

Tel/fax: 020 7676 9346
E-mail: enquiries@fs-cp.org.uk

Steven Lippitt (Ref: CP56)
Project Manager, Post-N2 Fees
The Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS

31 August 2000

Our ref: CP56

Dear Steven,

CP56: The FSA's post-N2 fee-raising arrangements

The Consumer Panel does not wish to make a detailed response to this Consultation Paper. There are, however, a couple of matters that we raised when we were pre-consulted that we would like to record in our public response.

Question 13: Do you agree that we should facilitate the continuation or introduction of cross-subsidies if a sufficient level of support emerges from a subsidising group? If so, to and from which fee-blocks should there be cross-subsidies?

The Consumer Panel supports the continuation of cross-subsidies from product providers to IFAs, and the introduction of cross-subsidies from banks and building societies to credit unions. Such cross-subsidies will ensure that consumers have choice of distribution channel in the case of the IFA cross-subsidy and in the case of credit unions they will increase access to financial services amongst the financially excluded.

Question 31: do you have a preference for one of the methods for recovering the cost of the application process set out in paragraph 6.2? If so which and why?

The Consumer Panel supports the option involving partial recovery of costs from applicants, with the balance paid by existing firms. This will reduce barriers to entry and increase consumer choice.

Yours sincerely,

A handwritten signature in black ink that reads "Barbara Saunders". The signature is written in a cursive style with a small flourish at the end.

Barbara Saunders

Chairman

Financial Services Consumer Panel