FINANCIAL CONDUCT AUTHORITY

Business Plan

2018/19

Business Plan
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Chair's foreword
Charles Randell

It is a great privilege to introduce the FCA's Business Plan at the beginning of my time as chair. The plan sets out the range of work we undertake and how it aligns to our objectives. The work we do affects every household and business in the UK.

The plan was approved by the FCA board under John Griffith-Jones as chair. He has chaired the FCA for the last five years and I would like to thank him in particular for the commitment to public service and resilience he has brought to his leadership of the organisation.

This year is a challenging one for the regulator. To achieve our priorities, as well as plan for EU Withdrawal, while continuing to deliver our core regulatory activities effectively, will require us to use our resources efficiently and flexibly.

"The work we do affects every household and business in the UK"

I know we will also be looking hard at how we can be an even more accountable and transparent regulator, as we continue to explain to all our stakeholders why and how we make our decisions.

I very much look forward to working with the FCA's staff and its Board in the year ahead.

Charles Randell
Chair
Financial Conduct Authority

Chief Executive's introduction
Andrew Bailey

The FCA regulates the UK's financial services sector to ensure that markets work well for individuals, businesses and the UK economy as a whole. This Business Plan explains our priorities over the next year.

We publish this Business Plan alongside our Sector Views. Sector Views provide an assessment of the developments, performance and risks of each financial services sector in the previous year. They give us a detailed picture of financial sectors, consumers and relevant macro-economic and demographic factors, which directly informs our activity.

The priorities in this year's Business Plan reflect the high level of resource we need to dedicate to EU Withdrawal, given its impact both on our regulation and on the firms we regulate. This inevitably affects the amount of work we can undertake in other areas. As a result, agreeing our 2018/19 priorities has involved particularly rigorous scrutiny and challenge.

As we explained in Our Mission, our aim is to use our tools efficiently and cost-effectively to deliver the greatest public value. So we have prioritised areas where we consider both that the risks of harm to consumers, market integrity or competition are greatest and where we assess our intervention will have the most impact.

The aim of adding public value cuts across all our activities. This year, as the lease expires on our current location, we move our London office to the International Quarter in Stratford. This will finally allow us to bring all our London staff together in one building. The improved technological infrastructure will allow us to work more effectively and collaboratively, meeting our public interest objectives.

Our Mission also stresses the need for us to be able to measure the impact of our work more meaningfully, and we will continue developing better ways to do this over the next 12 months.

Planning our priorities for the next year has again underlined how technology is supporting competition, transforming markets and changing the way consumers engage with them. The take-up of technology and innovation across and between firms is accelerating, creating a conveyer belt of risks and opportunities. These are often finely nuanced, so this year we have agreed two clearly defined priority themes to address different aspects of technological regulation, application and resilience. This Business Plan explains why tackling risks including cyber and financial crime, as well as staying ahead of developments in Big Data and Open Banking, remains a priority.

FCA Innovate and our regulatory sandbox are increasingly being adopted as templates by many overseas regulators, shaping international standards in innovation. Against this backdrop, the UK's withdrawal from the EU makes it even more important that UK markets remain visibly clean, fair and reliable. It is also important that we both maintain and extend our levels of international co-operation.

The requirements of the Markets in Financial Instruments Directive (MiFID II) illustrate the major changes to improve market integrity in wholesale markets in recent years. From tackling conflicts of interest to strengthening the transaction reporting and Initial Public Offering (IPO) regimes, we will closely monitor how well firms are complying with these new requirements. To clarify how we take decisions about intervening in markets, this year we will also publish a document which explains our approach to market integrity. This joins documents already published as part of Our Mission, which explain our approach to consumers, competition, authorisation, supervision and enforcement.

Firms' culture and governance is pivotal to building public trust and confidence in the UK's financial services industry, both domestically and internationally. We continue to implement the reforms that followed the financial crisis. The extension of the Senior Managers and Certification Regime (SM&CR) to insurers this year will ensure that key staff are accountable for their conduct and decisions. We will publish our policy and final rules that set out how the SM&CR will be extended to all other FSMA firms in summer 2018.

Culture and governance is particularly relevant when firms design new products and services. They also heavily influence whether firms' business models deliver the right outcomes for consumers. The shift to consumers having to take more responsibility for their financial choices has coincided with increasingly complex needs.

Perhaps nowhere is this more clearly illustrated than in the retirement income savings and pension market. This presents a significant public challenge, both in terms of the need for new and affordable savings products and in the information firms give consumers to help them take decisions.

In the past year, we have been extremely concerned about some firms exploiting consumers' lack of knowledge of pension products when advising them to transfer out of defined benefit schemes. We have recently published new rules on pension transfer advice. These rules aim to improve the quality of pension transfer advice to help consumers make informed decisions for their individual circumstances. We also published a Consultation Paper (CP) proposing further changes which include requiring pension transfer specialists to have the same qualifications as investment advisers. This CP also seeks views on whether we should intervene in charging structures for pension transfer advice. In 2018 we will be collecting details of practices across the entire pensions transfer market to build a national picture to assess potential and actual harm and identify the most effective ways to reduce it. Over 2018/19 we will deliver a wider package of remedies as part of our Retirement Outcomes Review.

"This year's Business Plan priorities reflect the high level of resource we need to dedicate to EU Withdrawal"

These are just some of our priorities over the next 12 months. Delivering our core work of authorisation, supervision, enforcement and developing and implementing policy and rules will always demand most of our resources.

In this particularly challenging year, I am delighted to welcome Charles Randell as the FCA's new Chair. I would also like to thank our outgoing Chair, John Griffith-Jones and pass on my and the FCA's warmest wishes for his future. Finally, I would like to thank all of our staff. I am consistently impressed with their sheer hard work and commitment to delivering the greatest possible public value to firms, consumers and the UK economy.

Andrew Bailey
Chief Executive
Financial Conduct Authority

Our priority work for the year ahead

EU Withdrawal:

Current priorities

Working with the Government

Ensuring an appropriate transition for EEA firms

Working with regulated firms and monitoring the risks to our objectives

Working towards our operational readiness

Cooperating with our international partners

Cross-sector priorities:

Firms' culture and governance

Finalising rules to extend the Senior Managers and Certification Regime to all FSMA firms

Establishing a public register

Focusing on firms' remuneration arrangements

Financial crime (fraud & scams) & anti-money laundering (AML)

Tackling money laundering

Publishing our findings on money laundering in the e-money sector

Embedding the new Office for Professional Body Anti-Money Laundering Supervision (OPBAS)

Taking account of the recommendations of the Financial Action Task Force's evaluation

Raising awareness of fraud and scams

Improving intelligence sharing with law enforcement partners and agencies to fight money laundering and financial crime

Data security, resilience and outsourcing

Supervisory assessment of firms' operational resilience

Assessing the risks of outsourcing and third-party providers

Monitoring the roll out of technology and resilience data as part of Open Banking and the second Payment Services Directive

Cross-sector priorities:

Innovation, big data, technology and competition

Assisting firms through the FCA Innovate programme

Allowing firms to test viability in the regulatory sandbox

Testing and applying RegTech and advanced analytics to regulation

Reviewing retail banking business models

Reviewing firms' use of data and publishing a Memorandum of Understanding with the Information Commissioner's Office

Publishing new crowdfunding rules

Review of cryptocurrencies as part of the Treasury, Bank of England and FCA Taskforce

Treatment of existing customers

Understanding firms' pricing practices in retail general insurance

Communicating with claims management companies in advance of regulation in 2019

Assessing claims inflation in general insurance

Helping consumers make informed decisions on their insurance needs

Improving competition in current accounts

Publishing final rules to allow more Small and Medium-Sized Enterprises access to the Financial Ombudsman Service

Improving competition in the cash savings market

Long-term savings, pensions and intergenerational differences

Delivering a package of remedies as part of the Retirement Outcomes Review

Collecting and acting on data from firms that have pension transfer permissions to assess practices across the market

Understanding the levels of consumer undersaving for retirement

Publishing a feedback statement on competition in non-workplace pensions

High-cost credit

Considering alternatives to high-cost credit

Finalising our review of high-cost credit products including:

- rent-to-own
- home-collected credit
- catalogue credit
- arranged and unarranged overdrafts, including the monthly maximum charge (MMC)

Sector priorities:

Wholesale financial markets

Clarifying our approach to market integrity

Reviewing money laundering in capital markets

Monitoring firms' compliance with new conflicts of interest requirements

Addressing operational resilience

Monitoring firms' compliance with our rules on IPOs

Publishing final rules and our approach to industry codes of conduct for unregulated markets

Investment management

Finalising rule changes following the Asset Management Market Study

Working with European Supervisory Authorities in the implementation and review of the Packaged Retail and Insurance-Based Investments Products Regulation (PRIIPS)

Consulting on new rules and guidance on liquidity management

Considering the extension of governance remedies to with-profits and unit-linked funds

Assisting the Treasury in the development of a new prudential regime for investment firms authorised under MiFID II

Publishing research that explores the rise of passive investment

Retail lending

Assessing creditworthiness in consumer credit

Launching our Market Study on Credit Information

Publishing our interim report on our Mortgage Market Study

Reviewing the commission between credit brokers and other firms

Ensuring the debt management sector works well for consumers

Reviewing the motor finance market

Reviewing retained Consumer Credit Act provisions

Pensions and retirement income

Developing a joint pensions strategy with The Pensions Regulator

Potentially extending the remit of Independent Governance Committees for workplace pension schemes

Helping consumers avoid scams

Sector priorities:

Retail investments

Assessing the impact of the Financial Advice Market Review (FAMR) and the Retail Distribution Review (RDR)

Reviewing High-risk and complex investments

Evaluating our interventions on Contracts for Difference

Publishing our report on the Investment Platforms Market Study

Raising awareness of fraud and scams

Retail banking

Continuing to help firms prepare for ring fencing

Developing a payments sector strategy

Delivering the revised Payment Services Directive (PSD2)

Continuing our awareness campaign on the Payment Protection Insurance redress deadline

General insurance and protection

Implementing the Insurance Distribution Directive

Publishing our interim report from the Wholesale Insurance Brokers Market Study

Concluding our initial diagnostic work on general insurance distribution chains

Publishing the findings from our Call for Input on access to travel insurance

Evaluating the effectiveness of our 2015 rules on Guaranteed Asset Protection insurance

Our role

Our objectives, set by Parliament, ensure that we act in the public interest. Our aim is to add public value by improving how financial markets operate, to benefit individuals, businesses and the UK economy. We have a single strategic objective under the Financial Services and Markets Act 2000 (FSMA) – to ensure the markets we regulate function well. We also have three operational objectives under FSMA to advance this.

We are the conduct regulator for over 58,000 financial services firms in the UK and 145,000 approved persons.

We are also the prudential supervisor for approximately 46,000 firms. For 18,000 of these firms, we have detailed standards that need to be met. Even those firms that have no minimum financial resource requirements must still ensure they have adequate resources, as outlined in the threshold conditions.

Operational objectives

Protect consumers:
to secure an appropriate degree of protection for consumers

Protect the integrity of financial markets:
to protect and enhance the integrity of the UK financial system

Promote competition:
to promote effective competition in the interest of consumers.

We concentrate our resources on the markets and firms most likely to create consumer harm, damage market integrity or weaken competition. Our Mission [1] provides the framework (see Fig 1) for the strategic decisions we take, the reasoning behind our work and the way we choose how we intervene. We aim to use our tools efficiently to identify and mitigate harm.

We are committed to achieving value for money in addressing harms and delivering our objectives. We adhere to the National Audit Office definition of value for money as the optimal use of resources to achieve an intended outcome. We are focused on minimising our costs while achieving our objectives, through continuous improvement and a range of activities to increase efficiency.

We analyse issues across financial sectors, and within specific sectors, that affect consumers' changing circumstances and needs. Every year, we publish a summary of our Sector Views, along with our Business Plan. Together, they set out the issues and harms we have identified, and drive our activities for the coming year.

The Mission outlines five categories of harm, which relate to our operational objectives. We deliver on our operational objectives by reducing or preventing this harm in cost effective ways, thus serving the public interest (see Table 1).

Since we published Our Mission 2017, we have published five further documents which give more detail about our approach towards consumers and in our authorisation, competition, supervision and enforcement functions.[2] In 2018/19, we will publish our approach to market integrity.

Figure 1

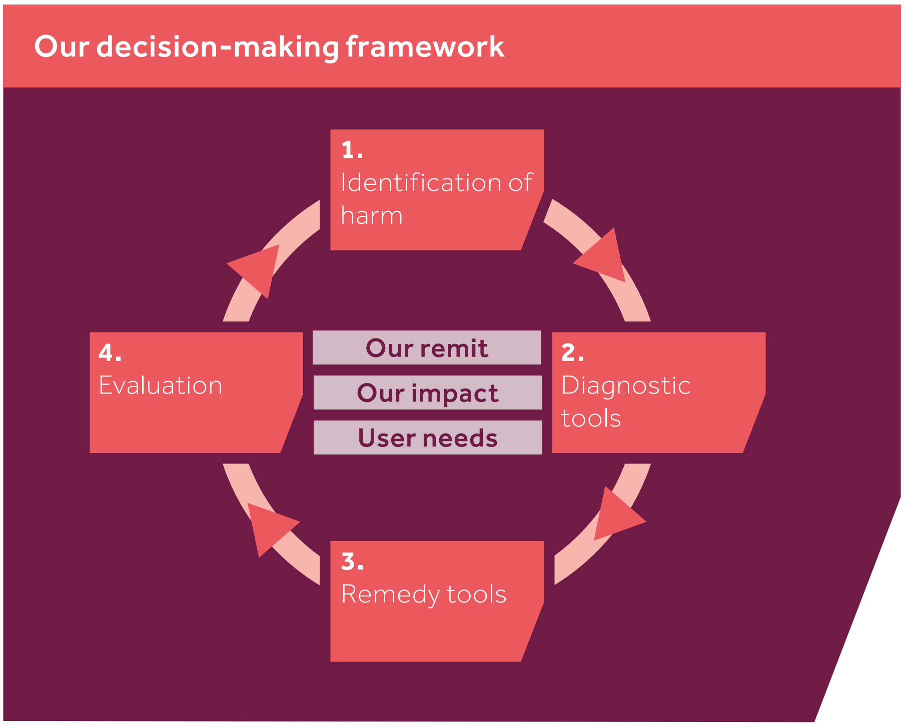


Table 1

Type of harm	Relevant FCA operational objective(s)
Confidence and participation in markets threatened by unacceptable conduct such as market abuse, unreliable performance or by disorderly failure	Market integrity Consumer protection Effective competition
Buying unsuitable or mis-sold products; customer service/treatment	Consumer protection Effective competition
Important consumer needs are not met because of gaps in the existing range of products, consumer exclusion, lack of market resilience	Consumer protection Effective competition
Prices too high, or quality too low, compared to efficient costs	Effective competition
Risk of significant harmful side-effects on wider markets, the UK economy and wider society, e.g. crime/terrorism	Market integrity

1 www.fca.org.uk/publication/corporate/our-mission-2017.pdf
2 www.fca.org.uk/publications/corporate-documents/our-approach

> **Our approach is based on what we know about how consumers actually behave**

Consumers: Our Future Approach to Consumers paper, published in November 2017, built on the Mission and developed our position on complex consumer issues such as exclusion and vulnerability. It explored when and how we should intervene in areas that fall into the social policy field. It also set out how we use and prioritise the different tools we have to prevent harm to all retail consumers.

Overall, our approach is based wherever possible on what we know about how consumers actually behave. We use data to identify consumer harm and act where appropriate. We enforce our rules, such as our financial promotions and consumer contract rules, to prevent harm to consumers. And we prevent potential harm to consumers from firms designing or marketing products that are unfair, unclear or misleading, or from sales models which encourage bad rather than good consumer decisions. We also look at cases where markets do not give access to particular services or consumer groups.

There have also been calls for the FCA to introduce a new duty of care provision for firms. We initially intended to deliver this work as part of our Handbook Review following the UK's exit from the EU in 2019. This was because it would be difficult to make extensive changes to the FCA Handbook at the same time as undertaking the major overhaul needed to put the EU Withdrawal legislation into effect. However, we recognise the wider debate and feedback from our stakeholders, and the likelihood now that an EU transition or implementation period will delay our Handbook review. We intend to advance some aspects of this work, beginning with the launch of an initial Discussion Paper in summer 2018.

The issues we are exploring are complex and challenging. It is right that we consult our stakeholders and ask for their support and challenge as we formulate ways of working. We intend to publish a Feedback Statement and final version of Our Approach to Consumers in summer 2018.

Authorisation: We use authorisation primarily to prevent harm from occurring. Authorisation ensures that all regulated firms and individuals meet minimum standards from the start, and keeps those that do not out of the market. When we assess these standards, we take a proportionate look at many factors, such as a firm's business model, key personnel and overall resources. Individuals that hold specific important functions in firms are required to be approved by us. Additionally, following the introduction of the Senior Managers and Certification Regime (SM&CR) for deposit takers, we also require senior managers to have a clear statement of the activities they are responsible for. We want to remove unnecessary barriers for new firms that can hinder effective competition, while still ensuring all firms maintain minimum standards to prevent harm to our consumer protection and market integrity objectives.

We assess and approve changes that firms want to make to key areas such as appointing individuals into key roles, changing their business models or the services they offer, mergers and acquisitions. We will intervene where we think these changes do not meet our requirements. We run a range of initiatives to help firms and individuals understand and meet our authorisation requirements and our expectations.

Supervision: The firms we regulate and their senior managers are responsible for ensuring that they act in accordance with our principles and rules. The focus of our supervision is to maintain continuous oversight of regulated firms to identify, reduce or prevent harm to consumers and markets.

To do this, we take a forward-looking and strategic approach. This includes looking both at the conduct of individual firms and, more widely, at how retail and wholesale markets are evolving. To supervise effectively, we need a thorough understanding of the business models, strategies and cultures of the firms we regulate. This allows us to recognise more effectively the risks of harm that a firm, or group of firms, pose.

We tailor our approach to supervision taking account of the potential impact on consumers and markets. We give greater scrutiny and focus to the firms that pose the greatest risk of harm to consumers and market integrity. For firms that pose less, but still significant, risk of harm, we have a programme of targeted engagement which specifically focuses on the activities with the greatest risk of harm in their sector. We assess sectors, markets and firms with similar business models to identify outliers and key risks we need to address in our work with firms.

Proactively working with the most significant firms in each sector allows us not only to diagnose the risk of harm in that firm but also to spot emerging market events, assess firms' reactions to them and work with firms to understand how they may play out. We then diagnose the likely harm to consumers or markets and which combination of our tools will best address them. This direct relationship with firms ensures that we have a key source of intelligence and trusted channels to influence market behaviour.

Our prudential supervision work aims to avoid disorderly failure and minimise the harm to consumers or the integrity of the UK financial system. This harm can be loss of money and confidence and reduced participation in financial markets. So understanding a firm's financial risks, its proximity to failure and how harm is minimised in the event of failure is an important component of our supervisory work.

Competition: We are one of the few financial regulators with a primary objective to promote effective competition in the interests of consumers. Our work across wholesale and retail markets aims to promote innovation and keep markets open and competitive, driving benefits to consumers and the wider economy.

Proactively working with the most significant firms allows us not only to diagnose the risk of harm in that firm but also to spot emerging market events

To advance our competition objective we do three things:

1. We look at the structure and dynamics of markets through our market studies and, where necessary, adjust our rules to improve the outcomes for consumers and to support consumer choice

2. We take action against anti-competitive behaviour, investigating breaches of the Competition Act 1998 and its EU equivalent

3. We ensure regulation promotes, rather than hinders, healthy competition. An important aspect of this is to support new and innovative initiatives with firms whose business models may test the boundaries of our current regulations

Enforcement: We take action against firms and individuals where their behaviour fails to meet our standards, is dishonest or illegal. Our aim is to prevent consumer harm and damage to market integrity before it happens, or reduce further harm if it has already happened. Enforcement has a particularly visible role in our regulation. Investigating misconduct fairly and promptly and holding those responsible to account helps us to maintain public confidence in the integrity and fairness of UK markets.

We also tackle the consequences of misconduct including, where possible, seeking redress or remedy for those harmed. We explain where and why we have taken action. This ensures our actions are transparent and fair and that those we regulate can use this information to evaluate and improve their own conduct.

Market Oversight: We deliver public value to the wider economy through our oversight of UK capital markets. This includes overseeing the conduct of issuance, issuer and sponsors, as well as market participants in secondary markets. Misconduct and poor investor protection in capital markets can damage confidence in their integrity and effectiveness. This harms investors who suffer losses in unfair markets and harms the broader UK economy by preventing the stimulus that robust and fair capital markets provide.

The role we play in overseeing and implementing change in the UK's markets allows the full spectrum of issuers to access deep and liquid pools of capital for growth. It aims to guarantee that the process of price formation is robust and that all participants can rely on it. It provides investors with the appropriate levels of protection they need to sustain their confidence in market activity. In the secondary market, our programme ranges from education through to enforcement, and aims to ensure there are strong conduct standards and integrity in trading activity on UK markets. This helps ensure these markets function in the interests of investors and issuers alike, benefitting the broader UK economy.

Policy: We use our policy-making powers to implement and maintain a framework of rules and guidance that reduces harm and make markets work better. Our policy work is guided by the following principles:

- Prioritising where we can add the most public value.

- Only making or supporting new rules if they will be an effective and proportionate solution to an issue.

- Reviewing rules where they no longer achieve the right outcomes. We seek to influence and guide, and align our work with, international initiatives.

We set out what we expect from those we regulate and consult widely before we finalise our rules and guidance. We use evidence and analysis to assess the costs and benefits of our proposals to ensure that they are an effective and efficient response to an identified harm.

International: We ensure markets work well, working collaboratively with international partners to shape the global regulatory agenda. We shape and lead changes in the international environment, for example delivering the optimal regulatory response to EU Withdrawal, focusing on minimising harm and proactively making the most of opportunities.

Regulatory perimeter: Our central focus is on the conduct of regulated activities.[3] As well as regulated activities, authorised firms also carry out activities that are outside the regulatory perimeter but which have an impact on our objectives. For example, while the process for setting LIBOR was outside our perimeter, LIBOR malpractice had a major impact on market integrity. As Our Mission explains, we have powers to act outside the perimeter in certain circumstances. We will be more likely to do this when the unregulated activity could potentially undermine confidence in the UK financial system or have an impact on a regulated activity. Where we decide we cannot or will not act, we will publicly explain why and, for example, raise the matter with other bodies or regulators who are better placed to deal with it or with the Government.

3 Activities set out in FSMA 2000 and the Regulated Activities Order.

Investigating misconduct fairly and promptly and holding those responsible to account helps us to maintain public confidence in the integrity and fairness of UK markets

EU Withdrawal

The UK's decision to leave the European Union (EU) has, and will continue to have, a substantial impact on the way we work. A significant proportion of our resources are already focused on the forthcoming exit, including arrangements to implement the change. To fulfil our regulatory objectives and provide technical support to the Government in the run up to withdrawal, we have increased the level of resource dedicated to co-ordinating and managing this work.

The additional cost of our EU Withdrawal work outside our redeployed resources is £16m. We explain how we propose to fund this in our How we operate chapter.

We have made difficult and challenging decisions about our priority activities that are not related to work on EU Withdrawal

We expect our work on the implications of EU Withdrawal will continue beyond March 2019, throughout any implementation period. We will keep our EU Withdrawal priorities and resources under review as we gain greater certainty on the outcome of negotiations and the implementation timeframe.

Although our Annual Funding Requirement has increased by £5m to cover EU Withdrawal work, we have still made difficult and challenging decisions about our priority activities across all business areas that are not related to work on EU Withdrawal, including limiting the number of new initiatives we've taken on. We recognise the particular significance of EU Withdrawal on wholesale financial markets, investment management and the general insurance sectors, and our decisions have been driven by our recognition of the capacity of industry to absorb change.

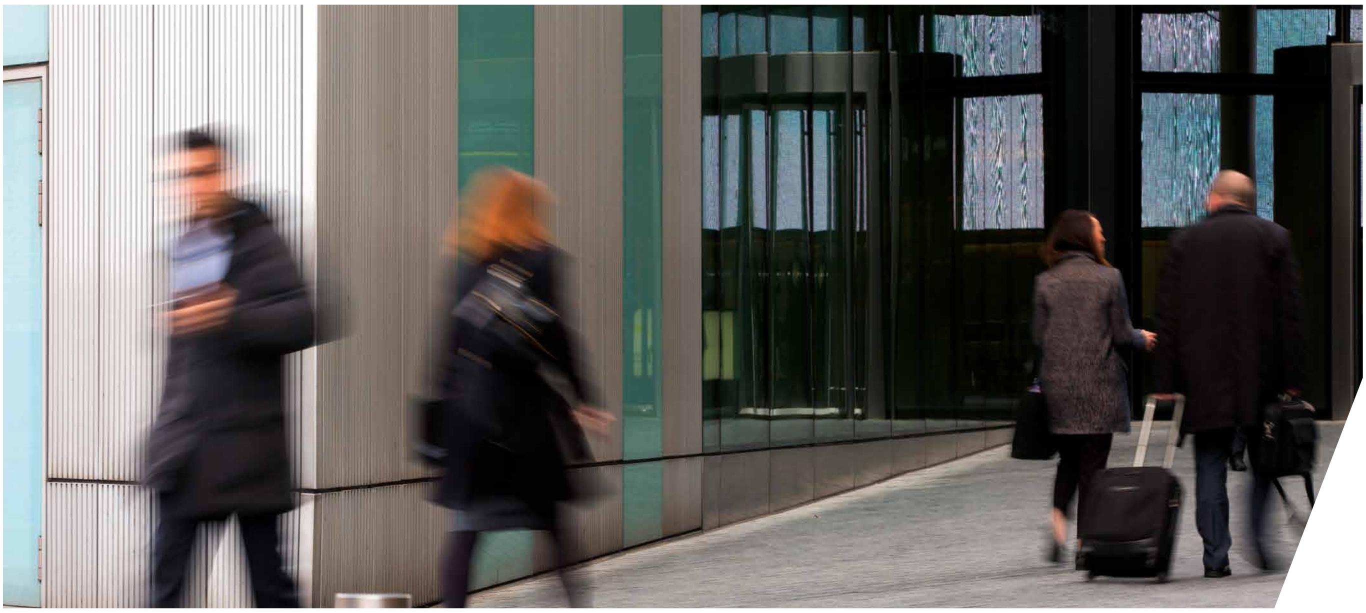
Existing financial regulation remains in place, including EU regulation.

We expect the focus of our work on EU Withdrawal in 2018/19 to be in the following areas.

Working with the Government

We will:

- Continue to support the Government and provide technical assistance to negotiations with the EU and other countries where the Government seeks a free trade agreement and where it is appropriate for us to be involved.



- Provide technical advice on the legislation introduced by the Government. The EU (Withdrawal) Bill will convert existing EU legislation into UK law, and preserve existing UK laws which implement EU obligations. This will enable us to have a robust regulatory system on the day the UK leaves the EU.
- Review our Handbook in light of the legislative changes (including looking at duty of care and the potential for increased automation) and make changes where appropriate.
- Advise the Treasury and other areas of the Government on how the UK's future relationship with the EU may affect the financial services industry and its users. This includes considering cooperation arrangements with the EEA countries and the rest of the world.
- Assess the impact of transitional arrangements on the UK's regulated firms and their users, and take action where appropriate.
- Continue to liaise closely with the Bank of England in our work on areas of joint responsibility and dual-regulated firms.

Future functions

- We will ensure there is an appropriate transition to a future model for authorisation and supervision of EEA firms. This will include implementing the legislation on the temporary permissions regime if necessary, as announced by the Treasury in December 2017.
- The Treasury has stated that it intends to provide us with functions and powers for UK and non-UK credit-rating agencies and trade repositories. We will work closely with the Government and with UK credit-rating agencies and trade repositories with the aim of ensuring a smooth transition to the new UK regime.

Supervision and risk

- We will continue to work with regulated firms to understand their plans for future operations and the impact on markets and consumers.
- We will monitor the risks to our regulatory objectives. We will also identify and consider potential harms to consumers that may arise in the run-up to, and after, withdrawal.

Our operations

- We will work towards achieving operational readiness for our exit and the FCA overall, including considering the impacts on our systems and technology.

International cooperation

- We will continue to work with regulatory authorities across the EU and globally to ensure appropriate supervisory cooperation and information sharing in respect of firms and markets, policies and future regulatory regimes.

Our priorities for 2018/19

Our Business Plan sets out our main areas of focus across seven themes that span the seven specific sectors we regulate. Preparing for and implementing changes resulting from EU Withdrawal is inevitably the priority for our discretionary activity. For 2018/19 we outline our approach to delivering necessary changes across the sectors we regulate.

Many of the issues and risks covered and the harms we address are complex and often deep-seated problems that will continue to be priorities for future Business Plans. We will continue to monitor these issues, such as technological and societal change, and adapt our approach to the ever-evolving landscape.

Unexpected issues can arise and priorities can change. So we ensure that our processes for deciding priorities are flexible and that our governance provides sufficient challenge to change priorities when needed.

Our key planned activities for this year are mainly set out in our cross-sector themes because, in most cases, these issues occur in several sectors. Under our sector priorities, we have cross-referenced those pieces of work where relevant.

Measuring our performance

The Mission confirmed our three-tier framework for performance reporting.

This covers:

Tier 1: The efficiency of internal processes

We have worked to improve reporting at each level. For example, we have updated the way we report on our Service Standards, which show how efficiently we carry out specific internal processes. Our updated Service Standards document provides a better explanation of the link between the efficiency of our processes and outcomes.

Tier 2: The impact of our interventions

We have published our approach to post-intervention evaluation alongside this Business Plan. This explains how we will assess the effectiveness of some significant interventions every year.

Tier 3: Outcomes in the sectors we regulate

We intend to improve our approach further by building more indicators and reporting clearly on how we see the market developing in subsequent years. Our 2017/18 Annual Report and Accounts will include examples of key indicators that reflect some of the harms we have prioritised. These indicators should be understood in the context of wider market information.

Cross-sector priorities

Firms' culture and governance

Firms' culture and governance should drive behaviours and produce outcomes that are likely to benefit consumers and markets. We will continue to support and engage with firms, sharing our expectations and working to promote effective cultures and governance across the industry. This will ensure that firms have the right people in the right roles, working in the interest of consumers. It will also make sure that markets and our stakeholders understand our approach.

We expect firms to be able to demonstrate that their purpose, leadership, governance arrangements and approach to rewarding and managing staff do not lead to avoidable or unnecessary harm to their customers. This should be a collaborative effort driven forward by staff at all levels. We support individuals who contact us as whistleblowers and we ensure that they are provided with the anonymity they need.

We believe it is important that all firms, regardless of size, are well governed and that individuals are accountable for their actions. Firms should be able to show the effectiveness of their governance arrangements in identifying, managing and mitigating the risk of harm.

Our key activities

Accountability and governance

Lack of accountability of senior management can drive poor conduct, from selling unsuitable products to excessive risk taking or mis-selling, that harms those who use financial services.

We are working on finalising the rules for the extension of the Senior Managers and Certification Regime (SM&CR) to all FSMA firms, including dual-regulated insurers (FCA and PRA regulated). Our proposals will reflect our intention to tailor the extended regime to reflect the different risks, impact and complexity of firms in a clear, simple and proportionate way. In total, the SM&CR will cover approximately 47,000 firms. We intend to publish our Policy Statement and new rules in summer 2018.

The Treasury has confirmed the Regime will start for insurers on 10 December 2018. It will confirm the date for when these rules commence for solo-regulated firms (firms regulated only by the FCA, rather than by both the FCA and the PRA) in due course. We will work with firms to ensure that the regime is implemented effectively.

Establishing a public register

In July 2017, we published proposals to extend the SM&CR to all FSMA firms. Under these proposals, only senior managers will appear on the Financial Services Register. We have received substantial feedback on this and will consult by summer 2018 on policy proposals to introduce a public register.

Remuneration

We have published a Policy Statement that explains how consumer credit firms can improve how they manage the risks that their staff incentives, remuneration and performance management policies may pose to consumers. We will review how firms respond to this Policy Statement.

We will also take a broader look at all firms' remuneration arrangements in 2018/19 to identify the potential or actual harm from the remuneration schemes of firms that are not subject to our Remuneration Codes.

Monitoring change

We do not attempt to measure or assess culture directly; instead we seek to form judgements as to whether the drivers of behaviour we are interested in as a regulator are driving appropriate behaviours which are unlikely to cause harm. This includes looking at firms' remuneration practices and the number of whistleblowing cases we receive to determine the effectiveness of firms' internal processes and whether they meet our expectations.

Cross-sector priorities
Financial crime (fraud & scams) and anti-money laundering (AML)

The safeguards we put in place to prevent financial crime are designed to make the UK and the financial services sector a hostile place for criminals, a safe place for consumers, and ensure we meet latest international standards.

Financial crime, including money laundering, harms society and the wider economy by causing financial loss to victims and enabling criminal activity. The UK's financial markets are very large, complex and operate globally. This makes them attractive to money launderers and other criminals who operate across borders.

We want to ensure that the safeguards in place are proportionate, operate efficiently and minimise any unintended consequences of regulation. We also want to reduce and prevent the harm caused by scams and increase consumer awareness of the dangers of fraud.

> **The UK's financial markets are large, complex and operate globally. This makes them attractive to money launderers and other criminals**

Our key activities

Along with the work set out below, our proactive work to tackle market abuse (covered under the Wholesale section) is an important way in which we seek to combat financial crime.

Tackling money laundering

Our permanent programme of work includes regular inspections of the largest firms, as well as other firms that we believe present high money laundering risk. This work, alongside our supervision and authorisation frameworks, enables us to identify and reduce the potential for firms to be used for money laundering and other financial crime. We use the full range of supervision and regulatory enforcement tools in our financial crime work. This includes authorisation interviews, proactive and reactive supervisory work, consumer alerts, FCA-led or jointly-run education programmes, as well as enforcement tools such as business restrictions and regulatory and criminal investigations.

We use intelligence, including liaising with other agencies in the UK and internationally, to support the work we do to supervise and enforce our principles and rules. We also conduct random sampling of small, lower-risk firms to ensure they maintain high standards and check that our assessment of risks in different sectors remains current.

Building a better picture of money laundering

The recently published UK National Risk Assessment of Money Laundering and Terrorist Financing identified that the UK needs a more comprehensive picture of how capital markets are being used for money laundering. We will undertake diagnostic work on this issue to enable us to decide the best approach, covering a range of different firms. Better systems and controls in capital markets will protect society as a whole, as well as the integrity of the UK's financial system and of the global financial framework. We are also undertaking diagnostic work on money laundering and terrorist financing risks in the e-money sector. This is important because if e-money firms have ineffective systems and controls this could undermine confidence and participation in e-money services and the integrity of the financial system. We will share our findings in Q2 2018/19.

The new Office for Professional Body Anti-Money Laundering Supervision (OPBAS) was established in February 2018. OPBAS oversees 22 professional body supervisors for anti-money laundering. OPBAS aims to ensure a robust and consistent standard of AML supervision across the legal and accountancy sectors, and improve and enable collaboration and information and intelligence sharing between professional body AML supervisors, statutory supervisors and law enforcement agencies.

In December 2017, the Home Secretary announced a package of measures to tackle economic crime. We are working closely with the Government and industry on reform of the suspicious activity reporting regime and to establish a new National Economic Crime Centre. We will continue to use intelligence, including from whistleblowers, to make it more difficult for money launderers to use the financial system.

Taking account of FATF Mutual Evaluation recommendations

We are a major participant in the UK delegation to the Financial Action Task Force (FATF). We have been closely involved in the preparation for the FATF's Mutual Evaluation of the UK which will conclude in October 2018. We will continue to review and refine our AML supervisory approach and take account of any recommendations from FATF's evaluation.

Raising awareness of fraud and scams

The aim of our ScamSmart communication campaign is to help protect consumers from falling victim to investment fraud. Scams are becoming more sophisticated, while consumers' increased use of data sharing and social media can also make them more susceptible to fraud. Scams continually evolve and there is now a significant overlap between pension and investment fraud. In 2018 we will work with The Pensions Regulator to deliver a single, co-ordinated awareness campaign to tackle pension and investment scams.

Collaborating with our partners and other agencies

Not all fraud and scams fall within our remit but we have a range of enforcement action to tackle those that do. These include civil court action to stop activity and freeze assets, insolvency proceedings, prohibiting individuals from financial services roles and, for the most serious cases, criminal prosecution.

We collaborate with law enforcement partners and other agencies at home and abroad on AML, scams and other types of financial crime, to help the relevant organisations take action. This year, we will convene an international TechSprint. This will bring together a range of experts to explore whether new technology can be used more effectively to fight financial crime. Working in collaboration with others improves intelligence-sharing arrangements to help fight money laundering and financial crime. This leads to more effective and consistent standards and ultimately delivers better outcomes.

Monitoring change

We assess the quality of firms' AML controls and consumers' use of our online resources, such as ScamSmart, as one indicator of whether the potential harm to consumers and market integrity in this area is likely to have reduced.

OPBAS will monitor the quality and consistency of the professional bodies' own efforts to supervise their members' money laundering controls and how effectively information is being shared between their members and law enforcement. We believe that effective information-sharing is essential to tackling the harm that arises from financial crime.

Cross-sector priorities

Data security, resilience and outsourcing

Technology plays a pivotal role in delivering financial products and services. It enables firms' innovation (see the Innovation, big data, technology and competition cross-sector theme) and supports their business strategies. New technologies can lead to harm if they are not safely adopted and managed. For example, new technologies such as distributed ledger (blockchain) and artificial intelligence rely on access to sensitive and high quality data. But new technologies present opportunities for helping firms to meet Know Your Customer or anti-money laundering requirements more efficiently.

Cyber-attacks in the financial services sector are becoming more frequent and widespread. This is potentially made worse by the use of complex and ageing IT systems, outsourcing of operations and the growing transfer of data between firms.

Our work focuses on ensuring that firms are more resilient to cyber-attacks and technology outages, so reducing the risk and frequency of disruption and also ensuring new and replacement technologies are resilient.

We work closely with global bodies such as the International Organisation of Securities Commissions (IOSCO), Group of Seven (G7), Financial Stability Board (FSB) and others who prioritise data security, resilience and outsourcing.

Our key activities

Addressing industry's operational resilience

Our aim is to help firms to become more resilient to cyber-attacks, to enhance market integrity and to protect consumers.

Over the next year, we will strengthen our supervisory assessments of the highest impact firms to better understand their current and planned use of technology, resilience to cyber-attacks and staff expertise. We will also review how governance, strategy, systems architecture, risk management and culture contribute to firms' data security. This will ensure we can better assess potential harm and explain to firms what we expect from them. Where necessary, we will ensure they address any specific issues we have found.

We will also conduct focused thematic work with 'lower impact' firms, based on harms we have identified in each sector. This could include firms that are new to financial services as well as established firms. We will continue the communications approach we began in 2017/18 and give smaller firms additional information on how to improve their resilience. Our approach to cyber resilience is aligned to the UK's National Cyber Security Strategy and we will continue to work closely with the National Cyber Security Centre (NCSC) to share good practice with industry.

Cyber security is a shared responsibility, and we take a co-operative approach to address this threat, working with the Government, other regulators, nationally and internationally on this important issue. Working with the Bank of England, we will continue to develop regulatory tools to better assess firms and identify where harm could occur. We will also continue to work with firms to minimise the impact of breaches and systems failures on consumers and the market, liaising closely with the Bank of England, the Treasury, the National Cyber Security Centre and the National Crime Agency.

Assessing the risks of outsourcing and third-party providers

An increasing number of firms are outsourcing the delivery of major and critical services often to unregulated providers. Regulated firms should have appropriate oversight and control over third-party providers and take responsibility for the service they provide. Doing so will reduce the risk of third-party failures or weak controls which could lead to operational disruption, unauthorised loss or disclosure of consumer data.

One area we are focusing on is outsourcing arrangements where the service provider supports many firms and so the impact of any disruption is magnified. Over 2018/19, we will increase our understanding of both outsourced services and core infrastructure provision across different sectors through several pieces of thematic and firm-specific work. This will include diagnosing how firms use third parties, their concentration in the market and the potential harm that results.

Joining up our work on resilience

We will also look at risks to firms' resilience. These include ring-fencing where significant restructuring, with the potential to affect resilience, will continue into 2018. Our implementation of PSD2 will continue to evolve. While it will increase competition in payments, it also has the potential to increase cyber attacks and data breaches. From August 2018, we will monitor the roll-out of the Competition and Markets Authority recommendations to measure consumer understanding of resilience by requiring firms to publish service quality data on technology and resilience issues.

"One area we are focusing on is outsourcing arrangements where the service provider supports many firms and so the impact of any disruption is magnified"

Monitoring change

To monitor the risk of harm to consumers, we look at firms' resilience and their ability to keep systems running in the event of major operational problems. We look for reduction in any impact on consumers caused by IT issues and cyber-attacks.

Cross-sector priorities
Innovation, big data, technology and competition

Financial Technology (FinTech[4]) is already driving change in markets and encouraging further innovation. It is increasing competition and reducing costs, offering consumers better value products and services and easier ways for firms and consumers to engage with each other. For many consumers it has already improved access to products and services. Increasing amounts of data from a wider range of sources, alongside sophisticated analytical tools, can improve pricing, access and service for consumers, including those who may previously not have been able to access services.

The increased use of big data also has the potential to cause harm. There is a risk that if technology and innovation move too quickly, the more vulnerable in society could be at a disadvantage. As both old and new firms grapple with the challenges and benefits of innovation we also expect them to develop plans to deal with those who are more vulnerable. Problems can also occur because of data loss and weak cyber resilience. This theme is strongly linked to our cross-sector theme of 'Data security, resilience and outsourcing'.

Our approach is to sustain a regulatory environment where consumers and firms can maximise the opportunities of competition, innovation and big data while reducing or mitigating the associated harms.

4 'FinTech' is the term which describes the intersection between finance and technology. It can refer to technical innovation applied in a traditional financial services context or to innovative financial services that disrupt the existing financial services market.

Our key activities

Assisting firms through the FCA Innovate programme

Our FCA Innovate programme provides assistance to firms which are using innovation to improve consumer outcomes. We help them better understand our rules, processes and guidance. In turn, this helps us keep ahead of developing trends and potential harms in the market, including in new areas such as initial coin offerings and distributed ledger technology.

Allowing firms to test viability in the regulatory sandbox

Our regulatory sandbox gives businesses of every size the opportunity to test the commercial and regulatory viability of their innovative concepts before they invest more heavily in them, while providing safeguards for consumers. The sandbox also gives us an understanding of the opportunities and risks of harm that innovation can create.

Over the coming year we will undertake work that uses lessons we have learned since the sandbox was created in 2016. We aim to further reduce unnecessary barriers to entry for innovative firms.

Global sandbox

Our sandbox currently only allows firms to conduct tests in the UK but many aspects of financial markets and FinTech are global. We are hearing from firms that there is real value in being able to operate globally. This would involve working with other regulators across the globe to conduct tests in different jurisdictions at the same time. Last month we invited stakeholders to share their views on what a global sandbox could look like; there is a lot of interest in the idea of cross-border testing and the benefits this could bring, such as reducing cost and complexity and accelerating expansion into other jurisdictions – especially for start-ups who are keen to expand internationally.

Over the next few months we will work with interested regulators on a blueprint of the global sandbox.

Testing and applying RegTech and advanced analytics

RegTech describes new technologies developed to help overcome regulatory challenges faced by financial services firms. In 2018/19 we will take forward work to deliver cost savings, both for firms submitting regulatory returns to us and in how we use this information. At the start of 2018 we published a Call for Input which summarised our work to date on machine executable regulatory reporting and the 'proof of concept' developed during our November 2017 TechSprint. In summer 2018 we will publish a feedback statement that brings together the results of the feedback from this Call for Input and further industry discussions.

Some of the experiments we are conducting with advanced analytics over this year include:

- automated detection of unauthorised business activity on the internet through a variety of new technologies
- testing advanced Natural Language Processing (NLP) technologies and semantic language models in an effort to automate what would otherwise be manual supervisory tasks
- automated evaluation and detection of misleading advertising

The automated processes will allow us to review the total population of high-risk markets, rather than only sampling a proportion.

Reviewing firms' use of data

We will review the use of data by financial services firms, including machine learning analysis of big data pools, algo trading and wider artificial intelligence. This work will help us better assess both potential opportunities and harm and where we may need to intervene.

We will further develop our relationship with the Information Commissioner's Office as the General Data Protection Regulation (GDPR) comes into force in May 2018. We will then publish an updated Memorandum of Understanding setting out how we will work together in future.

Reviewing retail banking business models

This review looks at the core differences between emerging and traditional retail banking business models. It assesses how these differences are being driven by technological change and innovation and how they affect competition and firms' conduct. We particularly want to understand what impact the growing use of digital channels and declining use of branches is having on business models and the implications of this for consumers.

We are analysing the information we have collected from retail banks. We will publish an update in the first half of 2018, explaining the results of this preliminary analysis and our proposed next steps.

Crowdfunding post-implementation review

Crowdfunding markets are continuing to develop rapidly. Since the publication of our interim feedback in 2016, we have been working on additional rules to address areas of concern, in particular for loan-based crowdfunding. This has been an extensive process due to the continually evolving market but we need to ensure that there remains an appropriate framework for regulating the crowdfunding industry. We want a sector that can innovate, compete and challenge established firms and business models without putting consumers at unacceptable risk.

We will finalise the proposed new rules and publish them for consultation in 2018.

Cryptocurrencies

Cryptocurrencies has been an area of increasing interest for markets and regulators globally. In the UK, the Treasury Committee has announced that it will be launching an enquiry, to which we intend to respond.

Cryptocurrencies themselves (i.e. those designed primarily as a means of payment/exchange) are not currently within our regulatory perimeter. However, some models of use or packaging cryptocurrencies bring them within our perimeter, making the landscape complex.

Last year, we issued consumer warnings on cryptocurrency Contracts for Difference and the risks of Initial Coin Offerings (ICOs). We will work with the Bank of England and the Treasury as part of a taskforce to develop thinking and publish a Discussion Paper later this year outlining our policy thinking on cryptocurrencies.

Monitoring change

To see whether FinTech is helping to improve competition in the interest of consumers, we will look at metrics such as the number of new entrants to the market and the emergence of new innovative products to meet consumer needs. We continue to measure feedback and the number of firms we help through our FCA Innovate work.

Cross-sector priorities
Treatment of existing customers

Our aim is to ensure that existing customers enjoy the benefits of increased competition and innovation. Firms should not give longstanding customers less attention than new customers or treat them in a way which results in poorer outcomes. All customers should be well informed about the financial products they buy or are invested in, including performance and charges.

If competition is working well in a market, it should not overly disadvantage existing customers over new customers. While many firms have made progress in putting customers more firmly at the centre of their business models, they need to further improve both competition and their standards of treatment for existing customers.

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While claims management companies can provide access to justice, some firms may not always operate in consumers' best interests

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Our key activities

Understanding firms' pricing practices in retail general insurance

In 2018/19 we will continue work on pricing practices in retail general insurance. We will conclude the first phase of our diagnostic work to give us a better understanding of retail general insurers' and intermediaries' pricing practices and how these affect household insurance customers. This work has also looked at the types of systems and data that firms use to decide the final price to consumers and the governance and oversight arrangements within firms.

Drawing on the emerging themes from that work, our earlier Call for Input on Big Data in retail general insurance and recent public debate, we are currently scoping work to formalise that debate and to assess whether we need to act to ensure future insurance pricing practices support a market that works well for its customers. We will publish details of the scope of this work in due course.

Regulation of claims management companies

We expect to take over the responsibility of regulating claims management companies (CMCs) from the Ministry of Justice, subject to legislation, in spring 2019. While CMCs can provide access to justice for consumers who may be unwilling or unable to bring a claim themselves, some firms may not always operate in consumers' best interests. We are developing a package of information to ensure CMCs are clear about the rules and principles they will have to meet when we take over their regulation. We will also continue to build our knowledge of the sector and consult on draft rules to deliver robust regulation to protect consumers later this year.

Assessing claims inflation in general insurance

We will carry out diagnostic work to assess how far brokers and motor insurers are inflating claims through referrals to CMCs and keeping volume discounts from their own repairers. This will give us an understanding of the issues CMCs will need to address when we take over their regulation.

Helping consumers make informed decisions on their insurance needs

To help consumers make informed decisions about insurance needs, we published the second set of data from our value measures pilot in March 2018. This year, we will evaluate the extent to which the data collected have influenced behaviours and decide whether to conduct a third pilot. We have already seen examples of where publishing the first set of data has incentivised insurers to make product improvements and focus more on overall product value. We expect that stakeholders' use of the published data will help increase market focus on suitability and value, as well as the headline price.

Improving competition in current accounts

Our rules now require retail banks and building societies to publish standardised, comparable information about personal and small business current account services. This information will be published for the first time in August 2018, to coincide with the publication of service quality survey data required by the CMA.

In 2018/19, we will report on our work on the monthly maximum charge (MMC) for unarranged overdrafts, introduced by the CMA in 2017.

Any proposals we make as a result of our High-Cost Credit Review will take account of the impact these remedies may have on consumers and the wider market. We will also report our findings from our trials of prompts and alerts to improve consumers' engagement with their overdraft use and charges, as well as their awareness of the potential benefits of switching.

Providing access to Alternative Dispute Resolution for Small and Medium-sized Enterprises (SMEs)

We believe our rules broadly strike the right balance between protecting businesses and ensuring SMEs can access financial services. However, we are concerned that many SMEs struggle to resolve disputes with financial services firms and seek redress. Given this, we are consulting on proposed new rules that will allow more SMEs to refer disputes to the Financial Ombudsman Service. We will consider feedback to this consultation and publish a Policy Statement with our final rules in summer 2018.

Competition in the cash savings market

We have implemented a number of remedies as a result of our 2015 cash savings market study to improve the switching process and the way firms communicate with their customers. However, we remain concerned that providers hold a significant amount of customers' savings balances in accounts opened long ago (eg more than five years ago). Yet these accounts tend to pay lower interest rates than those opened more recently. So we continue to explore whether competition in the cash savings market could be improved, particularly to ensure the fair treatment of longstanding consumers.

Monitoring change

To see whether existing customers are being treated fairly, we consider firms' practices, how easy it is for customers to compare products and services across providers and to switch between them.

Cross-sector priorities
Long-term savings and pensions and intergenerational differences

Our work on long-term savings and pensions and intergenerational differences covers a broad group of issues around the changing UK population and their financial needs. In some sectors, including pensions and retirement income, retail banking, general insurance and protection and retail lending, some older consumers' financial services needs are not being fully met, resulting in exclusion, poor customer outcomes and potential harm.

An ageing population, increased life expectancy and individuals taking on more responsibility for financing their longevity shows that our society is undergoing dramatic social and demographic change. The pronounced fall in real interest rates has reduced savings growth and created concerns that consumers may be unable to meet their expectations of sufficient retirement savings.

Additionally, the reduced cost of servicing household debt has created an incentive to borrow, while the cost of building up assets to support retirement income has gone up.

> **"We will not hesitate to intervene, where necessary, if we see evidence of firms providing unsuitable pension transfer advice"**

Our key activities

Retirement Outcomes Review

Since we published the interim report from our Retirement Outcomes Review, with potential remedies, we have received feedback and undertaken further analysis on the types and level of consumer harm that drawdown charges and investment choices may cause. We will publish our final report in 2018, together with a Consultation Paper on our proposed remedies.

Unsuitable pension transfer advice

Some firms have responded to the pension reforms by changing their business models in ways that potentially cause harm to consumers. We will not hesitate to intervene, where necessary, if we see evidence of firms providing unsuitable pension transfer advice. We will be collecting data from all firms that have pension transfer permission to assess practices across the entire market. Our work will identify the extent of consumer harm and where and how we can intervene most effectively to stop it.

Savings adequacy work

We are undertaking a piece of research looking at the levels of undersaving for retirement. As part of this project, we are investigating which consumer groups are most at risk of experiencing a shortfall in their expected retirement provision.

Effective competition in non-workplace pensions

We are continuing our diagnostic work to better understand the market for non-workplace pensions. In particular, we are exploring whether the weaknesses previously identified in the workplace pensions market exist, in whole or in part, in the market for non-workplace pensions. We also want to understand:

- whether providers are competing on charges
- if there are barriers to consumers identifying, and choosing, from more competitive products
- how the differences and similarities between the workplace and non-workplace markets impact competition and consumer outcomes

We will assess the feedback received from our Discussion Paper and data request and publish a Feedback Statement by the end of 2018.

Monitoring change

We will use a variety of metrics, particularly through our diagnostic work, to assess how consumers are saving and how this varies across generations. The measures in this cross-sector theme are likely to link to our outcome indicators in Pensions and retirement income and Retail investments.

Cross-sector priorities
High-cost credit

We have already made a significant impact in the high-cost credit market. We have taken action to protect potentially vulnerable consumers by putting in place new rules for high-cost short-term credit firms. We have taken supervisory and enforcement action against non-compliance across all credit markets.

Our work on high-cost credit complements our work on Retail lending which covers the wider borrowing needs of consumers across mortgages and consumer credit.

The harms caused by high-cost credit products tend to disproportionately affect vulnerable consumers who may turn to them in financial difficulty. We have a responsibility to ensure there is a framework of rules that allows consumers access to products and services that are suitable, affordable and right for their circumstances.

We want to send a clear message to firms and consumers that more work is needed in some parts of the market to improve consumer protection.

"We want to send a clear message to firms and consumers that more work is needed in some parts of the market to improve consumer protection"

Our key activities

Alternatives to high-cost credit

For low-income, high-risk consumers, even in a well-regulated sector, borrowing remains expensive and the consequences can create harm for consumers. Drawing on our research and our extensive stakeholder discussions, we have identified key issues that can create barriers to the expansion of alternatives to high-cost credit. These include access to sustainable capital, lack of access to alternative lending options and uncertainty about regulatory requirements from organisations such as Registered Social Landlords referring consumers to lenders.

As part of our ongoing review of high-cost credit, we will look at solutions designed to increase the choice and availability of alternatives to high-cost credit. We will also consider the options to improve transparency of regulatory requirements and, if needed, will consult on further guidance and rule changes.

Our High-Cost Credit Review focuses on specific high-cost credit markets where we consider there may be a need for additional rules and guidance. We explain the specific problems we intend to address regarding the different products.

Rent-to-own

We are examining firms' pricing policies for rent-to-own services, including charges for add-ons like insurance and warranties which can substantially increase the overall amounts consumers pay. We have previously examined the extent to which behavioural biases can affect the choices consumer make about add-ons. We will assess the potential impact of these costs on consumers' finances and whether consumers consider the costs or value of these products before buying them.

Home-collected credit

Some forms of refinancing loans may result in consumers paying significantly more interest on the amounts originally borrowed. This can happen when consumers take out additional borrowing that incorporates the outstanding balance from the previous loan into the new loan.

We recognise that consumers value continuing access to home-collected credit and that weekly repayments on separate loans may not be affordable, but we are examining if repeat borrowing could work better for consumers. This year we will consult on any changes we need to make to improve outcomes for consumers.

Catalogue credit

We are examining potential concerns about the high level of arrears among catalogue credit customers, the fees and charges this triggers and the related risk of financial distress. We are also looking at the complexity of these products and how this can affect consumers.

We will complete analysis of firms' policies and practices, including the information they provide to customers. We will also publish the results of consumer research into how consumers use these products and their impact. Using this new information, we will consult on any changes we consider we need to make in 2018.

Arranged and unarranged overdrafts

We remain concerned about the long-term use of arranged overdrafts at levels which can be persistent and unsustainable, and the use and high charges of unarranged overdrafts.

Arranged and unarranged overdrafts cannot be considered in isolation of one another or of the wider current accounts offered by firms. So, to reduce the risks of unintended effects, we will use the evidence and insight from the Strategic Review of Retail Banking Models (see Innovation, big data, technology and competition) to inform our exact design of any package of remedies.

We aim to consult on measures around overdrafts to address low customer engagement, promote competition and improve transparency for customers in May 2018. Subsequently, we will use the evidence and insight from the Strategic Review to inform the exact design of any wider package of remedies. We will therefore look to consult on any further remedies towards the end of 2018 taking into account the findings of the Strategic Review.

Monitoring change

Our review will give an overview of how this market is changing and where we can intervene to have the most impact. We will also look at measures such as the volume of complaints, arrears and default rates for high-cost credit products.

Sector priorities
Wholesale financial markets

The UK is a leading international financial centre and plays a key role in global wholesale financial markets. Healthy wholesale financial markets enable firms and governments to access short-term finance and long-term capital to provide investment opportunities for retail and institutional investors, undertake domestic and international trade, and fund growth. Their effectiveness relies on them being visibly fair, transparent and efficient. So clean markets where competition works well are vital to the UK's prosperity, and we have a role in facilitating this.

Our work is concentrated on four broad principal drivers of harm in wholesale markets.

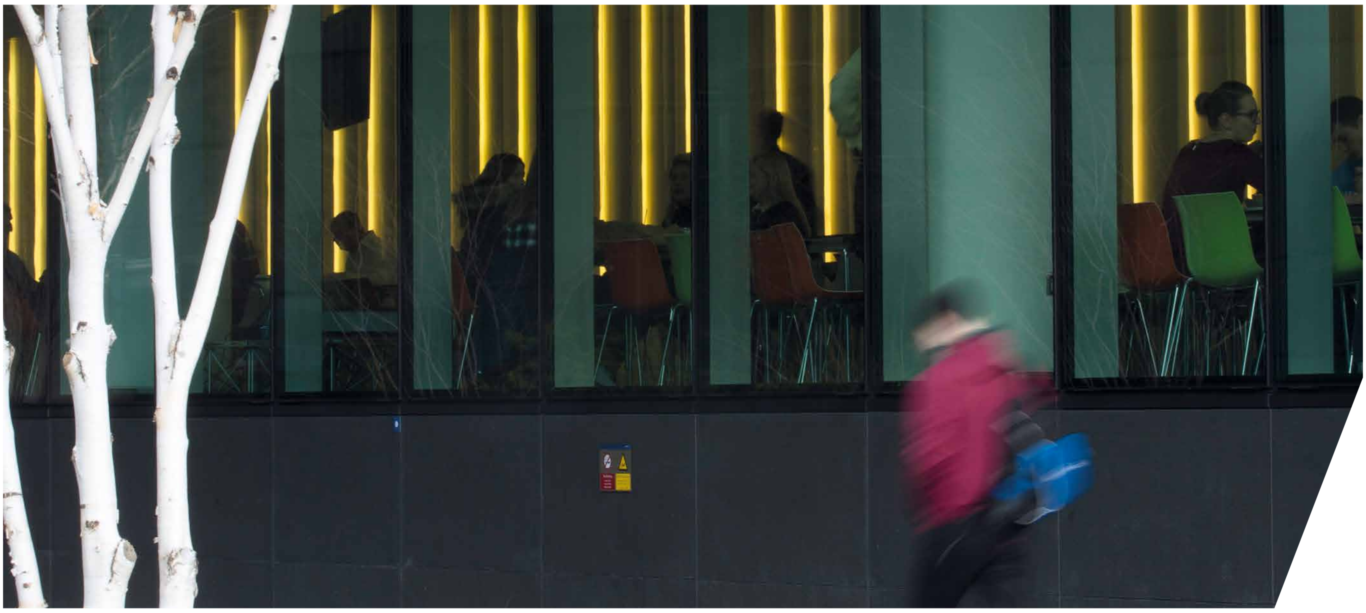
First, market participants that undermine clean markets through financial crime and market abuse. The integrity of the UK financial system suffers if those undertaking unlawful activities benefit at the expense of others.

Second, market participants failing to deal with each other appropriately. This could be either through conflicts of interests, poor governance or weak oversight. These conflicts can affect the incentive for dealers to act in their client's best interest, resulting in clients buying unsuitable or overpriced products.

Thirdly, fast-paced technology changes coupled with poor operational controls leading to company failures, successful cyber-attacks and market turbulence (eg flash crashes) can harm both market participants and the wider economy.

Finally, we identify markets, such as primary markets, that are not working as well as they could be. We intervene, where appropriate, to improve their efficiency and effectiveness so that they can better serve their users.

Work on EU Withdrawal will be a key focus of our activities in the wholesale financial markets.



Our key activities

Clarifying our approach to market integrity

Wholesale financial markets are complex. They have undergone large-scale and complex regulatory change, including the Markets in Financial Instruments Directive (MiFID II) and the Market Abuse Regulation (MAR). Technology and innovation are affecting their business models and their users have different levels of sophistication. All of this creates particular challenges for firms and individuals who need to be clear about the conduct that we expect of them. To provide necessary clarity and certainty, in 2018/19 we will publish a document outlining our 'Approach to Market Integrity'. It will help firms and individuals to take responsibility for their part in maintaining clean, fair, effective and competitive markets and be clear about our approach to regulating these markets.

Promoting clean financial markets

Insider dealing illegally exploits privileged information for profit, disadvantaging those who abide by the rules. Market manipulation and other forms of market abuse distort the effective allocation of capital, damage competition and reduce confidence in market fairness and integrity.

MiFID II has updated the transaction reporting regime. The regime's scope has been significantly expanded across new instruments and asset classes, providing more information on transactions. Over the next year, we will monitor, detect and investigate potential abuse in these markets and enforce against unlawful behaviour where appropriate. We will focus our supervision monitoring on the fixed income, commodity and non-standard derivative markets. These have previously received less focus than equities, but make up a large and important part of the wholesale financial markets.

In 2018/19 we will carry out a thematic review to increase our understanding and assessment of the harms caused by money laundering in capital markets (see Financial crime (fraud and scams) and anti-money laundering).

MiFID II provides us with better tools to deal with potential harms from algorithmic High-Frequency Trading (HFT) by introducing new obligations and systems and controls for both traders and venues

Addressing conflicts of interest

Conflicts of interest and a lack of clarity by market participants about the capacity they are acting in causes harm in wholesale markets. This includes participants overpaying for services or products, purchasing poorly performing products and buying products or services that do not meet their needs.

MiFID II introduced a number of requirements, such as new rules around research unbundling, best execution and restricting the practice of payment for order flow. Our supervision work will focus on ensuring that firms are complying with these changes and we will assess if the rules are working as intended.

Our work last year on the effectiveness of primary markets found that users of the IPO process are harmed because of a lack of timely and high-quality information during the IPO process. Investor information is driven by 'connected research'. This hampers the efficiency and integrity of the price formation process and impairs its effectiveness as a way of supporting the broader economy. Over 2018/19 we will monitor firm compliance with new requirements to address conflicts of interest in producing connected research.

Addressing operational resilience

Wholesale markets rely on their infrastructure - trading venues, benchmarks and other administrative services. This infrastructure needs to be reliable and resilient to operational outages, whether caused by cyber-attack or traditional operational failures.

Benchmarks are fundamental elements of financial markets' infrastructure. Trustworthy benchmarks enable individual savers and institutional investors to assess investments.[5] Markets need to be able to trust that the rates set are fair and accurately reflect the underlying markets. Additionally, benchmarks based on judgements rather than observable transactions, particularly those with less active underlying markets to support them, can be manipulated more easily.

It is potentially unsustainable, and undesirable, for market participants to rely indefinitely on reference rates that do not have active underlying markets to support them. Given this, we will not require banks to continue to submit to LIBOR after the end of 2021. So those who currently use the rate will need to actively plan during the next three years for the possibility that LIBOR will not be produced after this date. We are working closely with the Bank of England and other market participants to develop SONIA[6] as an alternative sterling risk-free rate.

As in other sectors, technology plays a central and developing role in wholesale financial markets. Fast-paced technological changes, such as artificial intelligence, algorithms and machine learning can result in faster decision making, innovation, increased competition and reduced costs. But weak controls and poor understanding of the new technology can result in systems failures, poor design and inappropriate use. This can lead to significant harm, including major service interruption, financial loss and potential systemic harm in wholesale financial markets.

MiFID II provides us with better tools to deal with potential harms from algorithmic High-Frequency Trading (HFT) by introducing new obligations and systems and controls for both traders and venues. We will focus supervisory efforts on monitoring compliance with these new rules and increasing our understanding of the use of trading algorithms and other

5 Previous analysis, has shown that regulation has improved the accuracy of the Intercontinental Exchange (ICE) Swap rate benchmark, as well as the liquidity of the underlying market: see Occasional Paper No.27: Benchmark Regulation and Market Quality.

6 www.fca.org.uk/news/press-releases/bank-fca-launch-next-phase-sterling-libor-transition-work

innovations across the wholesale financial markets. We will use existing diagnostic work on HFTs, circuit breakers and mini-flash crashes to inform this work. This will enable us to anticipate and deal with potential harms this kind of technological advancement may create.

Effectiveness of primary and secondary markets

Poorly functioning primary markets lead to badly allocated economic resources and capital. The UK IPO process plays a vital role in helping companies raise finance and provides investment opportunities for a wide range of investors. For example, between 2011 and 2015, a total of 460 companies floated on the London Stock Exchange, raising an estimated £53 billion[7] (including capital raised on the Alternative Investment Market (AIM)).

Recently, our work has focused on two key drivers of harm in primary markets. The first is the disparity in the information provided to investors during the IPO processes and the second is the difficulties market participants had in interpreting our Listings Rules.

During 2018/19 we will monitor firms' compliance with the final rules on IPOs we made last year. We will assess if the rules are working as intended and if firms are making the right information available at the right time during the UK IPO process.

Following our review of the effectiveness of primary markets[8] three topics require further focus: the future structure of the UK listing regime (premium listing and standard listing), the provision of patient capital to companies that require long-term investment and retail access to debt markets. As elements of these topics are based on powers from EU legislation and involve EU market structures, progress on the follow-up work will depend on the outcome of EU Withdrawal negotiations and clarity on future arrangements. But we expect to complete a more specific aspect of further work aimed at issuers controlled by sovereign countries.

We have already begun preparations for the Europe-wide adoption of electronic filing of annual reports in formats supporting structured data, due to come into force in 2020 and we will be progressing this further in 2018/19.

MiFID II introduced important changes to the wholesale market structure by establishing new trading venues and, in some instances, limiting the amount of trading that takes place outside organised venues. These changes may have a significant impact on wholesale financial markets, for example in 2016 a total £5,375 billion of UK equities were traded via over-the-counter trading.[9] There may be important unintended consequences to these regulatory changes, such as less liquidity in some markets. We will undertake monitoring and diagnostic work to ensure that we can anticipate any such changes and act if we consider that they may lead to potential harm.

Industry codes of conduct

Many of the recent conduct issues that have caused harm in wholesale financial markets involved authorised firms carrying out activities that are outside our remit (known as the 'regulatory perimeter'). While voluntary industry codes can help raise standards of market conduct, historically their status has been unclear and they have lacked teeth.

So last year we proposed to recognise some industry codes of conduct for unregulated markets and in 2018 we will publish a Policy Statement outlining our final rules and approach to these codes. Our aim is to encourage the industry to develop and adopt new codes for firms to achieve strong conduct standards. These standards can be a useful way for the industry to police itself in support of our regulatory work, and can help firms to communicate what they expect from their senior staff when linked to the Senior Managers and Certification Regime.

Outcome indicators

We will use indicators such as market cleanliness data and the number of suspicious transaction and order reports to assess the potential harm from market abuse which damages confidence and participation in the market.

7 Paragraph 1.1 of DP16/3: Availability of information in the UK Equity IPO Process.
8 FS17/3 and PS17/22.
9 Fidessa Fragulator data.

Sector priorities
Investment management

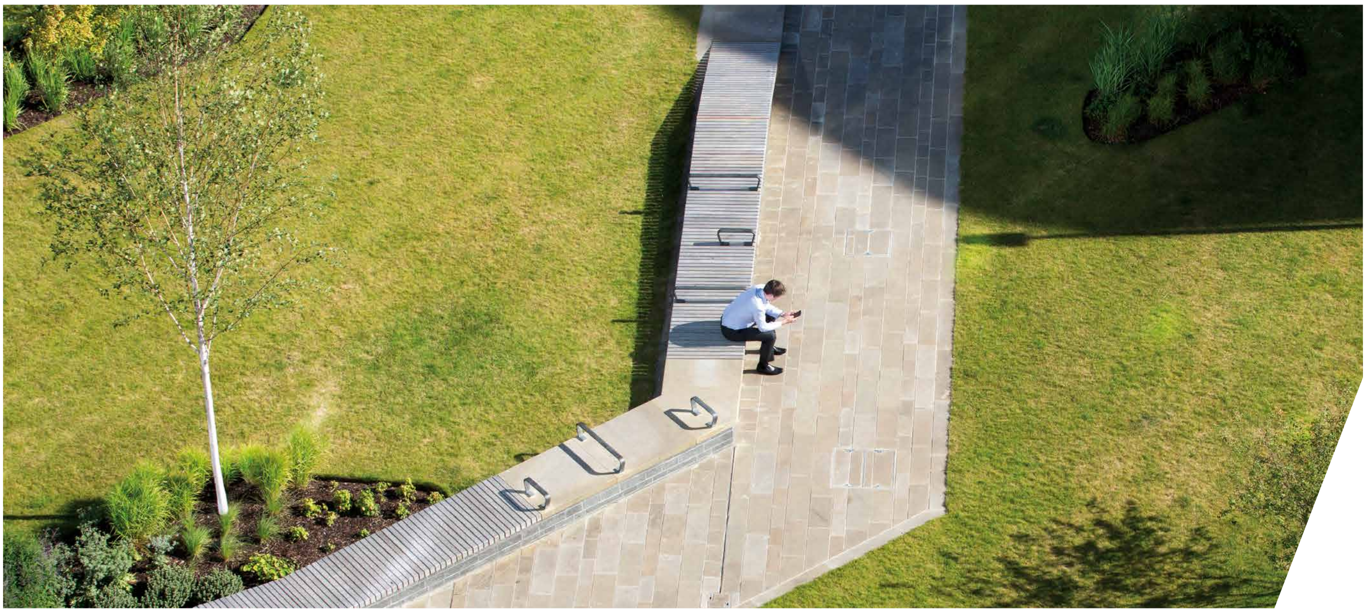
The investment management sector is an important contributor to the UK economy, with just over £8 trillion in total assets under management at the end of 2016. It has grown steadily in recent years and this growth is expected to continue. It is important that we have a competitive sector which is both attractive and works well for those who rely on it for their financial wellbeing.

Key issues in this sector include: poor quality and value for money of products, inadequate disclosure and lack of transparency, susceptibility to financial crime, and cyber and technological resilience risks. These issues may cause harms such as investors paying too much for products, inappropriate purchases and products that do not deliver or behave as expected. Investment management firms also have responsibilities to uphold market integrity.

The cumulative impact of important regulatory changes (e.g. MiFID II and PRIIPS) can potentially have wide-ranging and positive impacts on the sector, in relation to costs, transparency of fees and governance. But they may also create prudential and conduct harms that we will need to carefully monitor.

In the current low interest-rate environment, it is even more important that consumers earn the most they can from their savings and investments. The Asset Management Market Study is a step in this direction.

The UK's withdrawal from the EU presents challenges in this sector. One important challenge would arise from any changes to the existing global regulatory framework that could make it harder for asset managers to delegate portfolio management from the jurisdiction of the fund to the jurisdiction(s) where portfolios are managed. We are gathering intelligence to understand key changes to firms' business models, planning assumptions and governance after withdrawal.



Our work will aim to deliver strong regulatory cooperation that supports open markets.

Our key activities

Our work in the investment management sector will aim to ensure that firms act as good agents to their investors and as effective participants in wholesale markets. This is especially important in a continued low interest-rate environment that drives a 'hunt for yield' and where technology advances rapidly.

It is crucial that firms' decision-making gives due prominence to customers' interests. Our 'five conduct questions' form the framework we use to assess the effectiveness of a firm's culture and governance. Firms also need to ensure they have effective systems and controls to avoid being used as conduits for financial crime, including market abuse.

This sector is using new and innovative technologies, for example, distributed ledger technology and artificial intelligence. Technology has the potential to create real benefits for both consumers and firms by increasing competitiveness, innovation and efficiency. But it also brings with it important potential harms, such as service disruption, loss of data and exposure to cyber crime. We will engage with firms to ensure they allocate sufficient expertise and resources to these important developments to prevent consumer harm and avoid disruption of critical services. This work will also help to inform our future strategy with new technology. In 2017, we launched the Asset Management Authorisations Hub to streamline the authorisation process for new asset managers looking to set up in the UK. This is part of our commitment to efficient regulation and enhanced competition. We will continue to welcome applications throughout 2018.

Asset Management Market Study

We estimate that over three-quarters of the UK population are exposed to the asset management sector, either directly or through their pensions. It is important that competition works well in this market as, for example, even small differences in the charges they pay can have a significant impact on people's savings over time.

Given that even small differences in charges can have a significant impact on people's savings over time, the harm is significant

We are implementing a comprehensive remedies package on asset management to tackle the harm we have found by promoting increased competition in the interests of investors and to better protect them from the results of weak competition where necessary.

In September 2017 we referred investment consulting and fiduciary management to the Competition and Markets Authority (CMA) for a full market investigation. The CMA will publish their provisional findings on how competition is working in this part of the market in summer 2018 and will finalise the investigation including recommendations for remedies by March 2019.

In 2018/19 we will issue a further Policy Statement on the final rules and guidance outlined in our recently published Consultation Paper. We will also issue a second Consultation Paper on remedies focused on measures to ensure investors receive clear, comprehensive and consistent information.

PRIIPs Regulation

The sector continues to be affected by important regulatory changes that should mitigate actual and potential harm to investors.

The Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation has applied since January 2018. It introduced a requirement for firms to produce, publish and provide a standardised key information document (KID) for PRIIPs. This was so that investors can make better and fully informed decisions by being able to compare key features, risks and rewards of PRIIPS, through access to a short and consumer-friendly KID.

Some firms have told us they have concerns about this directly applicable EU regulation. In response, in January we published a statement clarifying some of our views on the KID. We will continue to engage with firms and their trade associations to consider how their concerns may be resolved so that investors get the full benefits of the Regulation.

We will also continue to work with the European Supervisory Authorities, and contribute to the European Commission's post-implementation review of the PRIIPs Regulation.

Liquidity strategy

We have reviewed the feedback from our 2017 discussion paper on liquidity management in open-ended funds. UK open-ended funds have approximately £35 billion invested in commercial real estate.[10] Our paper looked at the tension from funds that offer daily redemption terms, while managing assets that are not revalued on a daily basis. It noted the potential harms to investors who are unable to withdraw their money or do not receive a fair sale price for their assets. We will consult on a package of new rules and guidance that takes on board the responses we received, as well as the wider international agenda, particularly the International Organization of Securities Commission's updated 'Collective Investment Schemes (CIS) Liquidity Risk Management Recommendations' published in January 2018.

Our aim is to ensure that our regulatory framework does not prevent investors having access to diversified investment opportunities. It should also support the fair treatment of all investors in these funds and not amplify disruptions to the financial system in stressed market conditions.

Strengthening governance

Alongside the governance remedies we proposed following the Asset Management Market Study, we are considering whether we should extend similar remedies to with-profits and unit-linked funds.

The SM&CR is being extended to cover most of the firms we regulate, including investment managers. We give more information on this work in the Firms' culture and governance chapter.

Investment Firms Review

In December 2017 the EU Commission published a legislative proposal for a new prudential regime for investment firms authorised under MiFID. The proposal is a prudential regime for these firms that mitigates the potential harm they may cause if they have insufficient resources to stay financially viable. The aim of the review is to formulate more proportionate rules for these firms, rather than subject them to a regime primarily intended for banks. Over the next year we will provide technical assistance to the Treasury during the negotiations of the proposed text.

We believe that together these new and proposed measures will strengthen the governance of investment managers, helping them to better act in the interests of their underlying investors.

Impact of passive investment

Given the rapid growth in the proportion of investor wealth managed passively, it is important for us to understand the economic implications of this development on both individual investors and UK financial markets generally. By the end of 2018/19, we plan to publish research that will look at the rise of passive management in the UK and will explore the impact on core aspects of financial market performance such as corporate governance, market efficiency and financial stability.

Outcome indicators

Following our Asset Management Market Study, we will monitor the market to assess how outcomes are changing in this sector. Relevant information will include measures of price clustering and whether firms are passing on gains from economies of scale to their customers. We also cover governance, technology and cyber issues for this sector in our cross-sector themes.

10 Bank of England Financial Stability Report, July 2016.

Sector priorities

Retail lending

Many UK households have debts, including a mixture of both secured and unsecured credit. Credit has an important economic function and is largely beneficial for many customers. Yet for the minority who do experience harm, it can be significant. Our focus is on the harms caused by poor conduct, particularly when more vulnerable customers are affected.

The mortgage market is by far the largest retail lending market in terms of value, which means that even relatively isolated misconduct in the sector can cause significant harm.

We aim to ensure that firms sell products to customers that are affordable and suitable for their circumstances, and take appropriate action when customers are in financial difficulty. We expect firms to put customers' interests first without focusing on generating short-term profits.

While smaller in value, the consumer credit market affects many more people in the UK and includes a large number of vulnerable customers. The consumer credit market grew by 10.4% to £198 billion in the 12 months to April 2017.[11] While interest rates are expected to remain low, a gradual increase in interest rates could have a detrimental impact on consumers who carry high levels of debt.

Since we took over regulation of consumer credit firms from the Office of Fair Trading in 2014, we have worked to drive up standards in the market, including by refusing authorisation for firms that do not meet our standards. This has been particularly effective in the debt management sector, where our Authorisation and Supervision teams have worked closely with firms and achieved significant change. However, we have a number of concerns, particularly around the quality of debt advice and the long-term sustainability of some business models.

Our key activities

Assessing creditworthiness in consumer credit

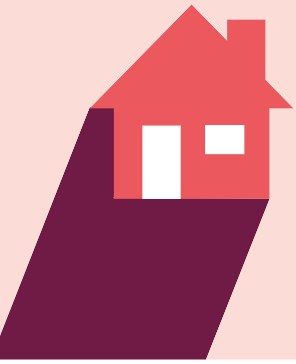
Following our consultation on creditworthiness we will publish a Policy Statement on rules which will clarify our expectations of firms when carrying out creditworthiness assessments on their customers.

Market Study on credit information

Consumers' credit information affects how likely they are to be able to access a range of financial services, including mortgages, loans and credit cards. Credit reference agencies (CRAs) play an important role in the provision of this information to inform firms' assessments of credit risk and affordability. Consumers may

11 Bank of England Statistics - Money and Credit, April 2017

Poor practices by debt management companies pose a high risk of harm to consumers, particularly those in vulnerable circumstances



experience harm if this information is not shared effectively or is not of good quality through inappropriate lending decisions or restricted access to credit.

In our consultation on Assessing Creditworthiness in Consumer Credit, we invited views on a range of issues in relation to firms' access to, and use of, credit information including the coverage, timeliness and consistency of data and products provided by CRAs. Building on the responses received to our consultation we intend to launch a market study on credit information in Q4 2018. We will collect evidence to gain a better understanding of the potential for harm in this market and, if necessary, identify remedies. Our aim is to ensure that this important market works as well as possible to maximise the benefits that it can deliver for consumers.

Making the mortgage market work better for consumers

Our Mortgage Market Study has looked at whether available tools, including advice, help mortgage consumers make effective decisions. It has also examined whether commercial arrangements between lenders, brokers and other players cause harm to consumers.

We will publish our interim report in Q2 of 2018, setting out our findings and inviting views on any potential remedies. We will consider feedback received before publishing our final findings, a summary of the feedback and our next steps later in 2018/19.

Credit-broking remuneration models at the point of sale

We are currently carrying out a thematic review looking at commission and other remuneration models between credit brokers and other firms (such as lenders) and whether they lead to poor customer outcomes. We are assessing how inter-firm payments affect which credit products are offered to consumers and how they are sold. We will report our findings towards the end of 2018.

Ensuring the debt management sector works well

Poor practices by debt management firms pose a high risk of harm to consumers, particularly those in vulnerable circumstances. So it is important that we have the best possible understanding of how the market as a whole is working for consumers. Financial Lives data suggest that 3% of UK adults used debt advice or debt management services in the last twelve months and, of these, 19% used a paid-for service.[12]

Close engagement with the debt management sector through our authorisation and supervision work has led to a debt management sector with fewer, and more regulatory compliant, firms. A large number of issues still remain however, particularly around the quality of debt advice and the long-term sustainability of the business model. Our supervision function continues to engage closely with the largest authorised firms to ensure that they act in the best interests of consumers.

Last year, we started a thematic review to look at fee-charging and free-to-customer debt management providers to help us build up a full picture of the sector. This year, we will look at how these providers are meeting their customers' needs. We will review customer files and visit providers to interview staff and assess their processes and how they deal with customers. We will look at both the initial debt advice process and the continuing service. We want to understand where there is good practice that helps consumers manage their debts, as well as identifying areas where improvement could be made. We expect to complete this review and report on findings in Q1 2019.

Motor finance

The motor finance market grew 8.2% in the twelve months to April 2017[13] with new point-of-sale lending for car purchases totalling £32.6 billion in the twelve months to the end of Q1 2017.[14] Our recently published update explains that we want to identify whether consumers have sufficient, timely and transparent information when taking out motor finance. We are testing this in a number of ways, including through a mystery shopping exercise.

We are undertaking further work on responsible lending, particularly the approach taken by motor finance lenders to assessing creditworthiness (including affordability). Our work will primarily focus on higher credit-risk consumers, but we will test how lenders assess affordability and whether current procedures are working in the interests of all consumers.

We are also doing further work on commission arrangements. Some commission structures create a strong link between the dealer commission and the interest rate charged to consumers. We are therefore assessing whether lender controls and current regulatory requirements minimise the potential for harm to consumers.

We expect to complete our review of the motor finance market by the end 2018. At that stage, we will publish our findings, setting out any areas of concern we have identified and how we intend to tackle them.

Review of retained CCA provisions

Our rules aim to ensure consumers are adequately protected while not placing disproportionate burdens on firms. We are required to review the Consumer Credit Act 1974 (CCA) retained provisions which were not replaced with FCA rules or repealed during the transfer of regulation, and to report to the Treasury by 1 April 2019. We will consider whether the repeal of CCA provisions would negatively affect appropriate consumer protection and whether the provisions could be replaced by FCA rules or guidance. We will also take into account whether some provisions remain appropriate in today's market and whether they should be amended or updated. We will publish an interim report setting out our initial views and invite responses.

Outcome indicators

We will use various sources of information to see how drivers of harm that lead to unaffordable or unsuitable product purchase are changing.

We have only regulated consumer credit since 2014. Therefore, we will continue to increase our understanding of issues and improve the evidence on which we base our interventions in this area.

12 FCA Financial Lives survey, 2017
13 FLA Data. The FLA has subsequently stated that the annual rate of growth slowed to 6.0% in the twelve months to December 2017.
14 FLA Data. New POS lending to consumers for car purchases in the twelve months to December 2017 totalled £34.2 billion.

Sector priorities
Pensions and retirement income

We want to ensure that consumers are equipped to make good decisions to fund their retirement, such as through appropriate advice or guidance, and can access good quality, value-for-money retirement products. We also want to ensure consumers know how to avoid pension scams and poor deals. The number of consumers contributing to workplace pensions continues to grow, driven in large part by auto-enrolment. In the first quarter of 2016, 68% of all employees were enrolled in a pension, equating to 78% of all eligible employees.[15]

The decisions consumers make during their working life about saving for retirement will influence their financial wellbeing in later life. The subsequent decisions they make on how to take their retirement savings are also hugely significant. Yet many consumers feel unequipped to make these decisions confidently.

The market has been adapting to changes from the Government's pension freedom reforms in 2015. Our regulation of the market has focused on making adjustments to our rules to support the reforms. We have continued to see a shift away from consumers using annuities to purchase a guaranteed income towards drawdown products that offer greater flexibility.[16] Drawdown products attracted inflows of approximately £16.2 billion in 2016 versus £4.6 billion for annuities.[17]

Our key activities

We also cover our work on Pensions and retirement income, such as our Retirement Outcomes Review, in our Long-term savings, pensions and intergenerational cross-sector chapter.

Pensions strategy

This year our focus is on producing a clear strategy that makes it easier for all our stakeholders to understand our role in the pensions sector. We are working closely with The Pensions Regulator to produce a joint Pensions Strategy which will set out how we

15 ONS, Annual Survey of Hours and Earnings 2016. ONS, Workplace Pension Participation and Savings Trends of Eligible Savers Official Statistics: 2006 to 2016.
16 FCA, Product Sales Data 2016.
17 FCA, retirement income data 2016.

will work together to tackle the key regulatory risks facing the pensions sector in the next 5-10 years. This will be informed both by our own research and views from other key stakeholders, including the outcome of the House of Commons Work and Pensions Select Committee's inquiry into the pension freedoms. We will jointly host a series of stakeholder events and a webinar with The Pensions Regulator to ensure that all relevant issues are covered.

Potential extension of the remit of Independent Governance Committees for workplace pension schemes

We are currently undertaking wider policy work on Independent Governance Committees (IGCs) for workplace pension schemes to look at the possibility of extending their remit. This wider work includes possible changes to the rules for IGCs to improve governance and value for money for consumers, following recommendations on social investing from the Law Commission.

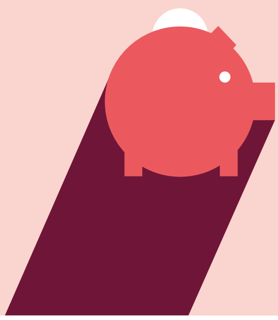
Helping consumers avoid scams

Where appropriate, we take robust action against scammers both to stop them and deter others. Alongside our ScamSmart work (covered in Financial crime and AML), we continue to monitor, quantify and tackle cases of systemic pension mis-selling and fraud. This involves firms we regulate and unregulated firms that introduce business to them. We also work with firms to ensure they take the necessary steps to protect consumers and collaborate with other agencies to tackle scams. We will continue to work with the Treasury and Department for Work and Pensions on legislative measures to combat pension scams, including a ban on pension cold calling.

Outcome indicators

We use a variety of data to assess harm in this sector. These include how many consumers shop around for drawdown products, how much they understand about their options and the number of products that are fully cashed-in. Working with the DWP, we can use charges to assess the cost of workplace pensions and how that may harm consumers. Our workstream on assessing suitability enables us to measure whether customers are making unsuitable purchases or choices due to unsuitable advice.

We take robust action against scammers both to stop them and deter others



Sector priorities
Retail investments

Where consumers decide to take advice on investments they need to know that it is suitable for their needs, consistent with their approach to risk and that they are not being overcharged. Advisers must be appropriately incentivised when recommending products to their customers, and the distribution chain should be free from conflicts of interest. This is increasingly important as, following the introduction of the pension freedoms, many consumers now face complex financial choices.

Our Assessing Suitability Review found that 93% of advice was suitable for consumer needs. These are positive results for the sector and reflect the successful adoption of the Retail Distribution Review (RDR) by advisers.

Our strategy for supervising the quality of retail investment advice is twofold. First, we aim to improve standards across the market and periodically assess this. Second, we focus on specific areas where advice is less suitable, including high-risk investments and pension transfers.

Our key activities

Financial Advice Market Review (FAMR)

FAMR made recommendations to improve access to financial advice, in part by seeking to lower costs and increase the availability of automated advice for consumers. FAMR recommendations also sought to create market conditions that allowed firms to deliver affordable and accessible financial advice and guidance, including streamlined advice on specific investment needs. We will review the impact of FAMR and the RDR in 2019.

Technological developments in the advice market, through 'robo' or automated advice models, are offering consumers new ways to access investments. These can potentially lower the cost of advice and so extend it to those who currently decide it is unaffordable. We are carrying out a review of robo-advice models across a number of firms and our Advice Unit is providing individual feedback to firms developing these models.

High-risk and complex investments

High-risk investments are characterised by unusual, speculative or complex product structures, investment strategies or terms and features. As consumers look for better returns, some are buying products which are unlikely to meet their savings or investment needs.

In 2018/19 we will carry out a programme of work to tackle incidences of consumers entering into high-risk investments which are unsuitable for their needs. This work will enable us to identify where there are problems with high-risk investments. We will also strengthen our authorisations gateway and supervision for firms that provide advice on high-risk and complex investments. This will ensure they improve their disclosure and reduce the risks of harm to retail investors.

Contracts for Difference

As part of our programme of work we continue to mitigate harm from firms selling Contracts for Difference (CFDs) and spread bets to retail consumers who often do not understand the risks of these complex, leveraged instruments. We are also focused on binary options, which entered our regime from January 2018. Our work involves a coordinated programme of policy and supervisory activity. In 2018, we will evaluate how well our interventions have worked and act where firms fail to meet our expectations.

We support the European Securities and Markets Authority's (ESMA) agreed EU-wide temporary product intervention measures announced 27 March 2018. These include the prohibition of the marketing, distribution or sale of binary options to retail clients and a range of restrictions on the marketing, distribution or sale of CFDs to retail clients, including rolling spot forex. We expect to consult on whether to apply the ESMA measures on a permanent basis to firms offering CFDs and binary options to retail clients.

Investment platforms market study

The assets administered by investment platforms continue to grow at a significant rate. Direct-to-consumer (D2C) platforms and share dealing services currently administer £170 billion of assets. The assets under administration in both the D2C and adviser platform market grew rapidly in 2016, by 15% and 18% respectively.[18] Our market study is looking at how platforms compete and their impact on the overall charges investors pay for their retail investment products. We will publish our interim report in summer 2018, setting out any problems we see in the market and any action we intend to take to tackle them.

The report will cover the tools that platforms use to help consumers make informed investment decisions and evaluate the value for money of investing through a platform. It will consider the 'model' portfolios and diagnose whether consumers can understand what these portfolios offer. The report will look at how platforms promote the products they offer and how this affects consumer choice. We will also assess what impact these relationships are having on competition.

Raising awareness of fraud and scams

We have a duty to protect consumers from becoming victims of scams and fraud. We note an increase in fraudulent investment firms that are advertising online and on social media – for example, offering trades in binary options. Younger consumers are at increased risk of online investment fraud, which has now overtaken the telephone as the most common contact method for investment fraudsters. We cover our work in this area in the earlier section on Financial Crime (fraud and scams) and anti-money laundering.

Outcome indicators

We use a range of factors when analysing the suitability of products and advice. These include findings from our Assessing Suitability Review, the number of consumers who report mis-selling, consumer perceptions of quality, price and value, and reports of problems in accessing appropriate advice.

Younger consumers are at increased risk of online investment fraud, which has now overtaken the telephone as the most common contact method for investment fraudsters

18 Platforum – UK D2C Guide, February 2017.

Sector priorities
Retail banking

Retail banking is central to the lives of virtually every consumer, business and organisation in the UK, and the way customers use it is constantly evolving. Technology and innovation now drive customers' expectations of how they run their finances and how they make and receive payments. These changes will profoundly shape the size and nature of the market over the next decade.

The last two years have seen major regulatory changes to retail banking to improve competition; many of these are continuing. Our focus on implementing these changes is on tackling the main harms they are designed to resolve. These harms range from poor value and service, high charges and theft of customers' data and money through cyber attack and fraud.

The Payment Services Directive (PSD 2) will promote competition by opening up third-party service providers' access to banking customers' account data. This may increase the opportunities available from using big data and advanced analytics, creating potential for new types of businesses that did not previously exist.

Our key activities

Helping firms prepare for ring-fencing

Banks undertaking ring-fencing should have appropriate data security controls and, where applicable, outsourcing arrangements to prevent customers and the retail banking market suffering harm. Ring-fencing rules must be implemented by 1 January 2019. We will check that all affected firms are managing risks effectively and review firms' IT plans as mentioned in our Data security, resilience and outsourcing chapter.

These rules will increase the protections of essential banking services used by ordinary depositors. Current accounts, savings accounts and payments will no longer be put at risk by a failure in another part of the business, such as investment banking. After implementation, we will review the effectiveness of governance arrangements through our regular supervisory interactions with firms.

Developing a payments sector strategy

The payments sector is experiencing technological, strategic and regulatory change which is transforming the traditional payments value chain. We are working to improve our understanding of the payments system by identifying the key players and current and emerging trends that may cause harm in future.

We will undertake diagnostic work on payment fraud, including Advanced Push Payment Fraud, to develop appropriate interventions as well as support industry initiatives. We will use evidence sent to the Payments Systems Regulator by the consumer group Which? to help inform this work.

The Bank of England has committed to opening up direct access to its Real-Time Gross Settlement (RTGS) system to non-bank Payment Service Providers. This will give electronic money institutions and payment institutions direct access to payment schemes. We are strengthening our supervision of all applicants to support this initiative which will help improve competition and innovation in payments.

Delivering the revised Payment Services Directive (PSD2)

PSD2 has brought two service providers, Account Information Service Providers and Payment Initiation Service Providers, under our regulation for the first time. These services could help consumers manage their finances better and more conveniently.

We will supervise these providers and develop our understanding of the emerging business models. This will ensure we identify and deliver a proportionate response to any harm to consumers or markets, and ensure firms comply with the Regulations.

PSD2 is also designed to improve consumer protection and give consumers a quicker and more streamlined service when making or receiving payments. Regulatory Technical Standards on strong customer authentication and secure communication (the 'SCARTS') has been published as a Commission Delegated Regulation in the Official Journal of the European Union. These are key to achieving enhanced consumer protection, promoting innovation and improving the security of payment services.

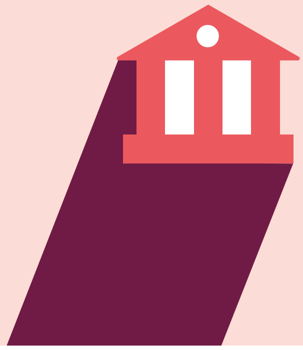
Payment Protection Insurance redress (PPI)

Our PPI deadline awareness campaign will continue to run throughout 2018/19 up until the deadline of 29 August 2019. The campaign aims to raise awareness of the deadline date and prompt all those who intend to complain to do so. We continue to monitor our performance and optimise our approach so that the campaign effectively delivers its objectives. Before the end of year we will publish an interim report giving findings on the performance of our campaign and our key supervisory reviews of, and interventions in, firms' treatment of consumers.

Outcome indicators

To measure whether competition is improving, we look at how easy customers find it to compare products across providers and industry data on how many of them have switched accounts as a result. We also monitor how many people complain about barriers to accessing financial products and, if they have been rejected for a product or service, identify why. We also look at whether firms are meeting our requirements to publish information about current accounts.

PSD2 will promote competition by opening up third party service providers' access to banking customers' account data



Sector priorities
General insurance and protection

General insurance and protection products allow both individuals and businesses to protect themselves against uncertainty, enabling a wide range of economic activity that might otherwise be seen as too risky. It has a central role in enabling activity in industries such as construction, agriculture, manufacturing, leisure and professional services. So it is vital this market, including the wholesale market underpinning it, works well and keeps adapting to meet new needs and changing circumstances.

One of the most significant regulatory changes in 2018/19 will be the implementation of the Insurance Distribution Directive (IDD) which comes into force on 1 October 2018. The IDD will help reduce conflicts of interest and ensure firms act in consumers' best interests. We will work with firms to ensure that they comply with our rules set out in our Policy Statement.

Our priorities are fairness, access and value for retail customers, and an effectively functioning wholesale market. Within this sector, the key drivers of harm include suitability of products, renewal pricing, mis-selling, low value products, operational resilience and cyber-crime. Our work to understand firms' pricing practices is covered in our treatment of existing customers chapter.

Our key activities

Publishing our interim findings on wholesale insurance brokers

There have been significant changes in the wholesale insurance sector in recent years which has seen brokers developing new services and business practices. Given these changes, we are exploring how well competition is currently working and whether it could work better in the interests of clients.

In 2017 we began a market study to assess whether brokers use their bargaining power to get clients a good deal, if any conflicts of interest exist and how broker conduct affects competition.

We aim to publish our interim findings from the market study by the end of 2018. This report will set out our analysis and preliminary conclusions, and any potential solutions to address identified concerns.

Value in general insurance distribution chains

In 2018/19 we will conclude the first phase of our diagnostic work on value in the distribution chain. This has looked at three insurance products – tradesman insurance, travel insurance and motor ancillary insurances, including Guaranteed Asset Protection (GAP) insurance. This follows our thematic reviews of delegated authority and appointed representatives, which showed that the value of insurance products and related services could be eroded through the distribution chain.

We will look into the end-to-end relationships in a sample of distribution chains. This will enable us to identify how the amounts customers pay divides up between the various parties and how different distribution chains can affect the value of insurance product customer services. We will report our findings and set out any next steps in the second half of 2018.

Protecting vulnerable consumers

Our 'Future Approach to Consumers' shows how different consumers can become vulnerable at different times in their lives and the need for firms to adapt to these changing circumstances. In summer 2018, we will publish our Feedback Statement from our Call for Input on Access to Travel Insurance, which looked at the challenges for firms and consumers in providing and accessing fairly-priced cover for people with pre-existing medical conditions. We want to understand the market and consumers' journeys better and use this as an opportunity for industry, regulators and consumer groups to work together to produce meaningful change for vulnerable consumers.

Product design and oversight

The IDD should reduce the risk that firms will sell unsuitable products to consumers. It requires firms to identify the target audience for products to ensure they are designed to meet these consumers' needs, and regularly review these products to ensure they continue to do so.

Keeping our rules on GAP insurance under review

Our Mission explains how we continually assess the impact our rules and guidance have on consumers, firms and markets. In 2018/19 we will evaluate the effectiveness of our 2015 rules on GAP insurance to assess if they are improving competition and increasing consumer understanding.

Outcome indicators

We use a mixture of data to help us understand the drivers of harms in this sector, including sales data, pricing trends and consumer surveys. In addition, we consider operational resilience and cyber-crime within our cross-sector themes.

We will look into the end-to-end relationships in a sample of general insurance distribution chains


LEON.

How we operate

This section provides details on our operational activities and our finances.

Our budget

Our annual budget reflects the cost of the resources we need to carry out our work in 2018/19.

The key elements of our budget are:

- the cost of our core operating activities (our Ongoing Regulatory Activity, ORA), the largest element of which is our people
- the total amount we charge the industry to fund our activities (our Annual Funding Requirement)
- capital expenditure for the development of our technology and information systems and new regulatory and operational requirements

Annual Funding Requirement (AFR)

Our AFR for 2018/19 is £543.9m, an increase of 3.2%. Our AFR includes our ORA budget costs, the costs we need to recover for changes to our regulated activities (Scope Change) and EU Withdrawal. The actual fees we collect will reflect the AFR net of rebates related to financial penalties collected (estimated at £48.2m).

Annual Funding Requirement (AFR)

	FCA Budget			
£m	**2017/18**	**2018/19**	**Change**	**% Change**
Base ORA Budget	508.0	523.2	15.2	3.0%
Payments Department		2.0	2.0	
OPBAS Department		2.0	2.0	
Total ORA Budget	**508.0**	**527.2**	**19.2**	**3.8%**
EU Withdrawal	2.5	5.0	2.5	100.0%
Scope Change Recovery (incl. OPBAS)	16.4	16.7	0.3	1.8%
ORA Reserves Utilised		-5.0	-5.0	
Total AFR	**526.9**	**543.9**	**17.0**	**3.2%**

The ORA Budget

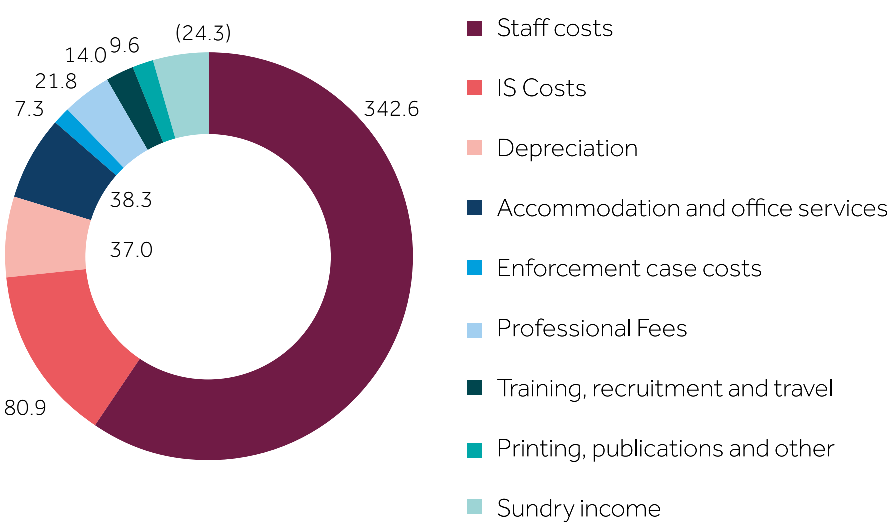
We are committed to delivering an ORA budget that is flat in real terms, subject to any changes in our wider ongoing regulatory responsibilities. Our 2018/19 budget reflects the following changes in the scope of our work:

- Additional regulatory responsibilities around payments following the introduction of PSD2.
- The formation of the Office for Professional Body Anti-Money Laundering Supervision (OPBAS), with £0.3m of set up costs reflected in Scope Change recovery.

Before taking these into account and after utilising £5.0m of ORA reserves to mitigate the impact on fee payers, our budget, excluding EU Withdrawal and Scope Change, increases by £10.2m to £518.2m, an increase of 2% which is below the current rate of inflation.

We continue to invest in our people to ensure we deliver on our ongoing objectives while preparing for EU Withdrawal. It is vital that we attract and retain the right people, and that we have robust operational functions that support our key regulatory functions. The chart below reflects how our ORA budget will be spent in 2018/19.

2018/19 ORA Budget £m



EU Withdrawal

EU Withdrawal	£m
ORA spend on EU withdrawal	14
EU withdrawal fee	5
ORA reserves utilised	5
Firm specific costs	6
Total EU Withdrawal cost	**30**

We have identified total EU withdrawal demand of around £30m. We will absorb £14m of this within the ORA budget by reprioritising; delaying or reducing non-critical activity and finding more effective ways to deliver our regulatory requirements.

This leaves a requirement for funding for the remaining £16m for EU withdrawal activity. We will raise £5m of this through the fees we charge firms, with a focus on the firms that are most likely to be affected by EU withdrawal. This is consistent with our approach to raising additional EU withdrawal funding in 2017/18. A further £5m will be funded through using ORA reserves. The remaining £6m will be funded from specific firms in the same manner as Scope Change, where we will recover the costs of implementing new regulatory responsibilities, such as passporting and on-shoring credit rating agencies and trade repositories, once we know the final costs and number of firms' affected.

There is still considerable uncertainty about the scale and timing of various activities in connection with EU withdrawal. We will closely monitor the progress of negotiations and the potential for any further impact on our cost base.

Scope change recovery

In 2018/19 we will recover scope change costs for MiFID II, Consumer Credit and OPBAS. Consumer credit firms were not billed for the full costs of regulation during the setup and transition period of the FCA taking over their regulation from the Office of Fair Trading. We will continue to

Capital Expenditure	2017/18 £m	2018/19 £m
IT Systems Development & Infrastructure	41.6	50.1
Property, plant & equipment	1.0	1.0
Total Capital Excluding TIQ	**42.6**	**51.1**
TIQ (Stratford Property)*	70.0	10.0
Total Budget	**112.6**	**61.1**

* Note 2017/18 Stratford Property budget restated to align with the most up to date phasing estimate of capital expenditure for the multi – year programme.

recover the outstanding deficit over a ten year period at £6.2m per annum.

Capital expenditure

Our capital expenditure budget increase (excluding our move to Stratford) reflects the ongoing investment and maintenance of IT systems and infrastructure development, as well as implementing the necessary IT change driven by legislation and EU Withdrawal. Capital expenditure is largely funded through the ORA depreciation charge.

Move to Stratford

On expiry of our current leases in Canary Wharf we, along with the Payment Systems Regulator (PSR), are moving to Stratford. We expect to complete the move by summer 2018. The new site, in Endeavour Square, Stratford, provides a modern and fit-for-purpose office, updated facilities and the infrastructure and technology to meet our future needs. One of the aims of introducing our new technology is to reduce our reliance on printing and paper.

We have signed an Agreement for Lease for 20 years to move to the new site. We are incurring costs to get the building ready for occupation and the current intention is that these will be funded by external financing, the costs of which will be recovered against the rent-free period.

Dual running costs for operating both our Canary Wharf estate and our new site in Stratford during the transition period for 8 months are forecast to total £20m and will be funded from our retained ORA reserves.

Our new building has been designed with sustainability in mind. It features innovative heating and cooling systems that are fully integrated to reduce heating costs and environmental impact.

The building has qualified for Building Research Establishment Environmental Assessment Method (BREEAM) Excellent. The Excellent rating is awarded only to the top 10% of new non-domestic buildings.

Payment Systems Regulator

The Payment Systems Regulator (PSR) is a separate legal entity based at the FCA, with its own board and statutory objectives. Details of its funding can be found in the PSR's Annual Plan. As an independently accountable subsidiary of the FCA, the PSR continues to utilise the FCA's operational support for services such as human resources, finance and information services where it is viable, effective and efficient to do so.

In 2018/19, we will continue to work collaboratively with the PSR to carry on developing interventions to reduce harm to consumers from Advanced Push Payment scams. We worked closely with the PSR on its response to the Which? super complaint in December 2016, on its report and consultation published in November 2017.

Value for money

Value for money (VFM) is central to Our Mission; we continue to focus on the best use of resources to reduce harms and achieve our objectives. This includes a range of actions and activities to ensure we operate in the most efficient and economical way.

Our prioritisation processes and decision-making framework enable us to prioritise and make best use of our resources. Our three-tier performance measurement framework enables us to measure the efficiency of our approach.

Maintaining a robust authorisation process and proactive and efficient supervision, competition and enforcement regimes remain essential features of our regulatory model. Our approach will continue to evolve, making them more efficient and proportionate.

We recognise that being efficient with our resources also includes how we make the best use of the data and information available to us. We have a number projects in train to improve our ability to manage and analyse our data to identify potential harms and deliver our regulatory outcomes.

From an operational perspective our move to Stratford will provide us with an opportunity to improve ways of working with greater flexibility to work across functions and to share knowledge more efficiently. We are delivering more cost-effective technology solutions such as the move of our data centres to cloud-based technology.

Finally, underpinning all of this we are continuing to embed the concepts of VFM and how we can apply them in practice through a training programme and support network of subject matter experts. We are further developing our approach to continuous improvement throughout all areas of our work and we continue to work closely with the National Audit Office to maintain an effective relationship.

Our people

Our People Strategy reflects our Mission:

- our new 'At our best' values will directly support embedding the our Mission and reinforcing the right behaviours across the organisation
- a refreshed Leadership Framework, including clear responsibilities and accountabilities under our application of the SM&CR, ensures that our leaders know what is expected of them and their role in the organisation
- a forward-looking strategic Employee Capability Plan tells us what capabilities we will need in the future and helps us ensure these are in place

We are building a diverse and inclusive place to work, both because we want our people to be themselves and because diversity makes us a more effective regulator. To demonstrate our commitment to diversity and inclusion, we are actively working towards the target we set in 2016 for 45% of our senior leadership team to identify as female by 2020, and 50% by 2025, in addition to our target for 8% of our senior leadership to identify as Black, Asian and Minority Ethnic (BAME) by 2020, and 13% by 2025.

As well as building a diverse workforce with a broad range of skills, we also need to think strategically across all of our people-related activities to achieve the organisational and behavioural changes to deliver our Mission.

We continue to develop our people to achieve their potential and to keep our best talent. As well as our rolling programme of events to keep our staff up to date with economic and market developments, we will expand our successful secondment programme to include a wider range of regulated firms and consumer organisations. We will also strengthen our management framework through the Future and Advanced Manager Programmes, investing in our future leadership and helping balance our people's technical expertise with the best people and operational management skills.

Corporate responsibility

We are proud of the fact that 39% of our staff volunteered for a range of initiatives, against a target of 30%. Our current initiatives are diverse and engage people at all levels and in a variety of teams across the organisation. We are also a London Living Wage employer and incorporate corporate responsibility requirements into our supplier relationships through the procurement process.

To build on our move to Stratford, and after extensive research and engagement with the local community, we have agreed a new community programme which will focus on year seven students (those in the first year of secondary education). We are now working with schools and community partners to develop the programme, ready for our move to Newham in 2018.

Working with others

In addition to our 'Approach to' documents, we have a central role in developing and delivering key policy initiatives, often in collaboration with other regulators. We also monitor and respond to issues around our regulatory remit.

We help influence domestic and international initiatives and legislation. We actively engage with a wide range of global bodies, to shape policy debates, ensure effective cross-border cooperation, share regulatory experience and help identify new and emerging issues. Many countries see our initiatives, for example FCA Innovate, as industry-leading and we collaborate with international regulators to promote innovation in our respective markets.

Our Chief Executive is a member of the Financial Policy Committee (FPC). The FPC identifies, monitors and acts to remove or reduce systemic risks with the aim of protecting and enhancing the UK financial system's resilience. We closely monitor risk to financial stability and work closely with the Bank of England on areas of interest to the FPC, such as market liquidity.

We work closely with the Treasury, the Competition and Markets Authority , The Pensions Regulator, the Financial Ombudsman Service, the Money Advice Service , the Financial Services Compensation Scheme, the Prudential Regulation Authority and the Bank of England, other government agencies and departments, and international regulatory organisations to provide evidence and input to advance our objectives.

FCA statutory panels

We are required to consult on the impact of our work with four statutory panels. These panels represent the interests of consumers, practitioners, smaller regulated firms and markets. We also consult with the Listing Authority Advisory Panel.

These panels play an important role in both advising and challenging us, and bring a depth of experience, support and expertise in identifying risks to the market and consumers. We consider their views when we develop our policies and decide and implement other regulatory interventions. The Panels are:

- The Consumer Panel
- The Practitioner Panel
- The Smaller Business Practitioner Panel
- The Markets Practitioner Panel
- The Listing Authority Advisory Panel

Annex 1: Update on market-based activity

Firms' culture and governance	Publication type	Timings
*Establishing a public register	Consultation Paper	Q2 2018/19
Accountability	Policy Statement	Q2 2018/19

Innovation, big data, technology and competition	Publication type	Timings
*Review of Cryptocurrencies	Assessment report in conjunction with HMT and BoE	Q2 2018/19

Treatment of existing customers	Publication type	Timings
Providing SMEs access to FOS	Policy Statement	Q2 2018/19

Pensions and retirement income	Publication type	Timings
Retirement Outcomes Review	Final report and Consultation Paper	Q2 2018/19
Non-workplace pensions	Feedback Statement	Q3 2018/19
Fair treatment of with-profits customers		Q3 2018/19
*Unsuitable pension transfer advice	Policy Statement	Q3 2018/19
*Savings adequacy	Occasional Paper	Q4 2018/19

Retail Banking	Publication type	Timings
Strategic Review of Retail Banking Business Models	Consultation Paper	Q3 2018/19
Improving competition in current accounts	Policy Statement	Q3 2018/19

Financial crime	Publication type	Timings
Financial crime review of e-money	Report	Q2 2018/19

General Insurance and protection	Publication type	Timings
Wholesale Insurance Brokers Market Study	Interim report	Q3 2018/19
Value in the distribution chain (Phase 1)		Q2 2018/19
*Assessing claims inflation in General Insurance		Q4 2018/19

* New projects

Retail Investments	Publication type	Timings
Investment Platforms Market Study	Interim Report	Q2 2018/19
Outcomes testing on auto advice		Q4 2018/19
High-Risk Complex Investments		Q3 2018/19

Investment Management	Publication type	Timings
Asset Management Market Study remedies	Policy Statement	Q4 2018/19

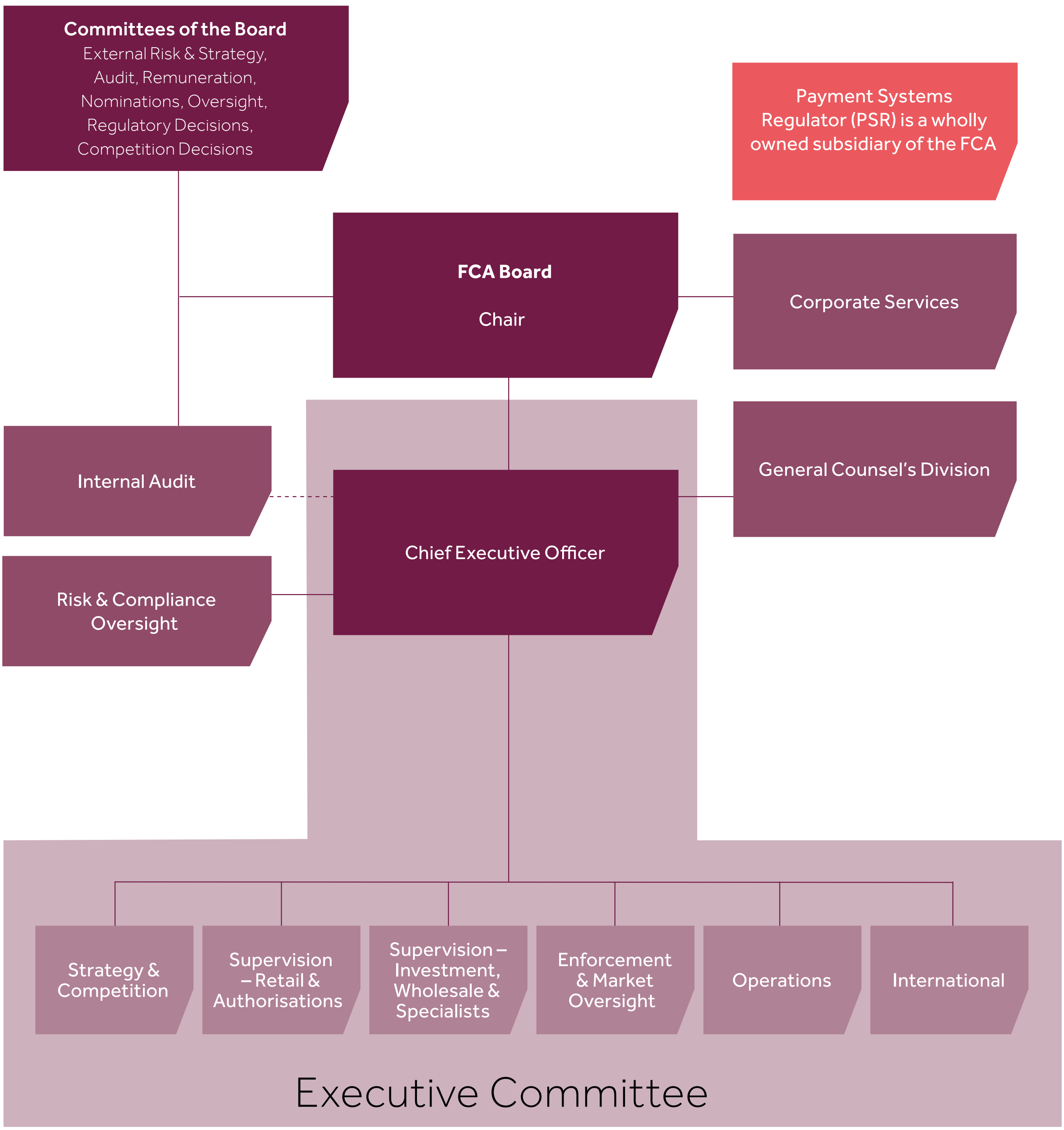
Mortgages and mutuals	Publication type	Timings
Mortgages Market Study	Interim report	Q1 2018/19

Consumer credit	Publication type	Timings
Motor finance	Final Report	Q3 2018/19
Consumer Credit Act retained provisions review	Consultation Paper	Q4 2018/19
Debt Management Sector Review		Q4 2018/19
*Market Study On Credit Information	Terms of Reference	Q4 2018/19
High-Cost Credit Review	Consultation Paper Policy Statement	Q4 2018/19

Wholesale financial markets	Publication type	Timings
LIBOR Transition		2020/2021
Implementation of the EU Benchmark Regulation	Policy Statement	Q1 2018/19
Reforms to the listing regime	Consultation Paper	Q2 2018/19
*Money Laundering in Capital Markets	Report	Q1 2019/20
*Approach to Market Integrity	Report for Consultation	Q4 2018/19

* New projects

Annex 2: FCA organisational chart



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