





Financial Services Consumer Panel

Consumer and small business report

OCTOBER 2018

Approach

Objectives

-  Understand the need for 'Duty of Care' in financial services, based on the views and experiences of retail and small business consumers
-  Investigate support for a duty of care to inform the FSC panel's response to the FCA's 'Duty of Care' discussion paper, and its wider campaigning on 'Duty of Care'

Consumer Omnibus



Methodology

Online survey
in the UK



Fieldwork dates

21st-23rd Sep
2018

Sample

2,079 UK adults aged 18+



Small businesses Omnibus



Methodology

Online survey
in the UK



Fieldwork dates

24th-30th Sep
2018

Sample

503 Directors+ of micro and small
businesses, including 185 micro
businesses



Summary



How can the FSC use the experiences of consumers and businesses with financial services in its response to the FCA 'Duty of Care' discussion paper?

Almost all consumers and small businesses feel it is important to have a 'Duty of Care' in the financial services industry. Furthermore, both groups agree banks act in their own interest rather than their customers' and financial services companies should be doing more to reward loyal consumers and provide guidance to small businesses, whilst the majority do not trust banks to keep their data secure.

Evidence

The majority feel it is important to have a 'Duty of Care'

- An enhanced 'Duty of Care' is likely to be well received among both consumers and small businesses
- Nine in ten (92%) consumers believe it is important to have a duty of care in financial services
- This view is even more prevalent among sole traders (99%) and small/micro businesses (97%)

Over half agree banks act in their own interest rather than its customers

- Three in ten consumers (29%) feel banks act in the customers best interest, whilst six in ten (59%) believe banks act in their own interest
- There is a similar outlook amongst sole traders (24%) and micro/small businesses (31%) who agree banks acts in their business' best interest
- Over half of sole traders (56%) and micro/small businesses (58%) think the bank acts for itself

'Duty of Care' should focus on:

- Giving the best deals and products to loyal customers
- Being more transparent with data protection
- Not increasing loans/credit without warning
- Giving access to knowledgeable and empowered staff

The importance of a 'duty of care'



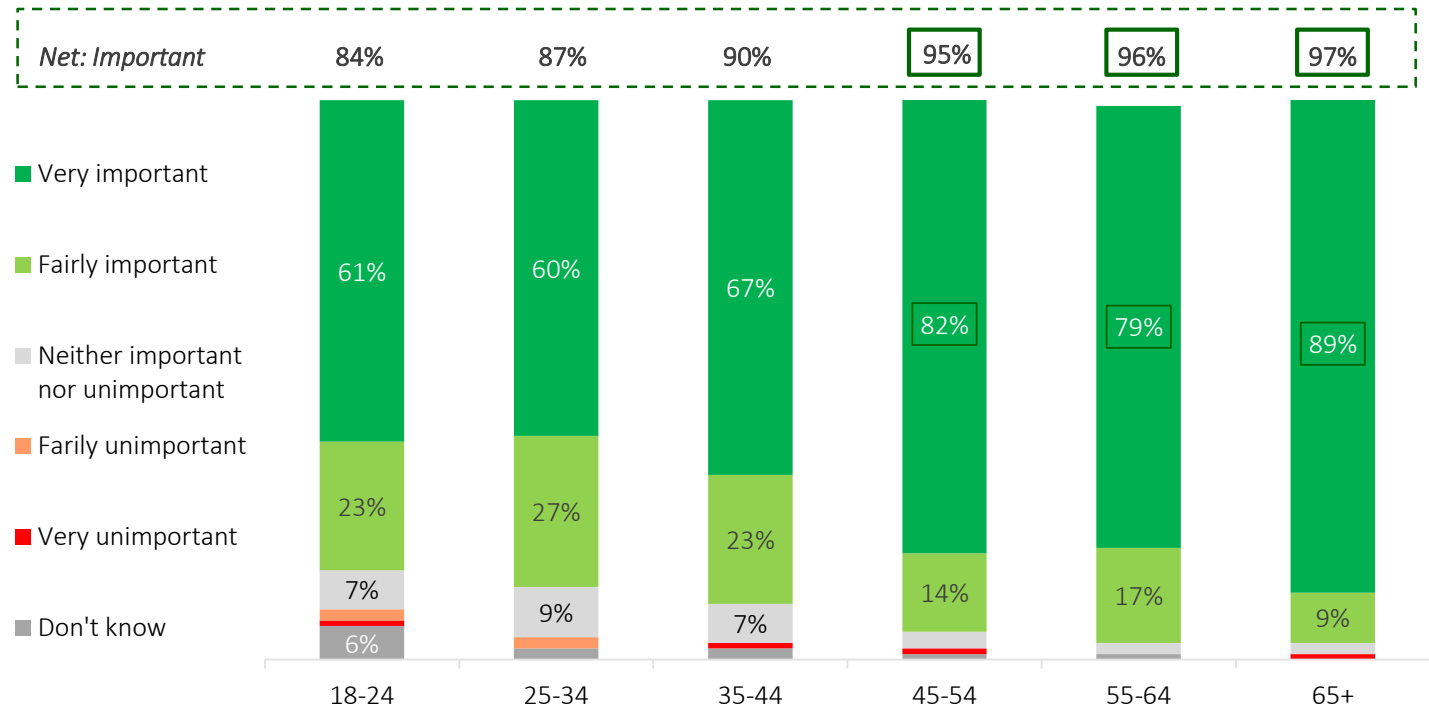
The majority of consumers believe it is important to have a 'Duty of Care' in financial services and particularly those aged 45+

Importance of a 'duty of care' in financial services among consumers



92%

Of consumers feel it is important to have a 'duty of care' in financial services



Almost all small businesses feel it is important to have a 'Duty of Care' in financial services

Importance of a 'duty of care' in financial services among businesses

Net: Important

99%



97%



Consumers experiences with financial providers

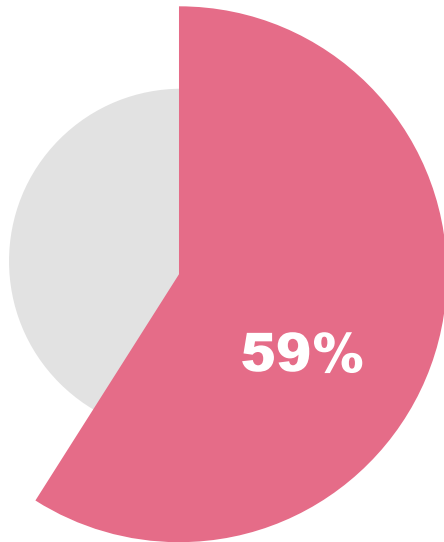


Despite agreeing that a duty of care is important for banks, over half of consumers feel banks always act in their own interest when dealing with their money and only a minority feel the bank always act in their interests



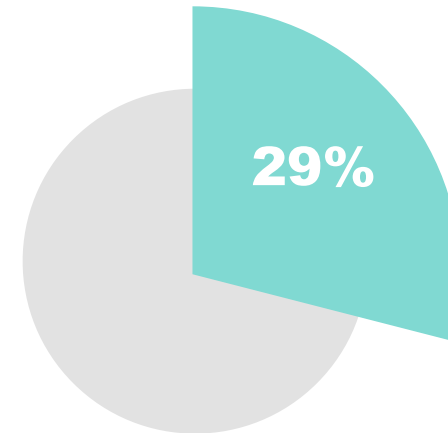
Banks always acts in their best interest

Strongly/slightly agree

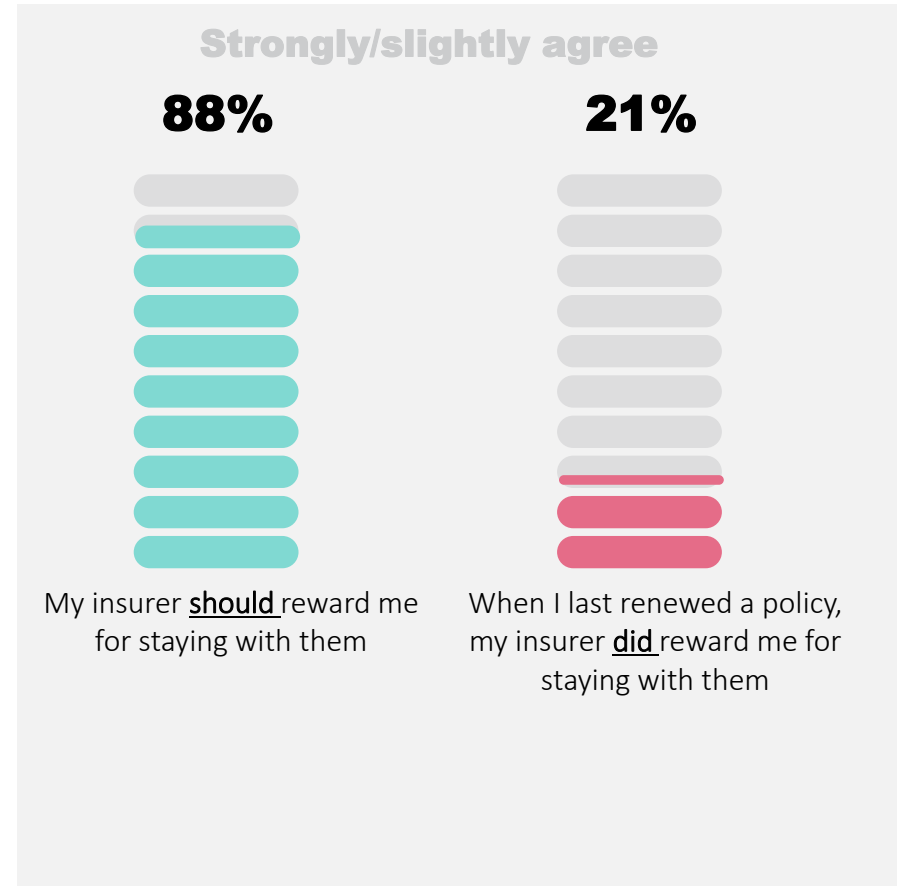
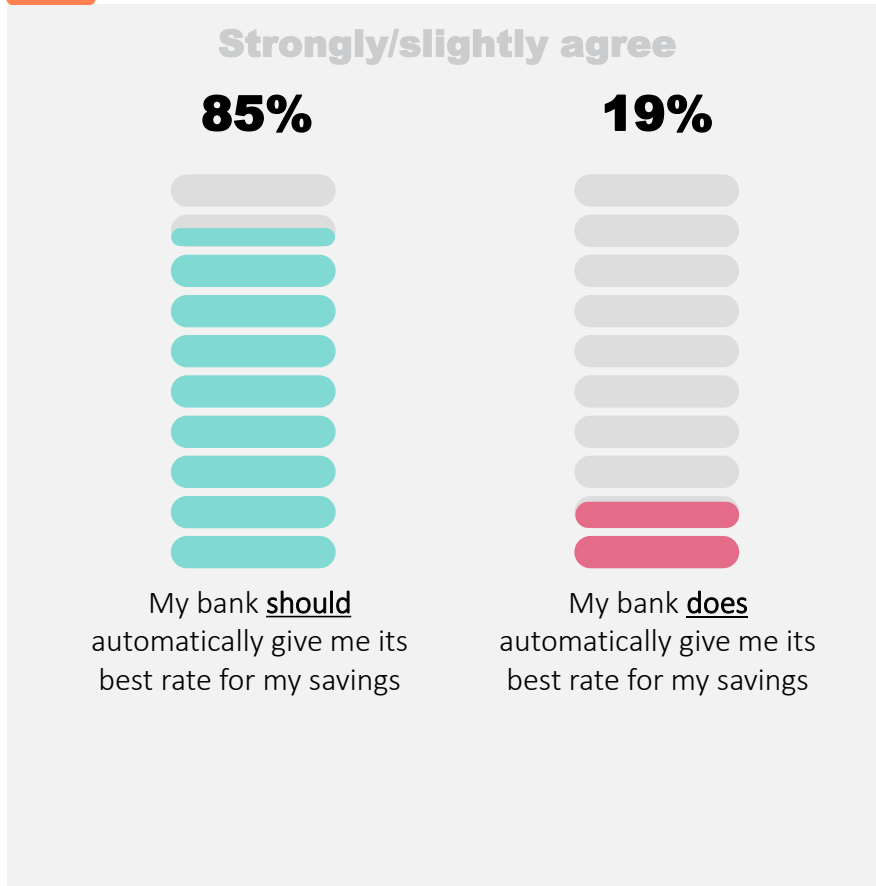


Banks always acts in my best interest

Strongly/slightly agree

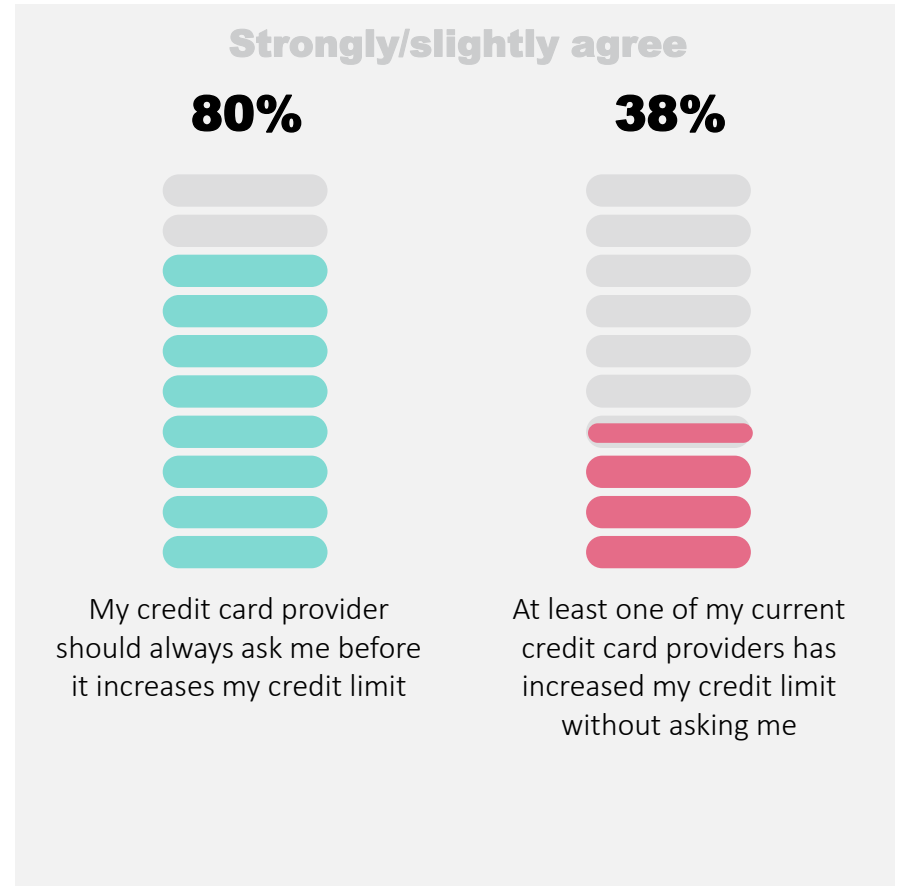


Offering the best rates could be a way to ensure financial services organisations are fulfilling their duty of care, as most consumers agree the best deals should be offered but are not confident they are



Populus Q1. To what extent do you agree or disagree with the following statements? Base: All who did not select don't know or not applicable for my bank should automatically give me its best rate for my savings (1,990), my bank does automatically give me its best rate for my savings (1,497), my insurer should reward me for staying with them by offering me a better price or better value than new customers when I renew my policy (1,889) and/or when I last renewed a policy, my insurer did reward me for staying with them by offering me a better price or better value than new customers (1,597)

On the provision of loans and credit, most consumers agree that lenders should not lend more than the consumer can repay and should ask before increasing a credit card limit



Business experiences with financial providers



Similar to consumers, over half of sole traders and small/micro businesses agree banks act in their own interest, so an enhanced duty of care would also benefit these customers

Banks always acts in my best interest

Strongly/slightly agree

24%



Sole traders

31%



Small/micro
businesses

Banks always acts in their best interest

Strongly/slightly agree

56%



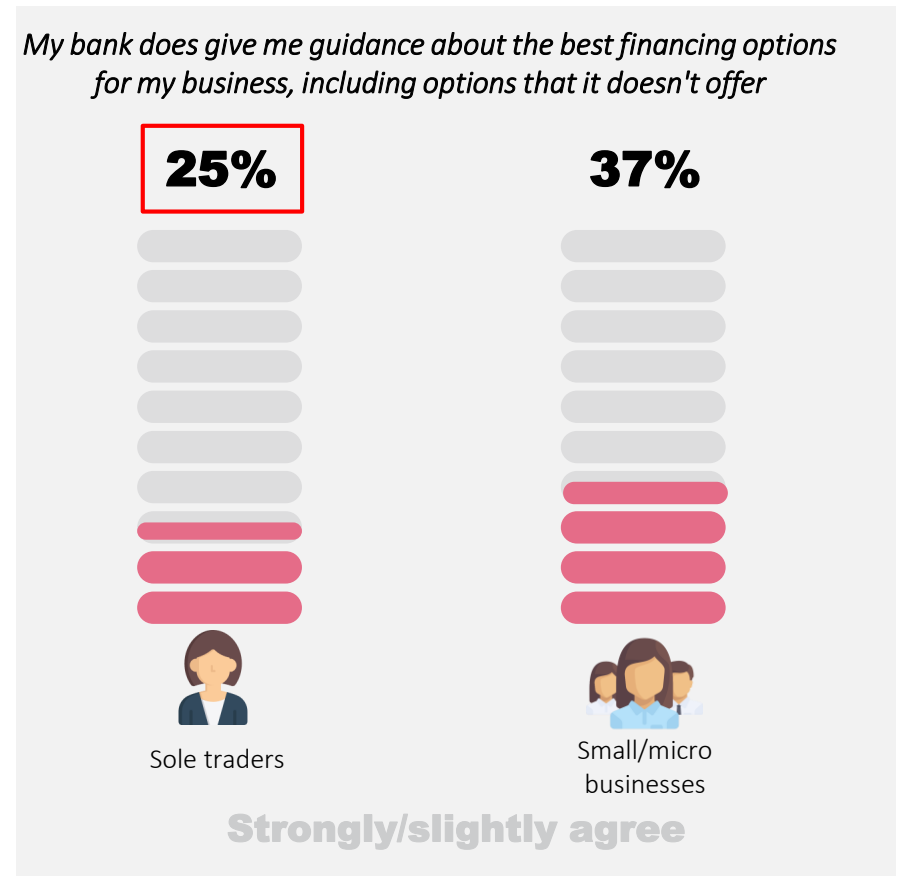
Sole traders

58%



Small/micro
businesses

Most small businesses agree banks should provide guidance on the best financing options, but only a minority get it and sole traders are the ones most missing out

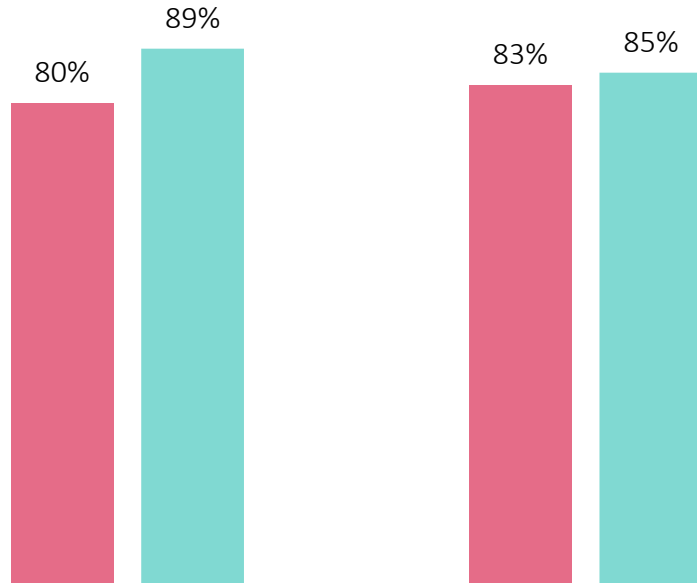


Significantly lower at 95%

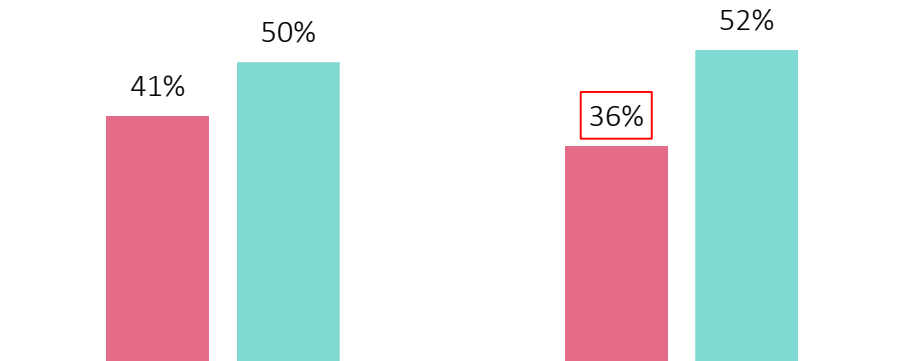
Small businesses would welcome better access to employees who understand the needs of small businesses and are empowered to provide assistance

My bank should give me easy access to staff...

Net: strongly/
slightly agree



My bank does give me easy access to staff...

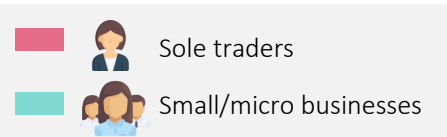


...who understand the needs of small businesses like mine

...who are empowered to make decisions e.g. to authorise a business loan

...who understand the needs of small businesses like mine

...who are empowered to make decisions e.g. to authorise a business loan



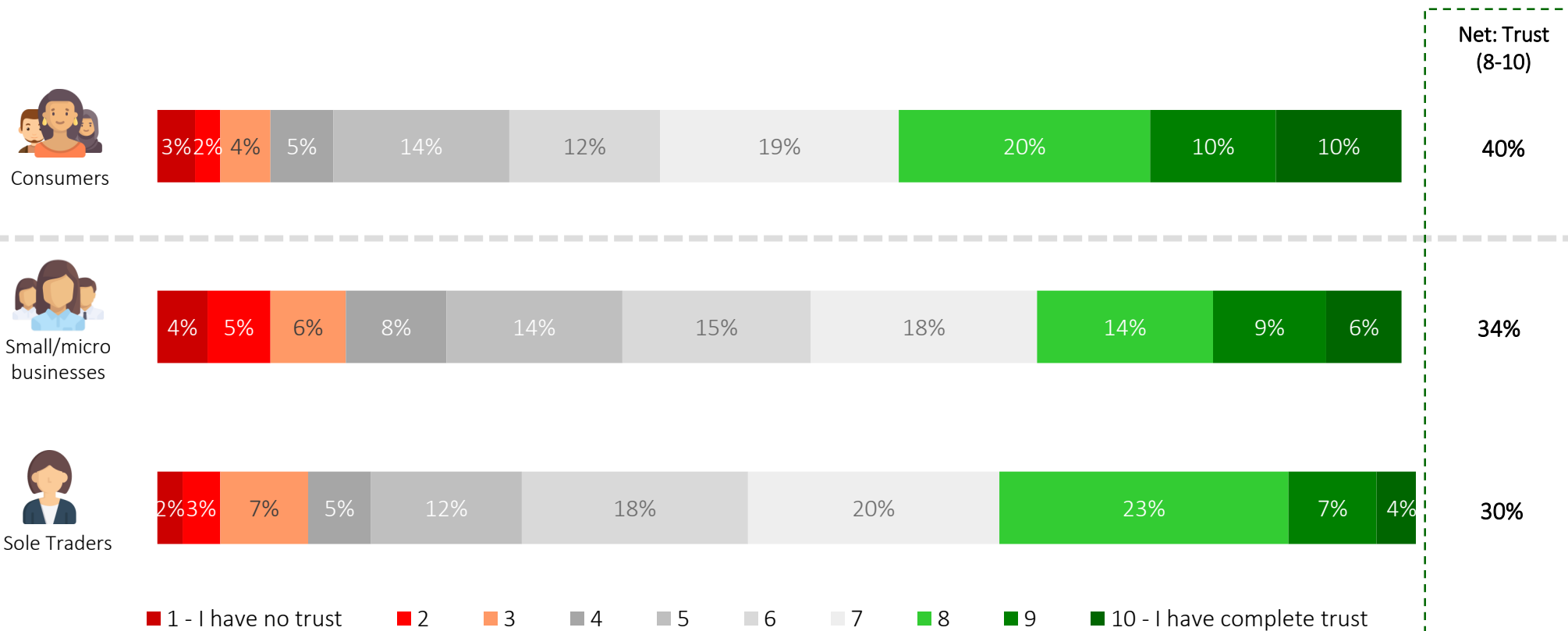
Significantly lower at 95%

Q1. To what extent do you agree or disagree with the following statements? Base: All who did not select don't know or not applicable for *my bank should give me easy access to staff who understand the needs of small businesses like mine* (sole traders, 250; micro/small businesses, 235), *my bank does give me easy access to staff who understand the needs of small businesses like mine* (sole traders, 205; micro/small businesses, 224), *My bank should give me easy access to staff who are empowered to make decisions e.g. to authorise a business loan* (sole traders, 240; micro/small businesses, 224), *my bank does give me easy access to staff who are empowered to make decisions e.g. authorise a business loan* (sole traders, 176; micro/small businesses, 203)

Level of trust in data security



Confidence in data security is low, with less than half having trust in their banks in this area – sole traders particularly lack confidence



Appendix

Sample profile



Business profile

Type of business

Sole Traders



53%

Small/micro businesses



47%

Level of seniority

Owner

Managing Director/Partner

Board level Director/Partner

Director - not board level

85%

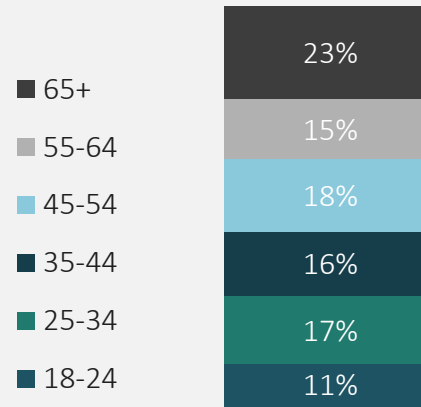
8%

6%

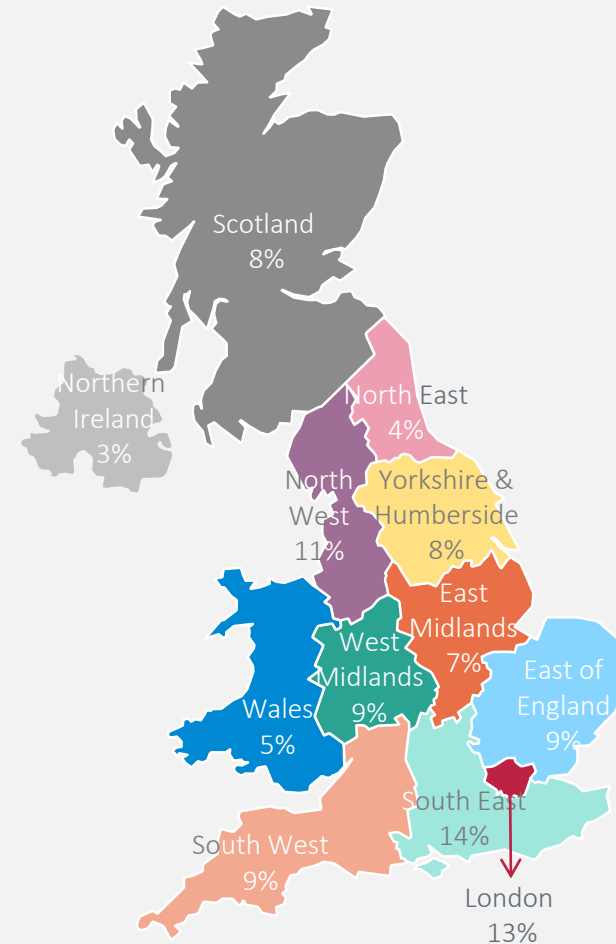
2%

Consumer profile

Age



Region



Gender



49%



51%

Social Grade

ABC1

55%

C2DE

45%

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