



Annual Review 2017/18

Overview

TISA goes beyond just the provision of consumer focused policy and has a growing reputation of delivering industry solutions to support its proposals.

TISA's increasing membership comprises over 190 firms involved in the supply and distribution of savings and investment products and associated services. These members represent all sectors of the financial services industry, including the UK's major investment managers, retail banks, online platforms, insurance companies, pension providers, distributors, building societies, wealth managers, third party administrators, FinTech businesses, financial consultants, financial advisers, software providers and stockbrokers.

TISA's current strategic policy and industry solution developments include financial guidance; digitalisation including the development of a Digital ID, developing open standards that support the growth of FinTech and increase consumer access to financial services, while lowering costs for providers; financial education for children; retirement savings; consumer engagement; the TISA and KPMG Savings Index.

TISA also provides support on a range of operational and technical issues targeted at improving infrastructure and processes, standards of good practice and the interpretation and implementation of new rules and regulations. TISA has a successful track record in working cooperatively with government, regulators, HMT, DWP and HMRC to improve industry effectiveness by reducing cost and risk and to enhance customer outcomes. This work currently includes: MiFID II, CASS, the UK Fund Trading and Settlements initiative and Payments Strategy Forum. TISA Exchange (TeX) is providing a model for transfers and re-registrations.

You can find out more about TISA on our website, www.tisa.uk.com

TISA is a unique, rapidly growing, consumer focused membership organisation. Our aim is to improve the financial wellbeing of UK consumers by aligning the interests of people, the financial services industry and the UK economy. We achieve this by delivering innovative, evidence-based proposals to government, policy makers and regulators; the proposals provide practical solutions to major consumer issues.

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Overview

2017/18 highlights

Digital Identity

for the consumers of financial services products is now in the pilot testing phase



KickStart Money entered its second year, having already provided financial education to

7,000

primary school children



TISA and KPMG Savings Index launched

34 new TISA members the highest number of new members in a 12-month period

Several new member forums



were established covering vulnerable customers, financial crime, financial guidance, Senior Managers & Certification Regime (SM&CR) and existing MiFID II forums were expanded to include Upstream Reporting and Standards

2 new policy councils launched



Cash & Investment Savings and Children's Financial Education



9 consultation responses

including the Retirement Outcomes Review Interim Report, the Treasury Committee's Inquiry into Household Finances, and Transitioning FCA firms and individuals to SM&CR

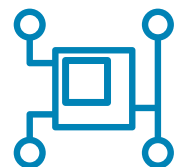
Publication of major MiFID II industry guides

including Costs & Charges implementation guide, a draft Upstream Distributor Reporting guide alongside a comprehensive Q&A document to help distributors make compliant returns to asset managers, and compliant framework for Target Market Reporting



Project launched to deliver a digital solution

to the MiFID II requirements regarding the flow of data on costs & charges and on target market between providers and distributors



Clive Shelton, Chairman

From our Chairman

It has been another highly successful year for TISA. Our unique ability to work collaboratively with our members to deliver strategic policy ideas and practical solutions for the benefit of the consumer, a well-functioning financial services market and the UK economy has been put to excellent use in a number of key areas.



The highlights for me include TISA's project to deliver a digital identity for consumers of financial services products, our extensive engagement on the crucial issue of financial guidance, the delivery of financial education in the classroom via KickStart Money, the launch of The TISA & KPMG Savings Index, MiFID II practical guidance and successful Annual Conference – excellent examples of TISA in action.

Details on these and the rest of our wide range of strategic policy initiatives, regulatory interpretation and implementation support and technical infrastructure work over the past 12 months are explained more fully later in this Annual Review.

Our strategic vision and activity puts TISA at the forefront in addressing the business-critical savings and investments issues for our industry. Recognition of this work is spreading among our key stakeholders and it has been particularly pleasing to welcome 34 new member firms who joined us during the year – the highest number of new members in a 12-month period. At the end of June 2018 membership stood at 196 firms, with more in the pipeline.

Equally pleasing is the number of firms taking an active involvement in our policy councils, committees and working groups. More than 70 firms are involved in our MiFID II programme – clearly demonstrating the importance of this work. I am extremely appreciative of this support and commitment from our members, be that active involvement in our councils or making the case for our recommendations to policymakers and opinion formers.

Membership increased to

196*



*as at 30 June 2018



The TISA Executive and staff work tirelessly on behalf of members. We are fortunate to be able to draw on their extensive experience, expertise, market insight and enthusiasm.

TISA's Board plays a key role and I thank the Directors, Non-Executive Directors and our political advisers – Lord Flight and Baroness Drake – for their strategic counsel, insight and ongoing commitment. During the year I was pleased to welcome Jane Goodland, Responsible Business Director at Quilter Plc, and Gregg McClymont, Director of Policy and External Affairs at B&CE as Non-Executive Directors. Jane and Gregg's diversity of experience and combined passion for consumer focus will help to ensure that we continue to meet the varied needs of our broad membership base, while also delivering the best options for consumers.

The TISA Executive and staff work tirelessly on behalf of members. We are fortunate to be able to draw on their extensive experience, expertise, market insight and enthusiasm which is ensuring that TISA's work is focused on meeting the needs of consumers, members and our industry.

TISA today has a broad scope of interests and it is important that we evolve the current brand, mission, service model and member proposition to ensure that it is aligned to the significant change in our approach and range of policy development. A stakeholder audit has underlined the challenge we face with the perception of our current brand and work is now underway to enable us to address the issue. We will be liaising with members as this work progresses.

There is no doubt that the next 12 months will be challenging for our sector, but TISA will remain focused on continuing to deliver benefit to our members and unwavering in our strategic ambition to improve the financial resilience of UK households.

Clive Shelton

Clive Shelton
Chairman

David Dalton-Brown, Director General

Director General's review

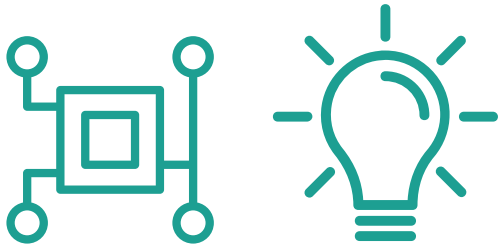
Over the past twelve months we have set about delivering against our development plan objectives to enhance recognition for TISA's strategic policy and focus on digital innovation for the sector.



We also continue to support members and the broader industry through the development of regulatory good practice guides, training and events. As always, the interests of the consumer and our members are at the heart of our policy and infrastructure development.

A particular area of focus has been to enhance our political engagement. TISA already has excellent links with officials at HMT, HMRC and DWP as we develop the operational savings and investments infrastructure that most benefits consumers. Allied to this we have adopted a proactive public affairs stance which has enabled us to further advance our strategic policy ideas and solutions with government at the highest level and become involved in key policy discussions.

Meetings have taken place with a range of politicians representing differing viewpoints and from both Houses. This has allowed us to brief on the need to provide effective guidance to the estimated 47 million UK citizens who will rely on it when making financial decisions, present the views of TISA members on the delivery of the pensions dashboard and discuss digital innovation and the need for financial education.



Focus on digital innovation

We were also pleased to welcome Liberal Democrat Leader Sir Vince Cable MP and Chair of the Treasury Select Committee Nicky Morgan MP to the 2017 Annual Conference where both gave plenary presentations.

TISA proactively seeks to liaise with other key stakeholders, crucially, this is enabling us to work with theCityUK, CBI, industry bodies, MAS and other interested groups in order to develop policy proposals that are reflective of the broader interest. Meaningful engagement is only possible when we have strong, thought through, evidence based strategic policy ideas to advance. We are therefore extremely appreciative of the commitment, ideas and resources that member firms make available to us.

In addition to the work on financial guidance we are putting this collaborative approach to good use in identifying the options for our sector post-Brexit, delivering the Savings Index measure of wealth in the UK, assisting the industry to help vulnerable customers, retirement savings for the self-employed and boosting auto enrolment contributions for millennials, simplifying the ISA regime, improving financial awareness among young people and in the implementation of MiFID II solutions, GDPR, and SM&CR.

Overarching this activity is digital innovation. It's generally accepted that financial services lag behind other industries in the adoption of

digitalisation. We do however have a fantastic opportunity to make a real step change based on a shared commitment to Open Standards. This will enable us to dramatically improve the customer experience, significantly reduce operating costs for providers, whilst delivering consistency and encouraging competition. Prime examples of this are TISA's project to deliver a digital identity for the consumers of financial services products which is now in the pilot testing phase and our newly launched FinTech Forum.

These are just a few highlights from our extensive programme of work – you can read about these and others in more detail in the reports from the Executive later in this review.

Alongside this work we continue to help representatives from our member firms to stay ahead on the key issues and improve knowledge through our range of educationally based training courses and acclaimed seminar programme. Many of these have the added benefit of being accredited by the CISI for CPD purposes.

The success of these programmes, coupled with our growing membership and project work, has allowed us to add resource to our regulatory support team and to our marketing to ensure we provide a better service to members, whilst at the same time contributing to our reserves.



TISA's focus is rightly on helping UK citizens to make the most of their money throughout their lives. We will continue to pursue this policy ambition based on our core strength of evidence-based technical policy development and delivering value to our members.

Charles McCready, Strategy Policy Director

TISA Strategic Policy: Building solid foundations in 2017/18

TISA's work on strategic policy has taken another big step forward in 2017/18, thanks to the dedicated efforts of the TISA team and expert input from TISA members. It has been a very exciting year and here are some of the highlights.

KickStart Money was set up in 2017 with the objective of providing 18,000 primary school children with financial education and to build the evidence of the success of the programme to persuade government for this to be taught in all schools. The programme has already been delivered to over 7,000 children by MyBnk since inception and we now have the first year's evidence documented and submitted by the Money Advice Service's What Works initiative – find out more on MyBnk's [website](#). In June, we ran an event in the House of Commons so that MPs and Peers had the chance to see live sessions of KickStart Money being taught in one of the committee rooms. The team have also invited MPs to attend sessions at local schools, plus we have been promoting the programme to a number of high profile government figures to build support. We would very much like to thank all the sponsor firms for a great team effort.

Our work to promote financial guidance for the mass market has made good progress over the last year. We are still working towards getting a more robust definition of guidance so that industry can better support the millions of consumers that need help in making informed financial decisions. We have held a number of meetings with the FCA, government departments and MPs plus made several submissions on related consultations. Whilst the FAMR review did not deliver on the requests that we made on behalf of our members, we have seen a softening by the FCA regarding the use of Rules of Thumb by financial services, plus the new Single Financial Guidance Body (SFGB) legislation makes specific reference to working with industry. We expect the next phase of FAMR in 2019 and will continue to press for a guidance framework for financial services, plus the establishment of the new SFGB offers opportunities to enhance how we work collectively to meet the needs of consumers.



Objective: to provide
18,000
primary school children
with financial education

TISA launched a Digital ID pilot in Q2 2018. The build-up to the pilot has involved TISA taking a leading role in working closely with industry, the Government Digital Services (GDS) and identity providers. The project will test the standards, infrastructure and trust framework required to deliver a Digital ID that can be adopted by all sectors within financial services. This is a great step forwards for us and the industry and further details are provided later on in this Review.

The TISA & KPMG Savings Index was launched at the Annual Conference in November 2017 to a packed audience of over 300 TISA member representatives. The Savings Index draws upon detailed data collected by the government plus extensive enhancement to bring that data up to date so that it can be used to measure trends in savings and the effectiveness of government policy. The Savings Index has already helped us to identify some significant insights into the consumer savings patterns, including the significantly different level of general and pensions savings where

people are owner occupiers versus those that rent. The Savings Index is available to TISA members on a licence basis and can help firms with consumer research plus let their customers compare themselves with other people of a similar age, with similar incomes that live in the same region. We believe that the Savings Index will help inform a range of other strategic policy work.

In addition to the above we have also kicked off some very exciting work regarding vulnerable customers and millennials, both of which are areas of great interest to the industry, government, MPs, Peers and the FCA. We look forward to reporting success in these new initiatives this time next year.

Finally, TISA appointed Atlas Partners in 2017 to support us in our public relations work and importantly, to upskill our efforts in public affairs. The team at Atlas have had a very positive impact and raised our professionalism in dealing with the political world when seeking changes to policies that will benefit consumers and TISA members.



The TISA & KPMG Savings Index was launched at the Annual Conference in November 2017 to a packed audience of over 300 TISA member representatives.

Renny Biggins, Retirement Policy Manager

The TISA & KPMG Savings Index



These insights, trends and actual figures will provide licence holders with a range of potential benefits which can be used to benefit both business/product strategy and their underlying customer base.

The TISA & KPMG Savings Index was launched in November 2017 and provides a unique insight into household savings and wealth in Great Britain, breaking this down into property equity, pensions and other financial assets such as cash and shares.

The data that underpins the Savings Index can be interrogated using a set of tools that can help develop further insights into the current state of household savings. Using the Savings Index data, we have already identified a significant difference in pension, investment and cash savings between households that are owner occupiers and renter and are in the process of investigating this further to get to the drivers behind these outcomes. We are also using the Savings Index data to enrich and inform our strategic policy work as this provides robust evidence of some of the savings issues that we are seeking to address. Going forwards we will also be looking to the Index to help identify how changes to savings habits, including the impacts of Auto Enrolment and changes to government policy, are impacting both the level and types of savings.

The Index is underpinned with data from the ONS Wealth and Assets Survey and is supplemented with other sources as well as updated every six months so that the data is never more than 5 months old, providing a unique, authoritative and comprehensive database.

The Savings Index and interrogation tools are being made available to firms through a licence arrangement. Whilst the underlying database provides a wealth of information, the user front-end allows the licence holder to extract information based on bespoke searches. This permits typical household figures to be broken down into targeted segments of the population based on region, age, number of dependants, salary and property owner or renter.

The output is displayed in a format which allows you to easily benchmark the search input against other households within the same search parameters, region, income, age and GB as a whole. The screenshot opposite displays one of the output screens.

There are no restrictions on the number or types of search a licence holder can make, which provides the flexibility to enable licence holders to gather a range of insights into the savings behaviour of Great Britain's citizens. It will be possible to identify where positive and negative savings correlations exist such as whether being a home owner increases the propensity to save in other areas.

The ability to target segments of the GB population will help firms form an understanding of their target markets which can assist in the product design and governance process.

These insights, trends and actual figures will provide licence holders with a range of potential benefits which can be used to benefit both business/product strategy and their underlying customer base.

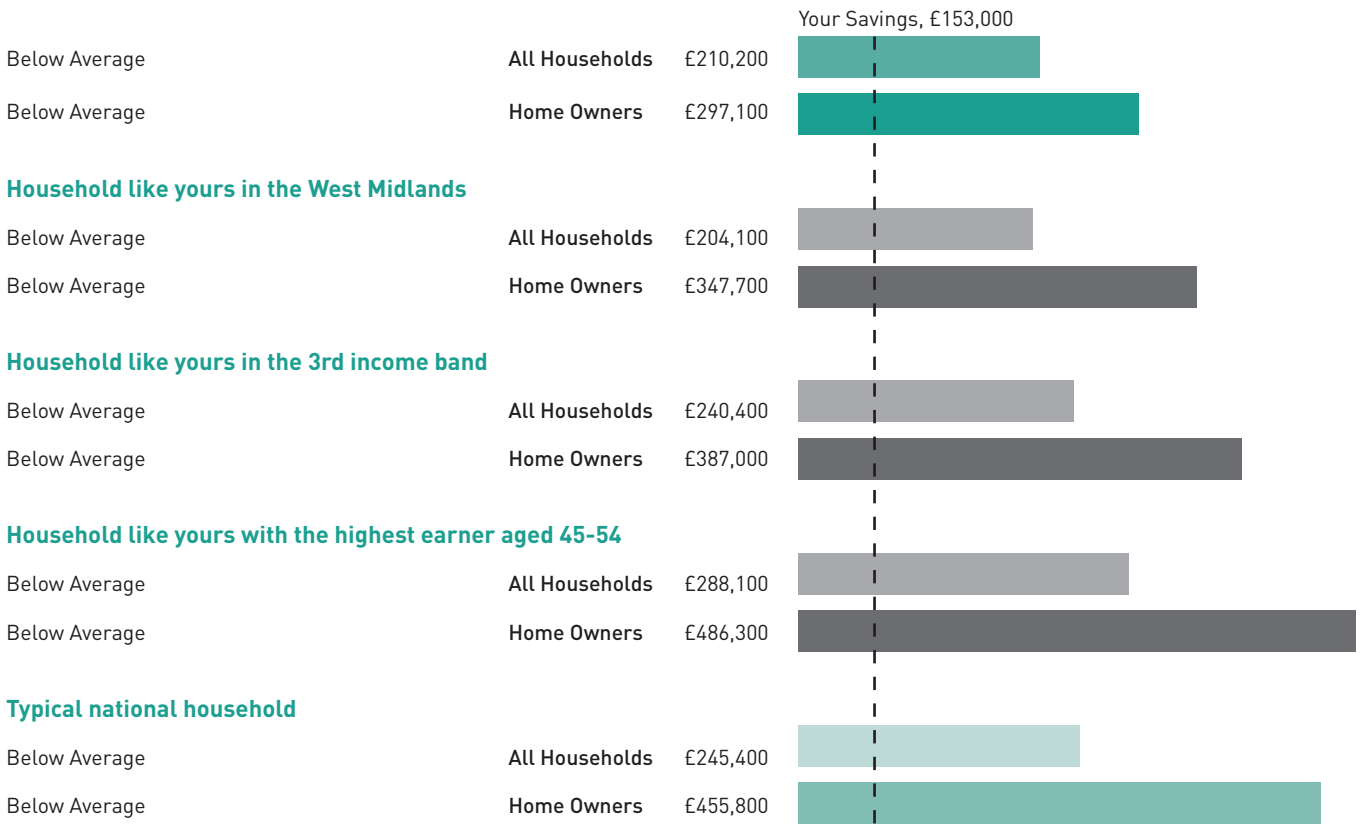
From an engagement perspective, this can be used to benchmark your client base against their peers, the results of which could be included in periodic communications such as an annual statement. Peer pressure has proven to be a powerful tool in incentivising savings behaviour.

Subject to KPMG audit checks, it may be possible to embed the front-end within a licence holder's client portal, allowing their clients to benchmark themselves against peers and others, enabling them to discover whether they need to save more in certain areas.

The ability to search on segments of the population allows licence holders to understand a potential market more fully and helps identify where a target market might exist and benefit from a product launch or marketing and distribution perspective.

Your savings at £153,000, compared with typical savings of other households

Households like yours: who live in the West Midlands, who are in income band 3 and whose highest earner is aged 45-54



As the Savings Index matures over time, you will be able to identify historic trends and understand whether regional and national savings initiatives are working and the areas that they are or are not successful.

Licences are available for a period of one and three years at a cost of £10,500 for one year and £8,500 per year for three years. However, to celebrate the official launch of the latest version of

the Savings Index, we are running an Early Bird offer from September through to the end of November which reduces the price down to £8,000 for one year and £6,500 per year for three years – a saving of approximately 25%.

The licence is also available to non-TISA members. A one year licence is £13,125 (£10,000 Early Bird) and the three year is £10,625 per year (£8,125 Early Bird).

All prices quoted are subject to VAT.

If you would like further details, please contact our Retirement Policy Manager Renny Biggins at renny.biggins@tisa.uk.com who will be happy to discuss this with you in more detail and arrange for further documentation to be provided and/or a face to face demonstration at your offices.

Nigel Banfield, Technical Policy Implementation Manager
 Claire Cornell Johnson, Technical Policy Manager (Investment Savings)

Cash & Investment Savings Policy Council



Key themes for 2017/2018 were identified as the simplification of ISAs, Powers of Attorney Administration and the maturity of Child Trust Funds (CTFs) and their subsequent treatment.

The Cash & Investment Savings Policy Council is chaired by Rob Jameson, M&G and Rob Ray, Coutts, with membership from a broad number of firms. The council does retain a technical element with current matters being discussed in detail and relevant output provided to TISA members in the form of a technical bulletin.

Key themes for 2017/2018 were identified as the simplification of ISAs, Powers of Attorney Administration and the maturity of Child Trust Funds (CTFs) and their subsequent treatment.

Looking to the year ahead, we have established a Cash & Investment Savings Committee to focus on regulatory and technical matters, allowing the main council to focus on their key themes.

Simplification of ISAs

A long-held view of TISA and a clear message from our members is that the current ISA landscape is too complex and can result in customers avoiding ISAs, unable to identify which product or type they should use. To address this we propose a radical overhaul of the ISA landscape to create only 2 types of ISA, plus a legacy Help to Buy: ISA –

- ISA (incorporating cash, stocks & shares and innovative finance);
- Lifetime ISA;
- Help to Buy: ISA (legacy).

With the ability to open multiple ISAs in any tax year, this creates a simple and understandable ISA landscape for customers where they can confidently operate and select the right products, i.e. ISAs for their general savings needs and one Lifetime ISA per tax year for focused, incentivised savings.

Our proposals have been produced reflecting the views of TISA and taking into account those of our members, following a series of discussions at the Cash & Investment Savings Policy Council and meetings with the wider TISA membership.

Powers of Attorney Administration

This has been identified as an area of concern in the financial services industry with consumers facing unnecessary barriers and delays due to a lack of understanding or information. There is a strong desire to improve administration of Powers of Attorney in firms and, following discussions at the Cash & Investment Savings Policy Council, in autumn 2018, TISA published a leaflet focused on customer facing and administration roles to provide a brief summary and requirements as a handy reference tool. We have made this leaflet publicly available for our members, the wider investment community and consumers, and also have provided this for the Alzheimer's Society – you will find a copy on our [website](#).

CTF Rollovers

The Child Trust Fund begins to mature in 2020 with children able to take control of it from September 2018. This provides a great catalyst, to promote and educate, on the benefits of saving, to a unique group of individuals not seen in the savings industry before, where every child benefits from a maturing child trust fund. TISA has produced a useful CTF FAQ Guide, a copy of which you will find on our [website](#).

The industry met with HMRC in September to go through the proposals with the anticipation that something might be agreed before the end of the year for development purposes.



The Child Trust Fund begins to mature in 2020

Carol Knight, Chief Operations Officer

Children's Financial Education Policy Council (formerly Children's Savings Policy Council)

The last twelve months have seen the Children's Savings Council finding itself more and more focused on children's financial education.

The working parties have had objectives that seek to deliver a better focused approach to providing financial information, engaging in an appropriate way with children and their family units. There's a drive to persuade government of the importance of providing proper financial education as part of the curriculum. We have also collaborated with MAS in a survey to establish what provision of financial education there is and to whom it is aimed.

Earlier this year we held a showcase afternoon, where a number of groups and firms presented their methods of engaging with children. This proved to be a huge success with a varied audience and plenty of positive feedback.

In 2020 the first children who hold a Child Trust Fund reach the age of 18 years. TISA instigated a working group to improve the quality of addresses held in order that as many of these children as possible can take advantage of this windfall. Some 6 million accounts were opened throughout the products' lifetime and around 1.5 million opened by the government on behalf of children. However, around 14% of records (a higher percentage for those opened by the government) don't have up to date addresses. The working party, which includes representation from HMRC, has been looking at how we can reunite the children with their assets before maturity. Traditional tracing methods themselves are not suitable due to the lack of data held relating to the registered contact and therefore alternative ways are necessary.

This summer a poster has been produced and issued to all schools, making children aware that they should hold a CTF if they were born between September 2002 and November 2011 and how to go about finding it. TISA will also be running a campaign to highlight the CTF. Further work is ongoing between the industry and HMRC to bring together information that might help trace the lost account holders.

Looking to the year ahead, in addition to the CTF campaign mentioned above, our aim is to create a new council with a range of member firms who have a desire to improve financial capability from the very earliest ages and can commit to working together to create achievable deliverables. The success of Kickstart Money, combined with increasing awareness and concern that children are leaving school unprepared for managing their money to deal with the many financial demands they will face, has enabled us to review how we can best support future generations. Therefore, we are delighted to announce the formation of our new TISA Children's Financial Education Policy Council which launched at the beginning of October 2018. The Council's primary purpose is to consider, initiate, advise on and lead new industry initiatives that improve the provision of financial education for all children under the age of 18 years, which will also include valuable support for their parents, family unit and carers alike.

This pivotal council formation will enable participating companies to be part of this exciting forum and to be fundamentally involved in shaping all matters pertaining to the development of skills, knowledge, attitudes and habits relating to the understanding and use of money for those under 18 years of age. Its ultimate purpose is to ensure all children in the UK can live the financial life they aspire to by equipping them with the attitude, skills and resources to achieve their personal and financial goals.

We would like to thank those firms who participated in the Children's Savings Council for their support and work over the past many years. You have been a valuable support and together we achieved many successes.



Teaching children to save can make a huge difference to their future, which is why we will continue to work with the industry and government to help make financial education available to primary school children.

Harry Weber-Brown, Digital Innovation Director

Digital Innovation Policy Council

In the digital age, there is an increasing need to reliably, effectively and efficiently identify customers.



It's great to see what TISA are doing and have their support to generate collaboration and knowledge share by helping build a FinTech community across the Northern Powerhouse, enhance reputation of the Northern Powerhouse as a FinTech region and generate tangible economic benefit for the region and the cities within it.

Julian Wells, Director of Whitecap Consulting and FinTech North

There is a requirement for a strong, trusted, digital identity capability for the financial services sector, as consumers continue to evolve digitally.

TISA has launched a pilot to create a Digital ID that meets all relevant regulatory requirements and is positioned to consumers as the prime means for securely identifying themselves to UK financial services. This Digital ID will allow consumers to re-use their verified identity and associated KYC attributes to access different financial services.

The pilot commenced in May 2018 and will conclude in December 2018 with subsequent phases planned to deliver the Digital ID for financial services. Participating organisations include Fidelity, Zurich, Experian, DST, FNZ, LexisNexis, Lloyds, Accenture and Northern Trust. Other firms are expected to join the pilot and subsequent phases.

This pilot will allow participants to create a Digital ID, as part of the account opening process, and will address many of the challenges presented to customers and Financial Service providers in effectively verifying their identities.

The pilot is split into five interconnected work-streams, which are:

Proposition development focuses on assessing consumer and industry needs, development of the user journey and customer experience, user testing and evaluation. It involves the build of an online journey, which will enable the different products to be tested, that is connected into a Digital ID 'hub' service to verify these identities.

Trust Framework is the development of the scheme that governs the operation of the identity system, this includes writing the rules and processes (such as the risk based approach) for on-boarding new customers, developing the specifications, rules and agreements required to deliver a digital identity for the financial services sector.



TISA have launched a pilot to create a Digital ID that meets all regulatory requirements

Standards development covers different requirements of financial services to identify their customers, referred to as Levels of Assurance, which are being mapped against existing identity schemes (such as the government's Verify scheme).

Technical/infrastructure includes analysis of the financial services technologies (used for on-boarding), proposing the best technical approach and assessing how the providers of digital identities could connect into these.

Business plan development for the subsequent development phases of the Digital ID project including analysis of the risks, estimating the costs and savings for delivering such a scheme and recommendations on the approach for the next stages of development to a live service.

The project has a robust stakeholder engagement plan that is engaging a broad range of industry organisations including financial service organisations, industry regulators, Digital Identity service providers, other Digital ID schemes (such as Verify) and central government (including HMT, Cabinet Office and DWP).

The pilot is overseen by a Governance Steering Committee that continuously reviews the development within each work-stream, the risks, dependencies and resolve any issues arising from work-streams and ensure the overall goals of the pilot are being met (including its stakeholder management). It tracks progress against the pilot delivery schedule to ensure timely delivery and implementation of the pilot by the participants.

This Digital Identity will enable customers to easily and safely access their different financial service providers, at the same time enabling connections between the sources of information allowing the customer to consolidate their savings and investments into single dashboards. It promotes digital inclusion by addressing the challenges and provide solutions for customers, who have difficulty having their identity verified online; the 'thin file' customers.

The Digital ID will enable financial service providers to streamline and improve on-boarding and compliance processes through access to a reliable and consolidated digital view of the user's identity and attributes. It will help deliver cost savings and improve risk assessment, reduce fraud and fines by creating more holistic and accurate customer risk profiles to inform suspicious transaction monitoring.

TISA FinTech Forum

The TISA FinTech Forum has been designed to work in collaboration with existing government and regional business initiatives to support the development of the UK's FinTech economy as well as the financial services market, by addressing the emerging regulatory and legal challenges faced.

TISA has agreed with the UK Treasury's FinTech Envoys to work in collaboration with and support the regional UK FinTech hubs, bringing together a range of services and support for new and developing FinTech business, including:

- TISA's expertise in regulation and law.
- Access to TISA's member firms who have specific knowledge/expertise in given sectors of UK and EU/global financial services.
- Access to TISA's expertise in the industry's existing digital standards, and standards and services applicable to FinTech (e.g. infrastructure services/providers, Digital IDs, open standards, industry specific developments such as current blockchain (DLT) projects, government initiatives, FCA initiatives such as the FCA sandbox etc.).
- Subsidised access to TISA accredited training sources in all aspects of regulation relating to the UK and EU FinTech market (for example MiFID II, CASS, Savings & Investment, GDPR, PSD2, Cyber Crime etc.).
- Expertise from academics in emerging technologies.
- Access to industry mentors – TISA will develop a 'database' of mentors from across its membership who can assist start-up FinTech companies.
- Introductions to firms offering accelerators and business start-up services.

The desired outcomes from the formation of the TISA FinTech Forum are:

- Start-up and developing FinTech businesses benefit from the provision of TISA, its membership and its regulatory and legal expertise – this supporting the more effective and rapid development of FinTech businesses allowing them to focus their available resource of the development of their business plans.
- TISA is informed through the forum of the current and emerging needs of the UK FinTech market, allowing TISA to proactively campaign for change/improvements in government policy, regulation or law to support the development of this critical new market.
- UK consumers benefit from the faster development of the FinTech market.
- UK Plc benefits more rapidly from the economic benefits of the growth of the FinTech market both in the UK and globally.

TISA believe the provision of this regulatory and legal expertise in collaboration with current government and regional initiatives will further support the development of the UK's FinTech market to the benefit of UK consumers, UK Plc and all participants in the FinTech market.

TISA presented the FinTech Forum concept during May and June in Edinburgh, Leeds, Manchester and Liverpool, which included the Leeds Digital Festival and DTI's 2018 International Business Festival, to approximately 1,500 FinTechs and financial services attendees.

Looking ahead, TISA will also support the South-West FinTech hub, when that is established later this year.

Stephen Gay, Policy Team Manager

Consumer Engagement Policy Council



Ordinary people are currently priced out of receiving regulated advice, with only

4 million having received advice in the last 12 months

The Consumer Engagement Policy Council has retained its focus on three strategic themes, the aim being to create change in policy, practice and the financial services environment on which consumers depend for their financial prosperity and resilience. Consumers look to financial services for improved practice and outcomes as well as to government for public policy to create a framework that works to their benefit both in terms of standards and access to services. The council is very action focused in terms of seeking to influence government policy and facilitating change within the industry.

We have also focused on the needs of vulnerable people seeking to access financial services, recognising that all of us can find ourselves in a vulnerable position, and need to be treated with flexibility and understanding by the providers of the services on which we rely so much. We are looking to develop a self-assessment tool to help financial services firms identify the priorities for improving their practice and hosted a packed-out conference on vulnerability in September to raise awareness of the issues associated with vulnerability.

Our third policy theme is a very ambitious one – to address the chronic lack of saving in the millennial age group, mindful that for all the financial challenges this cohort faces, they have time and compound interest working for them if they could be encouraged to save more. Our solution, which we are discussing with a small number of major firms as potential design partners, is to launch a national competition run on an annual basis, for groups of young people to develop and launch a digital campaign for making saving cool again, with prizes and benefits awarded to winning entries. We hope to break free of the paradigm of seeking to influence a new digital generation with old thinking and recruit them to an enterprise of influencing each other.

Looking forward to the year ahead, we expect to have a busy agenda, retaining a sharp focus on our priorities and continuing to take strides towards a financially resilient society.



Our third policy theme is a very ambitious one – to address the chronic lack of saving in the millennial age group, mindful that for all the financial challenges this cohort faces, they have time and compound interest working for them if they could be encouraged to save more.

Much of our attention has been directed towards the pressing problem of what might be considered an 'advice desert'. Ordinary people are currently priced out of receiving regulated advice, with only 4 million having received advice in the last 12 months. Furthermore, the industry is severely constrained by regulations, unable to provide personalised financial guidance that would help the 47 million people not getting advice to make informed decisions in managing their money. We have been working on proposals for a close working relationship between the new Single Financial Guidance Body (SFGB) and financial services to collectively meet the needs of the mass market, using similar terminology, consistent Rules of Thumb and ideally, consistent consumer outcomes. To achieve this we have been looking at a Guidance Framework for regulated financial services firms plus how to enhance signposting to the SFGB. We have been actively engaging with the FCA, DWP, HMT, MAS and TPAS.

Renny Biggins, Retirement Policy Manager

Retirement Policy Council



It was pleasing to see that extracts of our response were mentioned throughout the report and that our proposals to reduce the minimum age of eligibility and removal of the lower earnings limit were taken on board.

Despite there being very little in the way of legislative change, 2017/18 has continued to be an incredibly busy time for us, particularly because of the rising prominence of DC and the potential impact this will have on retirement outcomes for future retirees.

We attended an FCA workshop relating to their Retirement Outcomes Review consultation in September and followed this up with their Head of Retail Competition attending our council meeting in December 2017 to listen to member views. The final FCA report was issued at the end of June 2018 along with a further consultation and we are currently working with our members to formulate a response.

The DWP Automatic Enrolment Review was another significant consultation last year with the government's final recommendations issued in December 2017. It was pleasing to see that extracts of our response were mentioned throughout the report and that our proposals to reduce the minimum age of eligibility and removal of the lower earnings limit were taken on board. However, we would like to see the recommendations implemented before the proposed timescale of the mid-2020s.

In June 2018 we saw the launch of the revised Code of Practice for Combating Pension Scams issued by the Pension Scams Industry Group – PSIG (formerly Pensions Liberation Industry Group – PLIG). TISA is a PSIG board member and participated in the approval process of this important document. A copy of the code is available from our [website](#).

We secured the attendance of Guy Opperman, Minister for Pensions and Financial Inclusion, at our April 2018 Retirement Policy Council, where members had the opportunity to ask relevant questions and share in his views of the current policy landscape and future priorities. As a result of this, we created a Pension Dashboard Survey where 28 member firms provided

their views on key implementation aspects covering the commercial model, governance, security and participation. The results featured strongly in trade publications and provided a clear indication of the industry view. The outcomes were shared with DWP and HMT with follow up work in this area planned in the coming months.

From an event perspective we have run 3 successful Retirement Roundtable events covering a multitude of topics ranging from technical themes such as the operation of PAYE for pension freedoms and Scottish Rate of Income Tax to the more media debated areas surrounding retirement provision for the self-employed and DB to DC transfers.

In addition, we held successful retirement seminars in the Autumn 2017 and Spring 2018, again covering topical issues of the moment. We secured some fantastic speakers and chairs for these 2 events, which was widely reflected in the highly positive feedback that we received.

In the coming months we are placing a high focus on developing our 5-year strategic approach. We have created a Retirement Strategic Group which will start to develop a set of strategic initiatives underpinned by evidence-based research. In the coming months and years, we will arrange to discuss these with relevant government bodies and individuals, with a view to bringing them to life through policy change.

Jeffrey Mushens, Technical Policy Director

Technical year in review

The last year has seen TISA's Technical Policy work focus on three essential components to best offer support to our members and the wider industry.

These components are:

- Developing industry good practice guides in response to industry needs and regulatory or government changes (across our Cash & Investment Savings, Client Assets and MiFID II groups);
- Provision of information and technical support;
- Training courses.

MiFID II

When we wrote last year, we were in summer and planning for the run up to implementation of MiFID II in January 2018, and our focus was on delivery of good practice guides for Costs & Charges and to operationalise sharing of information between Product Manufacturers and Distributors by the TISA MiFID II Target Market Working Group.

Over the last year we have focused on three aspects of MiFID II, in implementation and then of the development of good practice guides.

These three aspects are in the areas of:

- Costs & Charges;
- Target Market;
- The TISA MiFID II Project.

Costs & Charges

The good practice guide – Approach to Implementation of MiFID II Costs & Charges Disclosures (available on the TISA [website](#)) – was launched at our MiFID II Seminar in September 2017 and has become the de facto standard for MiFID II Costs & Charges disclosure.

The guide focuses on the practical implementation of Costs & Charges reporting for MiFID II firms, including templates for reporting to clients, covering pre-sale (so called ex ante) and post-sale (ex post).

The guide includes links to the European MiFID Template (EMT) specified by the European Working Group (a Europe wide group, including European equivalents of the IA, distributors, banks and fund managers), a model for calculating the cumulative effect of charges and which charges to include (all) and where to report them.

The group has been working on practical implementation issues post launch, specifically in the areas of transaction costs methodologies, the treatment of property funds costs and ex post reporting and an updated version of the guide (version 3) is expected in the course of the autumn.

Target Market

The TISA Target Market Specification was published in the autumn of 2017 to meet the immediate needs of distributors ahead of implementation. In order to specify the requirements for

Developing industry guides



Cash and investment savings
Good MiFID II practice
 Client assets
 Regulatory or government changes
 Industry needs

upstream reporting from distributors to asset managers (a new requirement under MiFID II) TISA launched the Upstream Distributor Reporting Working Group. Its objectives were to determine manufacturers reporting requirements consistent with distributor capacity to enable distributors to meet their MiFID II reporting requirements in respect of Target Market sales. This is an important aspect of the Product Governance process.

The group included European distribution businesses as well as UK based asset managers, wealth managers and distributors. It has developed a good practice guide, template and Q&A. These were launched at the TISA MiFID II Conference in June. The template and guide have been shared with FCA and ESMA, and also with EWG. The latter are referring to it as EFT (European Feedback Template). The aim is to have a European wide standard for distributors and manufacturers ready for reporting at end of Q1 2019. The group also included PIMFA and IA, and the guide is published jointly by PIMFA and TISA. You can find all documents referred to on TISA's [website](#).

MiFID II Project

The TISA MiFID II Project was launched following an industry group meeting in October 2017.

Its purpose is to enable the development of industry solutions, including around Governance, Standards and Solutions, to the challenges posed by MiFID II in sharing downstream data (eg the EMT), upstream reporting (as described above)

in a consistent manner. With literally thousands of manufacturers and many more distributors, a model for sharing data and messages in a consistent, machine readable and efficient manner (no rekeying, no need for interpretation, etc.) is needed by the industry as a whole.

A steering group of 9 firms was formed to govern the project. In Stage 1, which finished in June 2018, it has agreed standards for downstream, based on EMT v1, which is being adopted as an ISO standard, developed a standard for upstream reporting, which is currently being exposed to the industry and undergoing testing.

Stage 2 is looking to develop a functional specification to enable industry solution(s) to be developed. If firms are interested in taking part and supporting this work, please let us know.

Client Assets/CASS

Following the sold-out Client Asset Conference and Spring Seminar in 2016/17, TISA arranged a further four seminars in both London and Edinburgh, in October 2017 and March 2018. At the latter, FCA made a number of announcements around trade date vs settlement date and the importance of documentation and procedures. These conferences remain hugely popular with the industry due to their strong focus on practical operational issues, including Governance and Oversight, particularly where firms outsource or offshore their work. This continues to be a source of focus in the industry along with FRC audits.



Following the sold-out Client Asset Conference and Spring Seminar in 2016/17, TISA arranged a further four seminars in both London and Edinburgh, in October 2017 and March 2018.



TISA's focus is rightly on helping UK citizens to make the most of their money throughout their lives, we will continue to pursue this policy ambition based on our core strength of evidence-based technical policy development and delivering value to our members.

The Client Assets Technical Committee has started to review its existing range of Best Practice Guides. This covers Reconciliations, ISEM, Resolution Packs, the FRC CASS Audit Assurance Standard, Governance & Oversight and Mandates. If you are interested in helping to develop best practice for the industry, please get in touch.

The committee continue to develop guidance around prudent segregation and prefunding and welcomed a positive response to its lobbying over the previous 4 years on the issue of Unbreakable Term Deposits in the context of the stress on placing client money with banks. The FCA recognised that industry concerns in this area were well founded, and agreed with TISA to extend the term from 30 days to 95 days, with a saving to the industry of, on FCA estimates, £150m a year.

A development this year is the practice of submitting – anonymised – questions from members to the Committee as a whole on practical issues, which the members can debate and respond to. This has proved very popular.

P2P and Debt Financing Group

The P2P and Debt Financing Group provides a focal point to enable those involved in the peer to peer lending sector to develop policy recommendations for regulators and legislators, address operational challenges and determine good practice. The committee is currently focused on building an effective dialogue with the FCA, HMRC and HMT on key issues (authorisation, tax, SIPPs) and

developing standardised terminology, operational technology, data governance principles and good practice.

The group launched a monthly IFISA statistics report, showing number of IFISA managers, and, for those reporting, subscriptions by value, customers and average values. The growth shown thus far is very encouraging.

The Senior Managers & Certification Regime (SM&CR) Working Group

The Senior Managers & Certification Regime (SM&CR) Working Group was established in late 2017 to focus on transition and implementation of the Senior Managers and Certification Regime to FCA solo-regulated firms. The SM&CR working group aims to provide information and resource for firms to successfully implement and maintain the new requirements.

The group is chaired by Katharine Harle, Senior Associate, Dentons LLP, Charlotte Henry, Partner, Norton Rose Fulbright LLP and Emma MacDowell, Head of Regulatory Development, Jupiter Asset Management, with membership from a range of TISA member firms. Additionally, the group has formed four sub-groups to focus on requirements for firms, individuals, HR and reasonable steps.

Key work in 2017/2018 was in providing a considered response to FCA consultations on the rules, implementation and transition arrangements, particularly due to the number and scope of firms affected. Further to the response the group

has identified key areas of concern or difficulty which would benefit from industry guidance, good practice and additional information. The work of the four sub groups is ongoing to explore what would be beneficial to firms in their respective areas and to produce relevant documents, toolkits, guides, good and poor practice, communications and information.

In July 2018, the FCA announced the implementation date for solo-regulated firms as 9th December 2019 and provided guidance and near-final rules along with a further consultation on 'the Directory', intended to replace the FS Register.

In 2018/2019 the group will continue to respond to FCA consultations, produce relevant resource and arrange events to ensure that members and firms are equipped to implement and maintain the SM&CR.

Financial Crime Working Group

Established in late 2017, the Financial Crime Working Group aims to become a trusted and valued source of technical information within the TISA community and beyond by building an adequate and up to date picture of the financial crime landscape and to establish and maintain good practice documents for relevant topics. Each year, the group will focus on a number of key themes for its work, driven by the membership and seek to provide clarity, information and assistance in those areas.

The group is chaired by Adrian Barnett, Director, Ernst & Young LLP and Ciaran Askin, MLRO, Invesco Perpetual with membership from a range of TISA member firms.

Vulnerable customers has been identified as a key theme for 2018 with concerns over inconsistent practices and understanding in Anti-Money Laundering (AML) measures and the potential for increased fraud risk when dealing with vulnerable customers. Work is underway to produce a good practice guide for AML involving Powers of Attorney to provide an easy

to follow resource with reference to appropriate regulations and industry guidance. An industry leaflet is also in progress, focused on customer facing roles covering fraud risks for vulnerable customers to provide a brief summary of key risks and indicators as a handy reference tool.

The Corporate Criminal Offence of Failure to Prevent the Facilitation of Tax Evasion has also been highlighted as a key theme and the group is considering what information or resource could be produced that may be useful in this area.

Later in 2018 we will be introducing a financial crime information hub to the TISA website to provide a convenient link to news, updates and relevant rules and guidance.

Training & seminars

TISA prides itself on providing our members and the wider financial services industry with essential seminars and training courses, from high level technical detail aimed at experienced staff to introductory overview courses for those who are new to the industry. What's more, many of TISA's seminars and training courses are now accredited by CISI for their CPD programme. Our highly popular Client Asset and MiFID II seminars continue to sell out, and we have taken these events north of the border to Edinburgh to ensure our Scottish members have access to the same expertise as those based further South. Our seminar programme has also branched out into more specialist areas such as financial crime, GDPR, and emerging digital technologies.

During the year we have expanded our regulatory training and taken a first step into offering e-learning with a new GDPR course. New courses on Cybercrime and the Senior Manager & Certification Regime (SM&CR) have also been introduced during the year. Looking forward we are investigating the opportunity for an extensive range of e-learning training to complement the face-to-face sessions so look out for that information during the year ahead.



We have expanded our regulatory training

TISA membership list

A J Bell Securities Limited	Coutts & Co	Goji Holdings Limited
Abundance Investments Ltd	Coventry Building Society	Halifax Investment Services Ltd
Actuare Limited	Covington & Burling LLP	Halifax Share Dealing Ltd
Aegon UK Plc	Credit Suisse (UK) Ltd	Hansuke Consulting
Al Rayan Bank Plc	Criterion Tec Limited	Hargreaves Lansdown
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