

Welcome to TISA talk, this week –

- Jeffrey Mushens, Technical Director at TISA, outlines how TISA has worked with structured deposits providers to produce a simple and informative consumer guide.
- Malcolm Small, Director of Policy at TISA, debates how simplified products could work in retail financial services.
- Peter Smith, Head of Distribution Engagement at TISA, discusses the FSA's plan to conduct regulatory reviews online.

#### **WHAT A DIFFERENCE A YEAR MAKES!**

In October 2011, Structured Deposits were under the forensic microscope as accusations were levelled at the industry, whilst the FSA placed them on high risk.

No worries, then.

In response, TISA arranged to work with a number of providers to determine if we could establish a way to adequately address the concerns. A Consumer Guide has been prepared to help ensure customers are made fully aware of what they were buying, and in particular any potential downsides they need to be aware of. It was an interesting exercise as we wanted something that customers could and would actually read and understand.

Sally Rigg of KPMG chaired the project. Although there are a couple of boxes still to be ticked (Plain English and FSCP) this project shows that concerns can be addressed and legitimate issues tackled by working effectively together.

*Jeffrey Mushens, Technical Director*

#### **SIMPLIFIED PRODUCTS FOR RETAIL FINANCIAL SERVICES**

13<sup>th</sup> March saw the publication of the final report of the Sergeant Review on simplified products. TISA have been involved from a "watching brief" point of view, as there has been very limited discussion of simplified long-term savings and investment products so far. We know from the experience of ISA saving that consumers engage with simple products and propositions they understand, stay engaged, and buy more over time. The ISA market is largely a "bought" one; there are no armies of sales people out there pushing them. People buy them because they understand and like what ISAs do. So, it would be good to get to this place elsewhere in the market.

The report sets out seven recommendations for action and nine high-level principles to guide future action. It recommends an "easy access" savings account, as well as "30 day notice" and regular savings versions too. A fixed term Life Insurance structure is proposed, with work continuing on an Income Replacement product and a possible Whole Life Insurance product is in prospect, with

standardised terms throughout. ISA and non-ISA versions of the savings accounts are permitted, and Credit Unions will be able to build equivalent versions of this suite.

This all looks good, but the key question, as it was with the "Sandler" suite in 2002, is the route to market. The report says there should be a "straightforward and clear purchasing process for the consumer" which will not involve advice. In 2013, we have a number of tools available to us that were not available eleven years ago. Broadband, social media and "apps" for mobile technology are all, to my mind, potential game changers. There are huge unfilled "gaps" amongst the population as a whole for savings and protection products. Anything that helps our industry assist consumers in filling those gaps has got to be good news. Misguided I may be, but I'm an optimist on this one.

*Malcolm Small, Director of Policy*

#### **GET READY TO GO ONLINE WITH REGULATION**

Advisers need to be aware that our regulator is moving very much with the times, with the news that future FSA Regulatory Reviews will be conducted online.

The Online Regulatory Review tool is about to be launched and is designed for firms that are not undergoing a face-to-face or telephone based Proactive Regulatory Review (PRR). The online tool is designed to gather information directly from firms through an online self-assessment, which automatically analyses the information and then provides immediate feedback via email. This system is currently being piloted and tested in conjunction with a number of regulated firms. The FSA plan to launch the online tool over the next 2-3 months, initially with firms based within Scotland and Northern Ireland. The lucky firms chosen will be contacted during the next two months.

Be warned, if you are based within the North West of England, South West of England and the West Midlands and have not yet had a PRR, you will receive your Review using the online system. Advisory firms will need to pay close attention to the requirements and the Regulator has stated they will help to provide more specific information in relation to each firm's new online Regulatory Review process. Firms in other parts of the UK will receive information in relation to their online reviews in line with the FSA's regional approach and these will run concurrently with PRR, preceded by the Business Risk Awareness Workshops. More information about the Business Risk Awareness Workshops and PRR is available at the link below.

<http://www.fsa.gov.uk/smallfirms/workshops/index.shtml>

*Peter Smith, Head of Distribution Engagement*