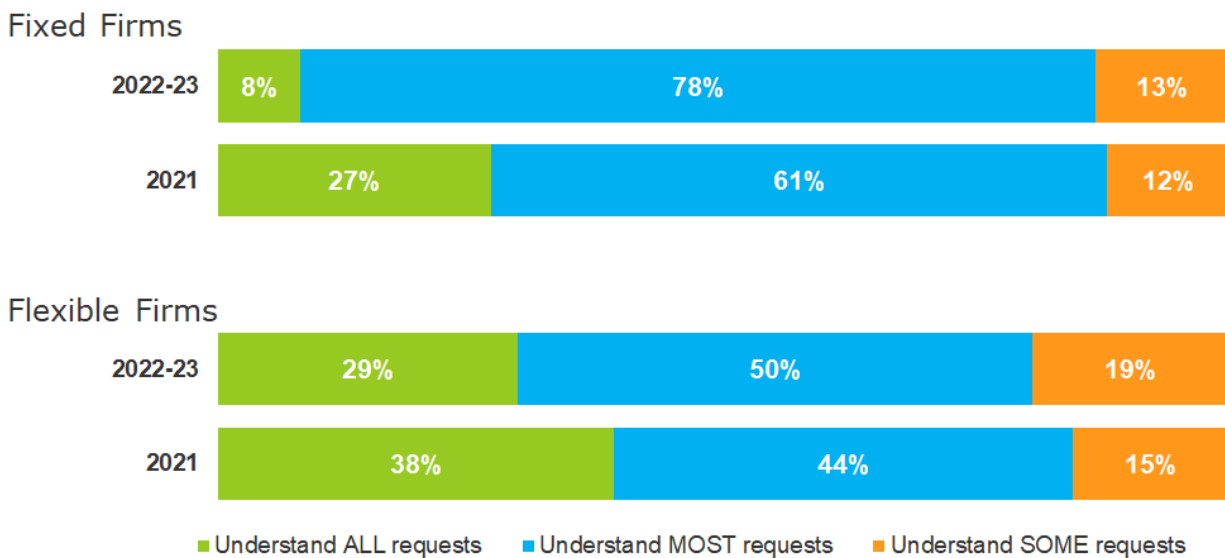
Figure 6.5 – Extent to which firms understand the reasons why the FCA requests data and information



Q48. Which of the following best describes the extent to which you understand the reasons why the FCA requests data/ information from your firm?
 Base: All firms; Fixed (60), Flexible (4,227)

The 2022-23 findings represent a shift in the number of firms that understand the reasons behind **all** requests compared with the previous survey. In 2021, just over a quarter of fixed firms (27%) said they understood the reasons for all requests, with six in ten (61%) being aware of the reasons for most requests. While the net total of firms who understood most or all requests is comparable (88% in 2021 compared with 86% in 2022-23), the proportion of firms aware of the reasons for all requests fell from 27% in 2021 to 8% in 2022-23 (**Figure 6.6**).

Figure 6.6 – Extent to which firms understand the reasons why the FCA requests data/ information (2021 and 2022-23)



Q48. Which of the following best describes the extent to which you understand the reasons why the FCA requests data/ information from your firm?
 Base: All firms; Fixed (60), Flexible (4,227)

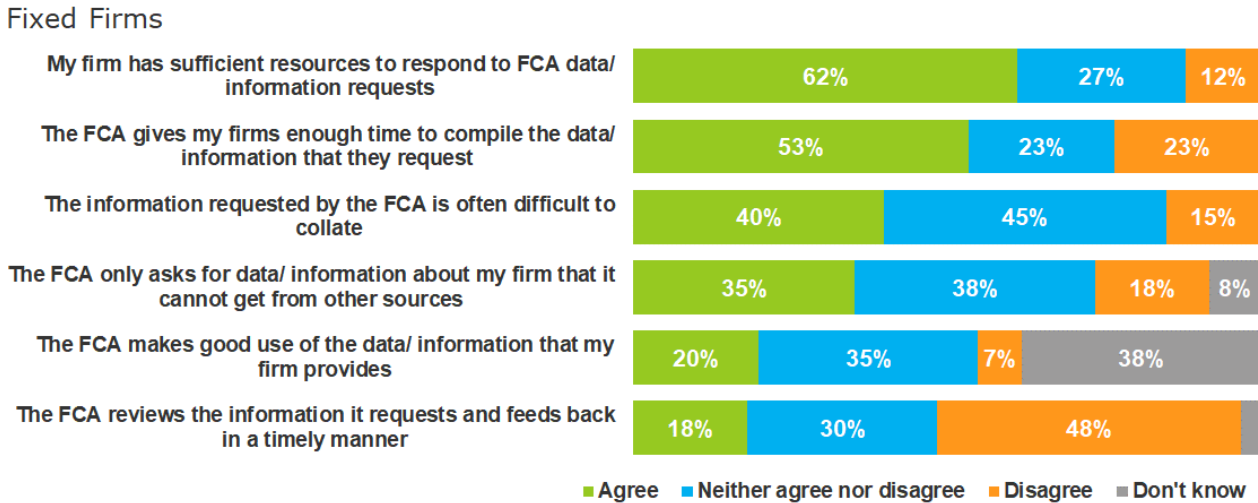
While there was also a shift in understanding among flexible firms from the previous survey, the fall in the number of flexible firms understanding **all** requests was less pronounced compared with fixed firms, falling from just under four in ten (38%) in 2021 to three in ten (29%) in 2022-23. However, over the same period there was also a slight increase in the number of flexible firms who only understand **some** requests (19% in 2023, up from 15% in 2021).

Firms were also asked about their attitudes to specific aspects of the data and information requests they receive from the FCA. Overall, firms had fairly mixed views on this. Views of fixed firms were slightly less positive than flexible firms, possibly reflecting the greater complexity of the information requests they receive (**Figure 6.7**).

On a positive note, six in ten fixed firms (62%) agreed they **had sufficient resources** to deal with requests, while only 12% of fixed firms disagreed with this. Similarly, most fixed firms (53%) felt they were **given enough time to respond** to requests compared with only 23% of fixed firms who disagreed. Almost twice as many fixed firms agreed rather than disagreed that the FCA **only asked for data or information it could not get from other sources** (35% agreeing, 18% disagreeing).

Views were less positive on other aspects of data and information requests. Fixed firms were more likely to agree than disagree that the information requested was **difficult to collate** (40% agreeing, 15% disagreeing). Only one in five fixed firms (20%) felt that the FCA **made good use of the data and information** they provided, with almost four in ten (38%) saying they did not know if the FCA made good use of the information. This lack of knowledge ties in with the fact that almost half of fixed firms (48%) did not agree that the FCA **reviewed their data and fed back in a timely manner**; only 18% of fixed firms agreed with this statement.

Figure 6.7 – Extent to which *fixed firms* agreed or disagreed with the following statements about data/ information requests your firm receives from the FCA

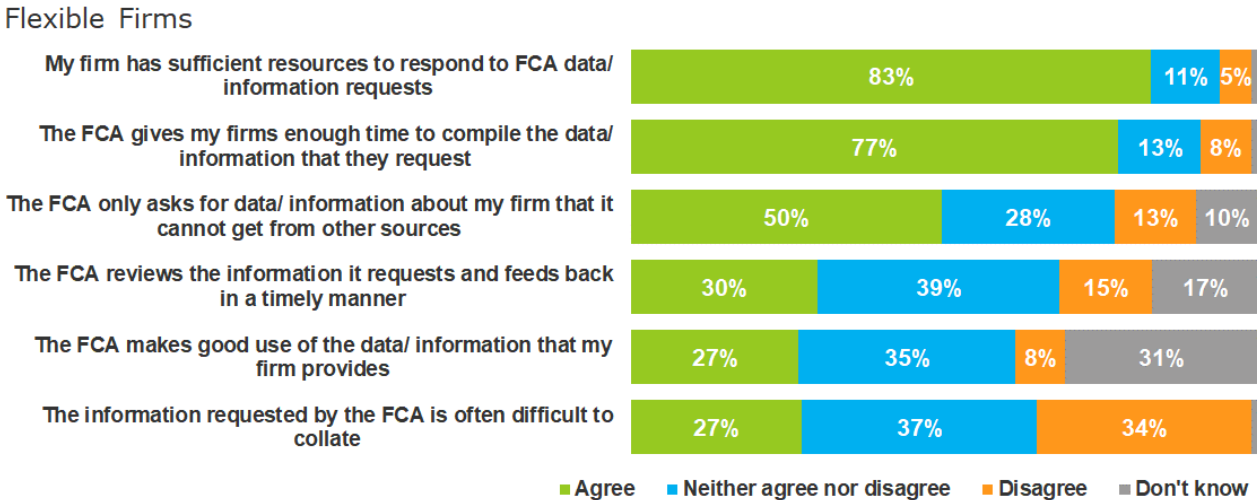


Q49. To what extent do you agree or disagree with the following statements about data/ information requests your firm receives from the FCA?
 Base: All fixed firms (60)

The attitudes of flexible firms were slightly more positive than fixed firms for each statement although the overall pattern of responses was broadly similar between the two types of firms.

Around eight in ten flexible firms (83%) agreed that they had **sufficient resources** to respond to FCA data or information requests compared with only 5% who disagreed and 77% felt the FCA gave them **enough time to process requests** compared with only 8% who disagreed. Half of flexible firms felt that the FCA **only asked for data or information it could not get from other sources** (50% agreeing, 13% disagreeing), representing a more positive view than fixed firms in this respect. Flexible firms were less likely than fixed firms to agree that it was **difficult to collate the information requested** (27% agreed but 34% disagreed with this statement) which may reflect the nature of the information requests that fixed and flexible forms receive (**Figure 6.8**).

Figure 6.8 – Extent to which flexible firms agreed or disagreed with the following statements about data/ information requests your firm receives from the FCA



Q49. 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 (4,227)

Flexible firms were more likely than fixed firms to agree that the FCA **made good use of the data or information they provided**, although only just over a quarter (27%) of flexible firms thought this. As with fixed firms, a relatively high proportion of flexible firms (31%) said that they did not know whether the FCA made good use of the information. Three in ten flexible firms (30%) agreed that the FCA reviewed the information and fed back in a timely manner, with only 15% disagreeing with this statement. Views among flexible firms on this were much more positive than fixed firms.

7. Focus Areas for the 2022/23 Survey

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 most recently 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 these¹. The metrics will be further developed and updated as the FCA enhances its understanding of how best to measure the outcomes they have set out. The FCA intends to report on metrics annually to monitor changes over time and have published their latest update on their outcomes and metrics webpage alongside this report.

The FCA and Practitioner Panel Survey is one of four key data sources that is being used to measure progress towards outcomes.² Results from this year's survey have established a baseline for a number of metrics, with results from subsequent waves being used to measure progress against that baseline.

The FCA and Practitioner Panel Survey will provide evidence for the following commitments:

- [Dealing with problem firms](#)
- [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](#)
- [Improving oversight of Appointed Representatives](#)
- [Minimising the impact of operational disruptions](#)

¹ <https://www.fca.org.uk/data/fca-outcomes-metrics#f-chapter-id-measuring-the-outcomes-of-our-commitments>

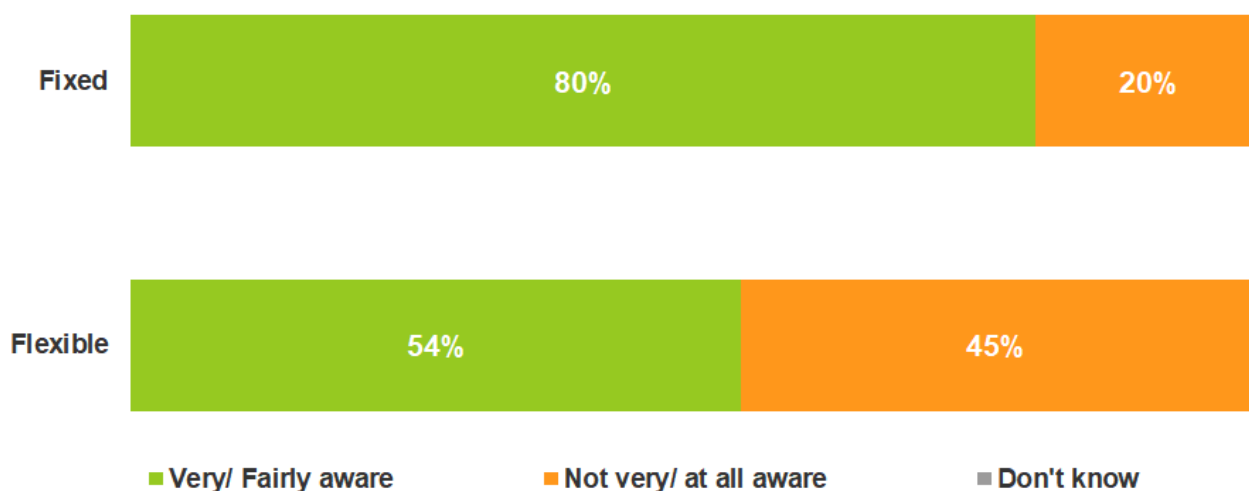
² The other data sources are the FCA Financial Lives Survey (<https://www.fca.org.uk/publications/research/financial-lives>) the Financial Ombudsman Service (<https://www.financial-ombudsman.org.uk/data-insight>) and the Financial Services Compensation Scheme (<https://www.fscs.org.uk/>).

For each of the 13 commitments, the FCA has identified the outcomes it wishes to achieve for consumers and wholesale markets and has developed a series of metrics to monitor progress towards these³.

7.1 FCA outcomes and metrics

Firms were asked about their level of awareness with regards to the FCA's outcomes and metrics. Awareness levels were higher among fixed firms, eight in ten of which (80%) said they were aware of the outcomes and metrics, compared with just over half of flexible firms (54%) (**Figure 7.1**).

Figure 7.1 – Extent to which firms were aware of the FCA's outcomes and performance metrics



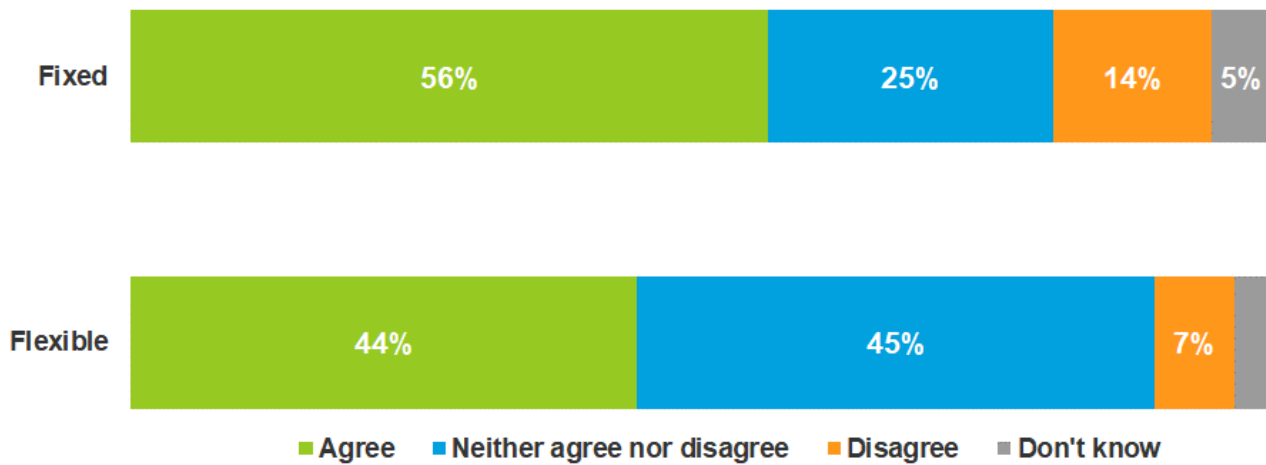
Q5. Before today, how aware were you of the outcomes and performance metrics by which the FCA will hold itself accountable?

Base: All firms; Fixed (60), Flexible (4,227)

Among firms that were aware, there was a high level of 'ambivalence' as to whether the outcomes and metrics were clear, particularly among flexible firms. Nearly six in ten fixed firms (56%) agreed that the outcomes and metrics were clear, while just over four in ten flexible firms (44%) said the same. However, flexible firms were equally likely to neither agree nor disagree (45%) (**Figure 7.2**).

³ <https://www.fca.org.uk/data/fca-outcomes-metrics#lf-chapter-id-measuring-the-outcomes-of-our-commitments>

Figure 7.2 – Extent to which firms felt that the FCA’s outcomes and performance metrics are clear





Q6 To what extent do you agree or disagree that the FCA's outcomes and performance metrics are clear?
 Base: All firms that are aware, to some extent, of the FCA's outcomes and metrics; Fixed (59), Flexible (3,782)

The rest of this section details the specific outcomes that are being measured by this survey and summarises the results that relate to each corresponding metric.

Each summary table includes a link to a more detailed breakdown of the results that features elsewhere in the report.

7.1.1 Dealing with problem firms

Firms which don't meet the FCA's minimum standards put consumers at risk. The FCA will act faster and identify consumer harm more proactively.

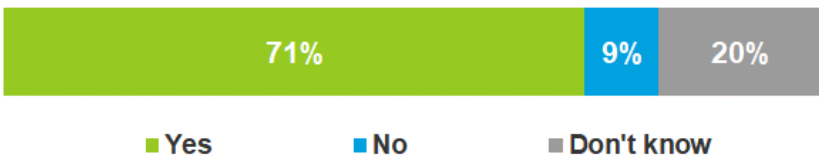
<p>Outcome: Consumers and market participants have confidence that financial services firms which fail to meet the Threshold Conditions and/or should otherwise not be regulated, are identified and cancelled quickly</p>																			
<p>Topline Outcome: Confidence</p>																			
<p>Metric: DPF1-M01: Increase in awareness of, and perceived effectiveness of, FCA enforcement action related to Threshold Conditions</p>	<p>Q39. How familiar is your firm with the FCA's Threshold Conditions?</p>  <table border="1"> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Very/ Fairly familiar</td> <td>94%</td> </tr> <tr> <td>Not very/ at all familiar</td> <td>5%</td> </tr> <tr> <td>Don't know</td> <td>0%</td> </tr> </tbody> </table> <p> ■ Very/ Fairly familiar ■ Not very/ at all familiar ■ Don't know </p> <p>Go to full results</p> <p>Q40a. To what extent do you agree or disagree?: Firms that fail to meet the FCA's Threshold Conditions are identified promptly, with their status withdrawn where appropriate</p>  <table border="1"> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Agree</td> <td>53%</td> </tr> <tr> <td>Neither agree nor disagree</td> <td>24%</td> </tr> <tr> <td>Disagree</td> <td>0%</td> </tr> <tr> <td>Don't know</td> <td>19%</td> </tr> </tbody> </table> <p> ■ Agree ■ Neither agree nor disagree ■ Disagree ■ Don't know </p> <p>Go to full results</p>	Response	Percentage	Very/ Fairly familiar	94%	Not very/ at all familiar	5%	Don't know	0%	Response	Percentage	Agree	53%	Neither agree nor disagree	24%	Disagree	0%	Don't know	19%
Response	Percentage																		
Very/ Fairly familiar	94%																		
Not very/ at all familiar	5%																		
Don't know	0%																		
Response	Percentage																		
Agree	53%																		
Neither agree nor disagree	24%																		
Disagree	0%																		
Don't know	19%																		

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


Q35. As far as you are aware, has the FCA withdrawn permissions from any firms or individuals?



Response	Percentage
Yes	71%
No	9%
Don't know	20%

[Go to full results](#)

**Q40b. To what extent do you agree or disagree?:
The FCA is quick to intervene to stop potential harm within the industry**



Response	Percentage
Agree	50%
Neither agree nor disagree	28%
Disagree	13%
Don't know	9%

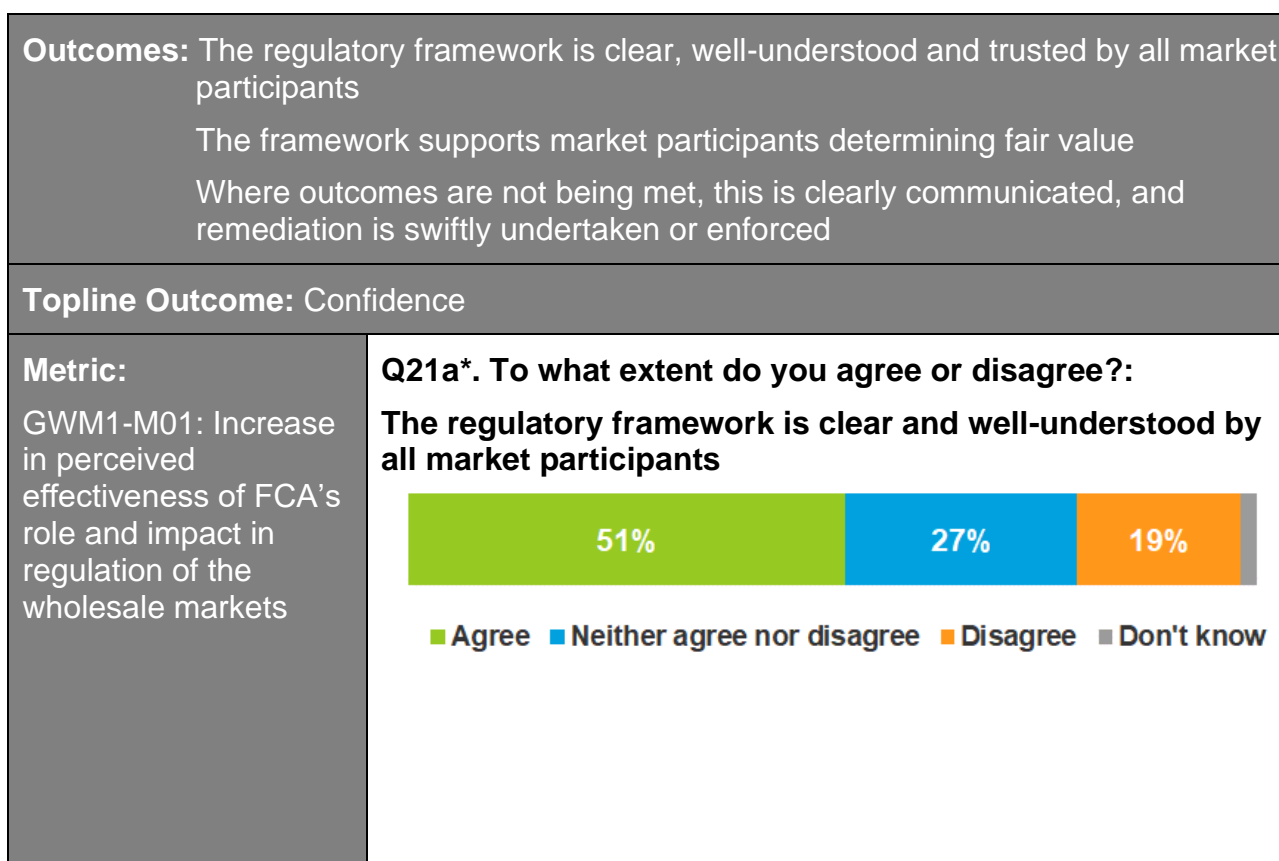
[Go to full results](#)

7.1.2 Strengthening the UK’s position in global wholesale markets

Many factors contribute to the success of UK markets. The FCA has an important role to play as the securities regulator and listing authority, as well as the supervisor of firms operating within the market. It remains committed to engaging and influencing at international level so that UK markets remain at the forefront of evolving global standards.

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 the increasing the perception of market participants on the proportionality of the regulatory regime.

The survey asked firms several questions relating to their perception of both market excellence 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 this section presents results for all firms operating in the wholesale markets⁴.



⁴ Of the firms operating in the wholesale markets who responded to the survey 414 were flexible firms and 17 were fixed firms.

Q21b*. To what extent do you agree or disagree?:

The regulatory framework is trusted by all market participants



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

*Results shown for Wholesale Market firms only

Q57b. To what extent do you agree or disagree?:

FCA regulation supports market participants determining fair value in wholesale markets



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

Q58. Over the last 12 months, do you think the UK's position in wholesale markets has...



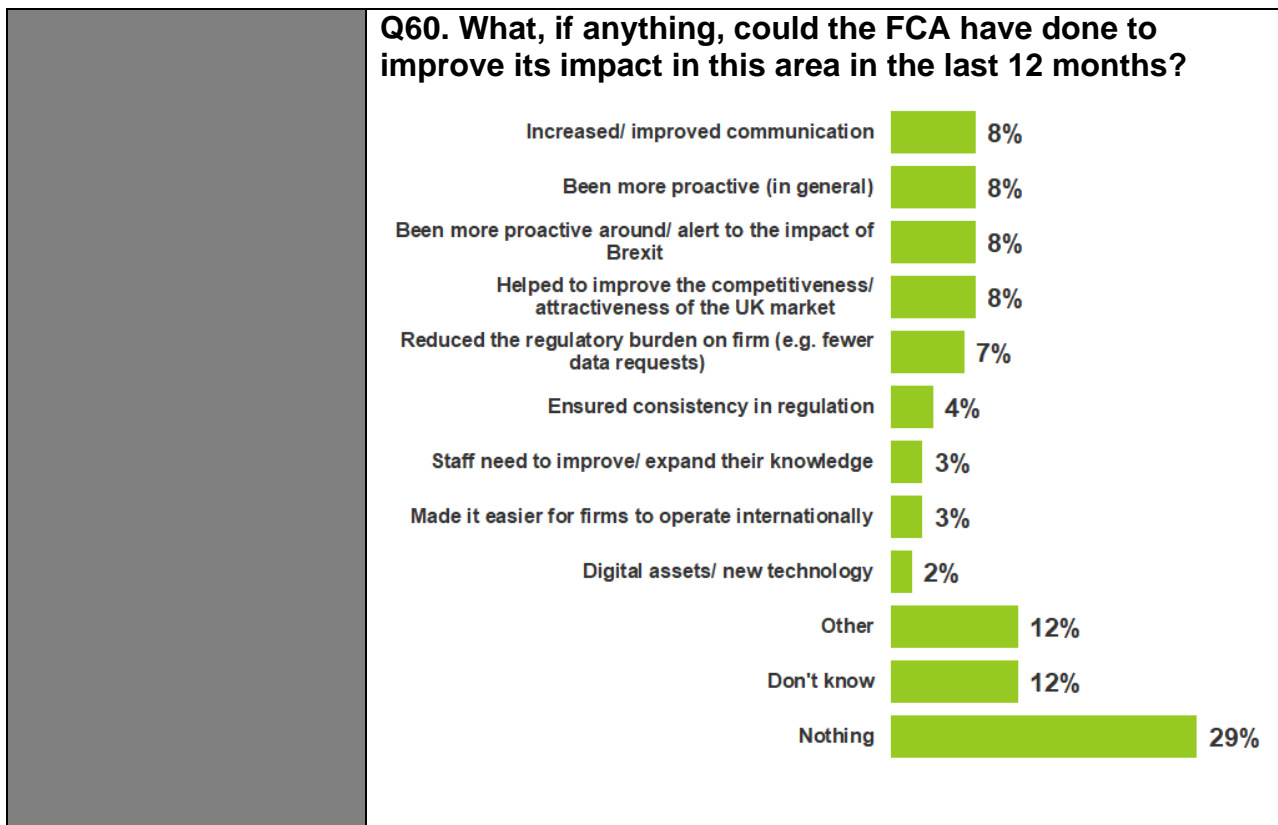
■ Strengthened ■ Remained the same ■ Weakened ■ Don't know

Q59. 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')



■ 1 to 3 ■ 4 to 6 ■ 7 to 10 ■ Don't know



Firms were asked whether they thought the UK’s position in wholesale markets had strengthened, weakened or remained the same over the last 12 months. They were also asked how the FCA’s actions had impacted the UK’s position in wholesale markets during this time on a ten-point scale from having a significant negative impact (a score of 1) through to having a significant positive impact (a score of 10).

Just over a third of the firms questioned felt the UK’s position in wholesale markets was unchanged over the last year (36%). However, among firms who believed there had been a change, a strong majority of firms stated that the UK’s position had weakened (33%), in the last 12 months, with only 7% believing that the UK’s position had strengthened.



However, despite the perception of a weakening of the UK’s position overall, most of the firms questioned felt the FCA’s actions in the last 12 months had had a positive impact on the UK’s position in wholesale markets, with an average score of 6.3. Almost half of firms (47%) 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 had had a positive impact; a similar proportion (48%) rated the FCA’s actions a score of 4-6, suggesting a more neutral position; and only 5% of firms gave a score of 1-3, suggesting a negative impact.

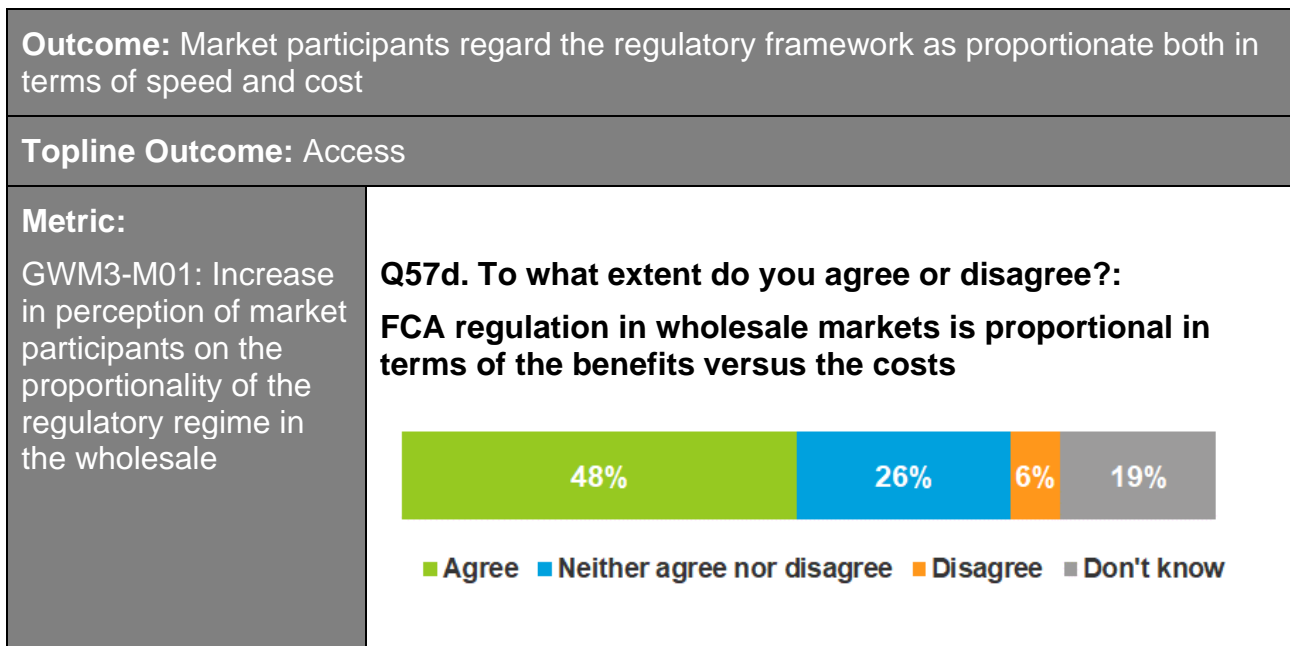
Firms were subsequently asked to confirm what, if anything, the FCA could have done to improve its impact in this area over the last 12 months.

Just under one in three of those answering (29%) said there was nothing (more) the FCA could have done to improve its impact. All other firms offered at least one potential improvement, although all specific responses registered around 10% or less.

Where specific improvements were suggested these focused on helping to improve the competitiveness (or attractiveness) of the UK market, being more proactive around the impact of Brexit, and reducing the regulatory burden.

Half of firms agreed that FCA regulation supports market participants to determine fair value in wholesale markets (50%). Few firms disagreed with this statement although around one in five (19%) were unsure about FCA regulation in this area.

<p>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</p>																					
<p>Topline Outcome: Access</p>																					
<p>Metric: GWM2-M02: Increase in perception of market participants on the strengths of the regulatory regime in the wholesale</p>	<p>Q57a. To what extent do you agree or disagree?: The FCA is effective in regulating wholesale markets</p>  <table border="1"> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Agree</td> <td>64%</td> </tr> <tr> <td>Neither agree nor disagree</td> <td>19%</td> </tr> <tr> <td>Disagree</td> <td>14%</td> </tr> <tr> <td>Don't know</td> <td>14%</td> </tr> </tbody> </table> <p>Q57c. To what extent do you agree or disagree?: FCA regulation ensures the integrity of wholesale markets</p>  <table border="1"> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Agree</td> <td>69%</td> </tr> <tr> <td>Neither agree nor disagree</td> <td>16%</td> </tr> <tr> <td>Disagree</td> <td>12%</td> </tr> <tr> <td>Don't know</td> <td>12%</td> </tr> </tbody> </table>	Response	Percentage	Agree	64%	Neither agree nor disagree	19%	Disagree	14%	Don't know	14%	Response	Percentage	Agree	69%	Neither agree nor disagree	16%	Disagree	12%	Don't know	12%
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Don't know	12%																				



Firms were shown a series of statements to gauge their views on the impact of FCA regulation relating specifically to wholesale markets.

Seven in ten firms questioned agreed that FCA regulation ensures the integrity of wholesale markets (69%), while almost two-thirds agreed that the FCA is effective in regulating wholesale markets (64%). While only a small number of firms disagreed with either statement, around one in eight firms were unsure about the effectiveness of FCA regulation (12% and 14% respectively answered ‘Don’t know’).

Agreement was slightly lower in terms of whether FCA regulation in wholesale markets is proportional in terms of the benefits versus the costs (48%). Again, few firms disagreed with this statement although around one in five (19%) were unsure about FCA regulation in this area.

Outcome: Market participants are able to make well informed assessments of value and risks due to appropriate transparency

Topline Outcome: Fair value

Metrics:

WFV1-M01:
Maintain the proportion of firms confident that the FCA’s oversight ensures relevant financial markets function well

WCO2-M01:
Maintain the proportion of firms confident that the FCA’s oversight protects and enhances the integrity of the UK financial system

Q3*. How confident are you that the FCA’s oversight of the industry delivers on the following statutory objective?...

Ensuring relevant financial markets function well

Confidence Level	Percentage
Very/ Fairly confident	88%
Not very/ at all confident	11%
Don't know	1%

[Go to full results](#)

Q3*. How confident are you that the FCA’s oversight of the industry delivers on the following statutory objective?...

Protecting and enhancing the integrity of the UK financial system

Confidence Level	Percentage
Very/ Fairly confident	89%
Not very/ at all confident	10%
Don't know	1%

[Go to full results](#)

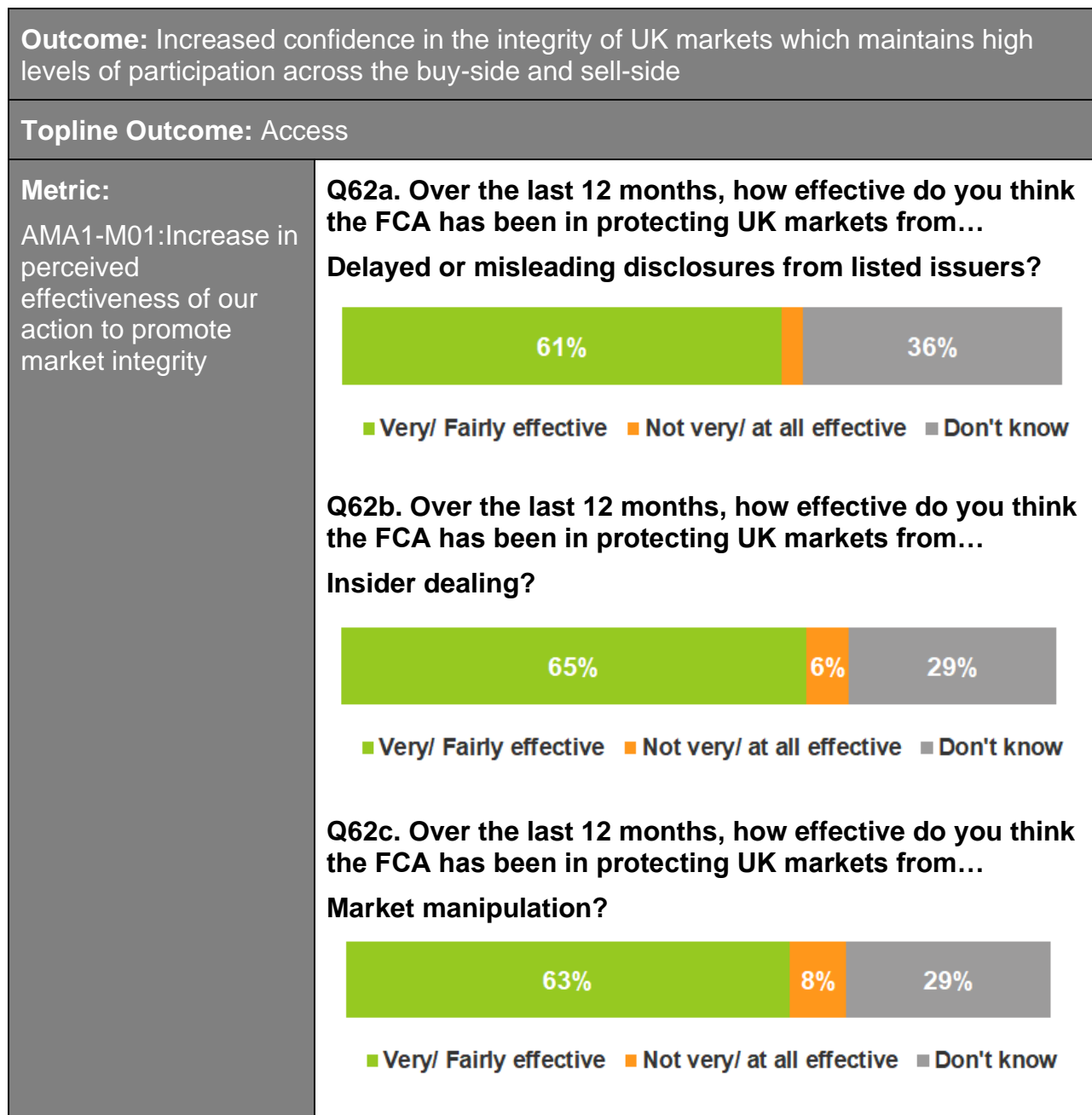
***Results shown for Wholesale Market firms only⁵**

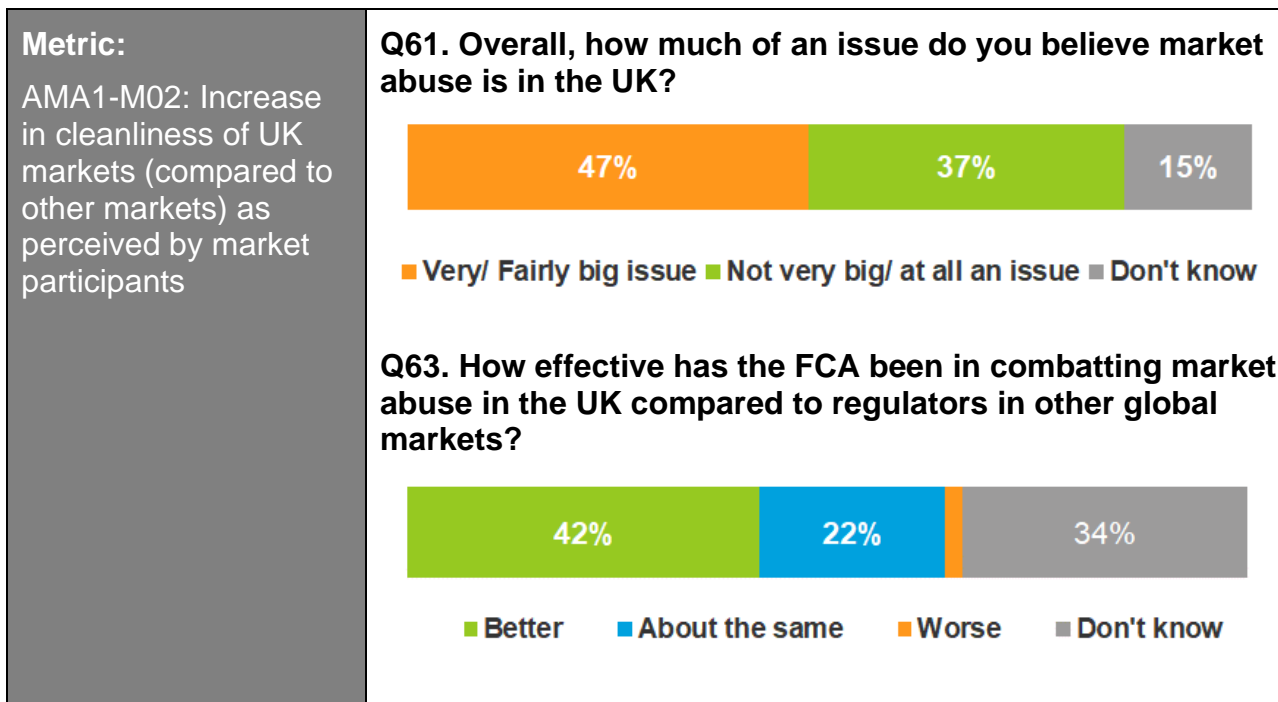
Firms were asked how confident they were in the FCA’s ability to deliver on its statutory objectives in relation to ensuring the relevant financial markets function well and protecting and enhancing the integrity of the UK financial system. In both cases just under nine in ten firms questioned said they were very or fairly confident, with the remaining firms stating that they were not very or not at all confident.

⁵ Results shown for Q3 include wholesale financial markets firms and investment management firms thereby enabling comparability with 2021. The majority of questions on the wholesale market commitment (Section 7.1.2 and Section 7.1.3) were asked of wholesale financial markets firms only. This definition will be updated to include investment management firms in future survey years.

7.1.3 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. Their aim is to have robust detection and investigation capability and deliver deterrents through a range of supervisory, civil and criminal sanctions.





Firms were shown a series of statements to gauge their views on market abuse, both in the UK and internationally, with market abuse defined in a number of ways, including delayed or misleading disclosures⁶, insider dealing⁷ and market manipulation⁸. Firms involved in wholesale markets were initially asked how much of an issue they considered market abuse to be in the UK in general, before being asked how effective the FCA had been in protecting UK markets from each specific type of market abuse over the last 12 months.

As shown above, just under half of wholesale markets firms considered market abuse to be a big issue in the UK (47%), with just over a third of firms (37%) stating it was not an issue.

The proportion of firms who considered the FCA to be effective in protecting UK markets from specific types of market abuse was broadly consistent, with the FCA considered slightly more effective in protecting UK markets from insider dealing (65%), compared with market manipulation (63%), or delayed or misleading disclosures from listed issuers (61%).

While registering at very low levels, firms were more likely to express concern at the FCA's ability to protect UK markets from market manipulation (8%) and insider dealing (6%) compared to delayed or misleading disclosures (3%).

⁶ Listed issuers do not disclose inside information in a timely manner or issue misleading statements.

⁷ People with access to inside information disclose it unlawfully and/ or use it to trade in their own financial interests.

⁸ Participants trade in a way designed to manipulate the price of a financial instrument.

Firms' views on how effective the FCA was at dealing with market abuse was not related to how much of an issue they felt it was. Firms who felt market abuse was a very or fairly big issue rated the FCA's effectiveness the same as firms who felt it was not a big issue or not an issue at all.

Around a third of firms questioned were unsure how effective the FCA had been in combatting market abuse relative to regulators in other global markets (34%), while just over one in five firms (22%) considered the FCA's effectiveness to be about the same as other regulators in combatting market abuse internationally.

However, where a difference was noted by firms, a strong majority considered the FCA to be more effective than regulators in other global markets, with 42% considering the FCA to be better and only 2% of firms considering the FCA to be worse than other global regulators.

7.1.4 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 will build on work partnering with other regulators and will focus on how to support consumers to make good 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											
<p>Metric: SDM1-M01: Metric to be developed through the work exploring the potential future impact of digital developments on financial services markets</p>	<p>Q21c. To what extent do you agree or disagree: The FCA is effective at supporting the development of digital markets and new technologies in financial products and services</p> <table border="1"> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Agree</td> <td>31%</td> </tr> <tr> <td>Neither agree nor disagree</td> <td>42%</td> </tr> <tr> <td>Disagree</td> <td>9%</td> </tr> <tr> <td>Don't know</td> <td>17%</td> </tr> </tbody> </table> <p> ■ Agree ■ Neither agree nor disagree ■ Disagree ■ Don't know </p> <p>Go to full results</p>	Response	Percentage	Agree	31%	Neither agree nor disagree	42%	Disagree	9%	Don't know	17%
Response	Percentage										
Agree	31%										
Neither agree nor disagree	42%										
Disagree	9%										
Don't know	17%										

7.1.5 Preparing financial services for the future

Following Brexit, the UK has greater freedom to tailor our rules to better suit UK markets. The Government is using this opportunity to adapt the FCA’s regulatory framework so that it is fit for the future. The FCA has an important role in implementing any legislative changes resulting from the Treasury’s [regulatory review](#).

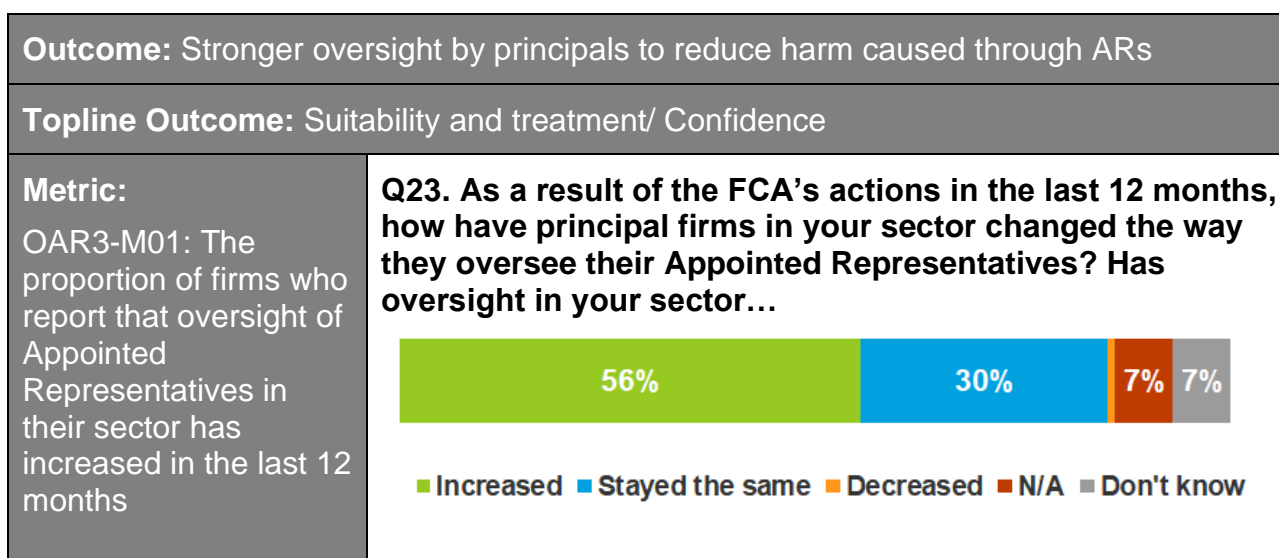
Outcome: The FRF supports all of our top-line outcomes and creates confidence in financial markets

Topline Outcome: All

<p>Metrics:</p> <p>PFS1-M02: Increase in firm’s perceived effectiveness of the FCA in regulating financial services</p> <p>PFS4-M01: Firms feel the FCA is able to adapt regulatory requirements to respond to innovation and new challenges</p>	<p>Q2. Overall, from your firm’s perspective, how effective has the FCA been in regulating the financial services industry in the last year?</p> <p>(1-10 Scale: 1 = ‘Not at all effective’; 10 = ‘Extremely effective’)</p>  <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 33%; text-align: center;">8%</td> <td style="width: 33%; text-align: center;">27%</td> <td style="width: 33%; text-align: center;">65%</td> </tr> <tr> <td style="text-align: center;">■ 1 to 3</td> <td style="text-align: center;">■ 4 to 6</td> <td style="text-align: center;">■ 7 to 10</td> </tr> </table> <p>Mean score = 6.9</p> <p>Go to full results</p> <p>Q21e. To what extent do you agree or disagree?:</p> <p>The FCA is able to adapt its regulatory requirements to respond efficiently to innovation and new challenges</p>  <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 25%; text-align: center;">34%</td> <td style="width: 25%; text-align: center;">38%</td> <td style="width: 12.5%; text-align: center;">18%</td> <td style="width: 12.5%; text-align: center;">11%</td> </tr> <tr> <td style="text-align: center;">■ Agree</td> <td style="text-align: center;">■ Neither agree nor disagree</td> <td style="text-align: center;">■ Disagree</td> <td style="text-align: center;">■ Don't know</td> </tr> </table> <p>Go to full results</p>	8%	27%	65%	■ 1 to 3	■ 4 to 6	■ 7 to 10	34%	38%	18%	11%	■ Agree	■ Neither agree nor disagree	■ Disagree	■ Don't know
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7.1.6 Improving oversight of Appointed Representatives

An Appointed Representative (AR) carries on regulated activity under the responsibility of an authorised firm. While the AR regime has benefits, evidence shows that authorised firms’ oversight of ARs is not always effective. The FCA has already taking action to address harms arising from ARs, introduced changes via new rules and guidance to improve principals’ oversight if their ARs, increase information they give the FCA and raise standards across financial services.



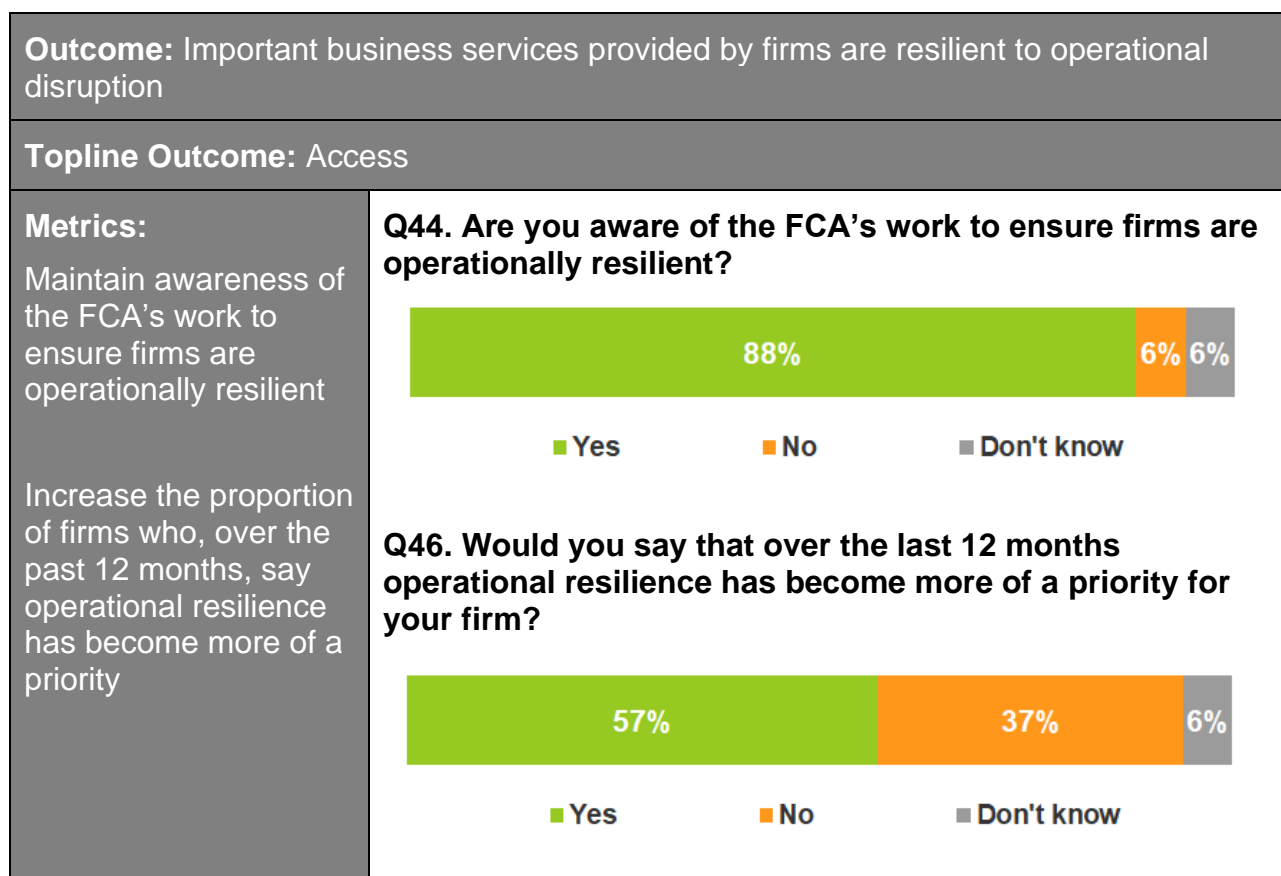
Firms with Appointed Representatives were asked how firms in their sector had changed the way they oversee Appointed Representatives because of the FCA’s actions in the last 12 months. As not all firms were asked this question, the results are shown for fixed and flexible firms combined.

Only 1% of firms said that oversight of Appointed Representatives in their sector had decreased in the previous 12 months, with three in ten (30%) saying it had stayed the same. However, the majority of firms (56%) reported an increase in oversight in the last 12 months.

7.1.7 Minimising the impact of operational disruptions

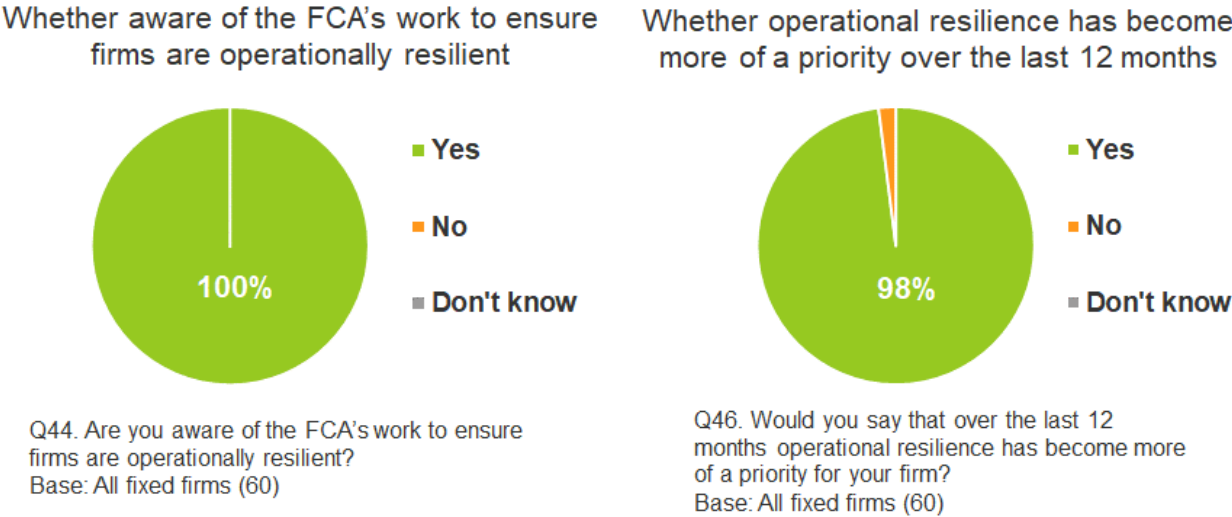
Firms must be able to respond to, recover and learn from operational disruptions, as well as prevent future operational disruptions. The FCA has increased efforts to deal with firms who can't meet the new standards on operational resilience and are developing new rules to address the risk that critical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



All fixed firms (100%) said that they were aware of the FCA’s work to ensure that firms are operationally resilient. Nearly all fixed firms (98%) also said that operational resilience had become more of a priority for them over the previous 12 months (**Figure 7.3**).

Figure 7.3 – Fixed firms’ awareness of, and assessment of, operational resilience

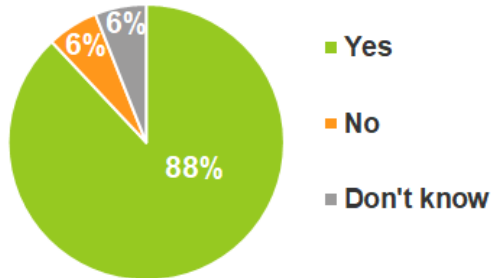


Responses were more varied among flexible firms. Almost nine in ten flexible firms (88%) were aware of the FCA’s work to ensure that firms are operationally resilience. Just under six in ten flexible firms (57%) said that operational resilience had become more of a priority over the previous 12 month, while more than a third (37%) said that it had not (**Figure 7.4**).

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 (60% and 36% respectively).

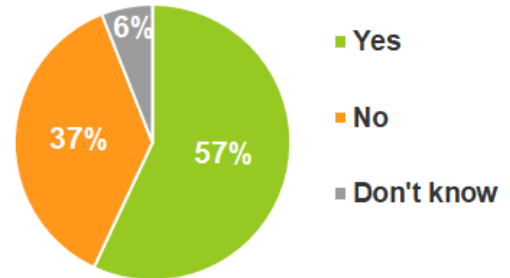
Figure 7.4 – *Flexible firms*' awareness of, and assessment of, operational resilience

Whether aware of the FCA's work to ensure firms are operationally resilient



Q44. Are you aware of the FCA's work to ensure firms are operationally resilient?
Base: All flexible firms (4,227)

Whether operational resilience has become more of a priority over the last 12 months



Q46. Would you say that over the last 12 months operational resilience has become more of a priority for your firm?
Base: All flexible firms (4,227)

8. Consumer Credit Firms

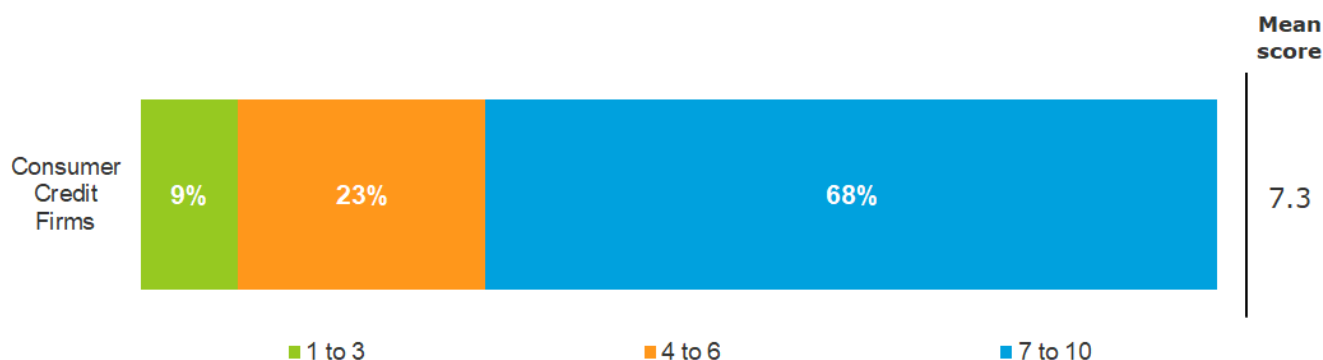
In April 2014 the FCA took over the regulation of the UK's approximately 40,000 consumer credit firms – marking a significant increase in firms the FCA regulates. As in previous reports, we present the results of the consumer credit firms separately and they are not incorporated into the headline figures. 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 2022-2023, 17% of consumer credit firms who were invited to take part in the panel survey did so, compared with a response rate of 34% among non-consumer credit firms. This does, however, represent a significant improvement compared with recent years and is nearly double the response rate achieved among consumer credit firms in 2021 (9%).

Whereas previous surveys have asked consumer credit firms to answer the same questions as other firms, for 2022-23 consumer credit firms were invited to take part in an abridged survey, focussing 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. The implementation of a shorter survey this year may have contributed to the improved response rate.

8.1 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 (9%) rated it as 'low', with a mean satisfaction score of 7.3. This is broadly consistent with 2021. **(Figure 8.1)**.

Figure 8.1 – Satisfaction with firm’s relationship with the FCA (CC firms)

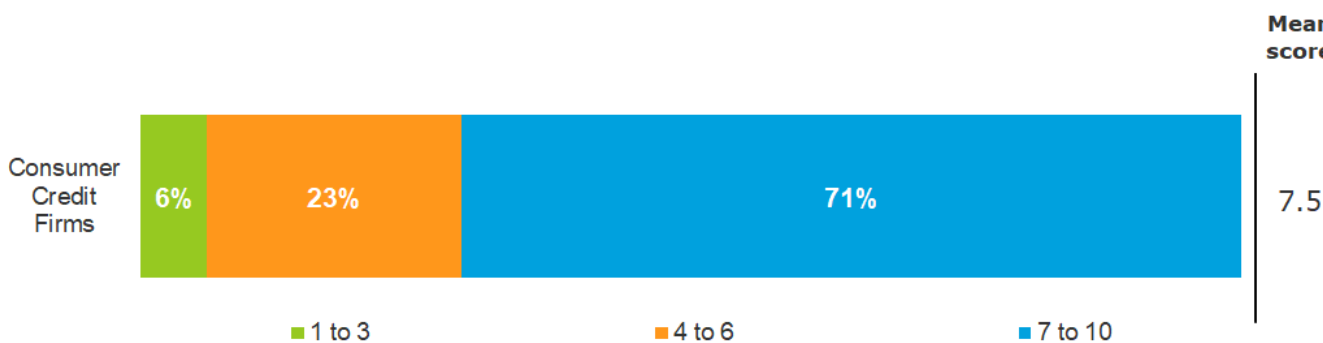


Q1. Taking into account all of your firm’s dealings with the FCA, how satisfied are you with the relationship?
 Base: All consumer credit firms (593)

Satisfaction among consumer credit firms was broadly in line with flexible non-consumer credit 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 (71%) rating the FCA’s effectiveness as ‘high’ and a mean rating of 7.5. Again, this is broadly consistent with 2021 (**Figure 8.2**). As with satisfaction, perceived effectiveness was broadly in line with flexible non-consumer credit firms.

Figure 8.2 – Perceived effectiveness of the FCA in regulation the financial services industry in the last year (CC firms)



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 consumer credit firms (593)

8.2 Performance of the FCA against objectives

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

Around eight in ten 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 system (81%). As with non-consumer credit firms, consumer credit firms

were less confident that the FCA could deliver on its objective to promote effective competition (74%) (**Figure 8.3**). However, consumer credit firms were more likely than non-consumer credit firms to express confidence in the competition objective (74%, compared with 67%).

Figure 8.3 – Firms’ confidence that the FCA’s oversight delivers on its statutory objectives (CC firms) (% very/ fairly confident)

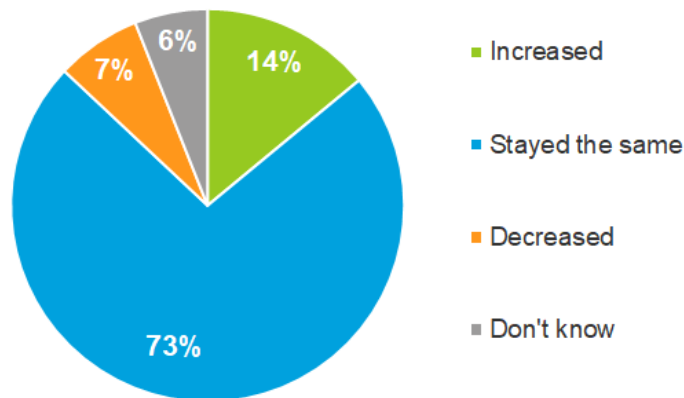


Q3. How confident are you that the FCA's oversight of the industry delivers on the following statutory objectives?
 Base: All consumer credit firms (593)

8.3 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 (73%) said that their level of trust had stayed the same, while more than one in ten (14%) said that their trust had increased and 7% said that their trust had decreased (**Figure 8.4**).

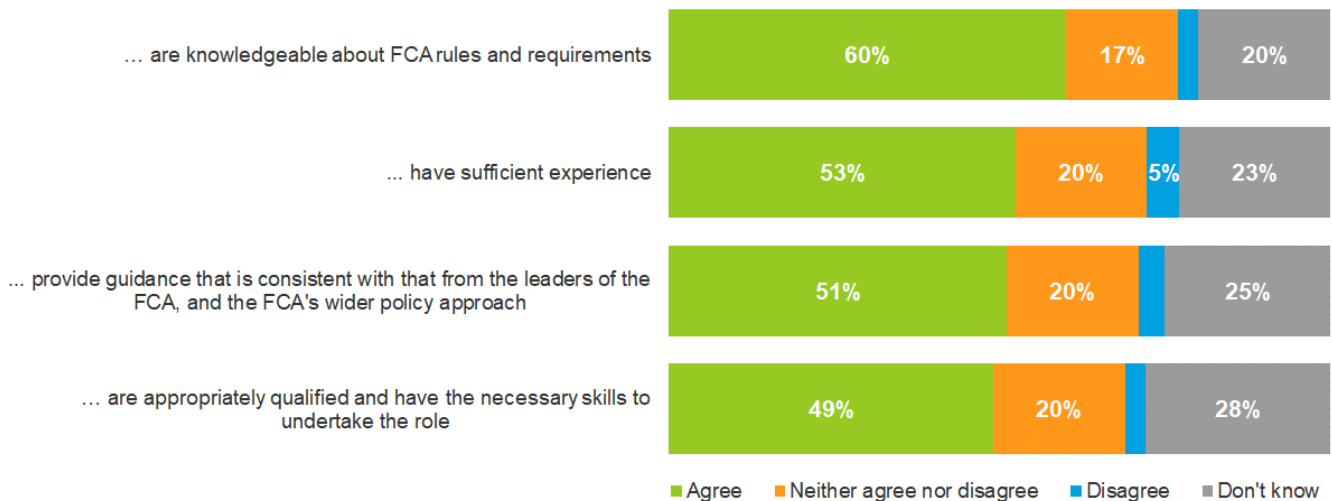
Figure 8.4 – How firms’ level of trust in the FCA had changed over the last 12 months



Q7. Over the last 12 months, would you say your firm's trust in the FCA has...
 Base: All consumer credit firms (593)

Consumer credit firms were also asked about their confidence in FCA staff, such as the FCA Supervision Hub. Six in ten (60%) felt that FCA staff are knowledgeable about FCA rules and requirement, while around half felt that they have sufficient experience (53%), provide guidance that is consistent with the wider FCA approach (51%), and are appropriately qualified and have the necessary skills (49%). Responses for consumer credit firms were broadly comparable to those for flexible non-consumer credit firms (**Figure 8.5**).

Figure 8.5 – Firms’ confidence in FCA staff (CC firms)



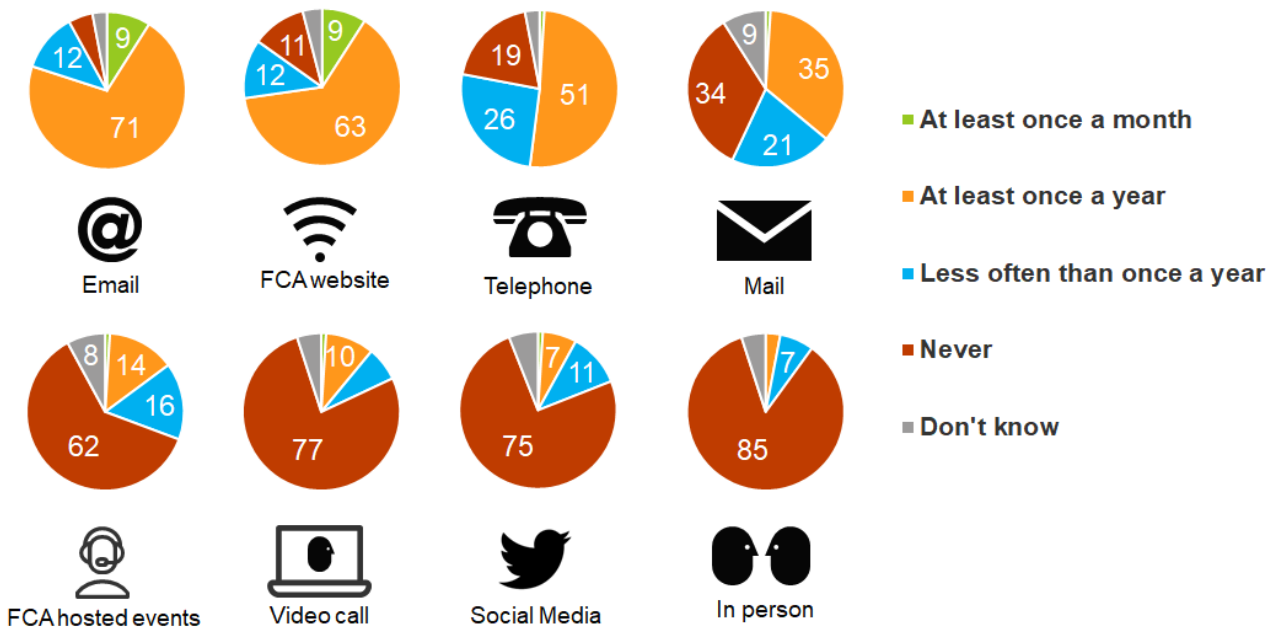
Q42. In relation to FCA staff, to what extent to do you agree or disagree with the following statements?
 Base: All consumer credit firms (594)

8.4 FCA communication and publications

The channels of communication used regularly (at least once a month) by consumer credit firms were broadly consistent with those used by flexible non-consumer credit firms. However, consumer credit firms were less likely than other firms to have regular dealings through these channels. One in ten consumer credit firms reporting having dealings with the FCA via email (9%) and the FCA website (9%) at least once a month, compared with a third of non-consumer credit firms (36%) having dealings via email at least once a month and a quarter (26%) using the FCA website at least once a month (**Figure 8.6**).

Consumer credit firms were much more likely than other firms to say that they had never had an in-person meeting with the FCA (85% vs 60%) or attended an FCA hosted event (62% vs 18%).

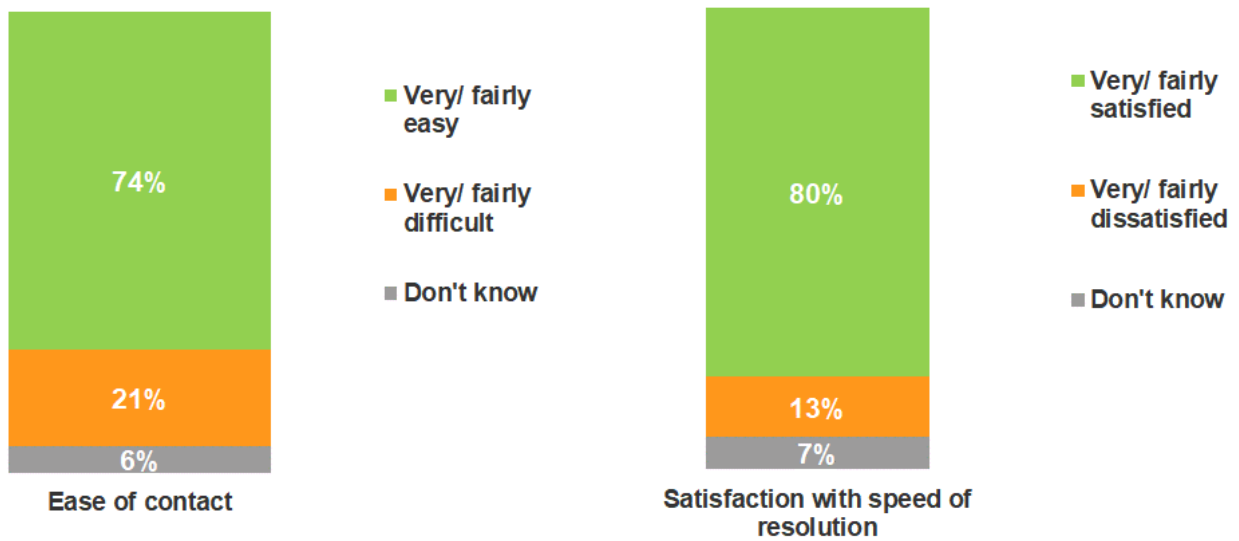
Figure 8.6 – How regularly firms had dealings with the FCA through different channels (CC firms)



Q11. How often does your firm have any dealings with the FCA through each of the following methods?
 Base: All consumer credit firms (594)

Consumer credit firms found it relatively easy to get in touch with the relevant person or team within the FCA over the last 12 months. Three-quarters (73%) stated it was either very or fairly easy to contact the relevant person or team. Furthermore, eight in ten (80%) consumer credit firms that had contacted the FCA in the last 12 months were either very or fairly satisfied with the time taken to resolve any queries or issues following contact with the FCA (**Figure 8.7**).

Figure 8.7 – Firms’ satisfaction with their contact with the FCA in the last 12 months (CC firms)



Q15. Thinking about occasions when your firm has contacted the FCA over the last 12 months., how easy or difficult has it been to get in touch with the relevant person or team?

Q16. Generally, during your dealings with the FCA over the last 12 months, how satisfied or dissatisfied were you with the time taken to resolve any queries or issues?

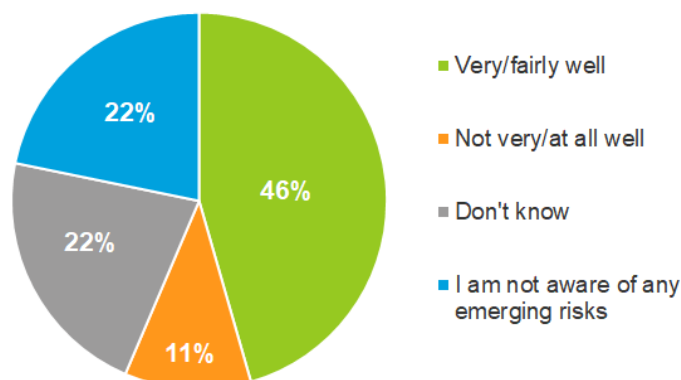
Base: All consumer credit firms that have contacted the FCA in the last 12 months (451)

8.5 Identifying risk

In terms of the FCA’s identification of emerging risk areas, almost half of consumer credit firms (46%) agreed the FCA performed well over the last 12 months, while 11% disagreed (**Figure 8.8**).

These figures are broadly in line with those reported in 2021.

Figure 8.8 – How well firms felt the FCA had performed in identifying emerging risk areas for their market(s) (CC firms)



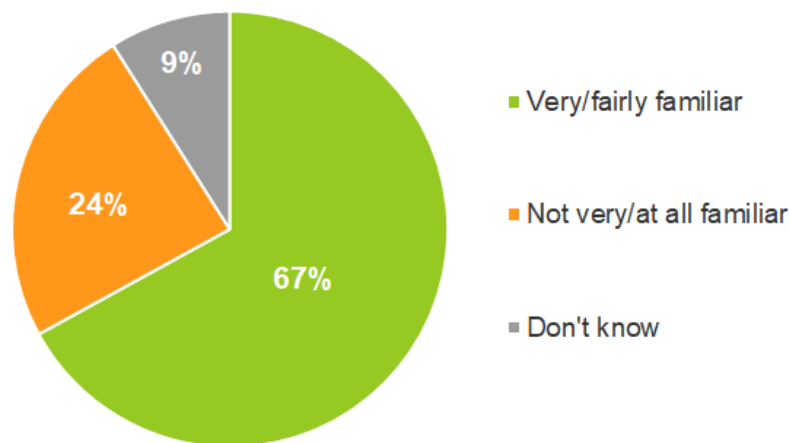
Q24. In the last 12 months, how well do you feel the FCA has performed in identifying emerging risk areas for your market(s)?

Base: All consumer credit firms (594)

8.6 Threshold conditions

The FCA’s Threshold Conditions represent the minimum conditions which firms are required to satisfy to obtain and maintain authorisation status and relevant permissions. Consumer credit firms were asked about their familiarity with the FCA Threshold Conditions, and a majority (67%) reported that they were familiar with these, while a quarter (24%) were not familiar. Flexible non-consumer credit firms, however, were much more familiar with the FCA Threshold Conditions (94%) (**Figure 8.9**).

Figure 8.9 – Firms’ familiarity with FCA Threshold Conditions (CC firms)

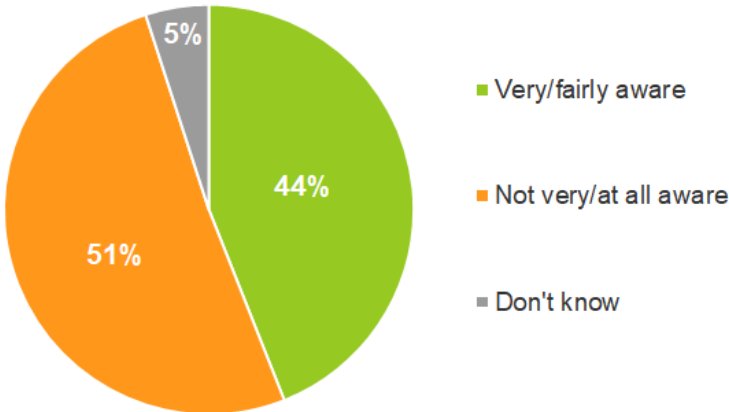


Q39. How familiar is your firm with the FCA’s Threshold Conditions?
 Base: All consumer credit firms (594)

8.7 Awareness of FCA’s performance metrics

Firms were asked how aware they were of the outcomes and performance metrics by which the FCA holds itself accountable. More than four in ten consumer credit firms (44%) reported being very or fairly aware of these, while half (51%) said that they were not aware, with 5% saying that they didn’t know (**Figure 8.10**).

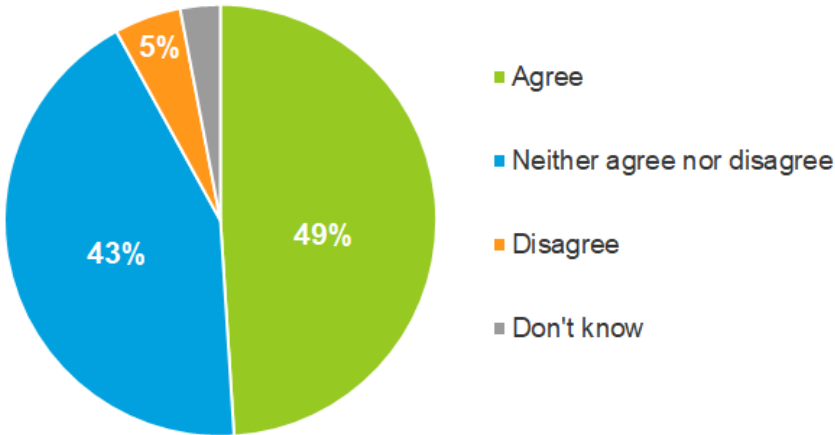
Figure 8.10 – Firms’ awareness of outcomes and performance metrics by which FCA holds itself accountable (CC firms)



Q5. Before today, how aware were you of the outcomes and performance metrics by which the FCA will hold itself accountable. Were you...
Base: All consumer credit firms (593)

Of those firms that were aware to some extent of the FCA’s outcomes and performance metrics, half (49%) agreed that they are clear, while 5% disagreed (**Figure 8.11**).

Figure 8.11 – Perceived clarity of the FCA’s outcomes and performance metrics (CC firms)



Q6. Still thinking about the FCA’s outcomes and performance metrics, to what extent do you agree or disagree that the FCA’s outcomes and performance metrics are clear. Do you...
Base: All consumer credit firms that were at least somewhat aware of the FCA’s outcomes and performance metrics (483)

Appendix A – Methodology

The FCA and the FCA Practitioner Panel (the “Panel”) commissioned Kantar Public to conduct the annual industry survey to measure perceptions of FCA performance as a regulator. This report details the results from the 2022-2023 survey, incorporating trend data from 2021 and previous waves of the Panel survey.

Fieldwork took place between February and April 2021. A total of 16,000 firms were invited to take part. This included all fixed portfolio firms and a sample of 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 3,500 being invited to take part in 2022-2023. This year, consumer credit firms were asked a smaller number of questions, shortening approximate survey completion time from 20 minutes to 10-15 minutes. Results for these firms are presented separately in Chapter 11 and are not included within the headline figures in the rest of this report.

1,500 firms were first sent a warm-up email and letter (this can be found in Appendix C). 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 a sample of 1,500 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 despatch of third reminder emails were sent a third 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-respondent fixed portfolio firms and large flexible portfolio firms (e.g. those in wholesale financial markets).

In total, 4,287 non-consumer credit firms completed the survey, at a response rate of 34%. The response rate among consumer credit firms was lower at 17%.

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

KANTAR PUBLIC



FCA
Practitioner Panel

FCA and Practitioner Panel Survey 2023

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, Kantar Public 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 2023.

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 20 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@kantarpublic.com

☎ : 0800 015 0302 (9am-5pm)

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:

uk.kantar.com/surveys

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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
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Securing an appropriate degree of protection for consumers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Protecting and enhancing the integrity of the UK financial system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Promoting effective competition in the interests of consumers in the financial markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Securing an appropriate degree of protection for consumers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Protecting and enhancing the integrity of the UK financial system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Promoting effective competition in the interests of consumers in the financial markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q5 In 2022, the FCA launched its three-year strategy to improve outcomes for consumers and in markets throughout the UK. As part of this strategy, the regulator will hold itself accountable against published outcomes and performance metrics.

Before today, how aware were you of the outcomes and performance metrics by which the FCA will hold itself accountable. Were you...

- ↪ Please cross one box only ☒
- Very aware ↪ Go to Q6
 - Fairly aware ↪ Go to Q6
 - Not very aware ↪ Go to Q6
 - Not at all aware ↪ Go to Q7
 - Don't know ↪ Go to Q7

Q6 Still thinking about the FCA's outcomes and performance metrics, to what extent do you agree or disagree that the FCA's outcomes and performance metrics are clear. Do you...

↪ Please cross one box only ☒

Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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Q8 To what extent do you agree or disagree with the following statement?
 ⇨ Please cross one box only

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
Overall, the <u>FCA's</u> expectations of my firm are clear	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If your firm is dual regulated (that is, regulated by both the Financial Conduct Authority and the Prudential Regulation Authority) please answer Q9. Otherwise, please go to Q10.

Q9 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)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The <u>FCA</u> and the PRA are appropriately co-ordinated in their supervision of my firm, taking into account their respective regulatory objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section 3: Communication and Engagement
 The next questions are about the ways in which the FCA communicates with your firm.

Q10 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>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall, the <u>FCA's</u> communications to my firm are <u>CONSISTENT</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Q11 How often does your firm have any dealings with the FCA through each of the following methods?

By this we mean any dealings where your firm makes contact with, or is contacted by, the FCA, as well as making any use of the FCA's online services.

➔ Please cross one box in each row ☒

	At least once a month	At least once every three months	At least once every six months	At least once a year	At least once every two years	Less often	Never	Don't know
Telephone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Video call	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Email	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Postal mail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In person meetings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Through <u>FCA</u> , hosted events (e.g. webinars, conferences)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Through the <u>FCA</u> website (fca.org.uk)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Through social media (e.g. Twitter, LinkedIn)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q12 Still thinking about the different channels of communication, 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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Video call	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Email	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Postal mail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In person meetings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Through <u>FCA</u> hosted events (eg. webinars, conferences)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Through social media (e.g. Twitter, LinkedIn)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Q13 What information sources do you use to learn about regulation and the FCA?

➔ Please cross as many boxes as apply ☒

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|--|--|
| <input type="checkbox"/> <u>FCA</u> hosted events | <input type="checkbox"/> <u>FCA</u> supervisors |
| <input type="checkbox"/> <u>FCA</u> speakers at industry events | <input type="checkbox"/> <u>FCA</u> website |
| <input type="checkbox"/> External advisers (lawyers, consultants etc.) | <input type="checkbox"/> Letters from the <u>FCA</u> |
| <input type="checkbox"/> <u>FCA</u> Regulation round-up | <input type="checkbox"/> The media |
| <input type="checkbox"/> <u>FCA</u> Supervision Hub (formerly customer contact centre) | <input type="checkbox"/> LinkedIn |
| <input type="checkbox"/> <u>FCA</u> speeches | <input type="checkbox"/> Trade associations |
| | <input type="checkbox"/> None of the above |

Q14 Taking everything into account, to what extent have you found that communications from the FCA have been relevant to your firm?

➔ Please cross one box only ☒

- To a great extent
- To some extent
- Not very much
- Not at all
- Don't know

Q15 Thinking about occasions when your firm has contacted the FCA over the last 12 months, how easy or difficult has it been to get in touch with the relevant person or team?

If you have done this more than once over the last 12 months, please give your overall assessment.

➔ Please cross one box only ☒

- Very easy ➔ [Go to Q16](#)
- Fairly easy ➔ [Go to Q16](#)
- Fairly difficult ➔ [Go to Q16](#)
- Very difficult ➔ [Go to Q16](#)
- Don't know ➔ [Go to Q16](#)
- My firm has not contacted the FCA in the last 12 months ➔ [Go to Q17](#)

Q16 Generally, during your dealings with the FCA over the last 12 months, how satisfied or dissatisfied were you with the time taken to resolve any queries or issues?

If you have had contact with the FCA more than once over the last 12 months, please give your overall assessment across all the ways you had contact with them.

➔ Please cross one box only ☒

- Very satisfied
- Fairly satisfied
- Fairly dissatisfied
- Very dissatisfied
- Don't know

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Q17 Thinking about all forms of FCA communication as a whole, including publications and consultations, how well informed do you think your firm is in relation to developments across the FCA.

Is your firm?...

➔ Please cross one box only ☒

- Very well informed ➔ [Go to Q19](#)
- Quite well informed ➔ [Go to Q19](#)
- Not very well informed ➔ [Go to Q18](#)
- Not at all informed ➔ [Go to Q18](#)
- Don't know ➔ [Go to Q19](#)

Q18 Why do you feel this way in relation to developments across the FCA?

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Q19 In the last 12 months, which of the following types of FCA publication has your firm looked at?

Please select any that you or someone else in your firm has looked at, even if you did not read it in full.

⇒ Please cross as many boxes as apply ☒

- Consultation papers
- Policy statements
- Guidance consultations
- Feedback statements
- Discussion papers
- Calls for input
- Newsletters
- Handbook publications
- None of these
- Don't know

Section 4: Impact of FCA Regulation

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

Q20 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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>FCA</u> regulation has helped my firm to deliver better outcomes for consumers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The <u>FCA</u> acts proportionately, so that the costs imposed on firms are proportionate to the benefits gained	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>FCA</u> regulation is aligned with rules imposed by other regulators	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>FCA</u> regulation is predictable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>FCA</u> regulation is forward-looking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>FCA</u> regulation is outcome-focussed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>FCA</u> regulation is transparent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Q21 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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The regulatory framework is trusted by all market participants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The <u>FCA</u> is effective at supporting the development of digital markets and new technologies in financial products and services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The work of the <u>FCA</u> is effective in promoting international trade in the financial services industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The <u>FCA</u> is able to adapt its regulatory requirements to respond efficiently to innovation and new challenges	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q22 The next question is about actions allocated to your firm by FCA staff, either as part of a risk mitigation activity or another issue. To what extent would you say that these actions are...?
 ➔ Please cross one box in each row ☒

	To a great extent	To some extent	Not very much	Not at all	Don't know
Clear and achievable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Well-founded	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q23 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

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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.

Q24 In the last 12 months, how well do you feel the FCA has performed in identifying emerging risk areas for your market(s)?

➔ Please cross one box only ☒

- Very well ➔ Go to Q25
- Fairly well ➔ Go to Q25
- Not very well ➔ Go to Q25
- Not at all ➔ Go to Q25
- Don't know ➔ Go to Q25
- I am not aware of any emerging risk areas for my market(s) ➔ Go to Q27

Q25 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 ➔ Go to Q26
- No ➔ Go to Q27
- Don't know ➔ Go to Q27

Q26 What are the significant or emerging risks that you feel the FCA is not currently aware of?

➔ Please write your answer in the box below

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Q27 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

Q28 To what extent do you feel that the FCA's authorisation process prevents firms or individuals who are engaged in poor business practices from entering the industry?

➔ Please cross one box only ☒

- To a great extent
- To some extent
- Not very much
- Not at all
- Don't know

Q29 Has your firm had experience of the FCA's authorisation process, including variations of permissions, in the last 12 months?

➔ Please cross one box only ☒

- Yes ➔ Go to Q30
- No ➔ Go to Q31
- Don't know ➔ Go to Q31

Q30 Thinking about your firm's experience of the FCA's authorisation process, including variations of permissions, to what extent do you agree or disagree with the following statements?

If your firm has been through the authorisation process more than once in the last 12 months, please give your overall assessment.

➔ Please cross one box in each row ☒

	To a great extent	To some extent	Not very much	Not at all	Don't know
The amount of time it took to receive authorisation was reasonable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It was clear what was required of my firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The <u>FCA</u> was helpful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall, the authorisation process was straightforward	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Q31 Thinking about the FCA's investigation process, and in particularly the pace at which the FCA operates during an investigation, do you think this is too slow, about right or too quick?

If you are aware of more than one investigation, please give your overall assessment.

➔ Please cross one box only ☒

- Too slow ➔ Go to Q32
- About right ➔ Go to Q33
- Too quick ➔ Go to Q33
- Don't know ➔ Go to Q33

Q32 Why do you feel the FCA's investigation process is too slow?

Q33 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 Q34
- Issued a fine/ financial penalty ➔ Go to Q34
- Limited a firm or individual's activities/ Withdrawn selected permissions ➔ Go to Q34
- Withdrawn authorised status ➔ Go to Q34
- Launched criminal prosecution ➔ Go to Q34
- Something else (please write in ➔ Go to Q36

- Not aware of any enforcement actions being imposed ➔ Go to Q36
- Don't know ➔ Go to Q36

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Q34 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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Issuing of a fine/ financial penalty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Limiting of a firm or individual's activities/ Withdrawal of selected permission	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Withdrawal of authorised status	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Launch of criminal prosecution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



If, at Q33, you selected either 'Limited activities/ Withdrawn selected permissions' or 'Withdrawn authorised status', please go straight to Q36. Otherwise, please answer Q35.

Q35 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

Q36 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

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Q37 To what extent do you feel that your firm has been impacted by FCA enforcement action taken as a result of poor business practices by another firm or individual?

→ Please cross one box only ☒

- To a great extent
- To some extent
- Not very much
- Not at all
- Don't know

Q38 To what extent do you agree or disagree with the following statements about the FCA's enforcement procedure?

Would you say that the FCA's enforcement procedure...

→ Please cross one box in each row ☒

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
...is understood by the industry to be a credible deterrent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
...is understood by the industry to have real and meaningful consequences for firms and individuals who don't follow the rules	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
...is effective at reinforcing the <u>FCA's</u> expectations of regulated firms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
...is effective at removing deliberate rule-breakers from the industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
...delivers the appropriate message to the industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



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.

Q39 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

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Q40 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
Firms that fail to meet the <u>FCA's</u> Threshold Conditions are identified promptly, with their status withdrawn where appropriate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The <u>FCA</u> is quick to intervene to stop potential harm within the industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section 6: People

The next questions are about FCA staff and FCA supervisors.



If your firm has specific, named FCA supervisors, please answer Q41 and then go straight to Section 7.

Otherwise, please go straight to Q42.

Q41 In relation to your FCA supervisors, 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
My <u>FCA</u> supervisors are knowledgeable about <u>FCA</u> rules and requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My <u>FCA</u> supervisors have sufficient experience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My <u>FCA</u> supervisors exercise good judgement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My <u>FCA</u> supervisors are appropriately qualified and have the necessary skills to undertake the role	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My <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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My <u>FCA</u> supervisors have sufficient knowledge to understand my firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Q42 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
FCA staff are knowledgeable about FCA rules and requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FCA staff have sufficient experience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
FCA staff are appropriately qualified and have the necessary skills to undertake the role	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Guidance provided by FCA staff is consistent with that from the leaders of the FCA, and the FCA's wider policy approach	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section 7: FCA Focus and Processes

Q43 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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Regulating the price of products and services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Controlling the entry of new firms into the market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Penalising firms that breach FCA rules	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Removing or varying the permission of firms to carry out certain activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Q44 Are you aware of the FCA's work to ensure firms are operationally resilient?⇒ Please cross one box only ☒

- Yes ⇒ Go to Q45
- No ⇒ Go to Q46
- Don't know ⇒ Go to Q46

Q45 How confident are you that your firm takes the actions needed to ensure operational resilience?⇒ Please cross one box only ☒

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

Q46 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

Q47 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

Q48 Which of the following best describes the extent to which you understand the reasons why the FCA requests data/ information from your firm?⇒ Please cross one box only ☒

- My firm understands the reasons behind **ALL** data/ information requests
- My firm understands the reasons behind **MOST** data/ information requests
- My firm understands the reasons behind **SOME** data/ information requests
- My firm doesn't understand the reasons behind **ANY** data/ information requests
- Don't know

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Q49 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 FCA gives my firm enough time to compile the data/ information that they request	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My firm has sufficient resources to respond to FCA data/ information requests	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA only asks for data/ information about my firm that they cannot get from other sources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA makes good use of the data/ information that my firm provides	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The information requested by the FCA is often difficult to collate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The FCA reviews the information it requests and feeds back in a timely manner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q50 Thinking about the ways in which the FCA uses data and advanced analytics to regulate firms, how well do you feel the FCA is performing in each of the following areas?

➔ Please cross one box in each row ☒

	Very well	Fairly well	Not very well	Not at all	Don't know
Ensuring that FCA staff have strong data and analytics skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Testing and deploying new tools (e.g. web scraping, network analytics, natural language programming)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Using relevant data tools and techniques safely and securely	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Using relevant data tools and techniques to detect financial crime	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Using relevant data tools and techniques to limit the number of data requests sent to firms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Section 8: Cost of Living

The next section is about the rise in the cost of living and your firm's role in supporting consumers at this time.

Q51 Has your firm accessed any of the information and guidance the FCA has published on its website or in the Regulation round-up about how best to support consumers in relation to the rise in the cost of living?

⇒ Please cross one box only ☒

- Yes ⇒ Go to Q52
- No ⇒ Go to Q54
- Don't know ⇒ Go to Q54

Q52 To what extent do you feel that the information and guidance and communication from the FCA has helped your firm to support consumers in relation to the rise in the cost of living?

⇒ Please cross one box only ☒

- To a great extent
- To some extent
- Not very much
- Not at all
- Don't know

Q53 What guidance/ support would you most like to receive from the FCA to support consumers in relation to the rise in the cost of living?

Section 9: Consumer Duty

Turning now to a different subject: the introduction of the Consumer Duty.

Q54 Has your firm accessed any of the information and guidance the **FCA** has published on its website or in the Regulation round-up about the introduction of the Consumer Duty?

→ Please cross one box only ☒

- Yes
- No
- Don't know

Q55 How effective has the **FCA** been in communicating with firms in your sector in relation to the proposed approach to implementing the Consumer Duty regulations?

→ Please cross one box only ☒

- Very effective
- Fairly effective
- Not very effective
- Not at all effective
- Don't know

Q56 How effective has the **FCA** been in engaging with firms in your sector to shape planning around embedding the new Consumer Duty regulations?

→ Please cross one box only ☒

- Very effective
- Fairly effective
- Not very effective
- Not at all effective
- Don't know

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If your firm is involved in wholesale markets, please answer Q57-Q63. Otherwise, please go to Q64.

Section 10: Market Excellence

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

Q57 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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>FCA</u> regulation supports market participants determining fair value in wholesale markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>FCA</u> regulation ensures the integrity of wholesale markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>FCA</u> regulation in wholesale markets is proportional in terms of the benefits versus the costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q58 Over the last 12 months, do you think the UK's position in wholesale markets has...

➔ Please cross one box only ☒

- Strengthened ➔ [Go to Q59](#)
- Weakened, ➔ [Go to Q59](#)
- or has remained the same during this time ➔ [Go to Q59](#)
- Don't know ➔ [Go to Q60](#)

Q59 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
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5	6	7	8	9	10	

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Q60 What, if anything, could the FCA have done to improve its impact in this area in the last 12 months?

When answering please think about specific actions that could have been taken, as well as improvements to existing actions during this time.

Section 11: 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

Q61 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

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Q62 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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insider dealing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market manipulation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q63 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 12: Suggestions for the FCA

Q64 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

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Section 13: Your firm

To help us better understand the feedback we receive, we would be grateful if you would now answer a few final questions about your firm.

Q65 Where are your customers located?

⇒ Please cross one box only ☒

- Only in the UK ⇒ Go to Q67
- Partly in the UK, partly overseas ⇒ Go to Q66
- Only overseas ⇒ Go to Q66
- Don't know ⇒ Go to Q67

Q66 Are your overseas customers...

⇒ Please cross one box only ☒

- Mainly based in the EU
- Mainly based outside the EU
- Both equally (inside and outside the EU)
- Don't know

Q67 How many full-time staff (or equivalent) are employed by your firm in the UK?

⇒ Please cross one box only ☒

- 0-9
- 10-19
- 20-49
- 50-99
- 100-499
- 500-999
- 1,000 or more
- Don't know

Q68 How many customer-facing staff does your firm have in the UK?

⇒ Please cross one box only ☒

- 0-9
- 10-19
- 20-49
- 50-99
- 100-499
- 500-999
- 1,000 or more
- Don't know

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Q69 Which people within your firm were involved in the completion of this survey?

→ Please cross as many boxes as apply ☒

- Chief Executive/Managing Director or equivalent
- Board Member(s)
- Group Head of Compliance
- Firm Head of Compliance
- Someone else (please write in)

Q70 Would you be willing to be re-contacted by Kantar Public regarding this research?

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

→ Please cross one box only ☒

- Yes
- No

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Appendix C – Warm up communication



FCA
Practitioner Panel

FAO {Full name}
{Organisation name}

Ref: {ID}
Date: {Date}

Dear {Forename},

Your opportunity to tell the FCA what you think

You will shortly be contacted by independent research firm Kantar Public and asked to take part in an online study, the **2022-2023 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. Where possible, the survey should be completed by the most senior person in your firm or group (Chief Executive or equivalent).

It is always important for the FCA to hear from firms like yours. This is especially significant this year as the FCA will be looking to measure how well the organisation is delivering against its outcomes and metrics, linked to the FCA's 3-year Strategy launched this year, to make the regulator as effective and efficient as possible.

If you have any questions, you can contact Kantar Public on 0800 015 0302 or at fcappsurvey@kantarpublish.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 2023.

Thank you for helping us.

Yours sincerely,

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

Nikhil Rathi
Chief Executive
Financial Conduct Authority

A handwritten signature in black ink that reads 'Penny James'.

Penny James
Chair
FCA Practitioner Panel

Appendix D – Survey invitation



FAO {Full name}
{Organisation name}

Ref: {ID}
Date: {Date}

Dear {Forename},

Have your say: the FCA and Practitioner Panel Survey 2022-2023

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.

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

The questionnaire should be 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, Kantar Public, is conducting the survey. In line with the Market Research Society Code of Conduct, Kantar Public 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

Kantar Public will present the results from the survey to the FCA Board and the Practitioner Panel. We will publish the results in summer 2023. 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 Kantar Public on 0800 015 0302 or at fcappsurvey@kantarpublish.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



Penny James
Chair
FCA Practitioner Panel

About the study

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 all of the largest firms and a representative selection of smaller businesses.

What is the study about?

The main aim of the study 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 how satisfied you are with the contact between your organisation and the FCA and for your views on how FCA regulation has impacted on your firm.

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?

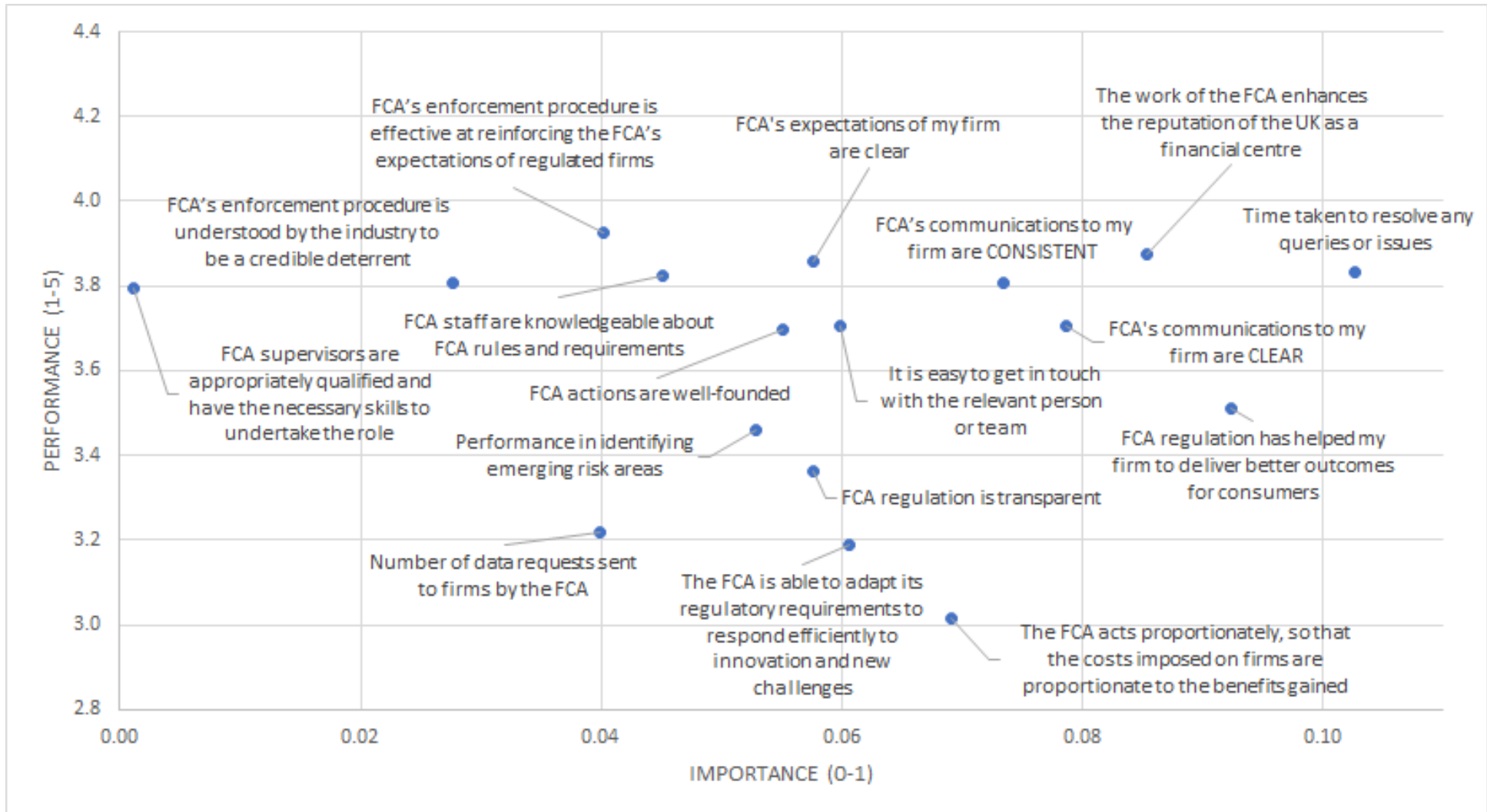
The survey should take around 10-15 minutes to complete.

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.

Appendix E – Key Driver Analysis

Drivers of Satisfaction



Drivers of Perceived Effectiveness

