



Association of
Mortgage Intermediaries

Association of Mortgage Intermediaries' response to FCA Regulatory Initiatives Grid Survey

This response is submitted on behalf of the Association of Mortgage Intermediaries (AMI) and the Association of Finance Brokers (AFB). AMI is the trade association representing over 80% of UK mortgage intermediaries. AFB sits within AMI and represents second charge (formerly secured loan) brokers.

Intermediaries active in this market act on behalf of the consumer in selecting an appropriate lender and product to meet the individual consumer's mortgage requirements. AMI members also provide access to associated protection products. AFB members also provide access to unsecured products.

Our members are authorised and regulated by the Financial Conduct Authority (FCA) to carry out mortgage, insurance mediation and consumer credit activities. Firms range from sole traders through to national firms and networks, with thousands of advisers.

Questions

1. Respondent full name

Stacy Penn

2. Respondent email

stacy@a-m-i.org.uk

3. Which organisation do you represent?

Association of Mortgage Intermediaries (AMI)

4. The Grid is divided into sections by sector. Which sectors within the Grid are you most interested in?

Banking, credit and lending.

Insurance and reinsurance.

5. The purpose of the Grid is to help the financial services industry and other stakeholders in understanding – and planning for – the timing of regulatory initiatives. To what extent do you agree that the Grid does this?

AMI

July 2023

FCA Regulatory Initiatives Grid Survey

- ☐ Strongly agree
- ☐ Agree
- ☒ Neutral
- ☐ Disagree
- ☐ Strongly disagree

6. How useful do you find the grid?

- ☐ Extremely useful
- ☒ Useful
- ☐ Somewhat useful
- ☐ Limited use
- ☐ Not useful

7. How easy and accessible is it to find the information you are looking for within the grid?

- ☐ Very easy
- ☐ Easy
- ☒ Somewhat easy
- ☐ Difficult
- ☐ Very difficult

8. Do you think the Grid provides:

- ☒ Not enough detail and information
- ☐ The right level of detail and information
- ☐ Too much detail and information

Please explain further:

We feel there is enough information in the Grid but would question whether this could be streamlined given its length.

In our view, there is not enough detail with regard to timeframes. Recently we have noticed that some initiatives in the Grid have moved from quarterly timeframes, such as Q1 to half yearly timeframes such as 'H1' or 'H2'. For example, the February 2023 Grid states the FCA's Diversity and Inclusivity consultation is due in H1 2023 yet the previous edition in May 2022 used a quarterly timeframe.

This vagueness makes it difficult for firms and other stakeholders such as AMI to prioritise and plan effectively, particularly when it comes to resources. Also, the Grid does not explain why some timeframes have been delayed or extended and we feel the addition of this commentary would be useful to manage firms', and wider stakeholder's, expectations.

9. How do you use the Grid?

(Select all that apply)

- ☒ To get an overview of the regulatory pipeline
- ☒ To identify emerging regulatory initiatives relevant to my organisation
- ☒ To monitor the progress of key regulatory initiatives
- ☒ To prepare for relevant initiatives and inform planning (e.g. resources)
- ☒ To brief seniors
- ☐ Other (Please specify)

10. We publish the Grid in 3 formats – a pdf document, an interactive dashboard and an excel spreadsheet – so that stakeholders can choose which they find best for them. Which of these formats do you use?

(Select all that apply)

- ☒ PDF document
- ☐ Interactive dashboard
- ☐ Excel spreadsheet
- ☐ None of the above

11. How do you find the Grid when you use it?

(Select all that apply)

- ☒ I use the link sent to me when its published
- ☐ I am notified by a regulatory news service (RNS) notification
- ☐ I have the Grid's webpage bookmarked/saved
- ☐ I search for it on the FCA's website
- ☐ I search for it on another regulator's website (e.g. the PRA, the ICO, the PSR etc)
- ☒ I search for it on Google or another search engine
- ☐ Other (Please specify)

12. What about the Grid do you find most helpful?

It is helpful to have the information in one place. It is also useful to look across the regulatory landscape; as a trade association we have become aware of PRA and/or joint regulatory developments that are worth us keeping abreast of, which without the Grid we may not have seen sight of.

13. What about the Grid could be improved?

An early version of the Grid was first produced by the trade body UK Finance and was designed to challenge the level of regulatory intervention and to help industry prioritise. FCA accepted the challenge and embraced the Grid with the initial purpose to force prioritisation across regulators, but we feel the current version of the FCA Grid has lost this focus. We are concerned the Grid has grown considerably in size since the first edition in 2020. The most recent version (February 2023) is 61 pages, compared to 20 pages in the first edition published May 2020.

Whilst we acknowledge the number of regulatory initiatives has grown, this does not fully explain the threefold increase in the length of the Grid. We feel the Grid is too long and is at risk of losing sight of its purpose as a tool that provides a clear overview of regulatory initiatives. We encourage the FCA and the wider regulatory family to consider ways it can be streamlined both in terms of format and how regulatory initiatives are managed internally within the FCA.

As indicated in a previous answer, we are concerned that moving deadlines creates uncertainty for firms and other stakeholders. Therefore, we would like to see the Grid move back to using quarterly rather than half yearly timeframes.

We believe that where there is a key update related to a regulatory initiative, an interim Grid should be published, or at the very minimum an update provided on the relevant page of the FCA's website and signposted to stakeholders in the FCA's daily email alert. For example, AMI members have been awaiting the consultation paper on Diversity and Inclusivity (D&I) and have been unsure when this will land; the changing goal posts have been challenging to manage, as they have also been impacted by significant regulatory initiatives such as Consumer Duty and the changes to the Appointed Representatives (AR) regime.

The FCA consultation on D&I has been pushed back multiple times, without explanation from the regulators involved. We recognise this may be deliberate as a reprieve given the current regulatory burden – this approach is welcomed, as long as it is accompanied by an update that explains this is why the decision to delay has been made. Whilst the Grid indicates where a timing has been updated, it should also provide high-level commentary as to why this has occurred. This ensures transparency.

With regards the D&I consultation paper, we have read in recent FCA Board minutes (25 May 2023) that work on the data, and with the PRA, is ongoing and will be brought to FCA Board in due course (likely June or July). Only a small proportion of people within the industry are likely to read the FCA's Board minutes, therefore as suggested an interim Grid/FCA website update would serve as a way to make stakeholders aware of this development and assist planning within firms. Due to the current vagueness of timings within the Grid, firms and individuals will only know that a consultation is imminent once it has been published making the role of the Grid as a planning tool somewhat defunct.

14. Do you have any other comments, feedback or suggestions relating to the Grid?

In summary, the Grid is a useful and valuable tool.

We are concerned by the extension of some timeframes and whether this indicates there is a backlog of regulatory initiatives within the FCA. We feel the FCA should assess the volume of regulatory initiatives and consider whether it can realistically manage these effectively, particularly given its growing remit and whether the number of initiatives should be reduced.

We feel it is imperative the FCA uses the Grid internally within the organisation, and with other organisations, to monitor the volume of initiatives featured in the Grid against the volume of other regulatory supervisory tools such as regulatory returns, surveys and data requests received by regulated firms. It is important the two are viewed concurrently, as it demonstrates the scale of regulatory burden on firms, particularly those that are smaller.

It is also important the FCA uses the Grid to challenge the priority of initiatives and to co-ordinate policy priorities and responses within the organisation itself, as in our view this can feel disjointed at times.

As the FCA is legally obliged by section 138I of FSMA to produce a cost benefit analysis (CBA) for proposed regulatory rule changes and to publish details of this in the relevant consultation paper, we feel it would be beneficial for this analysis to factor in and make explicit reference to the regulatory initiatives grid as standard. This is to demonstrate that the costs and benefits have been weighed not just in isolation but within the wider context of the evolving regulatory environment.

As these suggestions are more strategic rather than relating to the Grid itself, we would appreciate if our thoughts could be passed onto the relevant individuals in the FCA.

15. Would you be willing to have a follow-up discussion about the feedback and suggestions you have provided?

Yes.