Annual Report
2023/24

FCA
Smaller Business Practitioner Panel

Smaller Business Practitioner Panel Annual Report 2023-24

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Chair’s foreword

Last year in my foreword to the annual report I reflected that there was likely to be continued challenge for smaller firms dealing with difficult macroeconomic conditions and significant regulatory change, with the availability and affordability of Professional Indemnity Insurance (PII) and complaints generated by Claims Management Companies (CMCs) also being of concern. Within this broad context, implementation of the Consumer Duty was a primary focus.

Many of these pressures persist this year, albeit with some signs of positive movement as the cost-of-living crisis transitions into a new phase, and early indicators that access to PII may be improving. During the year we received regular updates and shared our observations on emerging trends in these areas and also responded to consultations from the Solicitors Regulation Authority and the Financial Ombudsman Service (FOS) which were relevant to problematic CMC activity. We have kept a watching brief on these issues and will continue to monitor developments in the upcoming year.

The range, and cumulative impact, of pressures affecting the sustainability of smaller firms remains a top concern for the Panel. Over the last year we have continued to impress on the FCA the importance of proportionality, particularly emphasising that smaller firms have much more limited resources to respond to new regulatory requirements alongside meeting existing commitments. The extent and pace of regulatory change, alongside increased pressure from inflation, rising operational costs and declining revenues has given rise to conditions which are increasingly placing many sectors at risk. We highlighted that the viability of the advice sector as being of particular concern and encouraged that the issue of the dwindling number of financial advisers be given greater attention alongside the work on the AGBR.

In July 2023 the Consumer Duty came into force for open products and services, marking the first major milestone for implementation. We engaged closely with the FCA both in the lead up to, and following, the deadline to highlight issues from a smaller firm perspective and help support tailored communications for each sector. The embedment of the Consumer Duty will be an iterative process, and we welcomed the recognition that continued feedback will help inform further guidance. We have stressed the importance of providing examples of both good and bad practice to support consistent interpretation as the Duty evolves. Continuing to manage this transition will be a challenge for many firms, including meeting key deadlines such as submission of the first Consumer Duty board report, alongside any necessary preparations for the deadline for 'closed book' products on 31 July 2024.

Looking forward we will engage with the FCA on priority work, to be further articulated in the 2025 Strategy, continuing to emphasise the importance of proportionality and robust CBA to inform whether and how proposed interventions are taken forward

Andy Mielczarek
Chair, FCA Smaller Business Practitioner Panel

1 Introduction

The Smaller Business Practitioner Panel is one of the FCA's statutory panels, alongside the Practitioner Panel, Markets Practitioner Panel, Financial Services Consumer Panel, the Listing Authority Advisory Panel and the Cost Benefit Analysis Panel. The Smaller Business Practitioner Panel (the Panel) aims to apply its experience and knowledge to improve UK financial services regulation through representing to the FCA the views, interests and concerns of smaller regulated firms.

Each year the Panel identifies its key areas of focus and priorities and communicates these to the FCA. During the year the Panel meets regularly with FCA senior staff and representatives of other bodies to engage with the regulatory process and provide advice and feedback.

The Panel supports the FCA in its work to improve diversity, and in its objective of seeking diversity in all its forms to be represented across the Smaller Business Practitioner Panel itself.

Over the year the Panel addressed the impact of regulation on smaller firms, focusing on:

1. Helping the FCA develop its understanding of **how smaller businesses contribute positively to a strong, competitive market**.
2. Supporting the development of **good communications and examples of good/bad practice for smaller firms**.
3. Supporting the FCA's priorities and **ensuring future regulation is clear, transparent, and fit for purpose**.
4. Helping the FCA understand the **cost of regulation for smaller firms and the need for proportionality**.

In January the Panel reaffirmed its commitment to 4 priority areas of work for 2024-25:

1. Sustainability of smaller firms
2. Implementation of the Consumer Duty
3. Responding to the impact of major external shocks
4. Engaging with the Future Regulatory Framework

As part of its third priority, the Panel provided feedback each month on the impact of the cost-of-living crisis on smaller firms and their customers, taking a sector-by-sector approach. In January 2024 the Panel agreed to elevate focus on regulatory and environmental pressures impacting the sustainability of smaller firms.

2

Sustainability of smaller firms

2.1. Volume of regulatory change and absorbability

This year the Panel has elevated focus on addressing matters affecting the continuum of smaller businesses emphasising that a combination of macroeconomic pressure and regulatory intervention is placing significant strain across all sectors and threatening the viability of many smaller firms. Firms are facing rising operating costs linked to inflation and pressure from FSCS levy commitments and indemnity insurance, while there is limited opportunity to increase revenues to compensate.

The Panel has emphasised that regulation has significant impact on smaller firms given their limited and stretched resources and that the bandwidth of industry to absorb the volume of regulatory reform under way is limited. It has encouraged the FCA to provide greater transparency about the future roadmap for policymaking and to ensure careful prioritisation and staging of this work so that firms can be more confident in their ability to plan ahead with certainty. The Panel welcomed upcoming work by the FCA which will seek to establish a clearer view of the totality of regulatory and other requirements firms must meet to better understand the cumulative impact of this on smaller firms.

2.2. Proportionality of data requests

Given the substantial volume of regulatory change under way, the Panel has continued to impress on the FCA the need for a proportionate and considered approach to data requests of firms. It emphasised the importance of applying robust cost benefit analysis to each request and challenged where it was not clear this had taken place. This included feedback on proposals relating to Consumer Finance - Product Sales Data Reporting, where the Panel highlighted issues including the number of firms that would be drawn into the scope of the data request, the work involved in gathering the volume of detailed information and the burden imposed by ongoing reporting.

2.3. Sustainability of the advice sector

While recognising the ongoing AGBR work, the Panel stressed that greater attention is needed to address wider issues affecting the sustainability of the advice sector stemming from a broad range of economic and regulatory pressures including the fee structure, the cost and time taken to recruit, train and qualify new talent, lower profit margins and fear of further regulatory change. This has led to an increasing number of advisers taking early retirement and a depleting talent pipeline. The Panel emphasised this ongoing contraction of the advice market requires attention to future-proof consumer access to all types of advice.

2.4. Professional Indemnity Insurance (PII)

PII is liability insurance which provides an additional financial resource from which firms can pay third party claims due to a justified loss, generally as a result of professional negligence. A mix of influences have impacted the profitability of PII for insurance firms and contributed to a problem of increasing premiums and reduced market availability of the product for smaller businesses.

Throughout the year the Panel continued to express concerns about the availability and cost of PII and the impact of this on smaller businesses. It noted there was particular challenge for firms providing regulated advice which are required to obtain PII cover before they can be authorised by the FCA, and there were ongoing problems from firms seeking to renew their cover. In recent months there have been some early signs that the availability and affordability of PII may be improving. The Panel intends to maintain a watching brief on developments in this area.

2.5. Capital deduction for redress – Personal Investment Firms (PIFs)

In November 2023 the FCA consulted on proposals to require PIFs to be more prudent and set aside capital for potential redress liabilities at an early stage.

The Panel expressed support for the proposals noting that the 'polluter pays' approach is the right one to target poor behaviours, and the outcomes sought are in the interest of both consumers and all firms which pay into the FSCS levy. It welcomed that the proposals sought to take a proportionate approach to reduce the burden on smaller firms, focusing on how much capital firms are required to have and the likelihood of the harm. Alongside this the Panel raised concern that the estimated costs for smaller firms may be above those estimated and noted it would be important to collect and monitor data to gain a clearer understanding of cost following implementation. Another risk highlighted was that an unintended consequence of the policy could be that firms identifying they have some liabilities and not holding the required amount of capital may decide to put themselves into default. The FCA would need to communicate its expectations clearly and consider how best to incentivise firms to stay in business alongside taking a firm supervisory approach. The Panel also highlighted that the proposals rely heavily on firms' self-governance and that the 'bad actors' most likely to be the subject of complaints would be those least likely to comply. Close monitoring and a robust supervisory approach would be needed to address this.

3

Implementation of the Consumer Duty

3.1. Supporting clear guidance and information

There were a number of key milestones for implementation of the Consumer Duty in 2023, including completion of reviews by manufacturers by 30 April and implementation applying to new and existing products or services by 31 July.

A central focus for the Panel has been providing regular feedback to support the FCA in delivering strong and clear communications regarding expectations of firms implementing the Consumer Duty. The Panel welcomed the FCA's positive engagement with industry in the lead-up to the 31 July 2023 deadline for the Duty applying to existing products and services and has continued to support embedment alongside preparation for the 31 July 2024 deadline for 'closed book' products. Communications have included holding in person 'Live and Local' events alongside delivery of tailored information to portfolios where there is a high volume of firms, such as consumer credit and motor finance, via webinars and other channels. The Panel encouraged the FCA to continue to respond to issues raised and provide ongoing feedback, guidance and examples of good and bad practice to support firms to make iterative improvements as the Duty continues to embed.

The Panel emphasised the importance of the FCA taking a proportionate approach to compliance with the Duty, noting that supervisory and enforcement action should be targeted on the most egregious cases of non-compliance. It also encouraged the FCA to progress work on a cost benefit analysis of the Duty, at an appropriate time, to measure whether the benefits warranted the costs to industry. The results of this exercise should help inform the next phase of implementation.

3.2. Engagement with the consumer finance sector

The Panel highlighted the need for more focus on improving engagement with the consumer finance sector to support successful implementation of the Consumer Duty, particularly as this covers a diverse range of firms and many in the community are not represented by a trade association. There are lower levels of engagement by large populations of firms within this sector, particularly retail finance and debt advice, credit broking and motor finance, notwithstanding the employment of a variety of communication approaches and outreach to relevant trade bodies. The Panel encouraged the FCA to continue taking a multifaceted approach to this engagement, building on any insights gained from the joint FCA and Practitioner Panel survey results and reinforcing that firms have a responsibility to comply with the Consumer Duty.

3.3. Fair Value in General Insurance

The Consumer Duty sets out that firms must undertake fair value assessments as a way of demonstrating if the price a consumer pays for a product or service is reasonable compared to the overall benefits they can expect to receive.

The Panel discussed fair value assessments in the context of the Consumer Duty and highlighted the importance of evidencing factors beyond price and cost, such as consumer understanding of the product itself, the claims process and overall value. The Panel also discussed the FCA's work on commission in the protection market including focus on product governance and oversight. It was noted the aim was to address the problem of a small number of 'bad actors' in the market where unsuitable and poor value products are being sold. The Panel encouraged the FCA to take a considered and proportionate approach to this review with a Consumer Duty lens, looking at the overall distribution chain.

3.4. Guaranteed Asset Protection (GAP) Insurance

In February 2024, following FCA intervention, multiple insurance firms representing 80% of the GAP insurance market agreed to pause sales of GAP insurance while they committed to make changes to the product to provide better value. This followed findings that only 6% of the amount customers paid in premiums for GAP insurance was paid out in claims, and examples of some firms paying out 70% of the value of insurance premiums in commission to parties involved in selling GAP policies.

The Panel noted that the way in which the pause in sales for the main providers was communicated had inadvertently caused confusion in the market.
It encouraged the FCA to consider carefully the risk of 'communication vacuums' being created when communicating directly with individual providers, and the potential for wider misinterpretation.

4

Engaging with the Future Regulatory Framework (FRF) and new regulation

4.1. Advice Guidance Boundary Review (AGBR)

In December 2023 the FCA published a discussion paper on the AGBR which set out policy proposals aimed at ensuring that consumers can get the help they want, at the time they need it, and at a cost that is affordable, to help them make informed financial decisions.

The Panel was supportive of the AGBR proposals but noted the opportunity to offer Targeted Support and Simplified Advice was much more likely to be taken up by larger firms. Smaller firms will not have the resource required to develop digital investment solutions which are likely to be integral to Targeted Support and are also less likely to take on clients seeking Simplified Advice due to narrower profit margins and perceived liability risk. To widen the appeal (for smaller advice firms) and accessibility (for consumers) of Simplified Advice the Panel recommended consideration of an update to the rules to allow trainees or paraplanners who have the appropriate knowledge and skills to offer Simplified Advice on discrete matters e.g. ISA top-ups. The Panel also emphasised the importance of the FCA providing clarity about the scope, design and disclosure requirements of the new regulatory regime, and of working closely with the FOS to align understanding on where accountability sits and the level of consumer protection provided so that both firms and consumers can feel comfortable and confident in engaging in this service.

4.2. Pensions reforms

The FCA is working with the Department for Work and Pensions and The Pensions Regulator on a phased approach to pensions reforms. In the last year work has included a joint response to the consultation on a new Value for Money framework for defined contribution pensions in November 2023, and the publication in July 2023 of Pensions Dashboards rules for pension providers which was followed by the publication in March 2024 of proposed guidance for firms undertaking pensions dashboard services.

The Panel expressed its support for the aims of the VFM Framework and noted it would be important this work is aligned to the work on AGBR. The Panel noted there was significant challenge in how to represent VFM, particularly in investment performance, and cautioned that widening the application of the Framework to other areas such as non-workplace pensions or expanding the target audience to employers or end consumers, could create confusion.

The Panel provided ongoing feedback to help further shape proposals for the framework under which pensions dashboards will operate, including conditions for becoming a dashboard operator, ensuring focus on consumer outcomes, and being mindful of how the proposals will intersect with the new AGBR framework, and was supportive of the revised proposals.

4.3. Future Disclosure Framework

In December 2023 the FCA set out its thoughts on Preparing for the future of Consumer Investments. This was followed in January 2024 by the publication of a statutory instrument on the UK Retail Disclosure Framework to replace the packaged retail and insurance-based investment products regime (PRIIPs).

The Panel engaged with the FCA to help shape proposals for a new disclosure regime. It expressed support for taking a hybrid approach to the delivery of the new regime, applying the Consumer Duty alongside some bespoke rules. This should allow distributors to present their information in a way that will best support consumers to make decisions. The Panel highlighted the importance of consumer testing to get the design right, noting that key information such as fees and charges will need to be set out clearly.

4.4. Crypto and financial promotion

In June 2023 the FCA published financial promotion rules for cryptoassets which confirmed cryptoassets would be categorised as 'Restricted Mass Market Investments' and applied restrictions on how they can be marketed to UK consumers.

The Panel emphasised the importance of educating consumers about the risks of buying crypto alongside addressing financial promotions and gamification.

There is risk that increased regulation of crypto could 'legitimise' it as an asset class and strengthen public perceptions that buying crypto equates to a type of investment. The Panel encouraged focus on more aligned communications between government and the regulators, particularly to differentiate between the benefits of blockchain technology as opposed to the high risks involved in buying crypto.

The Panel also discussed the FCA's wider work to raise consumer awareness about scams, fraud and high-risk investments, including plans to link the work to the ScamSmart and InvestSmart campaigns, and using social media channels such as TikTok to reach target audiences. Some of the largest value investments may be made by the elderly who are less likely to be active on social media but may be more vulnerable to links to fake websites and other approaches. Fraudulent advertising sitting outside the regulatory perimeter is also of growing concern, particularly the ability of Big Tech firms to use algorithms to create targeted and potentially misleading adverts on payment processing sites and other platforms. The Panel encouraged the FCA to continue to work closely with the wider regulatory family, including OfCom and Money and Pensions Service, to jointly address these issues.

4.5. Big Tech and data asymmetry

In November 2023 the FCA published a call for input seeking examples and evidence of the Potential competition impacts from the data asymmetry between Big Tech and firms in financial services.

The Panel noted that the range of data Big Tech has access to, and their ability to use and convert this data through Artificial Intelligence (AI) and analytics, provides them with significant advantage over financial services firms. Big Tech firms operating outside the perimeter are effectively able to extract margin from financial services firms which are subject to the Consumer Duty and other regulatory requirements. The Panel highlighted examples of this in areas including banking and insurance and credit broking/lending. While this involvement could lead to positive outcomes for consumers, including increased choice and streamlined services, the lack of regulation in this area presents risk of harm from potential price discrimination, competition and data privacy issues, with questions around how the data Big Tech holds is being managed and shared.

4.6. Critical Third Parties (CTPs)

In December 2023 the FCA, PRA and Bank of England jointly set out proposed operational risk and resilience requirements and standards for CTPs in order to manage risks to the stability of, or confidence in, the UK financial system that could arise from a failure in, or disruption to, a CTP's services.

The Panel expressed broad support for the proposals noting that smaller firms are particularly vulnerable to failures in companies to which they have outsourced key activities. The introduction of new requirements and expectations for CTPs will sit alongside firms' existing responsibilities to manage their own operational risks when using third party services, and the Panel highlighted the importance of widening smaller firms' awareness of the risks they could be exposed to when they contract out to CTPs. The Panel also emphasised that in addition to large CTPs, such as Big Tech firms providing cloud services, there were small firms providing niche critical services to certain sectors for which there is no viable alternative, and it will be important that the framework enables identification of both.

4.7. Approach to regulation for AI

A joint feedback statement by the FCA and the Bank of England published in October 2023 summarised responses to a discussion paper on AI and Machine Learning looking at potential benefits and risks of AI and views on regulatory approach.

In discussing the implications of developments in AI and Machine Learning the Panel noted there was a wide range of use of AI and complex models by firms, which was likely to vary between sectors. The Panel suggested it may be useful to explore to what extent smaller firms are using AI for back and front office functions, taking a sector by-sector approach, to build an understanding of current use and potential implications.

4.8. Cost Benefit Analysis (CBA)

The Financial Services and Markets Act 2023 (FSMA) established a new Cost-Benefit Analysis Panel of independent experts to provide advice to the FCA in relation to cost-benefit analysis.

During the year the Panel emphasised the importance of the FCA taking a robust approach to CBA, noting that this is key to assessing the impact of regulation on larger and smaller firms. The Panel stressed that proposed initiatives should be comprehensively assessed prior to implementation to give confidence that assumptions are based on full relevant context. This analysis should both quantify anticipated benefits as well as consider the level of potential harm and cost that will impact different firm sizes and sectors to provide clarity, and give confidence, that the proposed approach is appropriately tailored. A post-implementation review should also be undertaken at an appropriate time to assess whether expected benefits have been realised and ensure that any learnings are applied to future policy formation. The Panel highlighted that care is particularly needed to avoid the assumption that a reduction in cost will necessarily be a good consumer outcome if the intervention also leads to a reduction in choice due to businesses becoming unsustainable.

4.9. Secondary international competitiveness and growth objective

The Financial Services and Markets Act 2023 which came into effect in June 2023 set out a new secondary objective for the FCA of 'facilitating, subject to aligning with relevant international standards: 1) the international competitiveness of the economy of the UK (including in particular the financial services sector), and 2. Its growth in the medium to long term'. In July the FCA published a statement setting out its view of how its work to support 7 'key drivers' of productivity will support the secondary objective and how it planned to report on progress against the objective.

The Panel welcomed the opportunity to explore with the FCA how to operationalise the new objective, including the development of external metrics to support how progress against the objective will be measured. The Panel encouraged further focus on identifying stable measures that will provide meaningful comparison of the UK's performance against its competitors in other jurisdictions.

4.10. Finance for positive sustainable change

The FCA is committed to supporting the role of the financial sector in enabling an economy-wide transition to net zero, and to a sustainable future more broadly. To help the financial industry deliver against its potential to drive positive sustainable change, the FCA published a discussion paper in February 2023 encouraging an industry-wide dialogue on firms' sustainability-related governance, incentives and competence.

In expressing its support for the aims of the work to drive positive sustainable change in financial services firms, the Panel cautioned there is need to take a realistic approach to what can be achieved, bearing in mind the abundance of regulatory change under way and the limited resources of smaller firms. The Panel supported that the initial focus of this work was on encouraging larger firms to implement the ideas outlined in transition plans, which can then act as role models for smaller firms. This should allow for best practice guidance for Environmental, Social and Governance (ESG), remuneration, incentives and training/ certification to be developed, rather than set definitive targets with hard deadlines. In this context the Panel also cautioned against 'scope creep' into interrelated sustainability topics, such as human rights, diversity and inclusion, nature and biodiversity. It is important to be realistic about timescales and capacity for change.

4.11. Sustainable Disclosure Requirements (SDR) and anti-greenwashing rule

In November 2023 the FCA published a Policy Statement setting out final rules and guidance to improve trust and transparency to the market for sustainable investment products.

While supporting the principles behind the approach to SDR and anti-greenwashing rule, the Panel highlighted that the regime is complex, and the work involved for firms in implementing the changes should not be underestimated. The Panel noted clarity would be needed for advisers on expectations regarding communications with clients on whether a product continues to be compliant with requirements over time. It also encouraged clarification around expectations on firms operating under the EU's Sustainable Finance Disclosure Regulation in parallel with the SDR. Over time, it will be important for the FCA to undertake effective monitoring to ensure that labels are being applied appropriately and to measure consumer understanding.

5

Contributing to other areas of FCA work

5.1. Senior Managers and Certification Regime (SM&CR)

In May 2023 the Panel responded to a joint FCA/PRA discussion paper on the Review of the SM&CR, which invited views on possible changes to operational aspects of the regime seven years after its implementation.

The Panel's key observation was that the SM&CR broadly works well and that no significant changes are needed at this time. It noted that ongoing costs were manageable, roles and accountabilities were now much better defined, and the regime was achieving its overarching goal of ensuring clarity of accountability for senior managers. The Panel was supportive of minor improvements being made, such as to address disparity with the Appointed Representatives regime (AR), perceived gaps and consistency of feedback by the FCA/PRA. However, this work should not involve a wholescale redesign, particularly in the context of other priority work implementing the Consumer Duty and on the Future Regulatory Framework and noting that even minor changes has the potential to cause disruption for smaller firms.

5.2. Appointed Representatives Strategy

The FCA's ongoing work to strengthen AR was welcomed by the Panel. The Panel's key observation was that firms need to be allowed the necessary time to embed recent changes, particularly in the context of work in tandem to embed the Consumer Duty. The Panel expressed its willingness to help address potential misunderstandings and identify areas for possible improvement, recognising also that the regime currently works well in some sectors.

5.3. Intervention on Motor finance complaints

In January 2024 the FCA announced it would be using its powers under s166 of the Financial Services and Markets Act to review historical motor finance commission arrangements and sales across several firms and paused the 8-week deadline for motor finance firms to provide a final response to relevant customer complaints. This intervention followed growing numbers of complaints from customers to motor finance firms about how much they were charged for their car loan before the ban on commission disclosures came into force in 2021.

The Panel has for some time raised concerns that ongoing legal challenges relating to disclosure of motor finance commissions, alongside a large number of similar complaints being considered by the FOS, had led to continued uncertainty for the motor finance sector. In welcoming the FCA's intervention the Panel encouraged that the scope of review work looks at motor finance loan arrangements as a whole and also considers whether the CBA assumptions behind the 2021 decision to ban discretionary commission arrangements have been borne out. The Panel emphasised that the key question should be whether there has been consumer detriment.

5.4. Joint FCA and Practitioner Panel survey

Each year the Panel and the FCA launch a joint survey to gather feedback from UK financial services firms on how the FCA is performing against its objectives in regulating the industry, and current issues. The data collected in the joint survey provides invaluable feedback for the FCA to reflect on how and where it can improve its performance and how it communicates with firms.

The Panel discussed key themes emerging from the 2022-23 joint FCA and Practitioner Panel survey, including what actions will be identified by the FCA to address identified concerns. The Panel observed the overall response rate was positive and noted continued focus would be needed to build a higher response rate from the consumer credit sector.

Members of FCA Smaller Business Practitioner Panel

Andy Mielczarek
Chief Executive
Chetwood Financial Limited
Member from 1.5.22 and Panel Chair from 1.6.22

Devesh Ambasna
Principal Partner
AWS Advice

Rob Clifford
Chief Executive
Stonebridge Mortgage Solutions

Paul Denton
Chief Executive
Scottish Building Society

Gordon Dewar
Managing Director
Salvation Army General Insurance Corporation (SAGIC)

Mark Fiander
Chief Executive
Gain Credit
Member from 01.4.24

Kevin Forbes
Managing Partner
Strategic Solutions

Christina Lewis
Head of Compliance
Starling Bank
Member until 31.3.24

Gerry Mallon
Chief Executive
Tesco Bank
Member until 31.07.23

Frances McCann
Chief Executive
Scotwest Credit Union Limited

David Perry
Managing Director
FSB Insurance Service

Mark Rayward
Executive Chairman
Meridiem Investment Management
Member from 29.5.2023

Will Self
Panel Deputy Chair
Chief Executive - Pensions Division
Marwyn Acquisition Company II Ltd

Lee Streets
Chief Executive
Evolution Funding Ltd

Stuart Tragheim
Managing Director
Jackson Lowry Consulting Ltd

Karen Zachary
Chief Operating Officer
Lansdowne Partners
Member from 29.5.23

Panel diversity statement

The FCA has agreed to adopt diversity targets for all the FCA's Independent Panels. These targets reflect those introduced by the FCA in April 2022 for the board and executive management of listed companies:

- At least 40% of each Panel are women
- At least one of the senior positions (Chair, Deputy Chair or equivalent) across the Panels is held by a woman
- At least one member of each Panel is from an ethnic minority background

Against these targets, we can report that as of 31 March 2024[1]:

- 23% of the Smaller Business Practitioner Panel are women.
- Across all the Independent Panels, the target for at least one senior position to be held by a woman is exceeded.
- All 5 Independent Panels meet the target that at least one member is from an ethnic minority backgroun

The Panel supports the FCA in its objective of improving diversity in the appointments it makes to all the independent Panels.

1 These figures are based on the data disclosed. Disclosure of diversity information is voluntary. Data is reported across all Panels where disclosure on an individual Panel basis would lead to the release of personally identifiable information.

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