



Our future Mission

ICAEW welcomes the opportunity to comment on the FCA's consultation on 'Our future Mission' ([link](#)).

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Overall

We welcome the FCA's new approach and mission. There are many positive steps and the direction of change will be a clear improvement from the current structure. The FCA is using cutting edge thinking to develop new approaches which have troubled financial services for a long time. For example, we welcome the innovative approach to looking at customer communications (pg. 33) and the use of behavioural economics more generally.

Below we highlight the important steps the FCA is making and ideas they may want to develop further to support their outcomes.

1. The FCA have started in the right place in engaging stakeholders first on its mission. In due course this is likely to lead to a re-examination of the operating model and structure to support the intended outcomes. Such a review may lead to discussions around the appropriate number of relationship managed firms as a portion of regulated firms. The new mission's launch might be supported by a medium-term plan out to three years. In five years' time it may be appropriate for the FCA to again re-evaluate its mission.
2. The FCA has more than once intervened on price and its intervention has been warranted and welcomed by consumers. Going forward the FCA may well choose to intervene more often given the impact on consumer outcomes and the potential for 'harm'. In due course we might expect the FCA board to set out in more detail its stance on price regulation and execute it consistently.
3. The document refers to 'engaged customers' as one of the 'conditions' of well-functioning markets. As appropriate, stakeholders should begin to shape the debate as to what an 'engaged customer' looks like in real life. For example, an engaged customer can be expected to read 2-sides of A4 for a product less than £5,000 and spend an hour and read 4-sides for products of higher value. FCA rules might be reassessed in light of the guidance that emerges. We note that whilst the Principles for Business already make clear the expectations on firms there is no equivalent for consumers.
4. The FCA has done excellent work to deal with unsuitable firms or those with weak business models. There is a potential opportunity to share these valuable data points (anonymised or delayed) with firms and consumers. It would be incredibly useful for market participants to see where the regulator has drawn a line or may wish to draw a line. The Senior Managers & Certification Regime (SMCR) also provides latitude for the FCA to deal with poor behaviour and/or provide leverage for redress schemes outside the regulatory perimeter.
5. The FCA wants to focus more on vulnerable customers. This makes intuitive sense and we welcome this correction to the current orthodoxy. The FCA mission includes criteria that might be considered such as income, wealth, financial capability, those with limited time (e.g. single parents), those with less access to technology or those going through emotional distress (e.g. a bereavement). The FCA's assessment of vulnerability may also interface with its assessment of 'harm' or 'cumulative harm'. It was less clear to us why the FCA's resources might be directed towards individuals who have made poor decisions and where there has been no fault at the product or firm level. Consumers may have bought riskier products because they have a greater risk appetite or bought more complex products even where there are simpler substitutes available.