Response to FCA's Call for Input to Evaluation of the Retail Distribution Review and the Financial Advice Market Review

June 2019

About TISA

TISA is a not-for-profit membership association operating within the financial services industry. The focus of our recommendations and actions is improved outcomes for consumers and the nation with this approach leading to a stronger UK financial services industry.

TISA's growing membership comprises over 200 firms involved in the supply and distribution of savings and investment products and services. These members represent many different sectors of the financial services industry, including asset managers, insurance companies, fund managers, distributors, building societies, investment managers, third party administrators, consultants and advisers, software providers, financial advisers, pension providers, banks and stockbrokers.

TISA has a successful track record in working cooperatively with government, regulators, HMT, DWP and HMRC to improve the performance of the industry and the outcomes for the public. Effective policy and regulation and the creation of efficient industry infrastructure continues to be the major focus for our members. TISA is unique in that it represents the entire financial services industry, incorporating cross-sector policy, industry and technical expertise. Whilst we maintain a solid partnership with government, the regulators and wider industry, we remain independent and develop neutral views and opinions. This impartiality is reflected in our ability to drive development projects which improve industry performance and consumer outcomes, putting us in the unique position of being able to constantly challenge the status quo to bring about material improvement.

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1 Executive summary

TISA was a strong supporter of the Financial Advice Market Review, recognising that it presented an opportunity to reform the provision of advice and guidance so that it would be more accessible to the public. We believe that access to financial advice and guidance drives positive consumer outcomes and is a fundamental requirement for a financially resilient society.

In responding to the FCA's call for input, TISA is drawing on the views of a range of major financial institutions with whom we have been working, and aligns with the consensus of that group on the question of consumer access to meaningful financial guidance.

It is widely recognised by the FCA, government and financial services that there are insufficient saving right across society, especially for retirement. The proportion of people in the UK with no savings or investments is higher than the global average. A third of households have no savings at all and more than half have insufficient reserves to withstand a moderate unexpected bill or adversity. Two thirds of the 10.6 million 50 to 65 year olds have under-saved for retirement and the picture looks similar for the subsequent generations, albeit they have more time to address this issue. Despite auto-enrolment, the public is largely unprepared for the implications of increased longevity and relies heavily on credit.

We believe that chronic under-saving is threatening the financial wellbeing of millions of households, is a major cause of social dysfunction and instability and presents a long-term risk to the economy. People fail to save for various reasons, but a significant factor is a lack of confidence and understanding about their choices.

This is a situation that demands reform now and the longer it takes to make the required changes to regulation and build the appropriate supporting infrastructure and services for consumers, the greater the detriment to the general public.

FAMR was intended to address these issues and TISA was supportive of its objectives and terms of reference. However, the outcomes of the review focused almost exclusively on advice and has not made any impact on the availability of other forms of meaningful financial decision making support for the public. In doing so, FAMR has failed to close the advice and guidance gap, particularly the guidance gap being the support mechanism that the 94% of consumers not receiving advice rely upon to make informed financial decision. This will not deliver a financially resilient society.

We believe that FAMR was a lost opportunity, that despite the very considerable efforts made by participants in the review, the recommendations were very modest, and there was little appetite to take the bold steps that were needed to help the bulk of UK consumers. Whilst we strongly support consumers receiving financial advice, we note that in the current Call for Input, all references to guidance are made in the context of delivery through advisers when in reality, this is only one mechanism for delivery of such services. Large numbers of consumers have daily contact with the Money and Pension Service ("MAPS"), plus qualified and accredited staff in bank and building society branches and their call centres, as well as customer support in life companies, asset managers and platforms.

We therefore request that the current review be used to take the necessary steps to address the lack of definition for financial guidance; to consider ways that the combination of MAPS and regulated financial services firms can collectively enhance consumers access to financial guidance; make guidance services more relevant to consumer needs without this constituting advice.

TISA believes that:

- The market for financial services cannot be considered to be working well simply on the basis of quality advice outcomes for a small percentage of the population with moderate to high levels of existing assets, albeit we support increasing numbers of consumers receiving advice. More importantly, it is access to meaningful guidance for the majority of consumers that should be a primary focus for the FCA, ensuring a properly functioning market for the mass market.
- With reforms to the quality of financial advice already made as a result of the RDR, the focus on consumer detriment needs to shift from detriment related to poor advice for the few to the much broader consumer detriment resulting from bad mass market consumer decisions arising from a limited understanding of managing money and a lack of relevant financial guidance.
- The advice market provides good access and quality services for fee-paying customers, and with few exceptions, suitable advisory outcomes. The provision of free guidance however suffers from a lack of definition and inhibits the breadth and depth of services that might otherwise be available and beneficial to consumers as a result of regulatory constraints.
- Public provision of financial guidance by MAS and TPAS did not have the capacity to serve more than a tiny fraction of consumers, and this will remain the case for the new MAPS service; on its own, it does not have the means to offer a solution to make financial guidance generally available to the mass public and nor will this address the fact that consumers contact their product providers for support, including aspects of their relationship with product providers that MAPS is not equipped to deal with.
- The financial guidance offered by MAS and TPAS was driven by activity, being the numbers of people who received guidance, and not measured by consumer outcomes. This is a matter TISA have raised with MAPS and seek further engagement on how this might be addressed in partnership with financial services.
- The regulated financial services industry has the capacity and willingness to co-operate with MAPS to provide free financial guidance, however it is prevented from providing meaningful help because anything that constitutes personalisation is regulated advice and requires a fee to be charged.

- Effective co-operation between MAPS and the industry will require a consistent definition of guidance and standards that apply to both the public and private services. We believe that at present some of the guidance provided by the public service might be considered advice if offered by a regulated firm; this lack of consistency is an obstacle to the nationwide delivery of a service that the public will use and trust.
- MAPS is the most obvious body to take responsibility for defining a financial guidance framework in collaboration with the FCA, making this available to be adopted by regulated financial services firms, using the same terminology and tools, delivered by staff with the same qualifications and accreditations, resulting in consistent consumer outcomes.

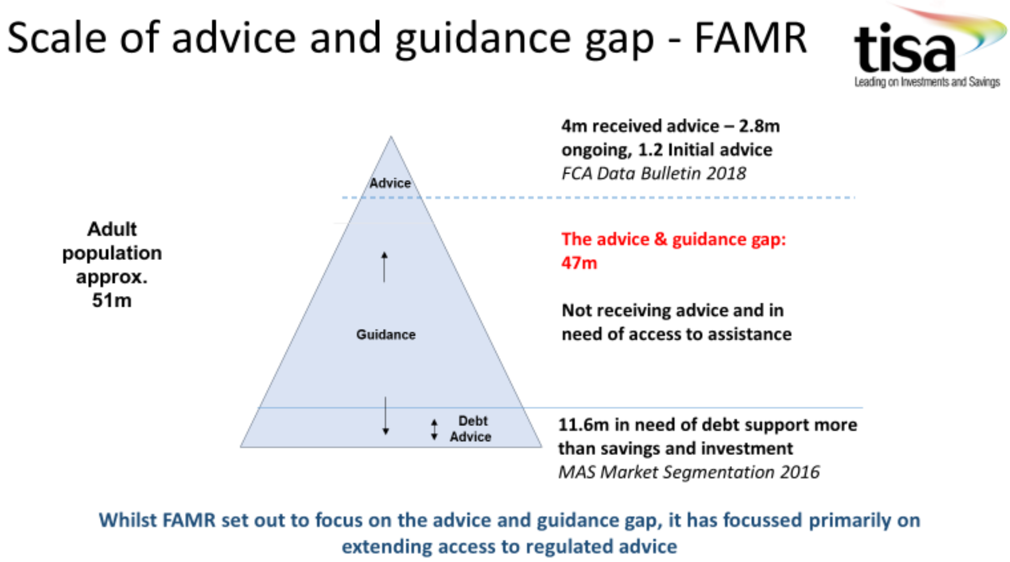
2. The Market for Financial Advice and Guidance

The bulk of regulatory attention on the provision of support to the public and distribution of product solutions has focussed on professional advice. The RDR process lasted several years and resulted in reforms that set us apart from other European countries, establishing an advice market that banned commission, removed conflicts of interest, and set higher levels of minimum qualifications. Whilst this improved the quality of advice, it did nothing to improve access for consumers, restricting it in a way that was widely predicted.

The impact of the RDR reforms on the availability of financial guidance needs to be seen in the context of MiFID by which advice has been defined. Once the definition of advice is established in European regulation as a personal recommendation, the RDR requires that anything beyond the provision of non-personalised information requires the charging of a fee. It is not always understood by policymakers that this is not a matter of choice for firms; the provision of 'free' advice is precluded by regulation because of its implications for product cross-subsidy and lack of transparency. This also impacts on guidance services, because it means that only non-personalised support can be provided to customers without charging them a fee; it creates a financial barrier that means only a small percentage of consumers will receive help that is meaningful to them in the context of their own situation.

Research by the FCA and put forward in its Baseline report has shown that (see chart below):

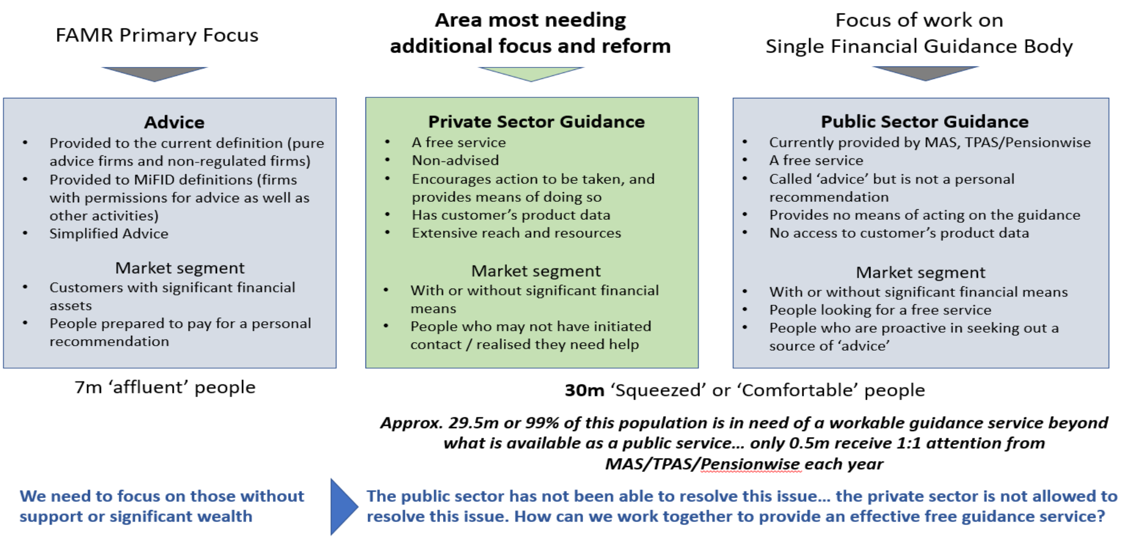
- There were 3.2m people (6%) who received advice in the previous year
- Of the 12.8m people who might have need for advice over half of them would not be prepared to pay for it
- Of the 6.3m people who might have a need for advice and would be prepared to pay for it, over 80% would only do so if the cost was less than £500. (It is worth noting that according to MAS the average hourly rate for an adviser is £150)



Much of the focus has been on trying to make regulated advice more affordable, and hence more accessible to the public, although it has not been established how much cheaper it would need to be to have an impact on the public's appetite to pay anything at all. Nevertheless, it was a theme in the FAMR work to look at streamlined and robo-advice as to bridge the affordability gap. To date there is little evidence that automated services will be effective beyond the support for simple, specific investment choices, or indeed that reduced cost will have more than a marginal effect on the number of people paying for advice.

FAMR focussed almost exclusively on the availability, and affordability of advice and the FCA's Baseline report devoted less than one page out of 46 to financial guidance. We believe that this represents a failure to address the logic of the FCA's own findings, when it could be seen from the findings that 47 million people do not receive financial advice and require alternative solutions to help them make informed financial decisions.

On this basis, our view is that the provision of financial guidance is where the main focus of regulatory and policymaking attention should be, the need to provide people with limited financial means (often the most vulnerable in society) with free and meaningful help to manage their money and their financial lives more effectively. This is more important than ever before; in an era of pension freedoms, the public needs to make financial decisions which may have a profound effect on their well-being in later life and will need help in doing so. This need will only increase once the pension dashboard becomes available, presenting the public with a bewildering amount of information that will require informed choices.



In the FCA's Call for Input, there is a narrow focus on the sources for guidance. Financial guidance is framed as a service provided by the advisory market, operating within a scale of services with regulated advice firms and subject to a consumer's decision as to whether to avail themselves of a full fee-payed and regulated advice service.

In reality, customers are turning directly to the provider of their product to ask for help, particularly where no financial adviser was involved in the first place. Providers of financial products engage with customers seeking help and hoping to receive more assistance than the factual information they could find online. Additionally, customers may make contact with the public service (previously MAS or TPAS), or even turn to their employer for support in understanding their choices. On this basis, the provision of guidance should not be seen simply as part and parcel of an efficient operating advice market, but something that places a constant expectation on major financial firms to be more supportive of their customers.

3. Regulatory Constraints on the Provision of Guidance

Financial advice is defined by reference to 'personalised recommendations.' However, financial guidance has not been defined and is subject to considerable interpretation. TISA research has identified considerable variations between regulated financial services firms on how the guidance rules are to be applied depending on their regulatory permissions and their corporate culture. There is considerable caution not to approach any customer interaction that might be perceived to have an advisory element, and hence to incur a regulatory risk for the firm. This caution does not serve customers well, when it means that they may be limited to receiving information of limited relevance to their specific circumstances.

The FCA has generally offered to provide firms with more clarity about their interpretation of rules in specific circumstances, but such interventions have been ad hoc and limited to specific situations. The fundamental issue is that financial guidance is a service that does not have a regulatory definition – which means that firms are faced with the daily challenge of providing customers with service that has not been scoped or clearly described to consumers by the FCA, and for which standards have yet to be established. Instead, firms are working on the basis of what guidance *cannot* offer.

The level of information that regulated financial services firms can offer clients is limited to factual, generic information and stops well short of providing a modicum of personalisation that would significantly help consumers make an informed decision. In meetings with the FCA, we have received pushback to say that the compliance officers of these firms are being too conservative and that greater flexibility is possible. However, the degree of ambiguity that currently exists deters firms from being more adventurous as the boundaries are unclear, yet the prospective fines for breaching those ambiguous boundaries are very real, not just in monetary terms but also market reputation. It is our firm view that the FCA should recognise that whatever ad hoc perimeter guidance they may provide will never be sufficient in the absence of firm definition and standards, to encourage the risk and compliance functions of financial firms to behave other than conservatively and cautiously, driven far more powerfully as they are, by the danger of regulatory censure than they are by the potential benefits to customers from a more adventurous approach.

This is a situation we believe needs to be addressed with a more enlightened interpretation of personal recommendation. This should not simply a call for greater clarity; much more than that is needed, an actual shift in what personalisation should mean in order that people of limited means and who will not pay fees can be offered meaningful help that is relevant to their particular situation.

The FCA's Call for Input suggests that there has been considerable progress on financial guidance resulting from the work on FAMR. On the contrary, our view is that the previous work seems to have completely floundered. Definitions of advice and guidance that were created by the FAWG in its final Consumer Explanations of "advice and guidance" report have not subsequently been advanced and the work on Rules of Thumb, having been passed to MAS have made negligible progress in the last two years.

It is worth noting that during this period there appears to have been no significant change in the proportion of people willing to pay for advice (Social Market Foundation 2017) and no evidence that the use of fee-paid financial advice has increased. There remains a large gap between consumers' appetite to pay, and the availability of help relevant to their personal circumstances, and this seems unlikely to change unless the issue of free and meaningful financial guidance is addressed.

There are numerous situations where the current rules create practical difficulties and potential detriment for consumers seeking guidance relevant to their circumstances; for example:

- Guarding against the reckless withdrawal of pension funds, falling prey to scams, or incurring substantial tax penalties.
- Offering a view on adequate pension contribution levels, (particularly in the context of the pensions dashboard) to avoid the assumption that Auto-Enrolment contributions are sufficient for a comfortable retirement.
- Providing more assistance on the complexities of pension consolidation – ensuring that opportunities are not missed for funds to operate effectively.
- Alerting investors when funds they may have chosen with a platform research tool have changed due to market conditions or performance and the platform has refreshed that research and identified better performing funds.

In the digital age, it is increasingly the case that firms will be in possession of information as to a customer's circumstances and may therefore be in a position to know whether a customer may be taking an action (or failing to do so) that will affect their well-being. This will only increase as more customer data accumulates. As the regulations exist at present, firms are prevented from acting on personal information they may have to act in the customer's best interests, or even contacting them on the basis of what they know about their personal circumstances. Taken across the breadth of society, this is a major opportunity for improvement in public financial well-being.

4. Supporting and Enabling an Effective Public Service

There were in our view, two primary problems with MAS and TPAS/PensionWise; firstly, the inadequacy of its scale to support the 47 million people not receiving advice, and secondly the inability to measure the consumer outcomes for those that received information and guidance from the service. For the new MAPS service to serve the public as we believe it should, these two issues need to be addressed.

MAS and TPAS between them served no more than 0.5m people with 1:1 support, a tiny fraction of the public. Their activity was extensive and valuable, but it is impossible to say to what extent it had an impact on the savings crisis in the UK, because there was no relevant measurement of consumer outcomes based on their engagement/actions. It cannot be known therefore how worthwhile the expenditure of £78.8m for MAS alone in 2017-18 was in addressing chronic under-saving and poor financial resilience amongst a large sector of the public.

TISA is a keen supporter of MAPS, has sat on two of the Financial Capability Working groups since inception and have provided input to the MAPS listening sessions. In doing so, we believe that MAPS understands that the old model of activity-based goals and measurement need to be replaced with measurement of consumer outcomes, which will require greater collaboration with financial services.

This is a situation which can be addressed as MAPS comes into being. It is encouraging that the enabling legislation establishes two things that have the potential to transform the new service:

- The requirement to work closely with the industry
- The need to establish standards for the provision of financial guidance

Further to these provisions it is inconceivable that financial guidance would not be properly defined, that a public body would be charged with delivering a service that did not have a definition.

The regulated financial services industry is a natural ally for MAPS. It has public standing and a legislative mandate, while the industry has reach, capability, experience and data. Working together MAPS and the industry have the capacity to provide relevant financial guidance to the bulk of consumers who need it. Indeed, the industry already does provide limited guidance across branches and call centres – but it could do much more, and the guidance provided could be made more beneficial for consumers.

Collaboration between MAPS and financial services offers the opportunity to turn consumer intention into measurable outcomes. Guidance from a public service may well end with an identified need for action, but there is currently no link between MAPS and suitable product providers that an individual may wish to use to address their financial needs. We know from research that unless consumers can take immediate action, once they have decided on a course of action, 75% of them will give up and not go through with their intention. Co-operating with the industry will allow the new MAPS service to receive customers referred or signposted from the industry, and to direct customers back to product sources where the customer wishes to take action based on the guidance they have received.

What this means is that the effect of guidance offered by, or in association with the industry can be measured, the service can be evaluated in terms of its impact on the savings gap and other measures of national financial resilience. This would be a significant step forward from where we are today whereby the MAPS budget standing at c£100m per annum cannot clearly demonstrate the value it is adding to the public.

In order for this co-operative approach to be effective, it will be crucial for public confidence that the guidance given by MAPS is consistent with what is provided by the industry. There should be consistency of outcomes from different sources and regulated financial services firm should be able to offer the same guidance as MAPS. By the same token, it may be expected that the new MAPS service will wish to be as helpful to customers as possible, supporting them in navigating information in line with their financial objectives rather than simply offering static information, relying upon customers' limited ability to ask the right questions and arrive at a sensible decision of their own making.

It is therefore in the interests of the public service, as well as within its mandated responsibilities that it establishes a consistent standard for guidance and works with the industry to ensure that it is applied consistently for all consumers. MAPS will nevertheless need to refer to the FCA for those standards to be established, and it will therefore remain a responsibility for the regulator to determine how financial guidance is defined and the standards under which it should operate.

5. Ensuring Effective Governance

Whilst regulated financial services firms have the resources and capabilities to cater for the public's financial guidance needs, there are concerns in some quarters that conflicts of interest arise from the provision of products in connection with such a service. Whilst we believe that standards of practice in the industry are higher than they have ever been, occasions still do arise from time to time where customers have been served poorly. TISA believes that this is a situation which we need to recognise and address openly as the provision of financial guidance is considered.

We do not believe that the solution to a potential 'bias to sell' is best dealt with by precluding financial firms from providing financial guidance. It strikes us that the sheer scale of the need for support by the public suggests that acting to curtail or prevent it would represent a much greater detriment than arises on the occasions where a specific consumer outcome does not meet expectations. This is not to suggest that there is any room for complacency, rather that we believe that appropriate governance structures and regulatory standards should be the means by which any public concern is addressed.

More specifically we propose that as foundational governance principles for financial guidance:

- only regulated financial services firms are allowed to provide the guidance framework as set out by MAPS
- the industry should adopt the same level of qualifications and accreditations as those staff providing the guidance services within MAPS.

6. Recommendations

TISA believes that to establish a healthy environment for the provision of financial guidance to the public requires the following:

- FCA to develop a clear definition and associated regulations for financial guidance and which enables a degree of personalisation without this constituting advice
- MAPS to develop a guidance framework that sets out customer journeys that help consumers navigate the key options that will satisfy their financial objectives, involving a degree of personalisation to make the guidance relevant to their situation and facilitate the consumer making an informed decision

- Regulated organisations are permitted to adopt the MAPS guidance framework and offer the guidance framework directly to their own customers
- MAPS to work with regulated financial services firms to develop a governance structure that will facilitate a robust engagement with industry and which covers all key interactions between MAPS and industry
- MAPS Board and Executive team to have engagement with financial services on their strategic agenda both in creating the new strategy for the new entity plus as BAU in ongoing operations

7. Answers to Questions

Q1. Is there any other evidence we should consider in our review of the RDR and FAMR outcomes and indicators in Annex 1 and Annex 3 ?

Our concern is the proportion of the population who are able to access free and meaningful help – and actually take action as a result. It is these outcomes that need to be measured and which are not covered in Annex 3.

There is a danger that in this review, the right question is not being asked regarding outcomes for the mass public, and so the right evidence is not being collected. What we need to be measuring is to what extent that the majority of the people (who have little or nothing in the way of savings) are taking steps to improve their financial resilience and well-being as a result of the RDR and FAMR.

Q2 How do different groups of consumers access advice and guidance? Does this vary by financial needs or consumer group?

In considering consumer 'groups' the distinction that matters is simply those who can afford to (or are willing to) pay for financial advice (6%) and those who do not have sufficient assets or willingness (94%). It is our view that the FCA's focus should be where the need is greatest – the 47m people who are in need of free and meaningful financial guidance.

Q3 Are there any barriers to consumers accessing advice or guidance that meets their needs or to firms proving them?

Yes. We don't think that consumers are able to get meaningful free help because providers can't go far enough without it becoming a personal recommendation, and the public service (MAPS) is not able to access their data, provide any product solutions, or measure any outcomes.

Q4 Do consumers have the right information to compare advice and guidance services and to shop around? How easy is it for them to compare services?

We are not clear how a consumer would shop around for a guidance service when the scope of that service has not been defined within the current regulations. This question also misunderstands guidance services. They are not a commercial service - they are free help for people (often existing customers) so they are able to take action.

Firms can also make the availability of MAPS known and signpost customer to MAPS. Indeed, this already happens with a number of regulated financial services firms today.

Q5 What barriers exist to making advice or guidance services more affordable?

No barriers exist to making guidance services more affordable; providers are ready to provide free guidance and do so already – they just want to make it more meaningful for customers, but are constrained by concerns that any element of personalisation will be deemed regulated advice.

We do not believe that the affordability of advice is a productive area for consideration; cheaper advice might increase the number of people taking advice at the margins, but it is unlikely to make more than a small dent on the problem. The bulk of consumers need free and meaningful guidance, not professional advice that has been made somewhat less expensive.

Q6 Do advice and guidance services offer sufficient quality and choice to meet the needs of different consumer groups? Are any consumer groups under-served?

No. Advice provides good quality services in the vast majority of cases, for the small proportion of people with significant assets. The majority of the population has £1500 or less in savings and need free guidance.

Q7 Do consumers have confidence and trust in advice and guidance services and do these services address their needs?

We believe that consumers want help that is relevant to their circumstances. Guidance services struggle to go beyond generic information into even broad levels of personalisation without being required to charge a fee.

Q8 Do consumers who take advice or use guidance services get better outcomes than those who do not? If so, how and if not, why not?

This is a key question and not one that is measured. It should be. The public guidance service does not track outcomes, but we believe that it should do, in co-operation with the industry. In terms of a control, it is difficult to see how the outcomes of those who do not receive advice and guidance can be measured for comparative purposes.

One of our members also undertook research whereby a group of consumers were offered free advice to see if moving out of cash into investments was right for them. 90% were filtered out and stayed in cash. An equivalent control group who were self-directed made the mirror decision with 90% of them moving into investments that an advisor would have cautioned against. A good guidance service that permitted a degree of personalisation would also have helped those self-directed customers from making poor decisions.

Q9 What are the key advice and guidance services offered in the market and do they meet the needs of all consumer groups?

We do not have a comment to make.

Q10 What new business models are being developed and how will they meet consumer needs?

It could be argued that MAPS has an opportunity to re-invent the model, and we would encourage it to do so in line with its mandate so that it is able to provide guidance to established standards and to co-operate with the industry as per our recommendations above.

Q11 What aspects of advice and guidance services do consumers value and why? Does it vary by consumer group or financial need?

We do not have a comment to make on this.

Q12 What emphasis do consumers place on the cost of advice and guidance against other elements of value for money?

We do not have a comment to make on this.

Q13 Are there any barriers to effective competition between firms offering advice and guidance?

Guidance is not about competition as it is not a commercial service, just a service that may be offered by commercial firms. Customers turn to any firm with whom they have a relationship or product and expect to get meaningful help. They may well receive guidance from more than one firm and that needs to be consistent amongst financial services firms – and consistent with guidance offered by MAPS

Q14 Are the rules and guidance around advice and guidance working well?

No. The rules for guidance prevent meaningful help for customers in many different circumstances because the regulations regarding guidance are ambiguous and they do not allow for personalisation without entering into a fee-charging (advice) relationship. This means that a large proportion of the public are not being well-served by the current rules.

Q15 Are there points where the regulatory system may drive too many people to seek advice?

Our concern is that it is more likely that the regulatory system will cause people to fail to take any action at all, because the support they can get free of charge does not provide sufficient direction and meaning for their specific circumstances.

Q16 Does regulation support the development of advice and guidance services, including automated advice services that work well for firms and consumers? How can it be improved?

Regulation does allow for firms to develop automated advice services, which will be helpful to some customers with specific investment needs. However, the regulation is a barrier to the development of guidance services that are meaningful to customers. Firms operating with caution and staying well within regulatory boundaries in the provision of non-personalised information, when they have the capability, knowledge, and data to be more helpful.

Q17 Did FAMR or the RDR result in unintended consequences that have caused consumer harm?

We do not have a comment to make on this.

Q18 How have consumer needs for advice and guidance services changed since the RDR and FAMR initiatives were introduced?

There has been a continuing shift in recent years away from state and corporate responsibility, to individual responsibility. Now more than ever, and particularly in respect of pensions, customers need to seek the right assistance so that they can make good financial decisions and ensure that their money is held securely.

Q19 Are there any new or emerging trends (for example the ageing population and increased pension flexibility) that will lead to further changes in consumer demand for advice and guidance services?

Pension freedoms and the proposed Pensions Dashboard increase the urgency for the regulatory issue around guidance to be addressed. The public have been given access to their lifetime savings and will be shown online what assets they have. Unless people have access to large-scale, consistent and free guidance, there will inevitably be many sub-optimal decisions and outcomes.

Q20 What changes to the market might be needed to encourage consumer interaction with, and good outcomes from advice and guidance services in the future?

It is not the market that needs to change. The capability and will is already there to make a significant improvement to public access to meaningful support for consumers. What is missing is the regulatory licence to do so. With the advent of MAPS, and its mandate to work closely with the industry, there will need to be a clear definition of the service (guidance) that it is providing, and if public confidence in it is to be expected, that definition and standards it operates to must apply consistently to the industry as well.

Q21 What market developments have taken place since the RDR and FAMR reviews? What impact have these had on consumers, the market and competition.

The primary developments have been pension freedoms, and the proposed pensions dashboard, as well as the formation of MAPS which has been established under statute to set clear standards for guidance and to work with the industry. It is our view that MAPS will not be able to discharge its responsibilities without a regulatory definition of guidance that allows for a specified level of personalisation. To be clear, this is not a request for the FCA to provide clarification of its rules; rather it is our view that the rules need a reinterpretation and definition that will allow the public to get the access to meaningful guidance they need, both from MAPS and the industry.

Q22 What future market trends do you expect to see and what do you expect their effects will be?

We do not see any future market trends that will alter the need to provide meaningful guidance to the bulk of the population.

Q23 What opportunities and barriers are there for developing advice and guidance services in the future?

The opportunity is huge if the regulations are adapted to allow it. Millions of people can be supported in decisions that will avoid financial hardship and avoidable losses. MAPS presents a major opportunity for a consolidated public service, but its success depends on a productive relationship with the financial services industry, and that in turn hinges on a consistent and more effective interpretation of regulation.

Q24 What emerging risks to consumers do you see in the market?

We may expect to see a continuing growth in cybercrime and scams. This is all the more reason to ensure that financial firms are not hampered in their efforts to inform the public when they see risks to their financial well-being.