

Consumer Duty – Monitoring and Assessment of Firm Implementation Progress Wave 2 Survey Findings

November 2023

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Introduction

1

About the research



Context: The second of three waves of quantitative tracking research on monitoring firms' progress and challenges to implementing the Consumer Duty. This wave, taking place six months after wave 1, focuses on compliance and action taken in response to the Duty.



Who: Stratified sample of 634 FCA-regulated, mainly SME, firms from 17 portfolios across 6 sectors.



What: Mixed mode (online and CATI) survey of firms interviewed on compliance with the Consumer Duty, remaining challenges towards compliance, action taken and use of FCA communications in relation to the Duty.



When: Fieldwork took place 8 September to 13 October 2023.

Aims and objectives

The FCA wished to understand the extent to which firms have complied with the Consumer Duty, in a snapshot taken around two months after the compliance deadline of 31 July 2023.

Within this the survey focused on:



Progress made by firms since wave 1 towards compliance with the Consumer Duty and variation by portfolio



Which aspects of the Consumer Duty firms found difficult



Changes made by firms in their interactions and dealings with consumers in response to the Consumer Duty



Firms' use and rating of FCA information channels in relation to the Consumer Duty and how this may have changed since wave 1

Sampling and reporting



Participants: 634 firms from 17 portfolios grouped by 6 sectors took part.

Sample included all portfolios, based on available sample but was not statistically representative of all firms. Targets were set for each portfolio although not all of these were met. Quotas were not set to limit participation by any given portfolio.



Reporting: Throughout the report, data is presented by all participants (all firms). Where the base size of participating firms was 40 or over data is presented by individual portfolio. Analysis includes a comparison of very small (1-9 employees) and small (10-49 employees) firms. As the sample was not representative and firmographic quotas were not set, caution should be observed when generalising findings across the whole population of firms.

Significant differences between waves are shown with red and green arrows (▲▼), significant differences between subgroups are shown with light and dark grey arrows (▲▼).

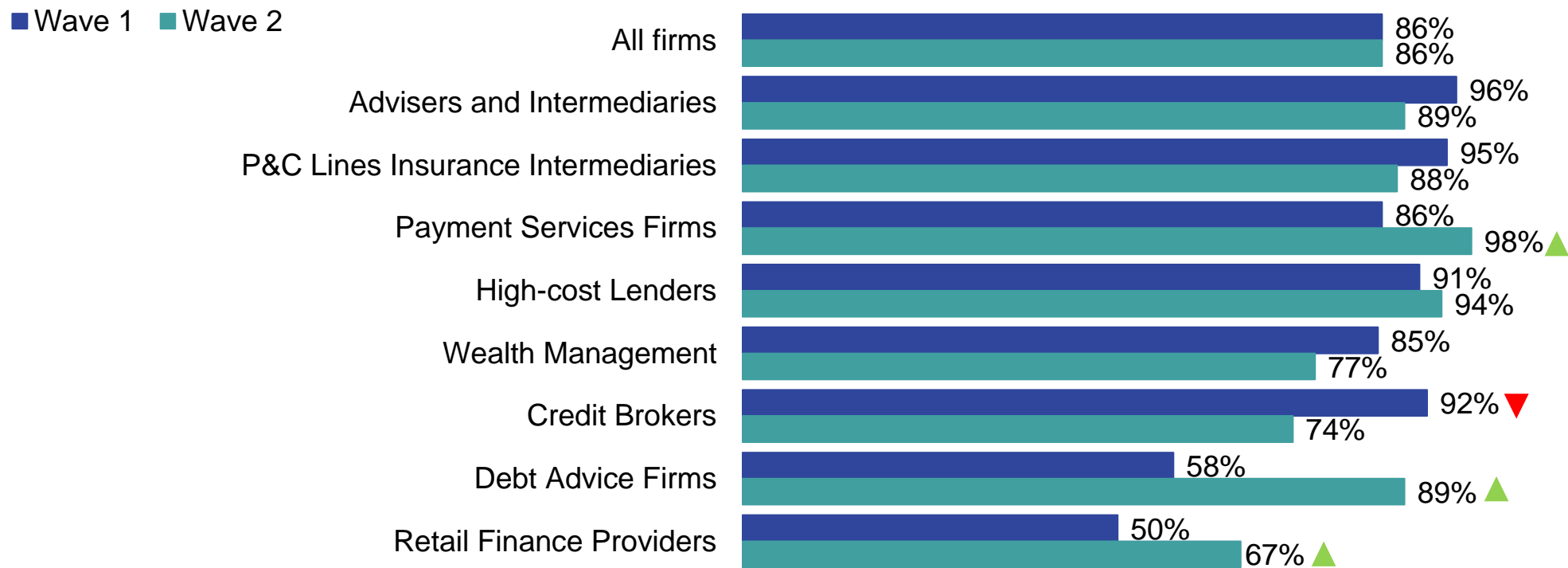
Percentages below 3% are not labelled.

Relevance

2

B6. To what extent do you consider the Consumer Duty relevant to your organisation?

% firms with named person or team



B6 To what extent do you consider the Consumer Duty relevant to your organisation?

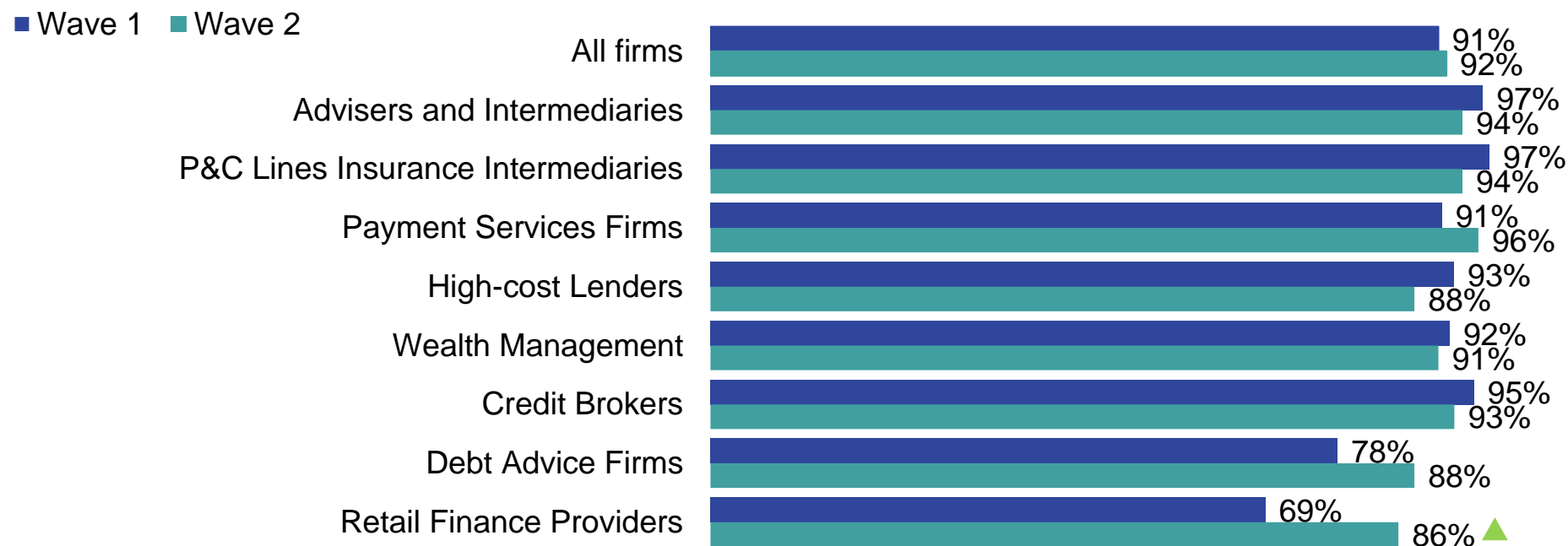
Base wave 1: all firms 1230, Advisers and intermediaries 175, Personal and Commercial Lines Insurance intermediaries 152, Credit Brokers 88, Payment Services Firms 105, High-cost Lenders 156, Wealth Management 158, Debt Advice Firms 88, Retail Finance Providers 111. Base wave 2 All firms 634 Advisers and intermediaries 81, Personal and Commercial Lines Insurance intermediaries 82, Credit Brokers 54, Payment Services Firms 46, High-cost Lenders 72, Wealth Management 78, Debt Advice Firms 73, Retail Finance Providers 49. ▲ ▼ significant difference between waves.

Compliance

3

D15. Does your organisation have a named person or team responsible for ensuring you meet the requirements of the Consumer Duty? This could be a member of staff, contractor or outside agency.

% firms with named person or team



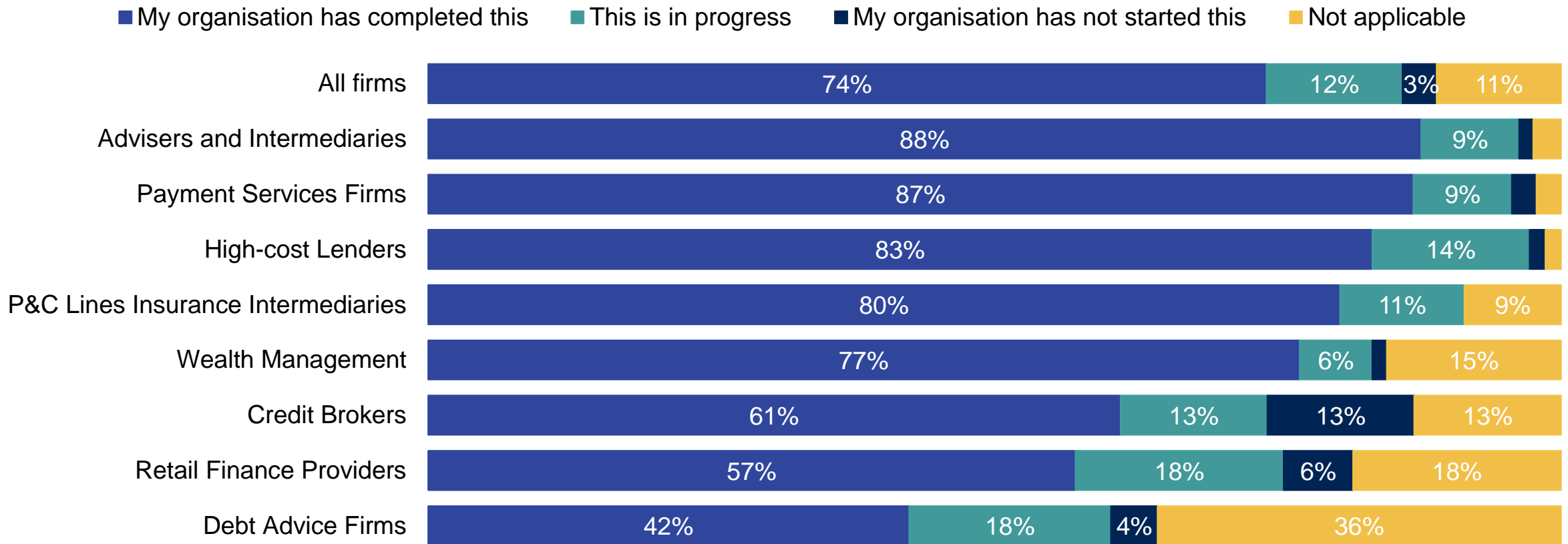
D15 Does your organisation have a named person or team responsible for ensuring you meet the requirements of the Consumer Duty? This could be a member of staff, contractor or outside agency.

Base wave 1: all firms 1230, Advisers and intermediaries 175, Personal and Commercial Lines Insurance intermediaries 152, Credit Brokers 88, Payment Services Firms, High-cost Lenders 156, Wealth Management 158, Debt Advice Firms 88, Retail Finance Providers 111. Base wave 2 All firms 634 Advisers and intermediaries 81, Personal and Commercial Lines Insurance intermediaries 82, Credit Brokers 54, Payment Services Firms 46, High-cost Lenders 72, Wealth Management 78, Debt Advice Firms 73, Retail Finance Providers 49. ▲ ▼ significant difference between waves.

D16.8 ‘Conducted a fair value assessment of your existing products and services.’ Which of the following applies to your organisation?

My organisation has not started this, This is in progress, My organisation has completed this, Not applicable

% firms conducted fair value assessment

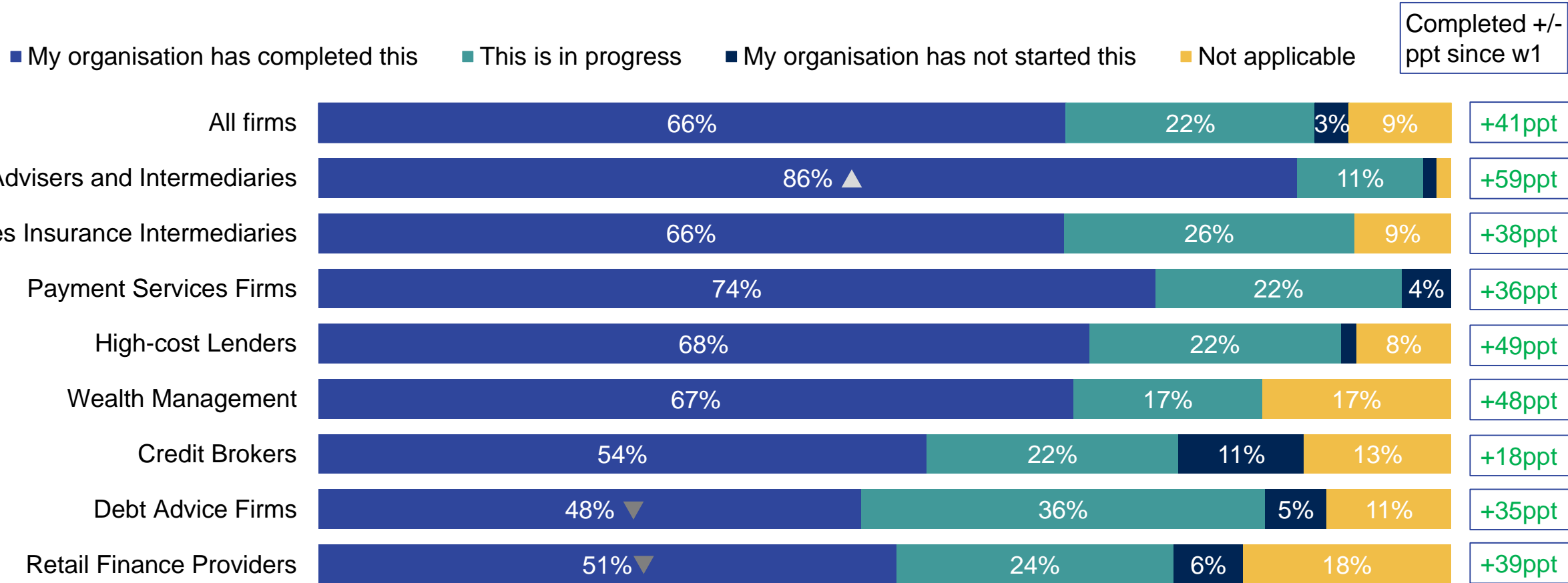


D16.8 Which of the following applies to your organisation? Conducted a fair value assessment of your existing products and services. Base: All firms 634, Personal and Commercial Lines Insurance intermediaries 82, Advisers and intermediaries 81, Wealth Management 78, Debt Advice Firms 73, High-cost Lenders 72, Credit Brokers 54, Retail Finance Providers 49, Payment Services Firms 46. ▲ ▼ significant difference between all firms and portfolio (shown for 'completed this' only).



D16.3 'Assessed the end-to-end consumer journey.' Which of the following applies to your organisation? My organisation has not started this, This is in progress, My organisation has completed this, Not applicable

% firms assessed end to end consumer journey



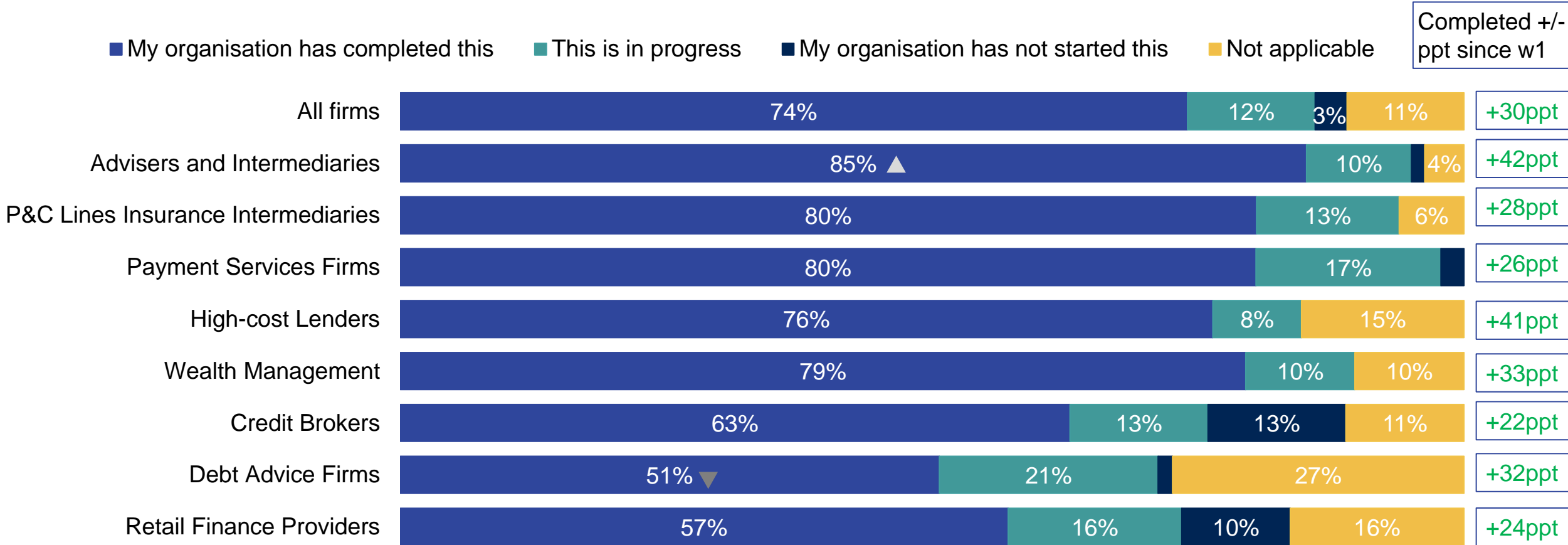
D16.3 Which of the following applies to your organisation? Assessed the end-to-end consumer journey. Base: All firms w1 1230 w2 634, Personal and Commercial Lines Insurance intermediaries w1 152 w2 82, Advisers and intermediaries w1 175 w2 81, Wealth Management w1 158 w2 78, Debt Advice Firms w1 88 w2 73, High-cost Lenders w1 156 w2 72, Credit Brokers w1 88 w2 54, Retail Finance Providers w1 111 w2 49, Payment Services Firms w1 105 w2 46. ▲ ▼ significant difference between all firms and portfolio (shown for 'completed this' only).



D16.4 'Identified the target market for each of your products and services.' Which of the following applies to your organisation?

My organisation has not started this, This is in progress, My organisation has completed this, Not applicable

% firms identified target market for products and services



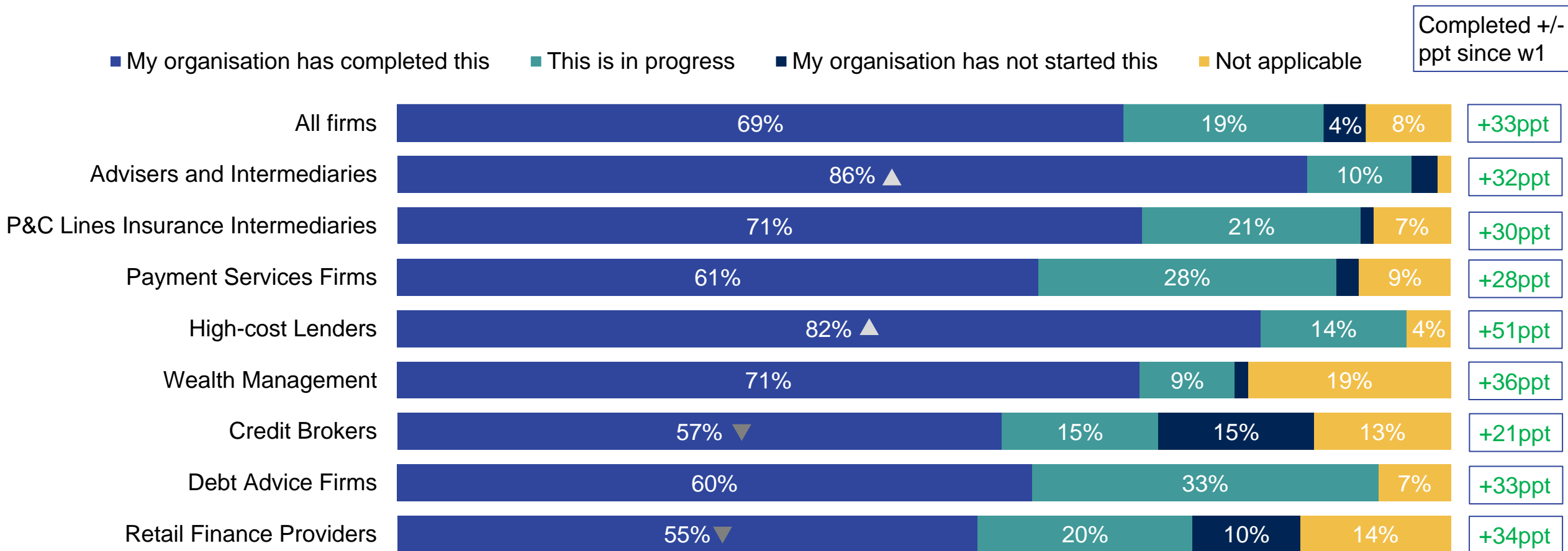
D16.4 Which of the following applies to your organisation? Identified the target market for each of your products and services. Base: All firms w1 1230 w2 634, Personal and Commercial Lines Insurance intermediaries w1 152 w2 82, Advisers and intermediaries w1 175 w2 81, Wealth Management w1 158 w2 78, Debt Advice Firms w1 88 w2 73, High-cost Lenders w1 156 w2 72, Credit Brokers w1 88 w2 54, Retail Finance Providers w1 111 w2 49, Payment Services Firms w1 105 w2 46. ▲ ▼ significant difference between all firms and portfolio (shown for 'completed this' only).



D16.5 'Assessed the needs of consumers with characteristics of vulnerability.' Which of the following applies to your organisation?

My organisation has not started this, This is in progress, My organisation has completed this, Not applicable

% firms assessed needs of consumers with vulnerabilities



D16.5 Which of the following applies to your organisation? Assessed the needs of consumers with characteristics of vulnerability. Base: All firms w1 1230 w2 634, Personal and Commercial Lines Insurance intermediaries w1 152 w2 82, Advisers and intermediaries w1 175 w2 81, Wealth Management w1 158 w2 78, Debt Advice Firms w1 88 w2 73, High-cost Lenders w1 156 w2 72, Credit Brokers w1 88 w2 54, Retail Finance Providers w1 111 w2 49, Payment Services Firms w1 105 w2 46. ▲ ▼ significant difference between all firms and portfolio (shown for 'completed this' only).



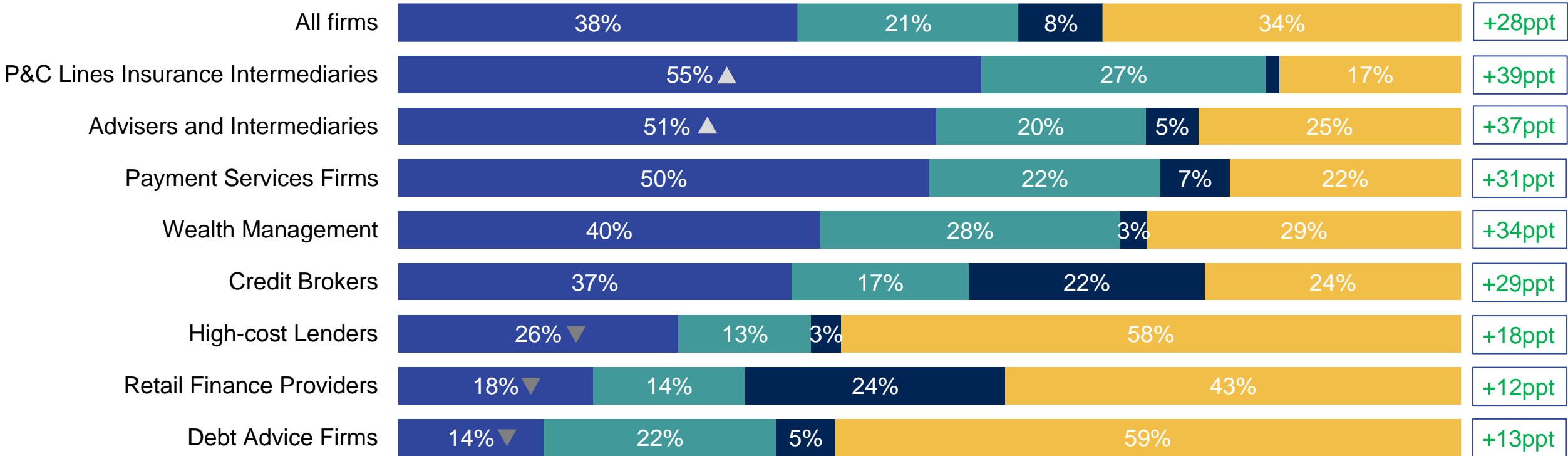
D16.6 ‘Discussed Consumer Duty requirements with other firms in your supply chain.’ Which of the following applies to your organisation?

My organisation has not started this, This is in progress, My organisation has completed this, Not applicable

% firms discussed Consumer Duty requirements with supply chain

■ My organisation has completed this ■ This is in progress ■ My organisation has not started this ■ Not applicable

Completed +/- ppt since w1



D16.6 Which of the following applies to your organisation? Discussed Consumer Duty requirements with other firms in your supply chain. Base: All firms w1 1230 w2 634, Personal and Commercial Lines Insurance intermediaries w1 152 w2 82, Advisers and intermediaries w1 175 w2 81, Wealth Management w1 158 w2 78, Debt Advice Firms w1 88 w2 73, High-cost Lenders w1 156 w2 72, Credit Brokers w1 88 w2 54, Retail Finance Providers w1 111 w2 49, Payment Services Firms w1 105 w2 46. ▲▼ significant difference between all firms and portfolio (shown for 'completed this' only).

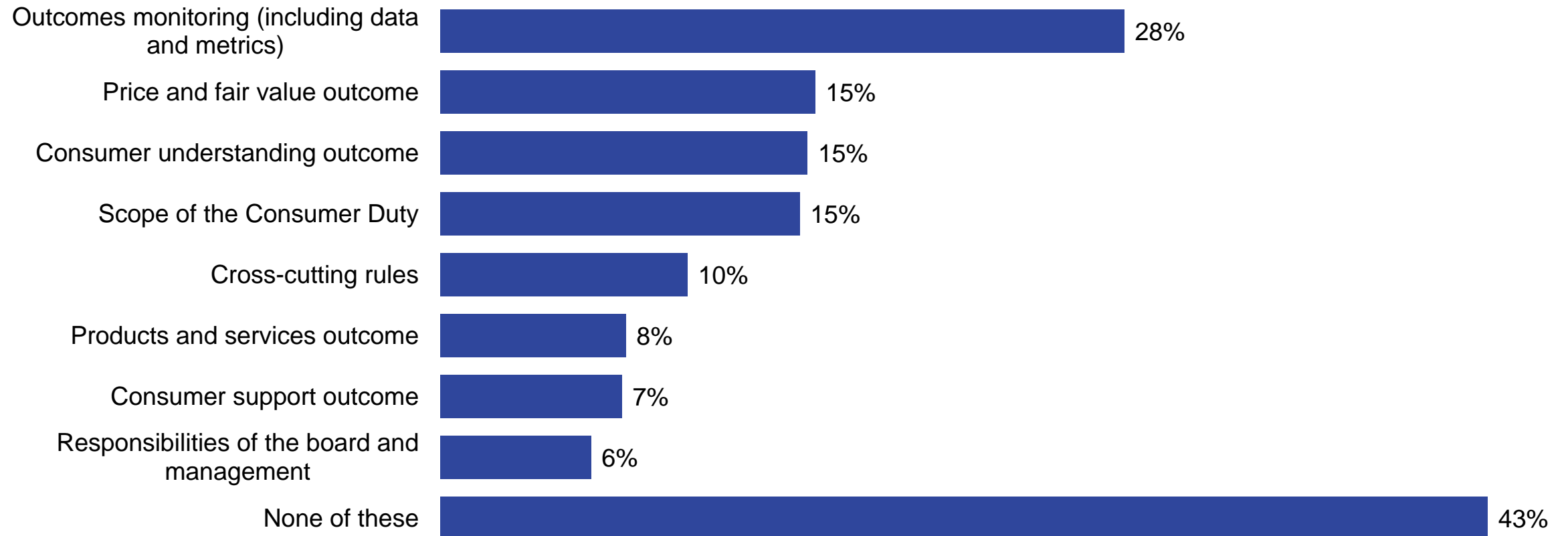


Challenges to progress

4

E19 Which of the following aspects of the Consumer Duty, if any, are you finding it difficult to implement?

% firms finding CD aspect difficult



E19 Which of the following aspects of the Consumer Duty, if any, are you finding it difficult to implement? Cross-cutting rules, Products and Services Outcome, Price and fair value outcome, Consumer understanding outcome, Outcomes monitoring (including data and metrics), Responsibilities of the board and management, Scope of the Consumer Duty, Something else, None of these. Base: All firms 634

Responding to the Duty

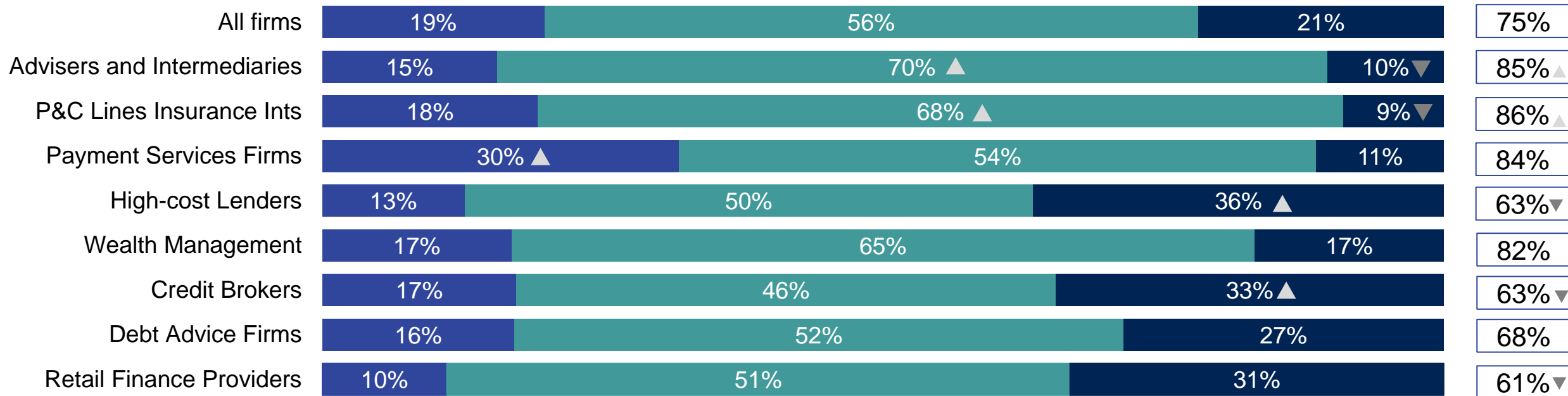
5

G27 Has your firm identified any communications, including financial promotions, which have been revised or withdrawn because they did not support the consumer understanding objective and/or may not deliver good customer outcomes?

% firms

- Yes, following a review, communications have been identified for amendment and/or withdrawal
- No, following a review, no communications have been identified for amendment or withdrawal
- No review of communications taken place

Net:
Completed
Review

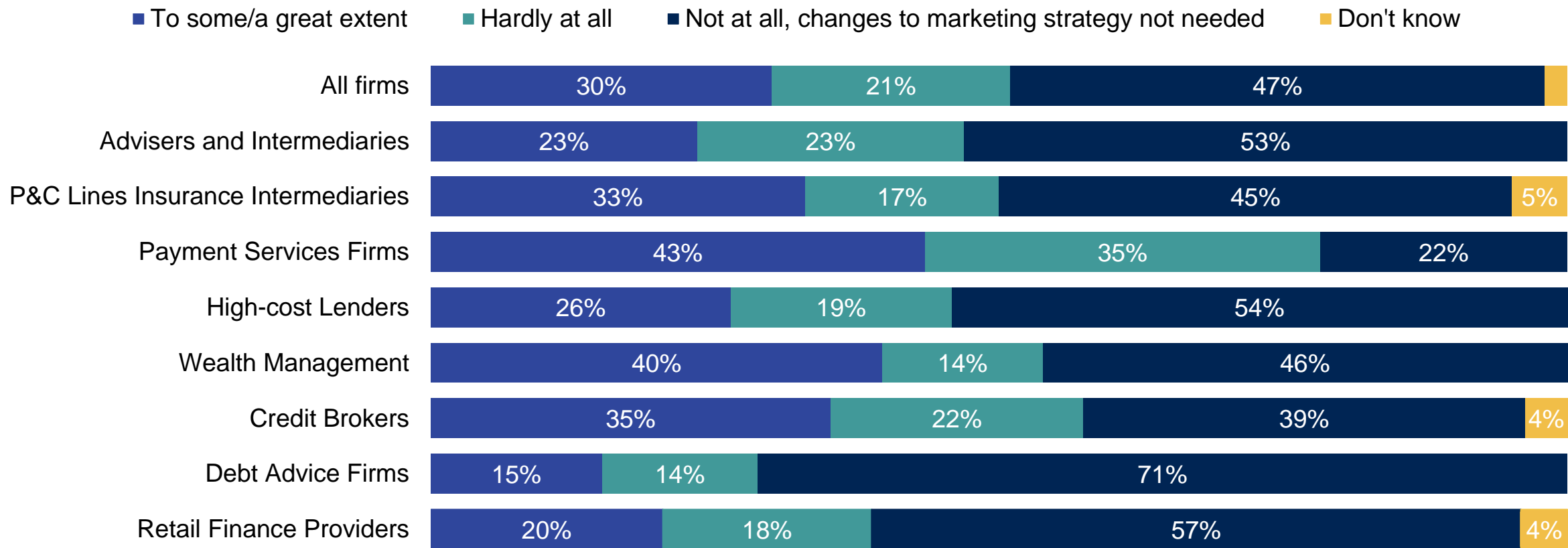


G27 Has your firm identified any communications, including financial promotions, which have been revised or withdrawn because they did not support the consumer understanding objective and/or may not deliver good customer outcomes? Base: All firms 634 Base: Personal and Commercial Lines Insurance intermediaries 82, Advisers and intermediaries 81, Wealth Management 78, Debt Advice Firms 73, High-cost Lenders 72, Credit Brokers 54, Retail Finance Providers 49, Payment Services Firms 46. ▲ ▼ significant difference between all firm and portfolio



G24 To what extent, if at all, has your firm identified or made changes to its marketing strategies to meet the requirements of the Consumer Duty?

% firms

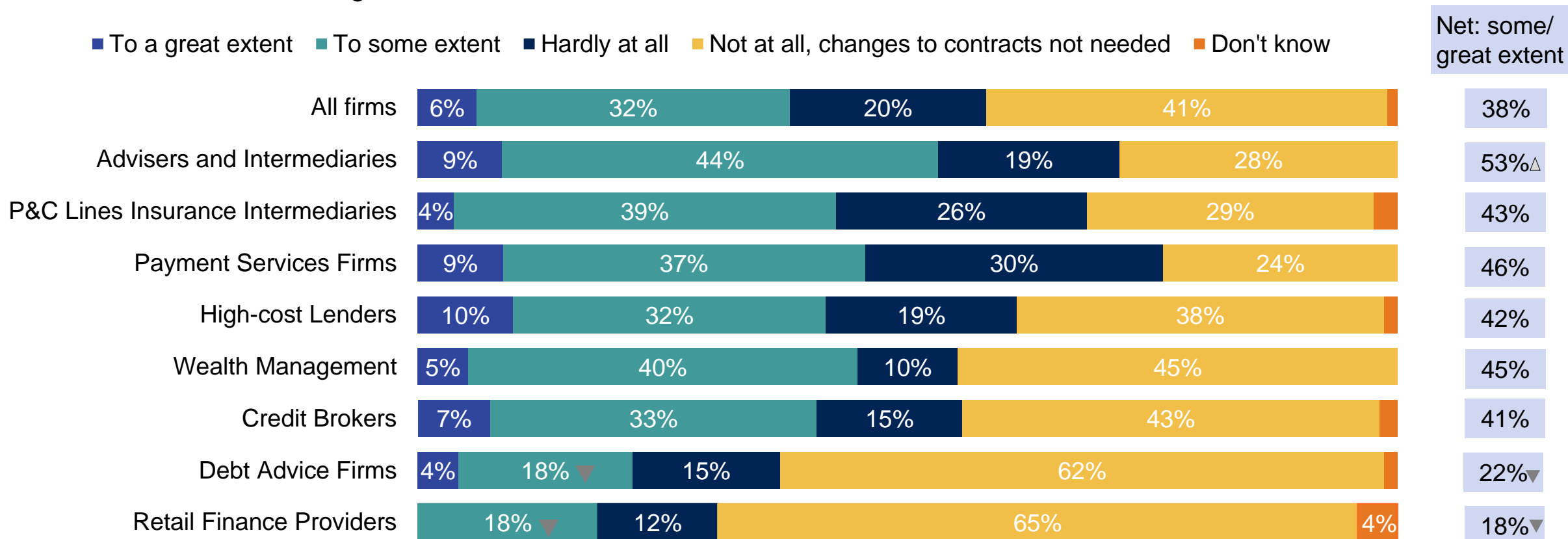


G24 To what extent, if at all, has your firm identified or made changes to its marketing strategies to meet the requirements of the Consumer Duty? Base: All firms 634 Base: Personal and Commercial Lines Insurance intermediaries 82, Advisers and intermediaries 81, Wealth Management 78, Debt Advice Firms 73, High-cost Lenders 72, Credit Brokers 54, Retail Finance Providers 49, Payment Services Firms 46. ▲ ▼ significant difference between all firm and portfolio



G22 To what extent, if at all, have you made changes to contracts with new or existing consumers to meet the requirements of the Consumer Duty?

% firms that had made changes



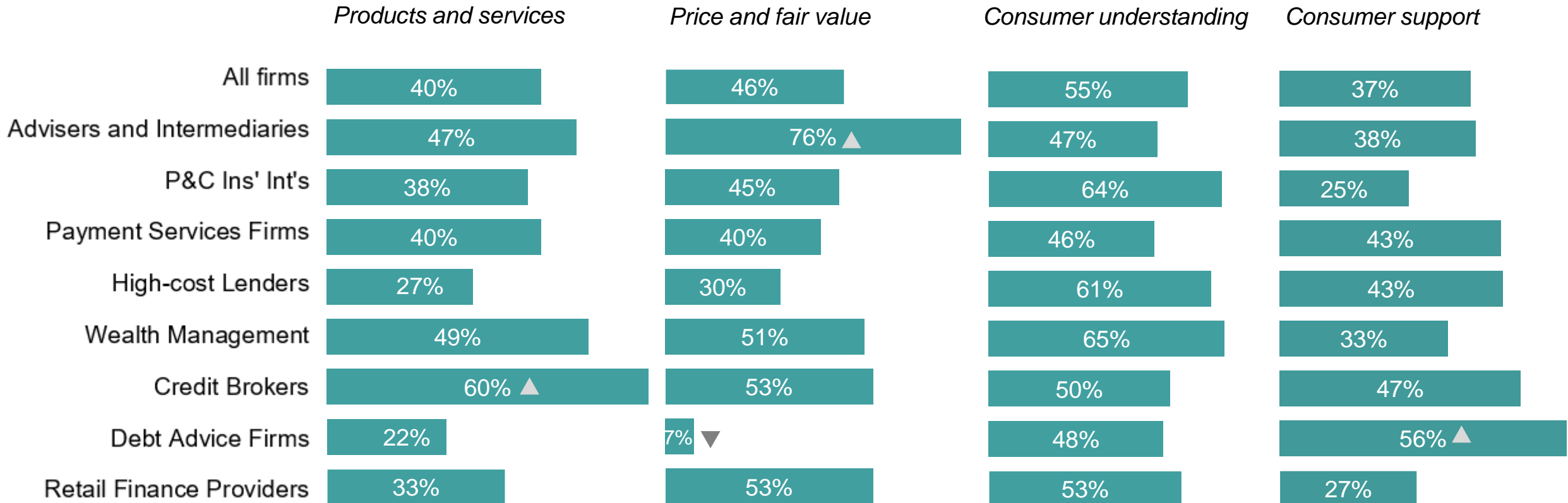
G22: To what extent, if at all, have you made changes to contracts with new or existing consumers to meet the requirements of the Consumer Duty?

Base: All firms 634 Base: Personal and Commercial Lines Insurance intermediaries 82, Advisers and intermediaries 81, Wealth Management 78, Debt Advice Firms 73, High-cost Lenders 72, Credit Brokers 54, Retail Finance Providers 49, Payment Services Firms 46. ▲▼ significant differences between all firms and portfolios (shown on to a great/some extent only).



G22a Which Consumer Duty outcomes did these changes relate to?

% firms made contract changes in response to ...



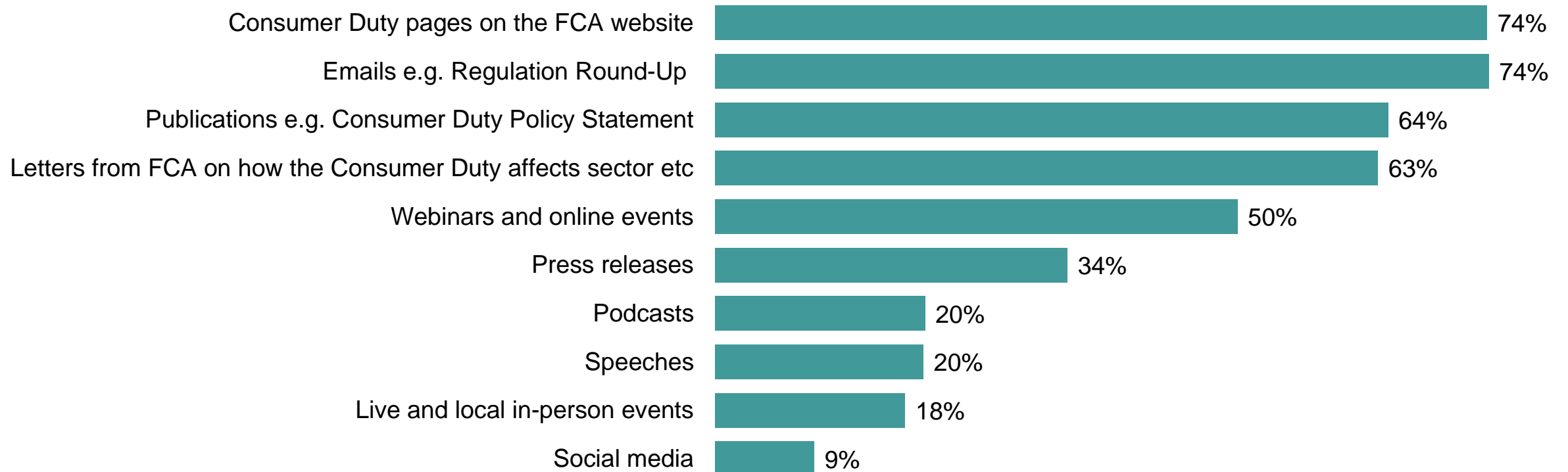
G22a Which Consumer Duty outcomes did these changes relate to? Consumer understanding outcome, Price and fair value outcome, Products and services outcome, Consumer support outcome Base: All those who have made changes (hardly at all, to some extent or to a great extent) to contracts with new or existing consumers to meet the requirements of the Consumer Duty? (G22 code 2 or 3 some/great extent): 366. Advisers and intermediaries 58, Personal and Commercial Lines Insurance intermediaries 56, Payment Services Firms 35**, High-cost Lenders 44, Wealth Management 43, Credit Brokers 30**, Debt Advice Firms 27**, Retail Finance Providers 15**,. ** Caution, very low base <40. ▲ ▼ significant differences between all firms and portfolios

Communications and support

6

C11 Which, if any, of the following sources of information from the FCA have you used to help you understand the requirements of the Consumer Duty?

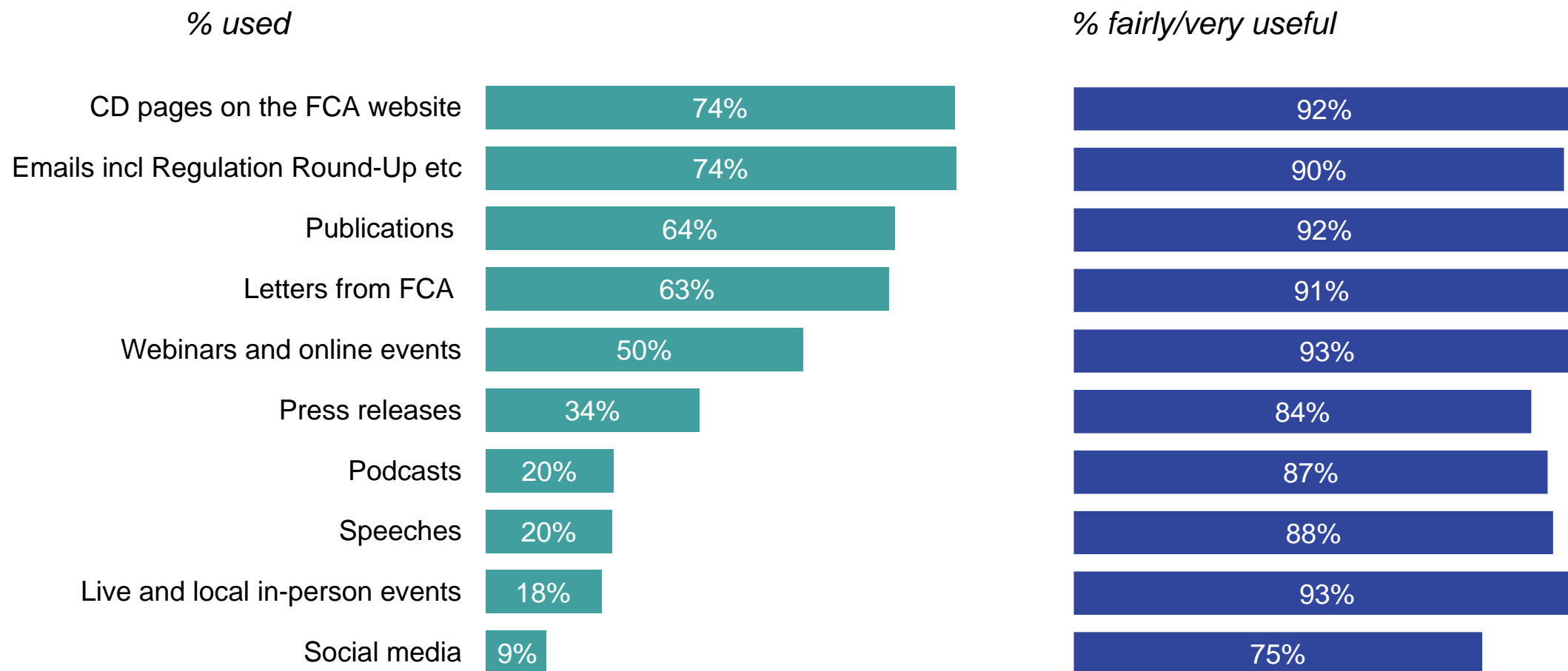
% used source



C11 Which, if any, of the following sources of information from the FCA have you used to help you understand the requirements of the Consumer Duty? Base: All firms wave 634.

C11 Which, if any, of the following sources of information from the FCA have you used to help you understand the requirements of the Consumer Duty?

C12 To what extent did you find the following FCA information sources useful, or not, in helping your firm prepare for the Consumer Duty?



C11 Which, if any, of the following sources of information from the FCA have you used to help you understand the requirements of the Consumer Duty? Base 634. C12 To what extent did you find the following FCA information useful or not, in helping your firm prepare for the Consumer Duty? Base: Used source at C11 Consumer Duty pages on the FCA website 467, Emails including the Regulation Round Up and Consumer Duty email alerts 468, Publications, such as the Consumer Duty Policy Statement and Finalised Guidance 407, Letter(s) from the FCA about how the Consumer Duty affects my sector, type of organisation or business 401, Webinars and online events 316, Press releases 213, Podcasts 127, Speeches 126, Live & Local in-person events 115, Social Media 60.

Small firms

7

B4 How many employees does your business have, including yourself? Please do not include temporary workers such as contractors.

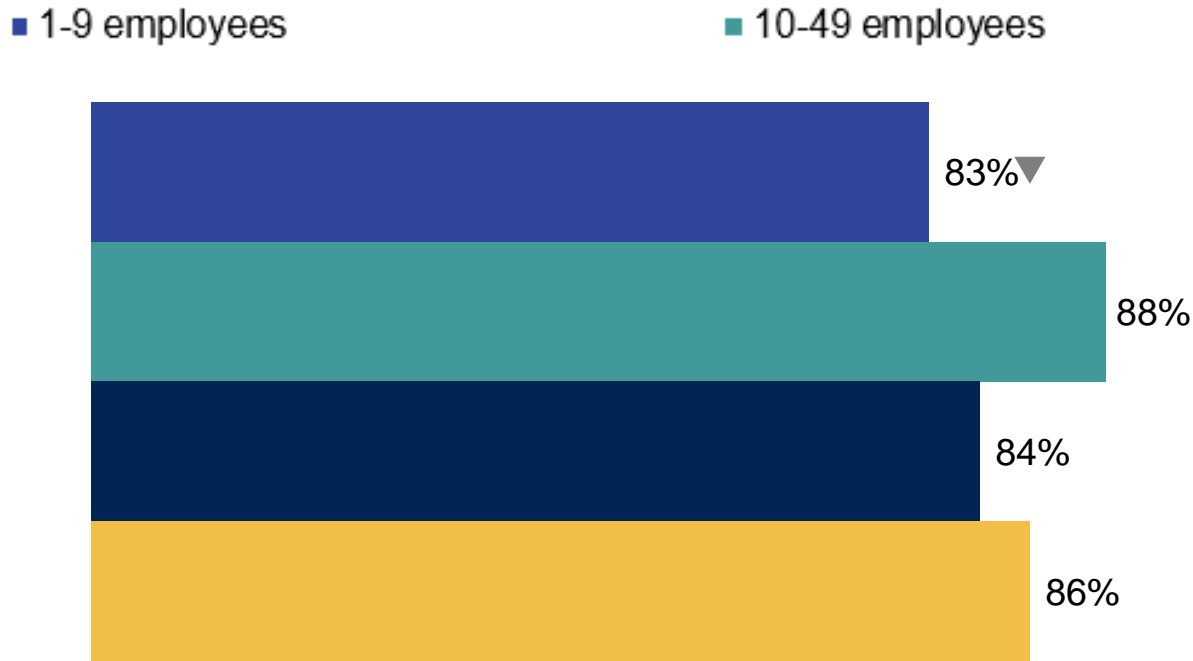
% firms



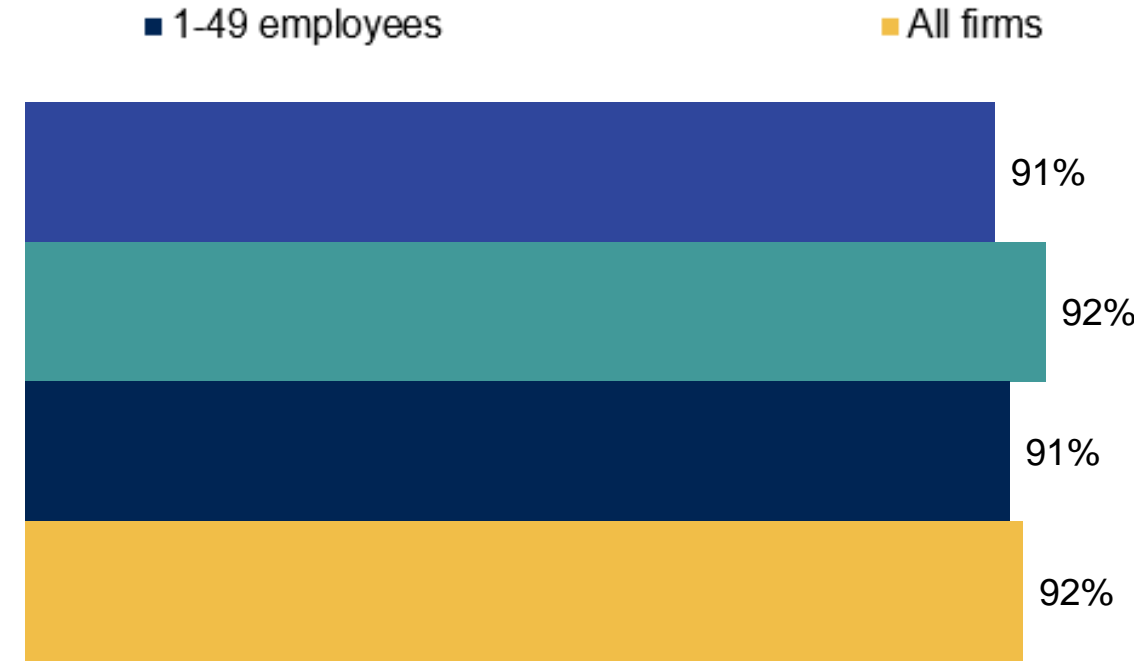
B4 How many employees does your business have, including yourself? Please do not include temporary workers such as contractors. Base: 634.

B6 To what extent do you consider the Consumer Duty relevant to your organisation?

% CD relevant to a great/some extent



% Firm has named contact responsible for the CD



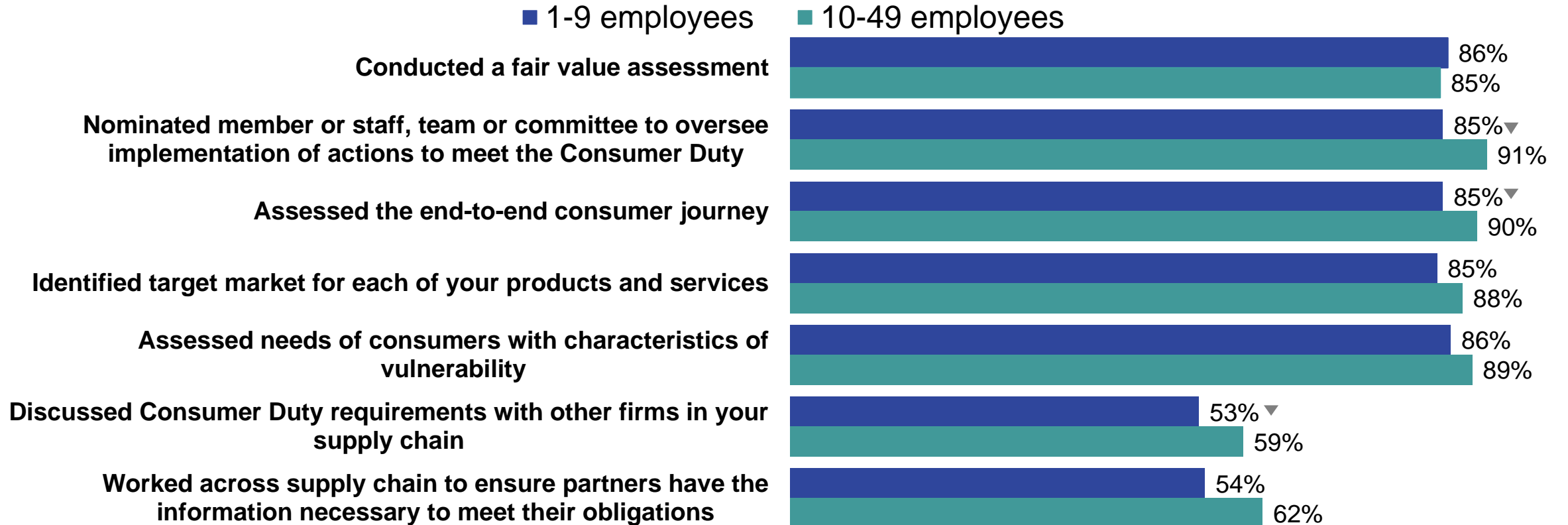
B6 To what extent do you consider the Consumer Duty relevant to your organisation? D15 Does your organisation have a named person or team responsible for ensuring you meet the requirements of the Consumer Duty? This could be a member of staff, contractor or outside agency. Base: All firms 634, 1-49 firms 546, 1-9 employees 389, 10-49 employees 157.

▲ ▼ significant differences between firms with 1-9 employees and firms with 10-49 employees

D16 Which of the following applies to your organisation?

My organisation has not started this, This is in progress, My organisation has completed this, Not applicable

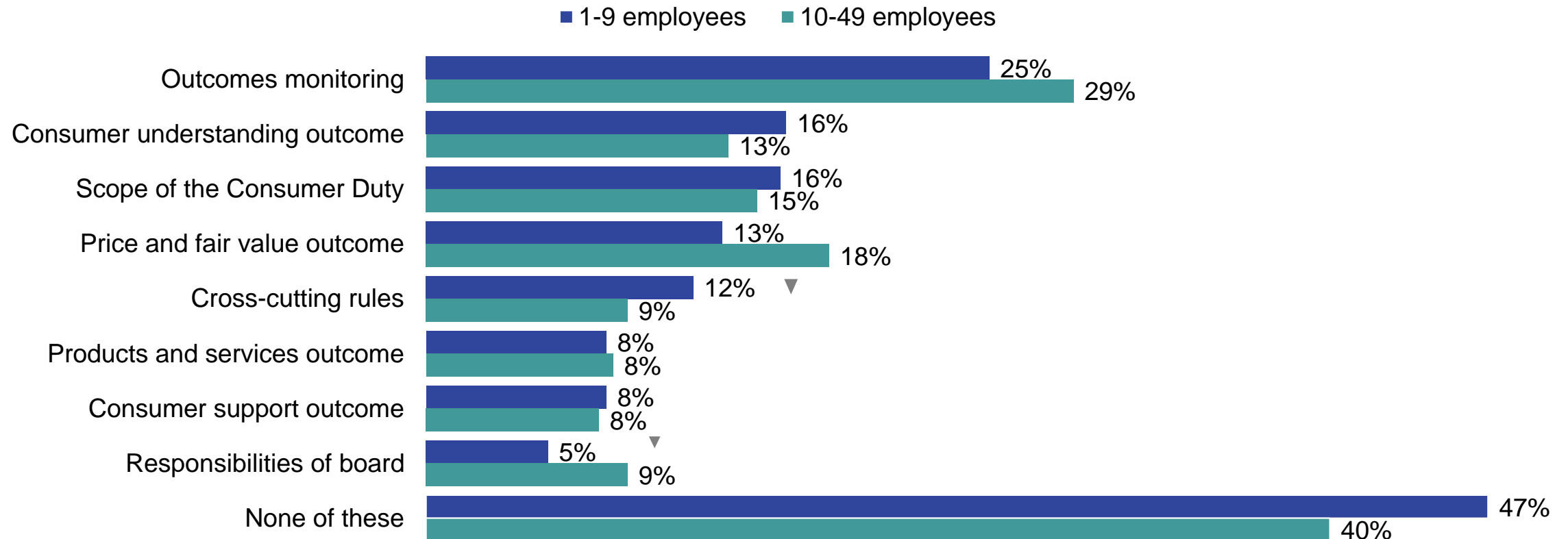
% step is in progress or complete



D16 Which of the following applies to your organisation? 2. Nominated a member or staff, team or committee to oversee implementation of actions to meet the Consumer Duty, 3. Assessed the end-to-end consumer journey, 4. Identified the target market for each of your products and services, 5. Assessed the needs of consumers with characteristics of vulnerability, 6. Discussed Consumer Duty requirements with other firms in your supply chain, 7. Worked across the supply chain to ensure our partners have the information necessary for them to meet their obligations under the Duty, 8. Conducted a fair value assessment. Base: 1-49 employees, 546, 1-9 employees 389, 10-49 employees 157, All firms 634. ▲▼ significant differences between firms with 1-9 employees and 10-49 employees.

E19 Which of the following aspects of the Consumer Duty, if any, are you finding it difficult to implement?

% finding aspect difficult

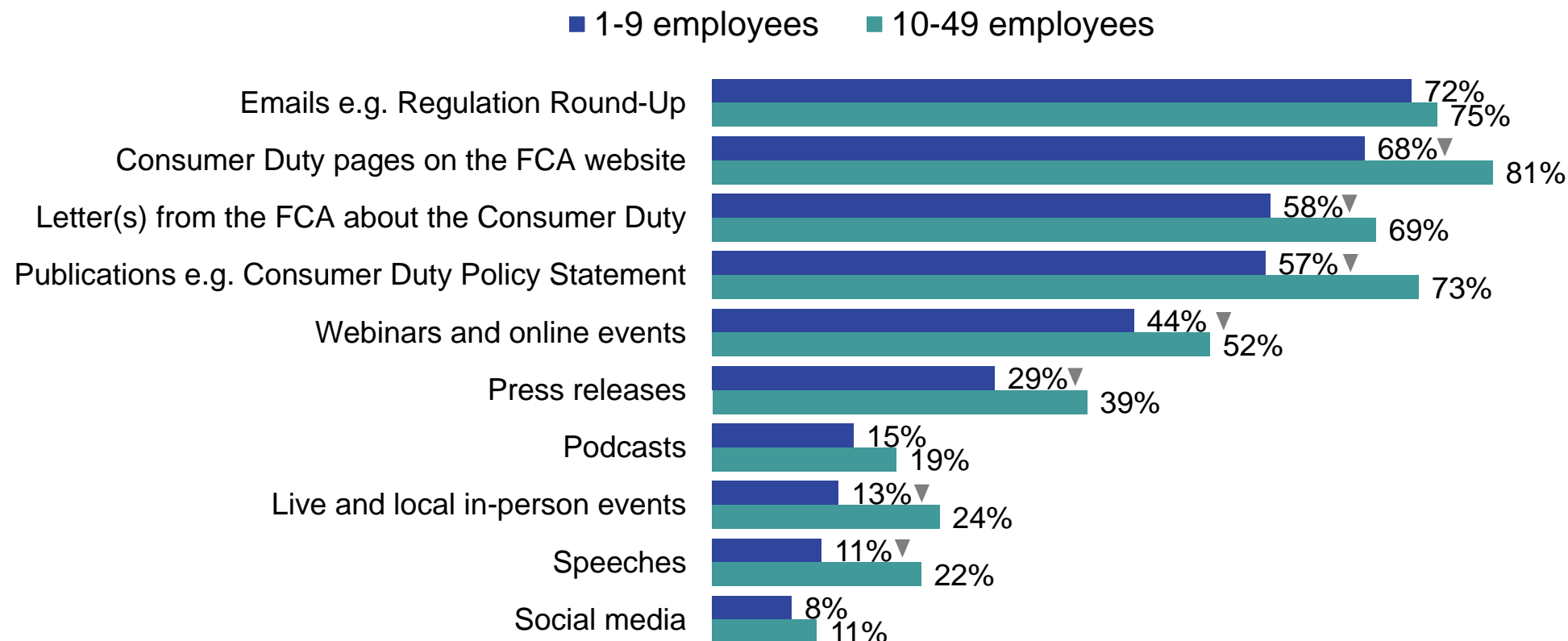


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▲▼ significant differences between firms with 1-9 employees and 10-49 employees.

C11 Which, if any, of the following sources of information from the FCA have you used to help you understand the requirements of the Consumer Duty?

% used source



C11 Which, if any, of the following sources of information from the FCA have you used to help you understand the requirements of the Consumer Duty? Base: 1-9 employees 389, 10-49 employees 157.

▼▲ significant differences between firms with 1-9 employees and 10-49 employees.



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