Carol Anne Macdonald
Policy, Risk and Research Division
Financial Services Authority
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Canary Wharf
London E14 5HS

26 April 2013

Dear Ms Macdonald,

The Chartered Financial Analyst Society of the United Kingdom (CFA UK) welcomes the Discussion Paper DP 13/1 'Transparency'. CFA UK is keen to share its views, ideas and observations about the Financial Conduct Authority's desire to be more transparent and what this means in practice. This response has been prepared by CFA UK's Professional Standards and Market Practices Committee (PSMPC). The PSMPC identifies and monitors key regulatory and best practice developments likely to affect CFA UK members.

We hope that in addition to consulting with consumer and trade bodies; the FCA may also be open to consult with professional bodies such as CFA UK in the future. By working with professional bodies, the regulator can benefit in a number of ways, one of which is to potentially address some of the challenges with regard to whistle blowing (please see below for more details below).

Integrity is at the heart of our society[1]. Members of CFA UK abide by the CFA Institute Code of Ethics and Standards of Professional Conduct[2] . The Code and Standards provide members guidance on best practices on issues that include, professionalism, duties to clients and the integrity of capital markets.

[1] INTEGRITY FIRST: Expert – Professional – Ethical – Visit: httRp://www.cfauk.info/integrity/

[2] Summary of CFA Institute Code of Ethics and Standards of Professional Conduct. http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2010.n14.1

Context for CFA UK's response

"We are a new organisation that will learn from its past". (DP13/1 page 30)

CFA UK recognises the importance of an effective regulator for the financial services industry. What we mean by 'effective' is that the regulator[3] –

- Supervises and enforces the regulatory regime
- Strives to improve the quality and integrity of the market
- Able and willing to act decisively to limit consumer detriment
- Willing to hold those that act inappropriately to account
- Self-awareness – recognise its own limitations and be willing to take the necessary actions to address them
- Accountable – the senior leadership of the new regulatory regime is held to account when there is regulatory failure.

Transparency is essential for the regulator to demonstrate the aforementioned attributes. An effective regulator needs to make effective disclosures. Value for money will be determined by how effective the regulator is, rather than the regulator looking for ways to minimise costs and thereby activity.

CFA UK appreciates there may be legal and other constraints which can limit the regulator's desire to as transparent as possible. The regulator should not use these barriers as convenient reasons not to act when required. If for example the legal barriers are unreasonable, it is the regulator's responsibility to speak out; especially if these barriers are undermine market integrity or act against client interests. CFA UK would hope that by being more transparent, the regulator can mitigate many of the types of unacceptable behaviours uncovered since the crisis; and reduce the risk of regulatory failures in the future.

Transparency –quality rather than quantity?

"Fool me once, shame on me. Fool me twice shame on you." (Randall Terry)

CFA UK welcomes the regulator's objective to be more transparent. Just as important will be the quality of these disclosures and their implications for meeting the regulator's objectives. We

[3] Our responses related to effective regulation can be found at https://www.cfauk.org/about/advocacy.html

agree with the FCA that disclosures are not enough and that where appropriate the regulator will need to do more to encourage and bring about the changes it seeks. This also includes when the regulator falls short of its own standards.

In using disclosures, the FCA will need to set out how these statements will bring about the changes in consumer/firm behaviour it expects. Past experience has shown that several large firms did not appear to fear reputational damage when engaging in behavior that undermined market integrity or placed clients' interests second. Consumers often acted in ways that were considered less than beneficial. In fact, despite various warnings about scams and 'too good to be true' products, consumers continue to fall into behavioural traps. Using the insights from behavioural economics is welcome but should not be limited to consumers. As we state in our position papers "Financial Amnesia", and "Effective Regulation", behavioural factors also contributed to firm, market and regulatory failures.

The success of any effective disclosure regime is what the regulator will do if it observes outcomes that are no different to that when the disclosure was made. The FCA will need to set out what it will do to encourage the changes it seeks from firms and consumers. The recent case in the press is a good example[4] of what the FCA is concerned about and the importance of ensuring firms put in practice the policies they have in place. By being more transparent, the regulator is also creating expectations that it will need to fulfill. If the regulator disappoints these expectations, the disclosure becomes ineffective and just noise.

The key test for the FCA's approach to be more transparent will be in the area of regulatory failure. CFA UK has observed that the FCA may not have the quality and quantity of resources to be as effective as it would like. This is likely to increase the risk of failure in the future. Should failures arise that meet the criteria set out in the DP (page 15); we would hope that a more objective process would be in place to investigate them.

We look forward to disclosures of how the regulator will be able to conduct an impartial investigation into itself should significant failure arise in the future. It was noticeable that no regulator from the tripartite system has been held to account. It will be valuable to learn how senior members of the new regulatory framework can be held responsible and what the consequences may be in the event of a material regulatory failure.

[4] "FCA fines private bank £4Mln for money laundering controls," FT Adviser, Michael Trudeau, 24th April 2013. http://www.ftadviser.com/2013/04/24/regulation/regulators/fca-fines-private-bank-m-over-money-laundering-controls-kInmatp0xAUMba4UIJ88aO/article.html

Evidence

"The Commission considers it a matter for profound regret that the regulatory structures at the time of the last crisis and its aftermath have shown themselves incapable of producing fitting sanctions for those most responsible in a manner which might serve as a suitable deterrent for the next crisis."

(Parliamentary Commission on Banking Standards report on the failure of Halifax Bank of Scotland 2013)

CFA UK is keen to see evidence based policymaking. This becomes particularly important when a regulator is seeking to demonstrate the net benefits of its actions. All too often, the amount of evidence is often limited or of a low quality to persuade that the initiative will deliver benefits that have been identified.

While the focus on transparency is welcome, the regulator needs to demonstrate how its proposed approach to transparency will be more meaningful in meeting its objectives than that used by its predecessors. The period leading up to and after the recent financial crisis provides many examples to test the FCA's philosophy to differentiate itself from its predecessor. CFA UK requests the FCA to use one or more of these examples to show how disclosure and its new way of regulating would have brought about a different outcome and perhaps answer some key questions that its predecessor did not consider.

The FCA should provide evidence and metrics as to how effective its efforts in being transparent are and where they need to be improved.

Responses to questions

Q1. We are considering saying more about what we've been told and any action we may have taken as a result of whistleblowing.

The FCA is responsible for the conduct of 26,000 firms and the prudential supervision of 23,000 firms; whistle blowing can be an important source of market intelligence and insight. Whistle blowing can in some cases identify new areas that require attention or support the investigation of issues already identified by the regulator. Any whistle blowing claim has to be addressed with great care, empathy and judgment. History has demonstrated that the previous UK regulator has

not always acknowledged the seriousness of a whistleblower's claims – Libor[5] and HBoS being prime examples. How the FCA deals with, and follows up with whistleblowers will be crucial.

One avenue that the FCA may want to consider is encouraging whistleblowers to approach their professional body first. In this way the professional body, like CFA UK, could relay the claims on behalf of their members. Of course, when receiving such claims the regulator should not identify the source of these claims but could communicate with the actual whistleblower via the professional body. Thereby overcoming some of the challenges identified in the DP of communicating with whistleblowers. Similarly, the FCA could, with the consent of the whistleblower approach the individual's professional body to see if any support could be provided.

This also raises an interesting question - what happens when someone wants to inform on the regulator?

Q1.a

What information do you think would be helpful?

In the first instance the FCA should set out the resources it has devoted to dealing with whistle blowing claims. The turnaround times for responding to and following up these claims and the outcomes. The FCA should provide information about the whistleblowing claims it has received and the rationale for either taking further action or for not taking further action. Of course, we do not expect the regulator to openly identify which firms or the whistleblower is involved in the claim. CFA UK hopes that the FCA would exercise discretion when stating it has been approached by a whistleblower.

When being approached by whistleblowers, if patterns emerge regarding the types of claims being made then this too should be reported. In this and in all cases of whistle blowing, the FCA should use this opportunity to remind all firms and individuals of their regulatory obligations, Furthermore, if the allegations prove to be supported by evidence, then the firms in question will face the consequences and to ensure the appropriate redress is secured.

Included in the whistleblowing category would be communications received from external bodies such as other regulators or policymakers. The rationale for this suggestion is that in cases like

[5]"Bank Of England, Financial Services Authority Missed Warnings On Barclays Libor Scandal", Reuters , Posted: 07/02/2012 1:14 pm Updated: 07/03/2012 12:31 am
http://www.huffingtonpost.com/2012/07/02/bank-of-england-fsa-barclays-libor_n_1643810.html

Libor and Split Capital Trusts[6] concerns were raised by other regulators which were ignored by the Financial Services Authority until it was too late. In such cases it would be prudent to publish the source of the claims being made so that the seriousness of the claim can be assessed more quickly by stakeholders.

Whistleblower updates would also be valuable to communicate the rationale for which allegations are being pursued by the FCA and which ones have been stopped.

Q1.b

What do you think would be the potential benefits?

- Having an adequately resourced whistle blowing capability provides reassurance that any claims will be followed up effectively by the regulator.
- Responding to whistleblowers makes them feel as though they are being taken seriously.
- Reporting whistleblowing data could lead to a rise in whistleblowing as market participants become more aware about what type of behaviour to report.
- Contributes to trust and confidence that the regulator is willing to investigate matters that may potentially undermine market integrity or result in major consumer detriment.
- Where allegations are proven the regulator can demonstrate its desire to '*step in earlier, and act faster, when we identify problems that risk harming consumers or the integrity of the market.'* (Journey to the FCA 2012)
- Publishing data about the types of issues being brought to the attention by whistleblowers enables firms make greater efforts in ensuring their practices are sound. While giving others that are considering whistle blowing some insights as to whether the subject of a potential claim is a material concern or a grievance. Either way there is an opportunity for the regulator to collaborate with professional bodies on this and related issues.
- Creates a public audit trail that can be used to assess the effectiveness of the regulator in relation to whistleblowing.

[6] "FSA admits 'regulatory gap' over trusts," Rupert Jones, The Guardian, Wednesday 23 October 2002 http://www.guardian.co.uk/business/2002/oct/23/1

Q1.c

What do you think are the potential drawbacks?

The key drawback is that the nature of the disclosure tips off the firm or inadvertently reveals the whistleblower's identity. Hence, the communication will need to be carefully drafted to protect identities.

Another drawback is the risk of deliberately false accusations driven by monetary motives (with companies prepared to settle such claims out-of-court and the protection afforded by the system to such false allegations).

One other drawback may be that no one takes any notice of the communication about whistleblowing claims and perhaps the regulator may need to think about how best to get these messages across. Similarly, even where whistle blowing claims are not supported by the evidence this should not prevent the regulator from publishing the nature of the claim.

Q2. We could publish more about our enforcement activities in our annual performance account.

Enforcement is a key part of the regulator's remit in protecting consumers, enhancing market integrity and ensuring the quality of firms and their practices remains high. Enforcement should serve two purposes. Firstly to punish those that breach the regulations; secondly, to act as a credible deterrent to others considering taking regulatory risks. It will also be valuable for the regulator to distinguish between inadvertent breaches and breaches that were deliberate.

It has not escaped our notice that recent enforcement actions against large firms have focussed more on headline grabbing financial penalties. Given the nature of some of these breaches of the regulations; the absence of non-financial penalties is noticeable. We hope that the FCA does not fall into the behavioural trap of its predecessor in relying on the form of the punishment rather than focusing on the substance.

It was the reluctance to take enforcement actions that have done so much to undermine trust and confidence in the regulator. By disclosing enforcement actions, the regulator demonstrates that it is willing to hold firms to account. In addition, consumers can be reassured that the regulator will act where it finds firms place their interests ahead of their customers.

The performance account statement is provided annually so it should contain all the information released at the time when the enforcement action is announced to the public.

Q2.a

To what extent do you think this would be helpful?

Making quality disclosures about the FCA's enforcement activities helps stakeholders understand the activities of the FCA and may provide some reassurance. In addition, it would also provide a transparent rationale for the FCA's enforcement actions especially when it is perceived that the action is not a sufficient punishment or a credible deterrent.

Q2.b

What additional information about enforcement activities should be published?

- The FCA can be more transparent about the rationale for its enforcement actions and also why a potential enforcement action did not take place.
- The FCA could be more transparent about fines it levies and how they are calculated.
- How the penalties compare to the revenues generated by the guilty firms for the inappropriate behaviour. How the firm's customers will benefit from this enforcement action.
- The extent to which the firm/firms facing enforcement action have been the subject of similar actions in the past. Is this a serial offender?
- The FCA should also indicate why further action was not taken and where applicable why further action was necessary. For example, for serial offenders or in significant cases, why further action was not taken against the senior management in terms of reviewing their 'fit and proper' status or reviewing the firm's permissions for that line of regulated activity. By way of example the recent fine[7] related to money laundering controls focuses more on systems and processes was welcome as it emphasised the importance of practices that should align with the letter of the law. However, the FCA could have gone further by stating why no individuals were held to account given that these serious breaches have been taking place for three years. Why are discounts on fines still allowed even in the most serious of cases?

[7] FCA fines private bank £4Mln for money laundering controls," FT Adviser, Michael Trudeau, 24th April 2013.

http://www.ftadviser.com/2013/04/24/regulation/regulators/fca-fines-private-bank-m-over-money-laundering-controls-kInmatp0xAUMba4UIJ88aO/article.html

http://www.fca.org.uk/news/efg-private-bank

- The FCA should also indicate, where relevant how current enforcement decision differs from previous actions relating to the same types of inappropriate behaviour.

- The timeline related to action from when the FCA learned about the unacceptable activity to when it took enforcement action.

- Why the enforcement action will be a credible deterrent to others.

- One secondary consideration to take into account is the extent to which the guilty firm faces higher regulatory fees and levies. We are aware that fines are used to reduce future fees and this implies a minor benefit to the offending firm. We would hope that in addition to any financial and non-financial penalties, the firm in question faces higher regulatory fees and levies in the future.

Q2.c

What do you think are the potential benefits?

- Firms are in no doubt that the (financial and non-financial) costs of inappropriate behaviour and activities will outweigh any potential benefits from them
- Improved transparency and understanding of how the FCA decides on the penalties (non-financial and financial).
- FCA is ready to take stronger action to protect market integrity and provide redress for customers.
- FCA is prepared to improve the quality of competition.

Q2.d

What do you think are the potential drawbacks?

- If firms know what fine they will face they may pursue undesirable behaviour based on their expected payoff and calculate that it is profitable to proceed with certain activities in spite of the potential fines. However, using financial and non-financial penalties should ensure that all firms are under no illusion that FCA will act decisively. The costs of inappropriate behaviour should far outweigh any benefits derived from it.
- Stakeholders feel that the FCA has not gone far enough especially in very serious cases.

Q3. We could publish more supervisory activities and outcomes.

It is essential that the regulator ensures that regulated firms abide by their regulatory responsibilities. The focus should be less on the quantity of supervisory efforts and more on the quality. Through quality supervision, the regulator can determine which firms are behaving in the spirit of the rules and those that only follow the letter of the regulations.

Q3.a

To what extent do you think this would be helpful?

It would be helpful only to the extent that there would be some form of formal disclosure that the regulator is undertaking some form of supervisory activity. However, with 26,000+ firms to supervise there will always be the risks that some firms will escape the attention of the regulator and so the regulator should be prepared to anticipate risks to meeting its objectives.

One area that would be useful is for the regulator to demonstrate that it is undertaking the quality of supervision required. The recent crisis demonstrated that the previous regime may not have undertaken the quality of supervision required. It would also be useful to learn where firms are not entirely complying with the spirit of Principles for Business 11 –
"*A firm must deal with its regulators in an open and co-operative way and must disclose to the FCA anything relating to the firm of which the FCA would reasonably expect notice*."

In the wake of the crisis, the regulator should demonstrate that it is resistant to capture and seen to be acting impartially.

Q3.b

What additional information about supervisory activities should be published?

In addition to our answer in Q3a; information about permissions would also be helpful. It would be useful to know if a firm is running risks of having its permissions changed or withdrawn as a result of a supervisory visit. It would also be helpful to know why permission has not been withdrawn or put at risk when a firm has engaged in activity that breaches the regulations. It would also be helpful to learn which individuals within a firm are responsible for breaching the regulations and what sanctions they may face as a consequence of those actions.

Q3.c

What do you think are the potential benefits?

The chief benefit would be to demonstrate that the regulator is doing what it has been set up to do - regulate the industry through effective supervision and use enforcement when its supervision efforts reveal material areas of concern.

Q3.d

What do you think are the potential drawbacks?

The DP does state that thorough its disclosures, firms could lower their standards in areas the FCA has not cited as of interest in its supervisory visits. However, areas of concern revealed during the supervisory visits may provide sufficient incentive for firms to improve standards in those areas. Here again the judgement based approach of the regulator will determine what its priorities should be. Perhaps the regulator can disclose on a regular basis how effective its supervisory efforts have been and set out both the successes and areas for improvement.

Q4. We are proposing to publish the average length of time it takes to authorise firms and

Q4.a

To what extent do you think this would be helpful?

- Publishing the amount of time taken to gain authorisation is helpful although more information is needed to explain the length of time and whether this has changed compared to a previous period e.g monthly or quarterly.
- By identifying reasons for the length of time being taken, it can be demonstrated if it is due to something new entrants need to address; something the FCA needs to address or a combination of these and other factors.
- The aim should be to encourage quality suppliers into the industry rather than focus on firms that may superficially meet the requirements.
- As we stated in our response to the "Journey to the FCA" consultation it will be important for the FCA to show there is no asymmetry of treatment between incumbent firms and potential new entrants. In that, potential new entrants are refused authorisation because

they do meet the standards required; while the FCA maintains the authorisation of firms that continue to fall short of the standards required of them.

Q4.b

Is there any other information you would like us to publish in relation to the authorisations process? Why?

Please see our response to Q4a

Q5. We are proposing to develop a consistent approach for publishing the results of thematic work on an anonymised/aggregated basis.

Q5.a

Do you think this would be helpful?

- The question the FCA needs to ask itself is - if it was a customer of a firm that is at the receiving end of a thematic visit and it is because the regulator was concerned would the FCA want to know about it? If the answer is yes then the FCA has its answer. If the answer is no then the FCA needs to state why a customer would not want to know if its supplier was under investigation.

- Naming poorly performing firms can help to protect consumers and give them the information necessary to use another institution. Once concerns have come to the notice of the regulator, consumer detriment may already have occurred (PPI being a good example). The onus is on the regulator to ensure firms provide redress for the customer. However, as PPI demonstrated even if consumers move they may move to another firm that may also be miss-selling PPI but not yet discovered.

- Similarly where good practice is found then that should also be mentioned so that the customers of that firm know about it. However, the regulator will need to be careful that it does not provide some form of implicit seal of regulatory approval in doing so.

Q5.b

What sort of information would you expect to see?

"There was insufficient banking expertise among HBOS's top management. In consequence, they were incapable of even understanding the risks that some elements of the business were running, let alone managing them."
(Parliamentary Commission on Banking Standards- 'An accident waiting to happen': The failure of HBOS)

The aim would be to help customers distinguish between high quality firms and lower quality firms. Where the thematic visits are the result of concerns one would expect to see details about the concern, the rationale for the thematic visit and which people within that firm are responsible.

All too often thematic visits that identify the cause of the concerns as "systems and controls" or poor processes. What the regulator needs to recognise is that firms are run by people and that these individuals have responsibilities to run their businesses in the appropriate manner. If these individuals are unaware or unable to meet the standards required than the regulator needs to review their competence to be in the industry.

Issues such as PPI, Libor and other unacceptable developments are the result of people within firms willing to take regulatory risks and place their interests above that of their customers. This was also aided by the fact that they did not fear reprisal from the regulator.

Once thematic visits have been carried out we would expect further communications about the follow up from the regulator. For example if the regulator requests changes to be made, we would hope the regulator would check and see if its instructions had been carried out and to the standards required.

Additional information that would be useful is if the visit was the first; or one of a series because the firm in question is frequently a cause for concern for the regulator. In doing so, this helps the firm's customers realise whether the visit is a one-off or whether the firm is a serial offender. In addition, the regulator should also indicate the seriousness of the concern, so that if customers need to move quickly they have the ability to do so.

Q5.c

How would you like this information to be made available?

- Online of the firm's website.

- Where the regulator has concerns with a firm and these have been substantiated, the firm should notify all of the customers affected by the concerns and what the firm will do with regard to redress if required. These actions should be at the request of the regulator and the regulator should make this request and the reason for it public.

Q5.d

What are the potential drawbacks?

- Naming poorly performing bank may lead to a run on that bank. However, the resolution process may alleviate this somewhat.
- Customers may continue to procrastinate even if the nature of the visit is very serious.
- The regulator fails to follow up appropriately and the firm feels it has "got away with it" and continues to run regulatory risks.
- If the firm feels the regulator has dealt with it lightly it may exhibit loss-aversion so that it continues with regulatory risky behaviour; continue to act against the interests of its clients even though it could well undermine its own future.

Q6. We are proposing to publish, with the firm's consent, how much it has paid out in redress and disclose more details about the redress scheme in the public notice.

Q6.a

Do you think this would be helpful?

As we stated above, it is essential for the regulator's credibility to demonstrate it is effective in regulating the industry, holding firms to account and seeking redress for consumers. CFA UK appreciates the need to gain the firm's consent in some instances to disclose details of redress. Where firm consent is not given, would it be possible for the regulator to approach the customers that have been compensated? In this way the regulator can gain the customer's perspective of the details of the redress and how the firm treated that customer. All too often redress is paid and is qualified as a "goodwill" payment or that the payment is not an admission of liability.

If redress is being provided by firms and this is not known; the regulator should at least provide some information as to why redress is being provided and the circumstances that resulted in redress being made. It becomes more important where the same firm is regularly compensating its customers. This not only sends valuable signals about the firm to its customers and competitors but should also raise red flags with the regulator.

Equally important will be the how the redress is calculated. CFA UK has regularly asked the regulator to set out how redress has been achieved. Otherwise, the redress just becomes a cost of doing business and is factored in as such by firms seeking to exploit consumers and run regulatory risks. The costs of inappropriate behaviour should far outweigh the benefits from such activity.

Q6.b

What sort of information would you expect to see?

Our answer in 6a sets this out.

Q6.c

How would you like this information to be made available?

Please our response to 5c

Q6.d

What do you think are the benefits?

Please our response to 6a

Q6.e

What do you think are the drawbacks?

As we stated above there is the risk that other firms could use the information to undertake a cost of business calculation and if it is acceptable continue behaviour that is against their customers' interests.

Q6.f

Do you think this would be helpful?

Overall any initiatives that can help consumers make better decisions and improve the quality of suppliers and their behaviour has to be welcomed.

Q7. Transparency and the annuity market – no comment

Q8. Publication of claims data for insurance products –no comment

Q9. We think that mandating contextualisation of complaints data would improve understanding of the key messages.

The Handbook defines a complaint as

'*any expression of dissatisfaction, whether oral or written, and whether justified or not, from or on behalf of an eligible complainant about the firm's provision of, or failure to provide, a financial service'*.

Here again we have a situation where more needs to be done with regard to the quality of the information and insight that needs to be conveyed. Given that a complaint is any expression of dissatisfaction, the number of complaints received by a firm is an illusion. Large firms are more likely to have a larger number of customers and so the headline number of complaints is misleading. More meaningful would be complaints that have merit or are justified where the firm had to make amends either through its own assessment or via the Ombudsman.

The regulator should also be ready to investigate further when trends or patterns emerge in the justified complaints data. These patterns would reveal which products and/or firms are involved in similar types of justified complaints and so give cause for the regulator to investigate further.

Q9.a

To what extent do you think this would be helpful?

By improving the quality of the complaints data the regulator can reduce some of the sensationalism associated with the headline numbers. The regulator would be better placed to follow up on the complaints data in a more focussed manner. Stakeholders would also have a better understanding and be able to distinguish between genuine complaints and those that are unjustified.

Q9.b

Do you have any suggestions about what matrix we should mandate?

Please see our answers to 9.

Q9.c

Do you have any other suggestions about where firms releasing information about their own behaviour may lead to beneficial outcomes?

Even though it is important to have meaningful complaints data; this should not prevent firms from releasing the actual number of complaints received. However, firms can demonstrate why these complaints were made, how firms resolved them and also what the firms can do in future to address some of the issues that resulted in complaints that were justified.

Q10

Please tell us your ideas about how the FCA could be more transparent

We have integrated these in our previous answers and comments in this response.

Q11

Please tell us your ideas about information the FCA could release about individuals, firms and markets

We have integrated these in our previous answers and comments in this response. The onus should always be on effective disclosures rather than overwhelming the audience with information making it difficult to find the relevant content of the disclosure.

Q12

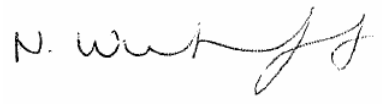
Please tell us your ideas about information you think the FCA could require firms to release

- With more than 50% consumers using internet banking[8] in the UK the FCA could require banks to display interest rates on each account online in a bid to be more transparent. This would help consumers to be more aware about how much interest they were earning on each of their accounts and whether they should consider moving their money elsewhere because, perhaps an introductory bonus rate has come to an end.
- Deposit takers should be required by the FCA to inform consumers when their savings exceed those that will be protected by the deposit protection scheme in the event of a failure of the deposit-taker. This will help consumers to take action to place their unprotected money with other institutions to protect their savings.

[8] http://www.maparesearch.com/news/article/online-banking-penetration-by-country

We trust that these comments are useful and would be pleased to meet with senior officials to explain them or to develop them.

Yours,



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About CFA UK and CFA Institute

CFA UK serves society's best interests through the provision of education and training, the promotion of high professional and ethical standards and by informing policy-makers and the public about the investment profession.

Founded in 1955, CFA UK represents the interests of approximately 10,000 investment professionals. CFA UK is part of the worldwide network of member societies of CFA Institute and is the largest society outside North America.

CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion for ethical behaviour in investment markets and a respected source of knowledge in the global financial community. The end goal: to create an environment where investors' interests come first, markets function at their best, and economies grow. CFA Institute has more than 110,000 members in 139 countries and territories, including 100,000 Chartered Financial Analyst® charterholders, and 136 member societies.

The aim of CFA UK's advocacy initiative is to work with policy-makers, regulators and standard-setters to promote fair and efficient-functioning markets, high standards in financial reporting and ethical standards across the investment profession. The society is committed to providing members with information regarding proposed regulatory and accounting standards changes and bases its responses on feedback direct from members or relevant committees.

Members of CFA UK abide by the CFA Institute Code of Ethics and Standards of Professional Conduct. Since their creation in the 1960s, the Code and Standards have served as a model for measuring the ethics of investment professionals globally, regardless of job function, cultural differences, or local laws and regulations. The Code and Standards are fundamental to the values of CFA Institute and its societies.