

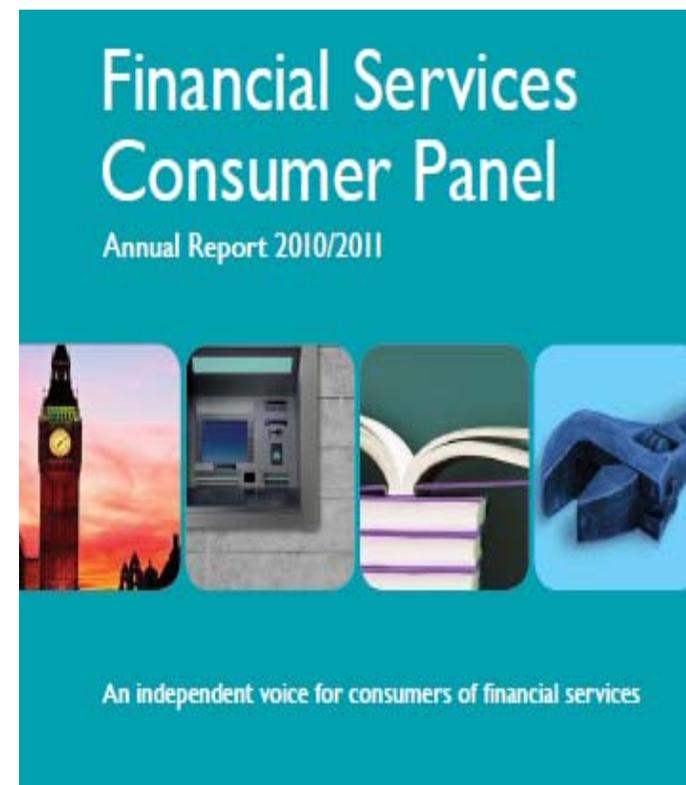
RDR and the Customer The Panel's views

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***Vice Chair, Financial Services Consumer Panel
Insurance Society of Edinburgh, 31 May 2012***

The Consumer Panel

- Represents the interests of consumers;
- With effect from March 2012 has 16 members;
- Selected from an open process of recruitment;
- Range of backgrounds – consumer advocates, lawyers, economists, civil servants, journalists, management consultants, communications, research and marketing experts, and people who work with social exclusion;
- Meets monthly as a full Panel to discuss overall strategic issues;
- Meets monthly in three working groups (one solely on EU) to discuss detailed responses to FSA and other consultations; and
- Ad-hoc sub-groups



Panel priorities

The Panel will focus on the following during 2012/13:

- The shape of future regulation;
- Effective consumer representation at EU Level;
- Consumer credit regulation;
- Poor practices in general insurance;
- Decumulation; and
- The future effectiveness of the FCA as a conduct regulator.

Key consumer priorities from RDR – what's important?

- The elimination of bias in the market;
- Ensuring the adviser is the true agent of the consumer;
- Clarity over the costs of advice;
- Appropriate qualifications for financial advisers – could they be higher?
- Enabling the consumer to take a view about the value of advice and whether it is worth paying for.
- Encouraging shopping around.

Panel views of RDR

One of the most significant developments in financial services regulation since the FSA was set up over ten years ago.

The Panel has strongly supported its objectives and continues to engage with the FSA as well as the industry on outstanding issues such as:

- simplified advice,
- professional standards,
- straightforward products
- regulation of platforms

The advice gap

- Although RDR will eliminate bias and raise professional standards in the industry it may not solve the ever widening advice gap.
- The Panel wants the industry to look more innovatively at developing appropriate solutions.
- Linking advice to reliable products that consumers can trust.
- ‘Simple outcome products’
- Role for extended generic advice providers?



Financial services providers need to learn from the experience of the retail sector in better identifying their customer needs and providing cost-effective solutions. We would like to see providers and regulators in financial services continuing to work innovatively together to fill the advice gap.