



# AFM INTEGRATED ASSURANCE NETWORK

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22 June 2015

# Prioritising FCA's financial risk outlook

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# FCA's top seven high-level risks

## **Existing:**

- technology developments
- culture and control
- impact of large back-books
- pensions and retirement income products

## **On consumer credit and complex terms and conditions:**

- culture and consumer credit affordability
- impact of the forthcoming Consumer Rights Act

## **New area of forward looking focus:**

- systems and controls in relation to financial crime

Technology may outstrip firms' investment, consumer capabilities and regulatory response



Poor culture and controls continue to threaten market integrity, including conflicts of interest

Large back-books may lead firms to act against their existing customers' best interests



Pensions, retirement income products and distribution methods may deliver poor consumer outcomes

# A new high-level risk

The importance of firms' systems and controls in preventing financial crime



# Key FCA priorities



## **A strategic markets-led approach to regulation**

Market-focused work programme  
Wholesale market integrity  
Competition



## **Protecting consumers**

Pensions and an ageing population  
Consumer credit



## **Individual accountability**

Changing culture  
Senior managers and certified persons regimes  
Remuneration codes  
Enforcement action against individuals  
Whistleblowing



## **International issues**

International engagement  
Implementing EU policy  
Financial crime



## **Our people**

Diversity and inclusion  
Investing in our staff

# New market-focused work programme



## **General insurance and protection**

Technology: use of Big Data and access  
The role of Appointed Representatives



## **Retail investments**

Inducements and conflicts of interest  
Emerging distribution models  
(non-advised sales)



## **Retail lending**

Mortgages – post-MMR/responsible lending  
Collection of unsecured debts  
Staff remuneration and incentives in  
consumer credit



**Cross sector**  
Culture review



## **Pensions and retirement income**

Retirement sales practices  
Retirement outcomes – consumer outcomes  
from advised and non-advised sales



## **Investment management**

Post-authorisation review of funds  
Asset management



## **Wholesale banking**

Investment and corporate banking

# Group exercise on priorities

- Five groups
- Explore relevance of one of the five high-level risks to mutuals
- Spend five minutes discussing and making notes on:
  - Key issues
  - Actions you may already be taking
  - Other actions that may be necessary
- Present back (2 minutes)

1. technology developments
2. culture and control
3. impact of large back-books
4. pensions and retirement income products
5. systems and controls for financial crime



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