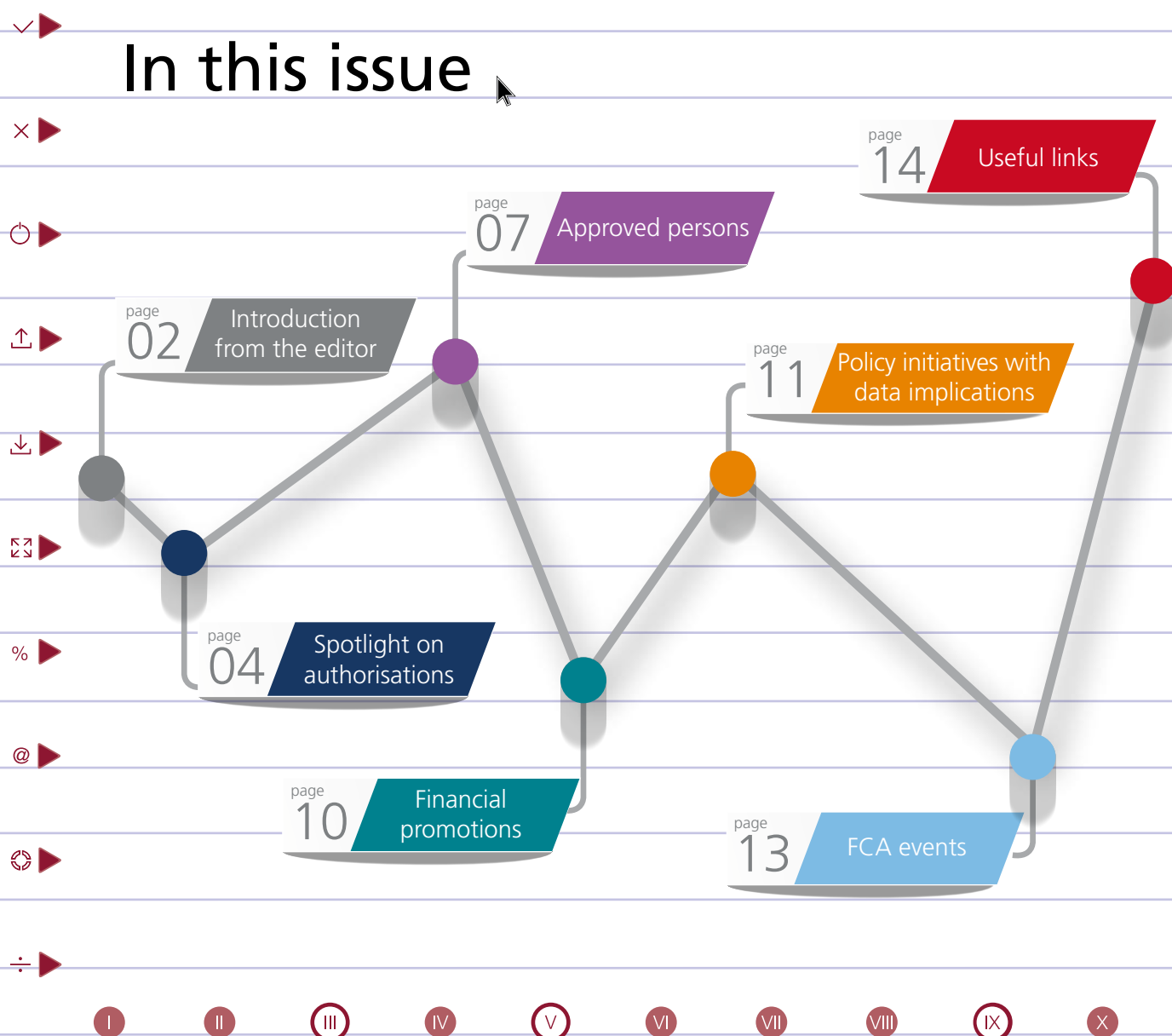


Data Bulletin

January 2015

Issue 2

In this issue



Introduction from the editor



Nick Cook
Head of Data & Analysis

We published our first Data Bulletin in October 2014 and we were pleased to receive a lot of positive feedback and requests to subscribe to the bulletin. We are glad you liked it.

In this edition, among other things, we highlight some areas of the authorisations process, including interesting statistics on the individuals we approve, and how we manage complaints about advertising in financial services.

These Data Bulletins are designed for you, so we want to continue to hear from you about what you would find useful. Please email your feedback to us at: fcadataandanalysis@fca.org.uk

I would also like to draw your attention to our recent publication about our progress in implementing the FCA's Data Strategy. A short summary video is available at: fca.org.uk/data-strategy.

Kind regards,

Nick Cook
Head of Data & Analysis

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What we will cover in this issue

Our Data Bulletin gives us the opportunity to highlight some of the information we hold, which we believe will be of interest to you. Here is a brief summary of what we will be covering in this edition.

Spotlight on authorisations

The authorisations process is an important area for us as a conduct regulator and we have key performance indicators and service standards that we measure ourselves against. Page 4 provides a brief summary on our authorisation key performance indicators and where you can find out more information about how we are performing.

With our authorisation responsibilities extended to consumer credit firms as of 1 April 2014, in this issue of the Data Bulletin we will look at the types of firms that will be seeking authorisation.

We will also look at how we are dealing with new and innovative firms and how we are supporting them through the authorisation process as part of our Project Innovate work.

Approved persons

In the first edition, we provided some statistics on the firms we regulate. In this edition we focus on approved persons and their role within authorised firms on page 7.

Financial promotions

We regularly receive complaints concerning advertising within financial services. Page 10 provides information on how we manage these complaints and the actions we have taken.

Policy initiatives

Some of the new policies we implement have data reporting implications for the firms we regulate. On page 11 we provide some information on the key stages within this process and the timeline for some of the key policy initiatives.

FCA events

As part of our commitment to engaging with as many of our firms as possible, we hold a number of events across the UK. Page 13 provides some data on past events and a look forward at upcoming FCA events.

Spotlight on authorisations

Key performance indicators and service standards

We publish two complementary sets of performance information to provide transparency about the authorisations process.

Firstly, we report against our statutory commitments twice a year, showing performance against timescales for decisions set out in Financial Services and Market Act (FSMA). While we make every effort to determine applications within these target timescales, it is vital that we make the right regulatory decisions and sometimes this will mean that application decisions may take longer.

Secondly, we also provide key performance indicators (KPIs) that show the average length of time it takes for us to process applications, and the proportion of applications that are approved.

We publish our KPIs on a quarterly basis. Below is an extract from our latest authorisation KPIs that will be available on our website from 30 January 2015. If you would like to understand more about how we define firms please refer to the Data Bulletin underlying data pack.

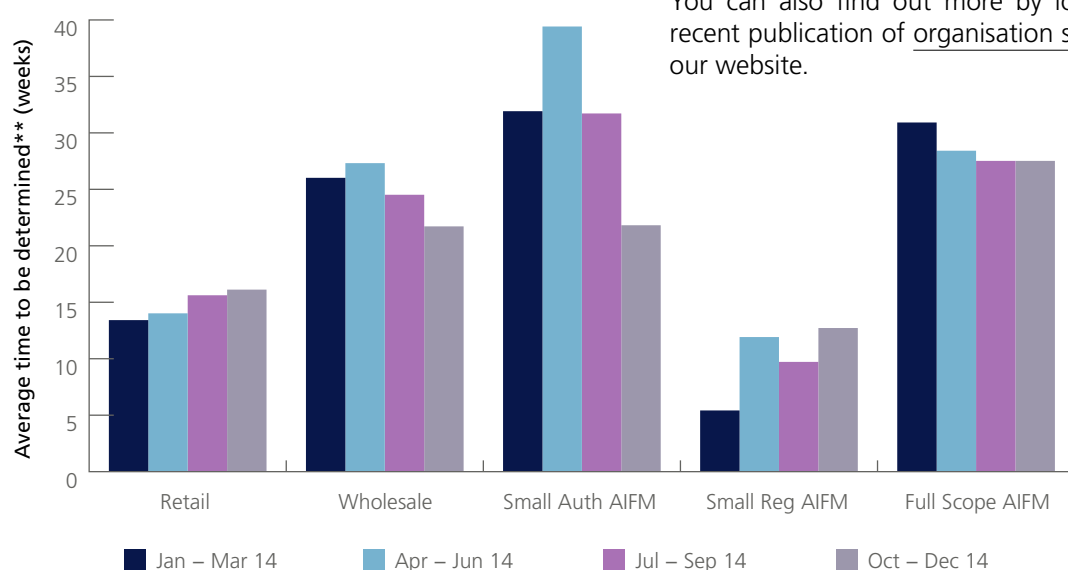
Average processing time (APT)*

The APT is the processing time on average over a specific time period; from the time we receive the application to the time we determine it. It includes the time that has elapsed whilst we wait for the necessary information from the applicant. In the last quarter of 2014:

- The APT for retail firm type applications has increased slightly.
- The APT for wholesale firm type applications continues to reduce.
- The APT for Alternative Investment Fund Manager (AIFM) application types remains broadly stable, although the APT for 'small auth' AIFMs has reduced significantly in this time.

If you want to find out more about the average processing time, the volume of applications we receive and the distribution of application decisions, please see the latest authorisation [key performance indicators](#), which are available on our website from 30 January 2015.

You can also find out more by looking at the most recent publication of [organisation service standards](#) on our website.



Data as at 31 December 2014

*Authorisation: To process a solo-regulated firm application for a Part IVA permission

**'Determined' is the earliest of when the application is made 'subject to' or authorised. 'Subject to' is a point in time where the FCA makes a decision to authorise, but with conditions to be met before authorisation can be confirmed. This includes applications that may subsequently be withdrawn, having not met the necessary conditions or where the application was subsequently retracted.

Consumer credit authorisations

Since 1 April 2014 we have been responsible for regulating consumer credit in the UK, so if firms want to provide consumer credit services they need to be authorised by us. Nearly 50,000 consumer credit firms who had a Consumer Credit Licence with the Office of Fair Trading (OFT) registered with us for interim permission. All of those firms will need to apply for authorisation, and we have started a staged process of asking them to apply which will continue until 2016.

We analysed how best to manage this process, by looking at the firms regulated by OFT, and how they are broken down by sector. Each firm must apply for authorisation in a specified application period before March 2016, with interim permissions continuing until we have determined the outcome of the authorisation application. We intend to publish more detail around how the consumer credit authorisations process has been going in due course.

By interim permissions type

Firms can hold more than one interim permission. The table below breaks down firms based on the highest risk interim permission they hold. Risk refers to the risk of consumer detriment. For example, 1% are grouped within high-cost short-term credit as this is the highest risk interim permission they hold.

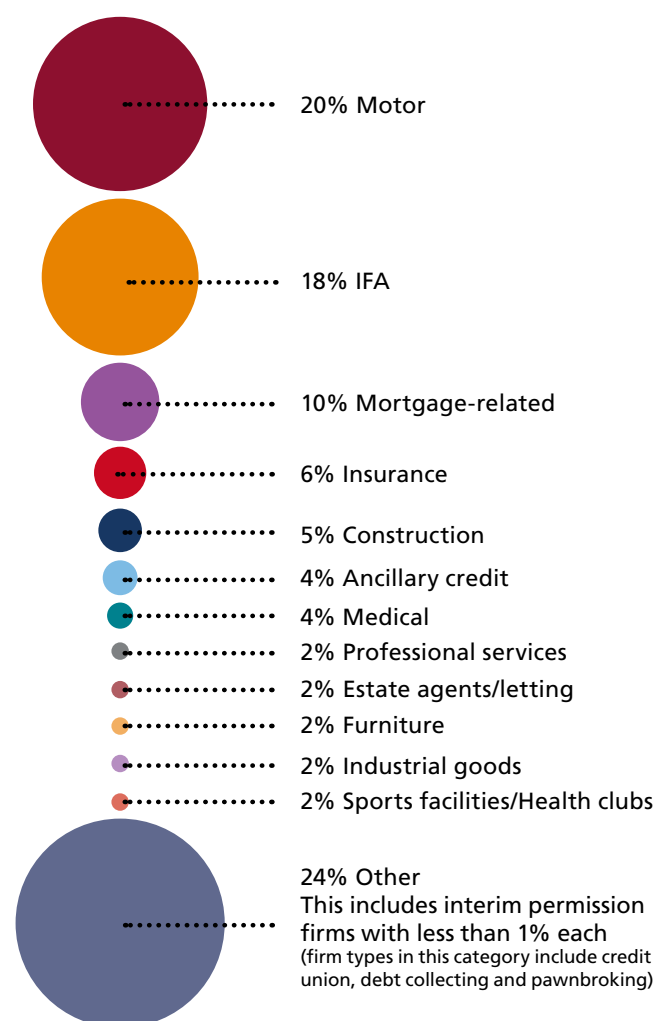
	Number of firms	Percentage
Commercial debt adjusting	11,019	22%
Broker – other types	9,236	19%
Commercial debt counselling	7,237	15%
Limited permission credit broker	6,516	13%
Broker – home finance	2,661	5%
Debt Collection	1,036	2%
Home collected credit	822	2%
High-cost short-term credit	526	1%
Logbook lending	71	1%
Other	10,139	20%
Total	49,463	

Data as at 1 April 2014

To understand more about how we classify consumer credit firms please refer to the Data Bulletin underlying data pack.

By business type

The figure below shows the split of consumer credit firms that were granted interim permission, by business line. This highlights the diverse and broad spectrum of firms now under our remit.



Data as at 1 October 2014

Please note figures may not add up to 100% due to rounding

Project Innovate

As part of Project Innovate, we launched our Innovation Hub on 28 October 2014. The Innovation Hub helps businesses who are developing innovative approaches that can benefit consumers in financial services markets. A firm does not have to be regulated by the FCA to receive support from the Innovation Hub. We want to foster innovation in the industry to genuinely improve the lives of consumers.

The Innovation Hub helps innovator businesses to understand the regulatory framework, how it applies to them and, in some cases, how to prepare an application for authorisation. We also offer them a dedicated contact for up to a year after they have been authorised.

In the first two months we received 83 requests for support. We have so far offered support to 58% of these requests.

Where this support has been completed, 61% have been provided with an informal steer to help guide their decision-making. This is different from formal guidance

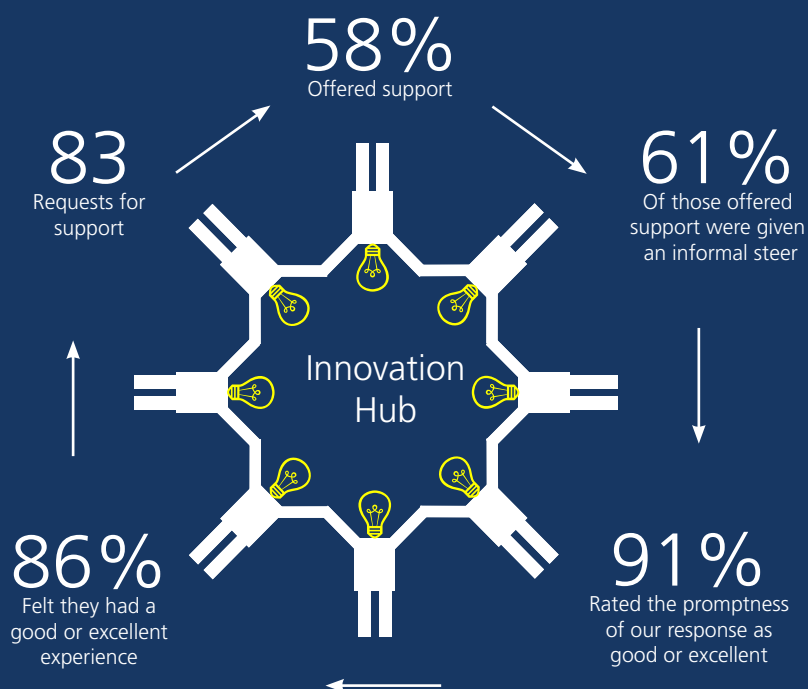
– businesses rely on what we tell them at their own risk, but it means we can share our thinking a lot more quickly.

We have resolved other enquiries and given businesses direction towards useful documents, as well as ongoing support in preparing their application for authorisation.

Feedback from businesses has been positive so far, with 86% of respondents agreeing that their overall experience with the Innovation Hub has been good or excellent. The figures are similar for the effectiveness of our communications, the promptness of our response and our ability to understand the need for support.

Through our engagement with a wide range of stakeholders, we are also looking to understand where our regulatory framework may need to adapt in the future. We will provide regular updates on our progress in fostering innovation, including continuing to provide more information in the Data Bulletin and our Annual Report. If you would like to find out more about Project Innovate please visit [our website](#).

Innovation Hub live since October 2014



Data as at 31 December 2014

Approved persons

Overview of controlled functions

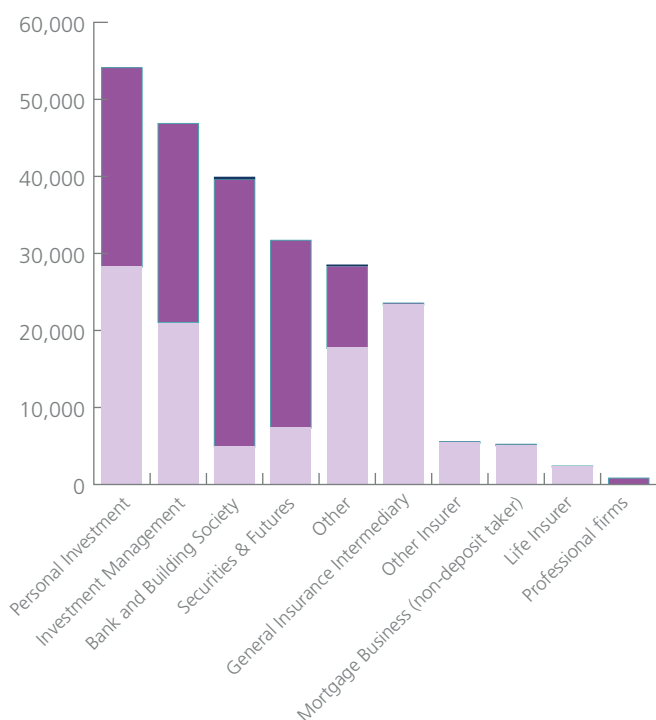
For firms to carry out specific financial services activities they must have people that are approved by us to carry out certain roles within the firm, what we define as controlled functions. Different types of firms need approved persons with different controlled functions.

Below we outline the main controlled function groups:

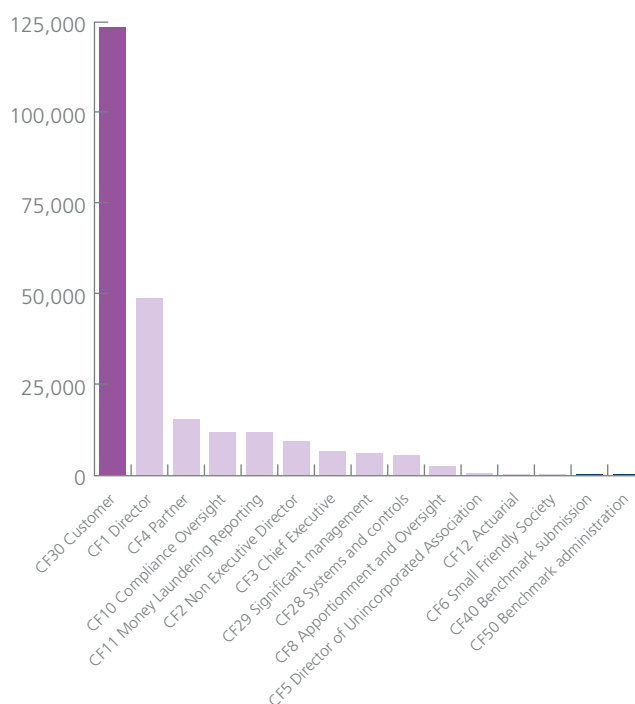
- A **customer function** is for those who deal with customers, particularly in an advisory capacity. For example – financial advisers, traders and investment managers.
- A **significant influence function** is for those who exert considerable influence on the conduct of the authorised firm's regulatory activities. For example – directors and heads of compliance.
- A **LIBOR function** is for those who monitor and carry out surveillance of LIBOR submissions at panel banks and at the benchmark administrator (currently Intercontinental Exchange).

There are 150,229 approved persons who hold 240,580 controlled functions between them. An approved person can have more than one controlled function at more than one firm.

Number of controlled functions by firm type



Number of positions by controlled function



Please note that individuals can hold multiple approvals and can work for multiple firms at once – the numbers shown are the numbers of approvals, not the number of people who have approvals

Data as at 13 January 2015

Approved persons

By gender

82%
Male



18%
Female



Controlled function

By group

Customer functions

122,998



LIBOR
functions

25



Significant influence
functions

117,557



Data on approved persons

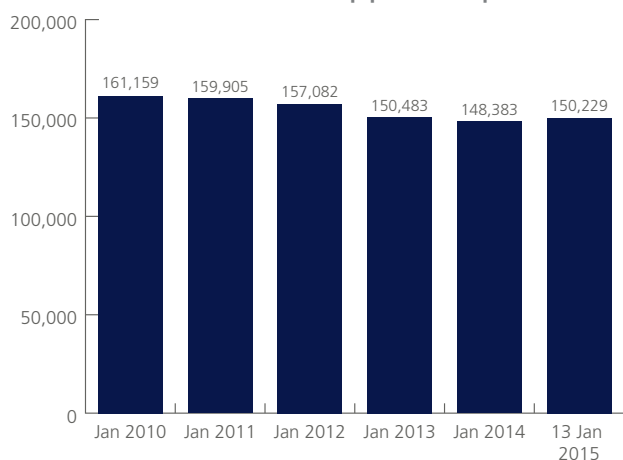
We are often asked to provide a breakdown of how approved person numbers have changed and how controlled functions are distributed. Below you can see the trend in approved persons and the demographics of this population.

As you can see from the chart below, the number of approved persons has been falling gradually up until 2014.

Over 29,000 approved persons in the UK are approved to perform more than one type of controlled function.

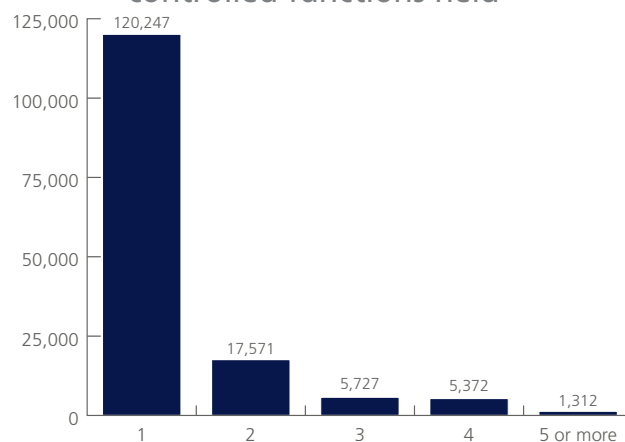
The largest controlled function population is the customer function (CF30), which is necessary for those dealing with customers, whether they are retail or wholesale. 28% of approved persons with CF30 controlled functions are approved to perform this function at banks and building societies.

Trend in number of approved persons



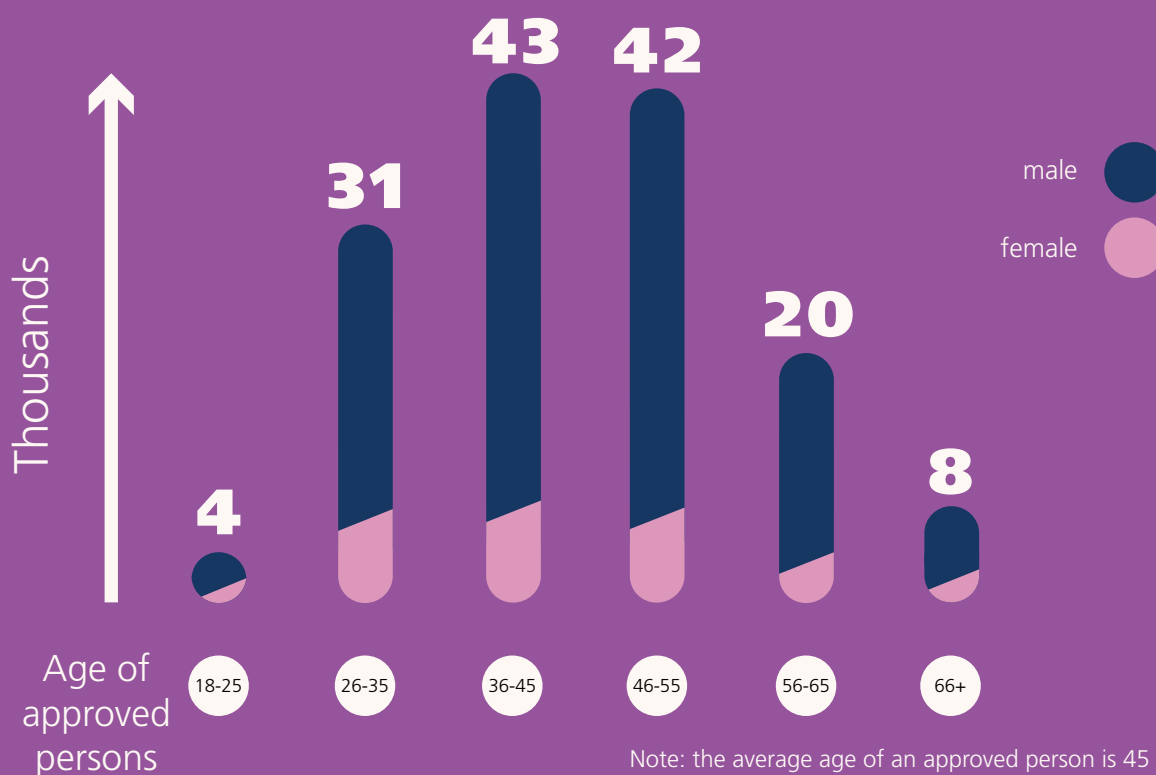
Data as at 13 January 2015

Approved person by number of controlled functions held*



*Please note individuals with the same controlled function position at more than one firm are only counted once.

Approved persons Demographics



Financial promotions

Complaints about advertising in financial services

We periodically review financial promotions across various media and across all regulated financial services sectors, to assess whether they are fair, clear and not misleading. We reviewed 3,604 promotions in detail between 1 July and 31 December 2014.

We review promotions through different sources and we encourage firms, consumers and other regulators to report unfair, unclear or misleading promotions to us. We received 467 complaints through our Hotline mailbox [finprom1@fca.org.uk] between 1 July and 31 December:

- 303 complaints from consumers
- 45 complaints from firms
- 119 referrals from other regulators

If we find that a financial promotion is not complying with our rules, then whether we take action, and the severity of that action, depends on the risk it poses to consumers.

If we decide the financial promotion poses a significant risk to consumers we can ask the firm to withdraw or amend it. Between 1 July and 31 December 2014, 181 cases resulted in one or more promotions being amended or withdrawn through our interaction with firms.

181 cases
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with firms

We can also take supervisory action or refer the promotion/advertisement to other regulators – such as the Advertising Standards Authority (ASA) – and we have the power to ban financial promotions or take enforcement action against a firm. You can find out more about how we handle misleading financial promotions [here](#). You can complain about a financial promotion by visiting our website whether you are a [firm](#) or a [consumer](#).

Cases resulting in an amend/withdraw outcome by sector



Consumer
credit

70%



Investments

23%



General
insurance

4%



Banking

2%



Mortgages

1%



Pensions

1%

Please note this relates to the 181 cases actioned between 1 July and 31 December 2014. Figures may not add up to 100% due to rounding.

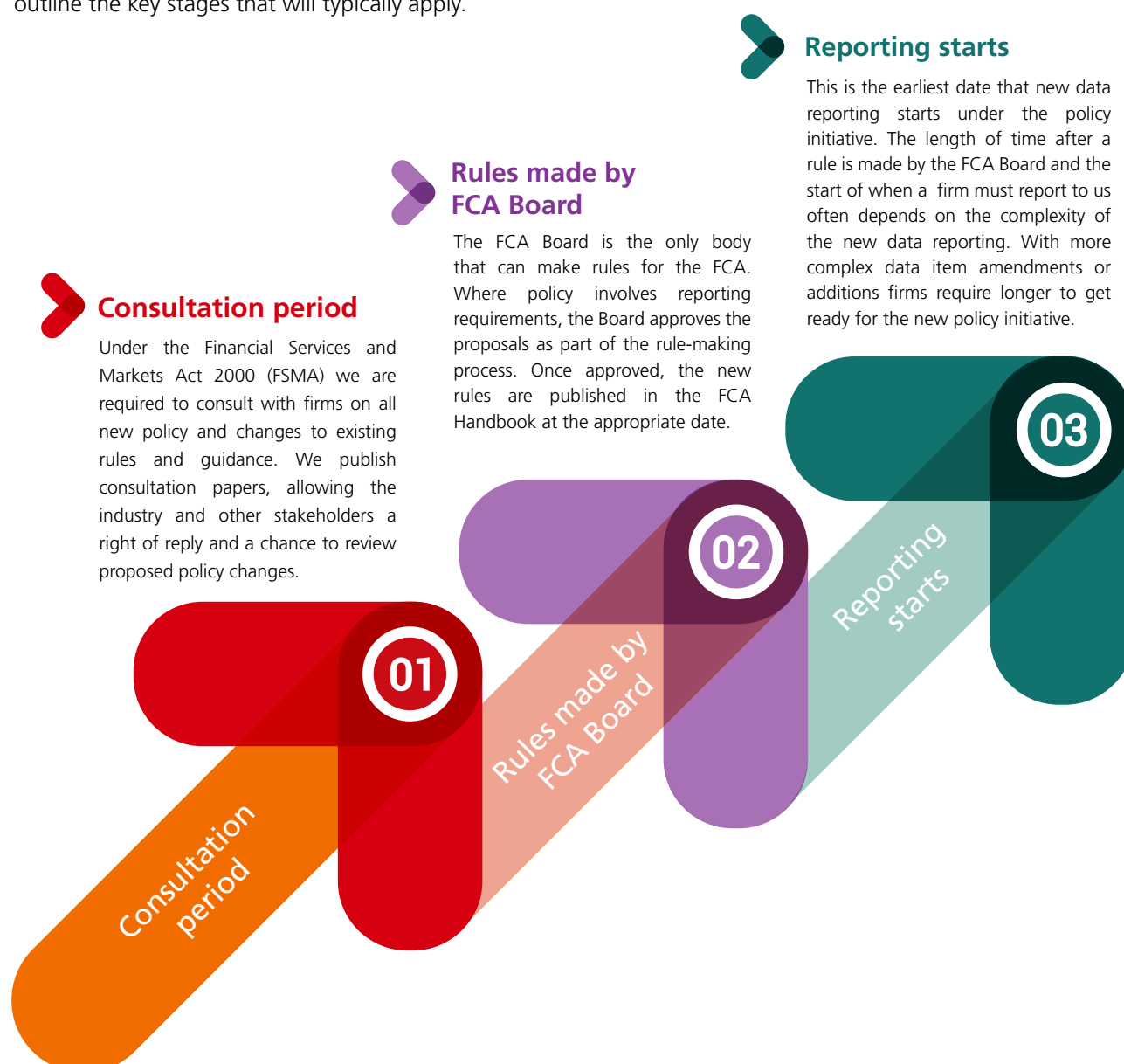
Data as at 31 December 2014

Policy initiatives with data reporting implications

New data we are collecting

Last year we implemented a number of new policies, some of which require firms to send us additional data. These developments have been driven by a mixture of both UK and European initiatives, including the Mortgage Market Review (MMR), the Capital Requirements Directive IV (CRD IV) and the Alternative Investment Fund Managers Directive (AIFMD).

Policy goes through a number of stages before rules are made and (if applicable) data reporting starts. Below we outline the key stages that will typically apply.



Consultation papers

32

consultation papers
were published
in 2014

6

of these consultation
papers had data
reporting implications

This led to
changes in

12

data item
reporting forms

Improving complaints handling

We are currently consulting on improving complaints handling. We want to ensure that the process of complaining is straightforward, transparent and fair to consumers, while allowing firms to handle complaints as efficiently as possible, and for consumers to have effective access to the ombudsman service if they remain dissatisfied.

This consultation paper sets out proposals to improve the reporting and publication of complaints. If approved, all complaints made to firms will be made reportable, not just those closed after the next business day. In addition, firms will be expected to report data that could help us to contextualise the number of complaints they receive. This will enable us to monitor and publish the number of complaints compared to the relative size of each firm (number of accounts/number of sales) to provide greater context and a better comparison between firms.

We are asking for comments on this consultation by 13 March 2015.

What's coming up

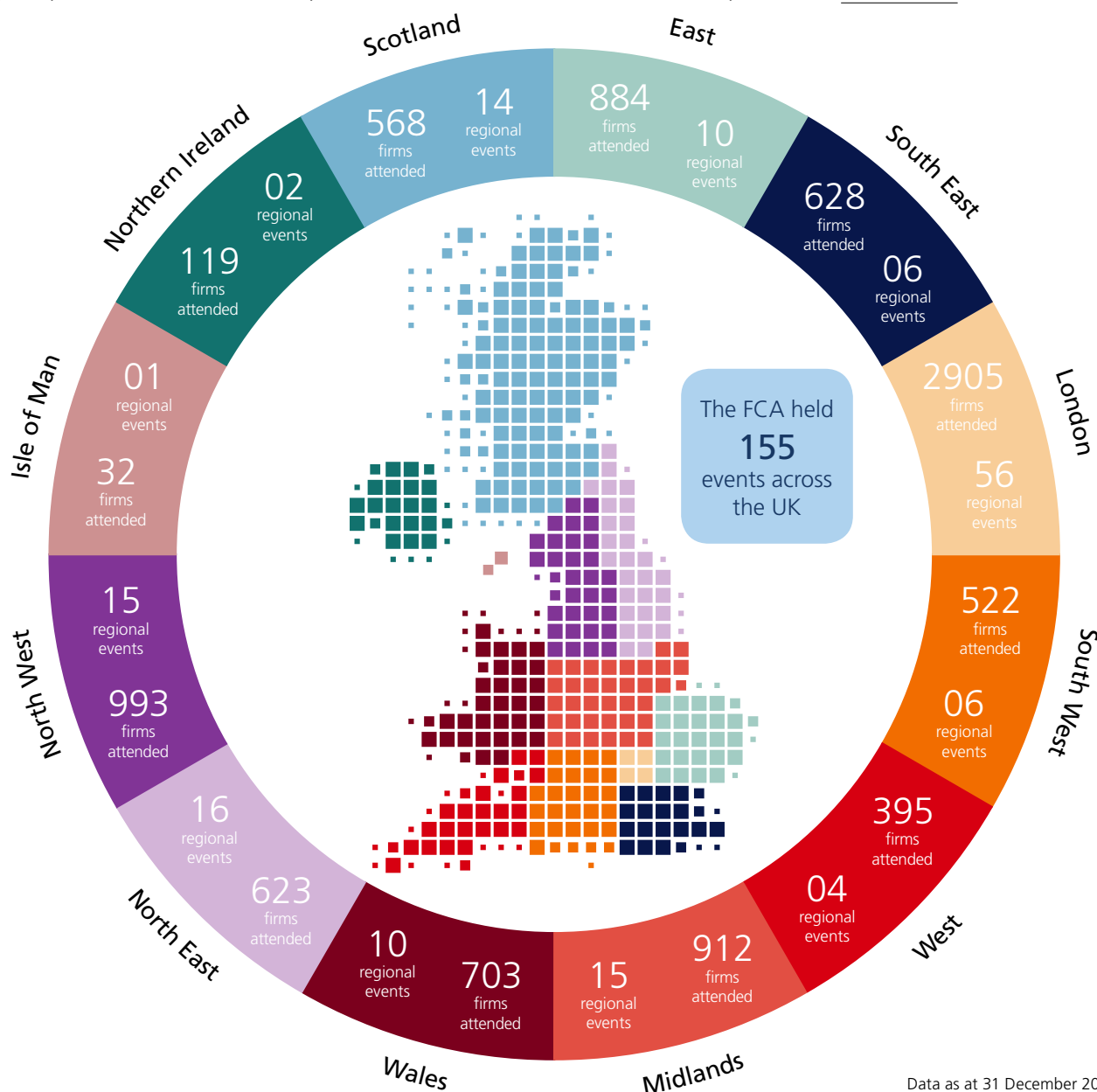
To find out more about the consultations currently open please visit our [website](#). Anyone can respond to any of our consultations.



FCA events

As part of our commitment to engaging with as many firms as possible we hold a number of events across the year, including workshops, conferences and briefings. These graphics illustrate the regional spread of our events and other major events we have attended in 2014, as well as the number of firms that we met in these areas.

In 2015 we will continue to hold a wide range of events across the UK. These will include our Positive Compliance workshops, which run until March, focusing on Retail Distribution Review (RDR) and Centralised Investment Propositions. These workshops are an opportunity for firms to hear directly from us and to discuss examples of good practice with us and their peers. To find out more about our events, please visit [our website](#).



Data as at 31 December 2014



Next steps

In future issues we want to make sure we give you the information that you would find most useful, so if you have any comments or suggestions for future content please contact us at:

fcadataandanalysis@fca.org.uk

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fca.org.uk/your-fca/documents/data-bulletin/form

Useful links

[Latest available data](#)

External links

[Bank of England statistics](#)

FCA links

[Authorisations KPIs/service standards \(30/01/2015\)](#)

[Organisation service standards](#)

[Project Innovate](#)

[Consumer Credit Authorisations – quick guide](#)

[Financial promotions](#)

[Financial promotions guidance](#)

[FCA consultation papers](#)

[FCA Events](#)

[FCA data strategy](#)

[Mortgage lending statistics](#)

[Interest Rate hedging products compensation](#)

Data Bulletin

[Underlying data used in this bulletin](#)

www.fca.org.uk/your-fca/data-bulletin/data-bulletin-issue-2

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