TISA

Response by TISA to HMT's Call for Evidence on Financial Services Growth & Competitiveness Strategy

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About TISA

Supporting the financial journey through life
The Investing and Saving Alliance's (TISA) ambition is to improve the financial wellbeing of all UK consumers by working collectively with the financial services industry to deliver solutions and champion innovation, for the benefit of people, our industry, and the nation.

We do this by working with our member firms to deliver practical solutions and devise innovative, evidence-based strategic proposals for government, policy makers and regulators that address major consumer issues.

TISA is a not-for-profit membership organisation and a trusted partner of key industry stakeholders in helping shape the future of the UK financial services and the environment in which we operate. We have over 270-member firms involved in the supply and distribution of savings, investment products and associated services, including the UK's major investment managers, retail banks, online platforms, insurance companies, pension providers, distributors, building societies, wealth managers, third party administrators, FinTechs, financial consultants, financial advisers, industry infrastructure providers and stockbrokers.

Our work, your influence

With a focus on **three strategic pillars of work** to best support the consumer and UK financial services, TISA has become a major industry delivery organisation for consumer focused and digital industry infrastructure initiatives.

1. Build **Strategic policy initiatives that influence policy makers** regarding the financial wellbeing of UK consumers & thereby enhancing the environment within which the industry operates in the key areas of consumer guidance, retirement planning, later lifetime lending, vulnerable customers, financial education, savings and investments;

2. Provide **expert technical support to members** on a range of operational and regulatory issues targeted at improving infrastructure and processes, establishing standards of good practice and the interpretation and implementation of new rules and regulations covering ISAs, MiFID II, CASS, ESG/RSI, operational resilience, Cyber Risk, SM&CR and a range of other areas, and

3. To transform our industry architecture by helping build **digital transformation solutions** that are driving ground-breaking innovation, including; an Open Finance scheme to increase savings habits for the short and long term; the Select ID scheme, which aims to be a market-leading Digital ID scheme and marketplace; and TURN – a digital platform providing a secure data exchange for financial services using blockchain technology.

More about us here: https://www.tisa.uk.com/about-tisa/
More on our policy work here: TISA Groups & Projects - TISA

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Introduction and Summary of Recommendations

TISA welcomes the opportunity to respond to HMTs Call for Evidence on the Financial Services Growth & Competitiveness Strategy. We support the Government's aim to catalyse inclusive economic growth in the UK, using financial services as the engine room of our economy.

Throughout this work, we think it will be vital that the consumer is the heart of this strategy. The financial services industry and its growth should serve a broader societal purpose, aligning economic strategy with principles of fairness and inclusivity. UK citizens should reap the benefit of our world class financial services industry. Digital innovations can increase inclusion by providing new ways of engaging consumers, as well as clearly demonstrating the need to balance consumer protection and innovation in order to achieve long-term, sustainable growth.

We see the delivery and effective implementation of the following ongoing policies as central to driving growth and innovation for the benefit of UK consumers:

- The Advice Guidance Boundary Review and particularly the Targeted Support proposal so that consumers can get the help and support they need and so we can turn more savers into investors.
- Overhauling the Consumer Investments (CCI) Disclosures framework to enable consumers to make risk-informed decisions.
- Ensuring the Sustainable Disclosures Regime is effectively implemented so that consumers can make informed sustainable investment decisions.
- Digital Identities should be the norm – this would lead to a massive reduction in consumer scams and fraud, improve security and trust and would lead to further innovation.

Finally, we would also like bring The Privacy and Electronic Communications Regulations (PECR)to HMT's attention. Currently, PECR is a regulatory barrier that limits the success of numerous strategic government policies. It is preventing firms from providing consumers with the help and support they need and deserve. For this reason, TISA is calling for PECR to be reviewed and amended, to ensure innovation, growth and consumer engagement policies are successful.

We would like to thank HMT for the opportunity to respond to the Call for Evidence and would be happy to discuss these recommendations and any other aspects of our consultation response. We look forward to HMT progressing their strategy.

Question Responses

Stakeholder information

Question 1: Which of the following statements best describes you as an individual or as an organisation:

e) trade body

Question 2: Which of the following best describes your business:

e) Other: membership organisation with c.270 members spanning FS and professional services

Question 3: Which of the following UK regions do you:

A

i) North East
ii) South East

B

i) North East

Question 4: Which part of the financial services sector does your organisation operate in? Please check all the markets in which your organisation operates. Separately please indicate which of these subsectors or market you consider your firm to primarily operate in

a) Asset Management b) Financial Advice d) FinTech g) Mutual/Cooperative i) Pension Fund j) Retail Banking k) Sustainable Finance

Question 5: How many employees are in your organisation

ii. Small (10-49)

Objectives and Approach

Question 3.1: Do you agree with the proposed objectives set out in paragraph 3.6?

We agree with the proposed objectives. In addition, we recommend that HMT includes within these objectives that growth should benefit UK citizens. The Government should endeavour to ensure that financial sector growth serves a broader societal purpose, aligning economic strategy with principles of fairness and inclusivity.

When HMT considers how to measure the success of their strategy, we would encourage HMT to consider specifically measuring who has benefited from the growth in this sector. In line with the Government's aim to have inclusive economic growth, there should be indicators built into policies to measure whether this is the case, or whether wealth continues to concentrate.

Question 3.3: What do you consider to be the most important trends or changes likely to affect the financial services industry over the next 10 years?

Technological advancements, including AI and Open Finance

Financial wellbeing, inclusion and financial literacy: we have an opportunity to increase both, but this requires government interventions and commitment.

Pension adequacy risks crystallising.

Bring in changes to help the underserved sectors of society e.g. Auto Enrolment for the Self-Employed and multi-employer workers.

A significantly more consolidated DC market

Wealth transfer and ageing population may mean demand for planning may not be able to be met, leading to a need for change and innovation, such as AGBR and AI solutions

Automation of processes, leaving complexity and engagement to people

Tokenisation, crytpo currencies and increase use of blockchain technology.

Policy Pillars

Question 4.1: Do you agree with the list of policy pillars that the government intends to focus on? Are there other areas that should be included?

We would note that in relation to the Regulatory Environment pillar, we would urge HMT to encourage the regulators, and specifically the FCA to consider its risk appetite. We would encourage the FCA to make policies that encourage consumers to make informed risk decisions, rather than barring consumers from access to certain markets and products. It is vital to get consumer protections and safeguards right, but these safeguards should not be tantamount to posing intimidating barriers.

We would also note that it will be important for the Government and regulators to sequence the many changes affecting the Financial Services industry, with priority given to policies that pose the greatest beneficial impact to consumers and the UK economy. Logical and pragmatic sequencing will enable clear, coherent messaging to consumers and will ensure the efficient allocation of resource and money to ensure policy implementation is a success.

Question 4.2: Please rank the list of pillars in order of importance to your business or organisation for i) day-to-day operations and ii) longer-term plans for investing in the UK

2 – Regulation & Environment

1 – Innovation & Technology

4 – Skills & Access to Talent

3 – Regional Growth

5 – International Partnerships & Trade

Question 4.3: How well is competition currently working in the financial services sector, and how can it be improved?

Fair4All Finance research shows that over 20 million adults in the UK are in vulnerable financial circumstances. That is nearly half of all UK adults. 1 in 4 people don't have any insurance. 9 million people have no savings, with a total of 14 million people having less than £100 people in savings.

These statistics all point to a fundamental failure in financial services markets and their ability to serve the people of the UK.

This is why it is crucially important that growth, competition and innovation in financial services markets benefits UK consumers. We need to avoid a two tier financial system, where wealth is increasingly concentrated in a small number of hands and an ever increasing number of people are financially excluded or struggling.

Instead, financial services should help in the efficient allocation of funds, provide the means for people to spend, as well as save for their future. When competition works well in financial services, the living standards of people are improved through effective and innovative solutions that meet people's

needs. We welcome HMT's prioritisation of growth and innovation in this sector. Areas for improvement include increasing the availability of affordable credit, removing barriers to retail investing, mandating open finance so that people can see all their financial products in one place, with firms being able to advise and nudge people towards better products and support. The financial services industry is the primary driver of the nation's economy – it is essential that we get competition working for the benefit of all UK citizens.

We also note that the move to megafunds will see the market dynamics change so that there is a more consolidated market with fewer, bigger schemes. As the government develops this regime, it will be important to ensure that opportunities and incentives are put in place to ensure that competition and innovation continues to be encouraged in the DC pensions market.

Question 4.4: What is your assessment of how effectively the UK supports innovation and the adoption of new technology? What could be improved in the financial services sector?

The UK gives strong support for innovation and new technology, through government initiatives, research institutions and availability of investment.

- Funding Initiatives: innovation through UK Research, Innovation (UKRI) and sub-bodies like Innovate UK enable grants and funding to startups, SMEs, and researchers.
- Tax Incentives: The Research and Development (R&D) Tax Credit scheme encourages investment in innovation - tax relief on eligible R&D activities.
- Technology Adoption Programs: the Made Smarter Initiative helps businesses adopt advanced technologies like AI, IoT, and robotic and the AI and Digital Strategy, which furthers the intention for the country to be a global leader in artificial intelligence.
- The venture capital ecosystem targets technology startups and scale-ups.
- Digital Connectivity: significant strides in 5G rollout and high-speed broadband can fostering digital innovation.
- Special Economic Zones: Areas like the Oxford-Cambridge Arc and Tech City (East London) serve as innovation hotspots. Catapult Centres are innovation hubs designed to connect businesses with academia and technical expertise to accelerate R&D.
- The UK has a relatively business-friendly regulatory framework (regulatory sandboxes for fintech and other sectors) allowing businesses to test innovative solutions under supervision.

Improvements that could be made:

- Regional disparities in innovation investment. Improving the country's infrastructure and connectivity, particularly in areas outside of the south east of England, would improve investment in these areas and would ensure local workers have the training to have the right skills and can access opportunities. This would enable growth in every part of the UK.
- Address skills shortages in emerging fields like AI and cybersecurity through the upcoming Skills Strategy.
- Bureaucratic hurdles securing funding and regulatory authorisations could be improved by doing the following:
    - Simplifying and standardising application procedures for funding and regulatory authorisations
    - Make the applications and approvals digital.
    - Provide workshops and online resource to assist the processes.
    - Reviewing the approval process to identify any redundant parts.

- A clear and adaptable framework for cryptocurrencies, blockchain, and other digital assets could position the UK as a global hub for digital finance.
- Rural areas and underserved communities lack access to financial services. Expanding branchless banking and digital services are essential.
- Expanding access to microfinance, peer-to-peer lending, and alternative financing models could improve inclusivity.
- Expanding the use of regulatory sandboxes to test emerging technologies like AI, machine learning, and blockchain would enable safe experimentation.
- The UK leads in Open Banking but is being caught up due to slow progress with Open Finance, which needs to further extend its capabilities to improve competition and consumer choice in the areas of savings, investments and pensions, not just current accounts and credit cards.
- As cyber threats grow, enhancing the sector's defences against hacking and fraud is critical. Promoting public-private partnerships to share threat intelligence could bolster resilience.
- Many financial institutions rely on outdated systems that are costly to maintain. Accelerating the adoption of modern, cloud-based solutions would increase efficiency.
- Expanding the use of AI for customer service (e.g., chatbots) and operational efficiency could reduce costs and improve service quality.
- Leveraging data analytics to create more personalised and adaptive financial products would improve consumer satisfaction.

Question 4.5: Which technologies do you think have the most potential to transform financial services over the next 10 years? And in which financial services sectors or functions do you see these being applied most effectively?

Digital identity - This is key to opening up all areas of technological innovation. For the consumer there are a number of benefits including:

- Helping vulnerable customers have access to financial services.
- Improved user experience removing continual use of documents when dealing with multiple firms.
- Product development tailored for customers.
- Enhanced security helping fraud prevention.

For the firms:

- Reduced business costs
- Reduced risk

AI - An area where firms are already using technology to make internal efficiencies and eliminate risk from manual tasks, but now the focus needs to be on the consumer. For the consumer there are a number of benefits where AI can interrogate vast amounts of data. These include:

- Improved customer service
- The ability to provide education on financial services based on requirement.
- Personalised financial advice
- Improved fraud detection and risk

Open Finance – the consumer benefits are:

- Personalised financial products
- Improved financial inclusion.
- Increased competition leading to more choice and lower costs.
- Increased speed and efficiency for consumer

Firm benefits:

- Improved compliance and data Security
- Internal efficiencies

Tokenisation - Consumer benefits:

- Rapid account set up and Market access.
- Realtime Trading and pricing.
- Clearer and fair charging

Firm Benefits:

- Realtime settlement
- Realtime pricing
- Realtime liquidity
- Reporting
- Real time end to end book of records.

Question 4.6: What is your assessment of the UK's current regulatory environment?

The UK regulatory framework is highly complex, requiring the FCA to balance sometimes competing objectives, including consumer protection, competition for the benefit of consumers, and market integrity. This risk averse approach, while understandable given its consumer protection mandate, may at times hinder innovation and competitiveness within the UK's financial services sector.

The FCA's primary objective is to protect consumers from financial harm, which often means adopting a cautious stance in response to new, high-risk financial products or market trends. This focus on preventing harm can lead to decisions that may appear overly conservative from the perspective of firms pushing for financial innovation or new business models.

Historically, the FCA's approach has been reactive, often tightening regulations after a crisis, such as the 2008 financial crash or the London Capital & Finance (LCF) mini-bond scandal. These events have influenced the FCA to adopt a precautionary mindset. The fear of reputational damage and consumer losses leads to heightened scrutiny of firms that might present even marginal risks to consumer funds.

The FCA's principle-based regulatory approach allows some flexibility, but it often results in firms being uncertain about where the FCA stands, which can discourage risk-taking by regulated firms. While the FCA mentions proportionality and a tailored approach for smaller firms, the practical application could go further, particularly for small and medium-sized enterprises (SMEs) in financial services. More concrete actions, such as offering dedicated resources or simplified reporting processes for these firms, would ensure that the regulatory framework truly supports their growth. Industry bodies can help the regulator here, by working with these firms to create good and bad practices, which could be given the regulatory 'stamp of approval'. This would enable FCA to steer smaller firms in the right direction, without the burden of undertaking lengthy, resource-consuming policy development and consultation processes whist leveraging existing relationships that the FCA has with industry bodies and that in turn, industry bodies have with specific sets of firm. SMEs often struggle with the one-size-fits-all regulatory requirements, and this can stifle innovation and competition. Our proposal would address this gap, without materially impacting FCA resource.

While the FCA's risk-averse nature reflects its commitment to consumer protection, it could benefit from adopting a more risk-tolerant approach in certain areas, particularly when it comes to fintech innovation, cryptoassets, and alternative finance. The key to the success of such an approach is consumer communication, awareness and education, and as previously discussed that debate around between personal responsibility and regulatory intervention is required.

Both regulators prioritise innovation as a key lever to drive competitiveness. The FCA's focus on its Regulatory Sandbox and Innovation Hub, where firms can test new products with lighter regulatory oversight, is a significant step toward encouraging fintech growth and innovation.

Reducing the regulatory burden is a priority, with commitment to speeding up authorisations, cutting red tape, and making it easier for firms to navigate their regulatory responsibilities. The FCA has particularly emphasised improving its operational efficiency, which directly impacts the competitiveness of the UK's financial services industry.

These frameworks represent a solid foundation, but there are areas for further refinement to address gaps, particularly in addressing the evolving needs of the financial industry.

One additional gap that we would like to mention is the lack of focus on the talent pipeline in financial services, which is crucial for long-term competitiveness. While this might not traditionally fall within the remit of regulators, encouraging a regulatory environment that supports the development of skills in areas like fintech, cybersecurity, and sustainability would align with the SCGO. Collaboration with other government bodies or institutions to foster these skills could be an important lever for growth.

To encourage further innovation in the financial services sector, HM Treasury (HMT) can play a pivotal role in providing direction and enabling the regulatory environment needed for new opportunities to flourish. Given its influence over financial policy and regulation, HMT can use various levers to push the FCA and PRA toward a more innovation-friendly regulatory approach, particularly in areas like Open Finance and Digital IDs, where explicit government backing is crucial.

- Mandate Open Finance: One of the most direct ways HM Treasury could support innovation is by enacting legislation that mandates the implementation of Open Finance, much like the Open Banking initiative was driven by the Competition and Markets Authority (CMA). A legislative mandate would provide clear direction to the FCA, PRA, and other regulatory bodies, ensuring that they prioritize the development of a robust Open Finance ecosystem. This would enable more data sharing across financial products (e.g., pensions, insurance, investments), driving competition and innovation for retail investors and savers.
- Digital IDs: Establishing a framework for Digital IDs is critical for streamlining identity verification processes in financial services. HM Treasury could push for legislation that standardizes and enables the widespread adoption of digital identification systems, which would make onboarding and KYC (Know Your Customer) processes more efficient, fostering greater innovation in fintech and beyond. HMT could also set out guidelines that require or encourage the FCA and PRA to support the development of interoperable digital ID systems that can be used across multiple sectors.
- Explicit Growth Targets: HM Treasury could enhance the regulatory focus on growth and competition by setting more specific growth targets within the secondary objective. This would push the regulators to go beyond current initiatives and more actively promote innovation. For instance, the SCGO could include key performance indicators (KPIs) tied to the adoption of new financial technologies, the facilitation of new market entrants, the acceleration of Open Finance initiatives, or how the UK stacks up against global financial hubs as measured by the Global Financial Centres Index (GFCI).

HM Treasury has a significant role to play in driving the FCA and PRA toward a more innovation-friendly regulatory landscape, particularly in areas like Open Finance and Digital IDs. By providing a clearer legislative framework, offering strategic funding and resources, and pushing for regulatory agility and cross-border cooperation, HMT can encourage the regulators to more actively promote innovation. At the same time, it is crucial that these efforts are balanced with consumer protection, a task that regulators can manage through proactive, risk-based guidance and targeted oversight.

Question 4.7: How can regulation support responsible and informed risk-taking?

Barclays estimates that there are 13 million people holding £430 billion of cash savings which could be suitable for investment. TISA has conducted research on why more people do not invest. One of the key findings was that people grossly overestimate the risk of losing money from investing, even over long-term time horizons, compared to historical performance. This doesn't suggest that people are risk averse, rather they are uninformed about the actual risks. This tracks if one considers the UK consumer's propensity to buy crypto assets, or gamble, or play the lottery. We don't have a problem with risk, we have a problem with making informed risk decisions. This ties to another key finding in TISA's research: people find the journey of investing time consuming and complex.

In response to these 2 findings, TISA conducted additional research. First, to explore the impact standard risk warnings that are used on mass market investment products are having on consumers. Along with the routine risk warning, we also tested more contextualised risk warnings, that contained the standard wording and also explained the longer term benefit of investing over keeping money in cash, as well as incorporating an illustration that demonstrated the potential for short term market volatility, alongside longer term upwards growth trends. In our research, the more contextualised risk warning led to a 14% increase in the amount consumers allocated to investing. When looking at the gender split, 21% more was invested by women suggesting that more contextualised risk warnings not only benefits all consumers, but could help to close the investment gap. We estimate that providing more contextualised, balanced risk warnings could lead to an extra £4bn being invested every year.

Our research showed that routine risk warnings are not doing the job of helping people make an informed decision about the risk and reward trade-off and how it fits with their wider financial goals. The standard risk statement doesn't do enough to help consumers evaluate between different types of investment risk – the statement reads as true for gambling as it does for investing in a managed fund within a Stocks & Shares ISA. Both 'might' cause losses, but the former is many times riskier than the latter. This should be reflected in the risk warning. Nor do current risk warnings for mainstream investments help consumers make the mental trade-offs that are inevitably required when deciding which product might help them meet their financial goals.

We recommend that risk warnings are revisited so that the warnings put on investment products provide balanced, contextualised information. In addition, risk warnings could be added to cash savings products, to draw out the risk of holding excess balances in cash on a long-term basis. This warning could draw out the importance of having a rainy day fund, as well as the need to consider inflation and the real value of your savings over time.

Secondly, we would call for consumer disclosures to be overhauled. Currently, it is easier to buy cryptoassets than it is to invest in the FTSE 100. The industry (and regulator) has lost sight of the purpose of disclosures – why are we giving the information to consumers, what do we want them to do with that information, what decision does it help them make? We recommend that the entire consumer investments (CII) disclosure approach is completely overhauled and we return to the basics. Simplifying messages and processes so that consumers get intelligible information so that they can make informed decisions should be at the heart of the new regime.

Finally, completing the work on the Advice Guidance Boundary Review, and particularly implementing a functioning Targeted Support framework will enable firms to nudge customers towards better behaviours and outcomes. At the moment, firms can see that their customers are potentially suffering from foreseeable harm and they are unable to communicate this to them and suggest actions they could take to get them a better deal and return for their money, for fear that this would be seen as financial advice. This is stopping millions of people getting the support they deserve and need. Targeted support can change this and if it is aligned with other strategic policy changes, such as the overhaul of the disclosures regime and linked to pension dashboards, we could see a material

improvement in the decisions consumers make and the value and wealth they are consequentially able to derive.

Question 4.10: What is your assessment of the UK's ability to attract global talent to the financial services sector?

The UK Government is highlighting the strengths of policy stability, respect for the rule of law, democracy and human rights. The Government is also committed to long-term, strategic change and supporting innovation and change in the UK, which of course will require new ideas and associated resource. In addition, the UK is a good place to live: we have world-class arts, education system and freedoms.

All of these qualities enable the UK to attract (and retain) global talent.

We should consider how our visa system can ensure that global talent can come to the UK to work, contribute and flourish.

We would also call out that wage stagflation in the UK and a weakened pound does impact the ability of firms to attract and retain global talent.

Question 4.11: What is your assessment of the UK's ability to effectively upskill and reskill domestic workers for roles in the financial services sector?

Strengthening partnerships between industry, government, and educational institutions can ensure training programs are responsive to current and future skill requirements, including leveraging the apprenticeship scheme to support mid-career pivots, particularly into digital.

Encouraging a culture of continuous professional development will help employees adapt to technological advancements and changing job roles. Better promotion and support of the apprenticeship programmes can help drive this forward.

Addressing social mobility challenges by implementing inclusive hiring and progression strategies can diversify the talent pool and mitigate skills shortages. For example, offering flexibility in working and learning practices, as well as addressing persistent gendered environment with technology and updating terminology to more inclusive terms. The government could mandate some of this as well as take the lead in promoting careers in technology.

Priority Growth Opportunities

Question 5.1: Do you agree with the priority opportunities that have been identified?

Yes

Question 5.2: Which of the following business areas and activities do you see: a) For financial services firms: As high growth opportunities for your firm? b) For other organisations/individuals: As high growth opportunities for the sector?

The mutual/cooperative movement seems to be growing at the moment.

Payment services and financial advice seem open to big tech.

Question 5.3: What do you see as the most important ingredients for a thriving UK fintech sector in coming 10 years?

The legal and regulatory framework within the UK should enable and encourage firms to innovate and for new entrants to come to the market. For example, the FCA could do more to spotlight innovative firms and new ideas. By calling out the positive elements of being an outlier, the FCA can have a material aspect of firm risk tolerances and their aptitude to take risk and make changes.

Where appropriate, the Government should encourage firms to prioritise investing in their firms and innovation, over maximising executive pay and dividend payments. We appreciate a delicate balance needs to be struck here, but finely tuning this balance could unlock millions of pounds of investment into UK businesses through redirecting firm profits.

The strength of the pound and having a strong domestic skills pipeline, which can ensure the UK has a workforce of skilled workers, are also key ingredients.

Question 5.4: Which are the critical factors for success that are specific to the fintech sector to enable innovative businesses to succeed?

Innovation-friendly regulatory frameworks enable startups to experiment and scale without unnecessary barriers. Regulatory sandboxes, such as the FCA's sandbox, are essential tools for testing new ideas in a controlled environment.

Harnessing data is critical for the development of AI, and the regulatory environment needs to support the safe and proportionate sharing of data.

Access to venture capital and angel investors is crucial for fintech startups to develop, launch, and scale innovative products.

Initiatives like government grants, tax incentives and public-private partnerships can significantly enhance funding opportunities.

Question 5.5: In the UK's sustainable finance framework, as set out in the Chancellor's Mansion House package, do you see barriers or gaps that would support the growth and competitiveness of the UK sustainable finance market?

The Government's objectives to enhance transparency and comparability of environmental, social, and governance (ESG) information, and to reduce the reporting burden on companies while providing investors with reliable data to inform sustainable investment decisions needs to be supported by an efficient and clear regulatory labelling and disclosure framework.

There are many industry challenges with the implementation of the Sustainable Disclosures Regime (SDR), and the FCA's approval process of applications to label products has been slow. We recommend the regulator works with and supports the industry to overcome these initial challenges and encourages investment into ESG products.

Question 5.7: What are the opportunities and barriers for the financial services sector in developing the products and/or services necessary to facilitate investment into the net zero transition?

Sufficient investment in the National Grid.

Identification of a large pipeline of investment opportunities that are scalable.

Further SDR guidance

Question 5.8: Are there any barriers to growth in capital markets that are not being targeted by existing government reforms? How can private and public markets be grown so that they best support UK growth?

Whilst TISA's scope is domestically focussed, we see the merits in the Government forming strong international relationships to ensure we mutually benefit from that multi-jurisdictional collaboration.

Question 5.9: Are there any barriers to retail participation in UK capital markets? What more can be done to encourage consumers to invest in capital markets to a longer-term time horizon?

TISA has conducted research on why more people do not invest. The key findings were:

- Engagement remains the major problem: over 70% of people who have not invested in a S&S ISA have never considered doing so.
- people grossly overestimate the risk of losing money from investing, even over long-term time horizons, compared to historical performance.
- people find the journey of investing time consuming and complex.

In light of these findings, the Advice Guidance Boundary Review and in particular, the Targeted Support policy could move the dial for millions of consumers, particularly for those who cannot afford or simply won't access financial advice on many aspects of their financial decision-making. There is also a place for advice and technical innovations, such as AI, could mean advice becomes for affordable and accessible.

As already noted, requiring contextualised risk warnings could significantly increase the amount of money consumers invest and overhauling the consumer investments disclosure regime could make investing more engaging, inclusive and accessible.

In relation to investing for your retirement and later life, one of the key barriers for consumers is tax policy instability. Constant change often leads to people giving up on trying to engage as they cannot keep up with all the changes and losing confidence and trust in the security and dependability of their pension.

Finally, the Financial Services regulatory landscape has changed considerably in recent years, with an increasing expectation placed on firms by regulators to provide meaningful support to help consumers make informed choices and avoid foreseeable harm. Combined with the rise in digital services and the customer expectation that interactions will be digital, PECR presents a fundamental barrier to the success of initiatives such as the Consumer Duty, the Advice Guidance Boundary Review and the Government's strategic Pensions Review.

PECR is preventing people from getting support at the time of need, in an accessible and engaging way. As such, we recommend a full review of PECR is undertaken to ensure it adapts to recognise the current regulatory landscape and consumer needs.

Question 5.13: In what ways could the regulatory landscape for asset management or wholesale services adapt to the needs of organisations over the next 10 years?

The Regulations need to allow firms to move forward and develop the technologies already mentioned. The type of adaptions that would assist these organisations over the next 10 years:

- Expanding the use of regulatory sandboxes to allow testing of new technologies.
- Streamlining of regulatory frameworks and regulatory authorisations.
- Ensuring adaptable frameworks are in place for Cryptocurrencies, blockchain and other digital assets.

As previously mentioned, the Financial Services regulatory landscape has changed considerably in recent years, with an increasing expectation placed on firms by regulators to provide meaningful support to help consumers make informed choices and avoid foreseeable harm. We support this shift and combined with the rise in digital services and the customer expectation that interactions will be digital, PECR presents a fundamental barrier to the success of initiatives such as the Consumer Duty, the Advice Guidance Boundary Review and the Government's strategic Pensions Review.

PECR is preventing people from getting support at the time of need, in an accessible and engaging way. It is too restrictive, preventing firms for helping consumers. As such, we recommend a full review of PECR is undertaken to ensure it adapts to recognise the current regulatory landscape and consumer needs.