

TOMORROW'S WORLD

The concept of real innovation tends to drive most businesses and industries. It has been very encouraging, working with the FCA, as it emerged from the FSA, to see how forward thinking it is and how we can work together to try and improve the financial services industry.

One example is the newly launched Innovation Hub which is focused on encouraging innovation in financial services in the interests of consumers by supporting innovator businesses with a range of services. The Innovation Hub is here to foster useful innovation in financial services and we at TISA are hoping to work very collaboratively with our Technology Innovation Policy Council, which has just been launched.

One part of Project Innovate was the launch of Innovation Hub on 28th October 2014. The Innovation Hub helps businesses who are developing innovative approaches that can benefit consumers in financial services markets.

A firm does not have to be regulated by the FCA to receive support from the Innovation Hub. The regulator wants to foster innovation in the industry to genuinely improve the lives of consumers.

The Innovation Hub helps innovator businesses to understand the regulatory framework, how it applies to them and, in some cases, how to prepare an application for authorisation.

FCA also offer a dedicated contact for up to a year after they have been authorised. In the first two months 83 requests for support were received. So far support has been offered to 58% of these requests.

Where this support has been completed, 61% have been provided with an informal steer to help guide their decision-making. This is different from formal guidance – businesses rely on what the regulator tells them at their own risk, but it means the FCA we shared thinking to help build new methods of working and innovation. Feedback from businesses has been positive so far, with 86% of respondents agreeing that their overall experience with the Innovation Hub has been good or excellent. The figures are similar for the effectiveness of communications, the promptness of response and FCA's ability to understand the need for support.

It is very encouraging to see that regulators engagement with a wide range of stakeholders, and they are also looking to understand where the regulatory framework may need to adapt in the future. Currently the regulator is providing regular updates on progress in fostering innovation, including continuing to provide more information in the Data Bulletin and FCA Annual Report.

The nice thing about this is that regulator offering support to innovator businesses that are looking to introduce groundbreaking or significantly different financial products or services to the market, including when they need assistance with an application for authorisation or a variation of



permission. This helps new or non-regulated businesses understand more about the regulatory framework and what it means for them, as well as firms that are already regulated.

In addition the FCA are also looking to add more flexibility to the regulatory framework and remove barriers to entry, to encourage and support innovation where it will not erode consumer protection or the integrity of the financial system.

Encouragingly, it seems that the regulator is committed to looking to the future, anticipating trends and reacting accordingly, understanding more about the needs of innovator businesses and their products and services, and the possible benefits and risks to consumers.

The team at Innovation Hub wants to hear from and meet with innovative financial businesses, and ask for the views of these firms as well as discussing issues with them at events and other gatherings. This is certainly an area where TISA's Technology Innovation Policy Council will be looking to work closely with the regulator and others to develop innovation to drive new methods of engagement and encourage more of the UK population to engage with savings to help support their long-term interests and futures.

www.fca.org.uk/firms/firm-types/project-innovate

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