

# P R E S S R E L E A S E

# THE FINANCIAL SERVICES PRACTITIONER PANEL

PP/01/03  
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## **Financial Services Practitioner Panel issues Annual Report 2002**

The Financial Services Practitioner Panel today has released its Annual Report for 2002.

In his introduction to the report Donald Brydon, Chairman, says

“I want to draw attention to an anxiety which is growing amongst regulated firms. Regulation is to some extent an incremental activity; it is relatively easy, in isolation, to justify (almost) every new rule on the grounds that someone benefits. However, there is another side to this. Each new rule, each examination of process, each report carries with it not just its immediate and identifiable cost but also a complexity cost. To date there is no clear mechanism for considering the total effect of the regulatory burden carried by the regulated firms. All concerned need to remain vigilant to avoid reaching a point of no return when innovation, flexibility and competition are threatened by too much cost and complexity”

The report highlights a number of issues of concern to practitioners including the increasing number of regulatory proposals and reviews, the burden caused by increasing involvement with European regulation and the quality of analysis of the effect of regulation on international competitiveness.

It also warns that regulatory change may be developed without due consultation as a result of the operation of the Financial Ombudsman Service and urges that more work be undertaken to find opportunities where market forces will prove at least as good a regulator as new rules. It urges the FSA to prioritise "must-dos" over "nice-to-dos".

The report also reiterates the conclusion of its bi-annual survey of regulated firms with particular emphasis on cost concerns, the impenetrability of the FSA handbook and the difficulties many firms have in obtaining necessary guidance.

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## **Notes to Editors**

1. The Financial Services Practitioner Panel's main remit is to provide input to the FSA from the industry in order to help it meet its statutory objectives and comply with the seven principles of good regulation, and to represent the interests of practitioners. It does not carry out activities on behalf of the FSA, nor does it seek to duplicate the work of the trade associations. Panel members are drawn from the most senior levels of the industry and the Panel is constructed to represent the various sectors within which financial services businesses operate. The Panel was established as a statutory body on 18 June 2001, and is a key part of the regulatory and accountability framework set up by the Financial Services and Markets Act 2000.

**Press inquiries:** Donald Brydon, Chairman, on 020 7003 1500

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