



# Financial Services Consumer Panel

Consumer and small business report

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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

### Sample

2,079 UK adults aged 18+



### Fieldwork dates

21<sup>st</sup>-23<sup>rd</sup> Sep  
2018



## Small businesses Omnibus



### Methodology

Online survey  
in the UK

### Sample

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



### Fieldwork dates

24<sup>th</sup>-30<sup>th</sup> Sep  
2018



# Summary

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## 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'

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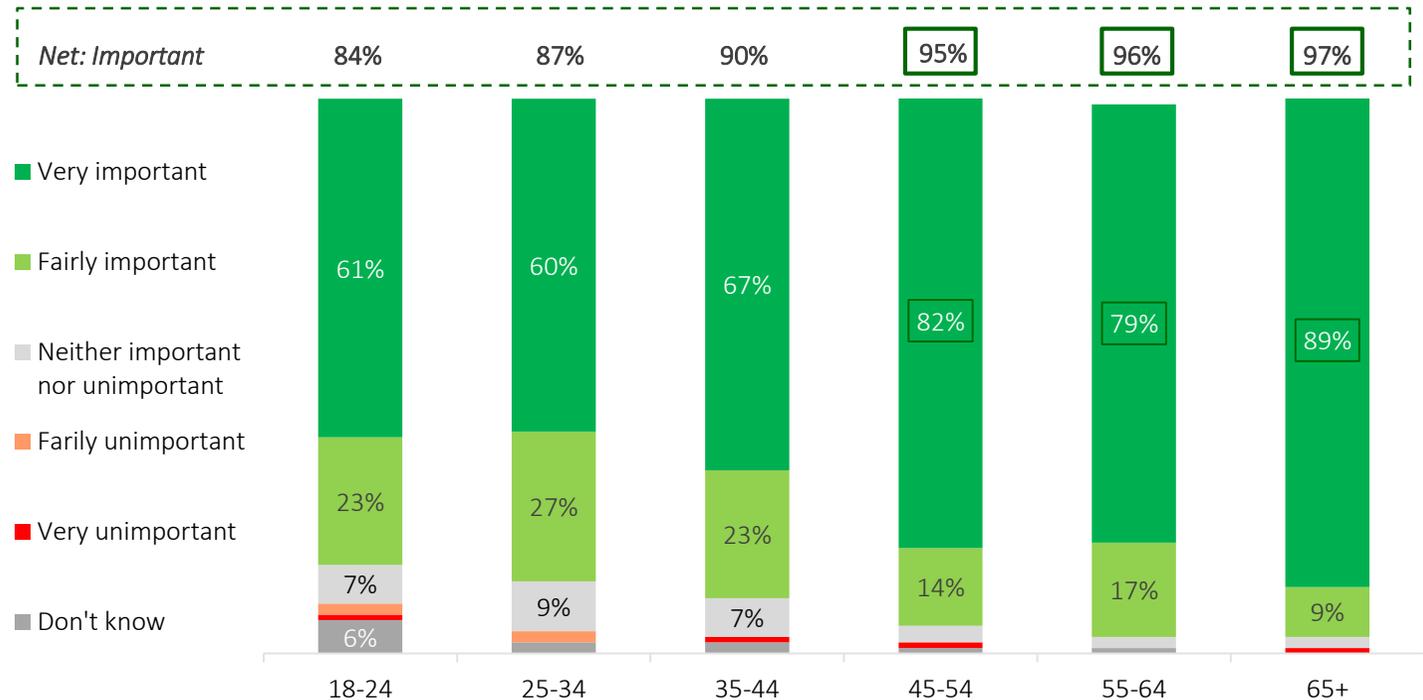
# The majority of consumers believe it is important to have a 'Duty of Care' in financial services and particularly those aged 45+

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

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

Net: Important

**99%**



**97%**



# Consumers experiences with financial providers

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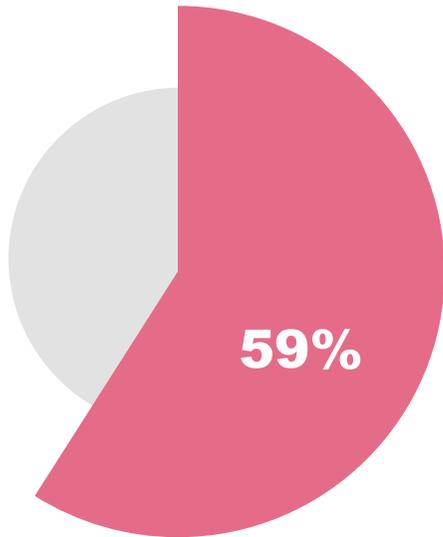


Despite agreeing that a duty of care is important for banks, over half of consumers feel banks always act in their own interest when dealing with their money and only a minority feel the bank always act in their interests



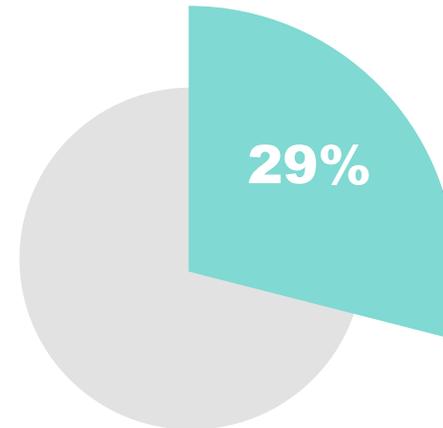
**Banks always acts in their best interest**

Strongly/slightly agree

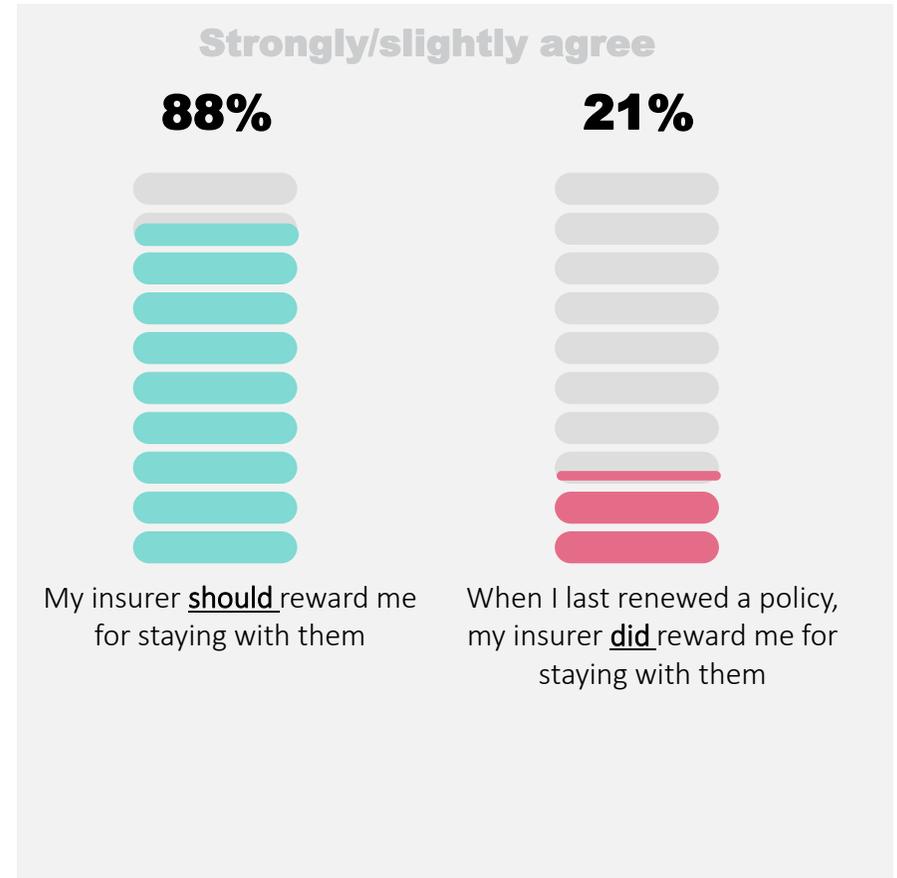
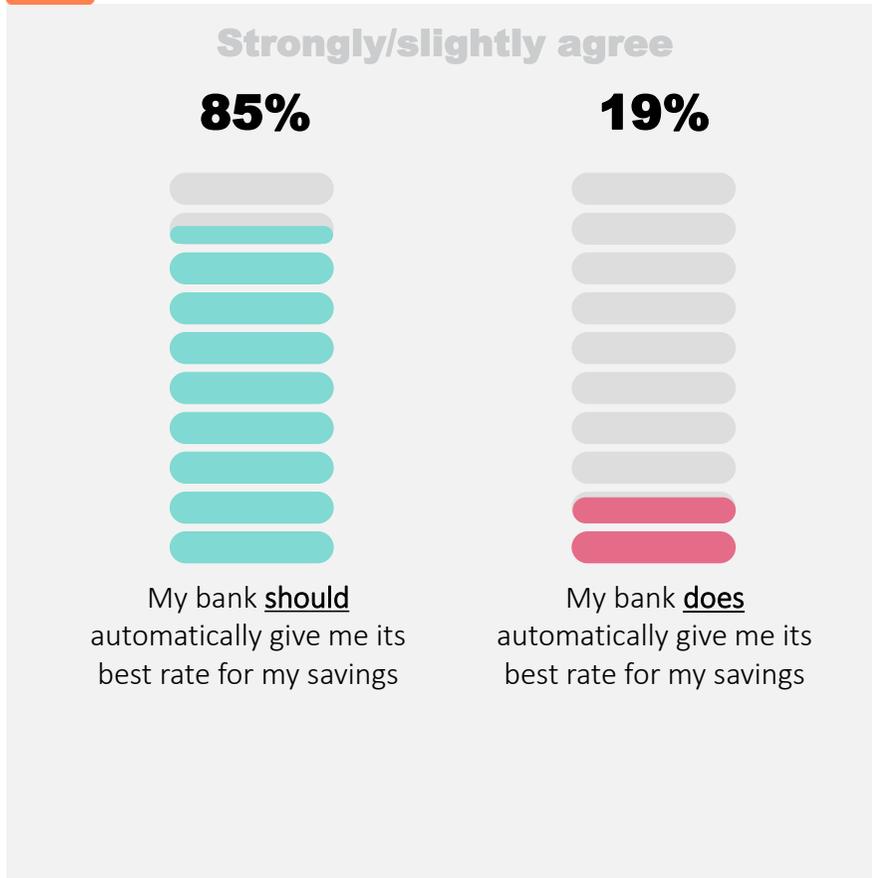


**Banks always acts in my best interest**

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



Strongly/slightly agree

**81%**



The lenders I borrow from should not lend me more money than they know I can afford to repay

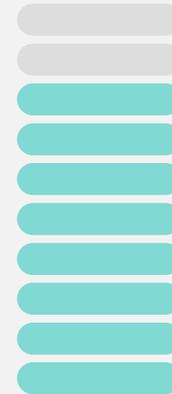
**18%**



At least one of the lenders I currently borrow from has lent me more money than I could reasonably afford to repay

Strongly/slightly agree

**80%**



My credit card provider should always ask me before it increases my credit limit

**38%**



At least one of my current credit card providers has increased my credit limit without asking me

# Business experiences with financial providers

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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%



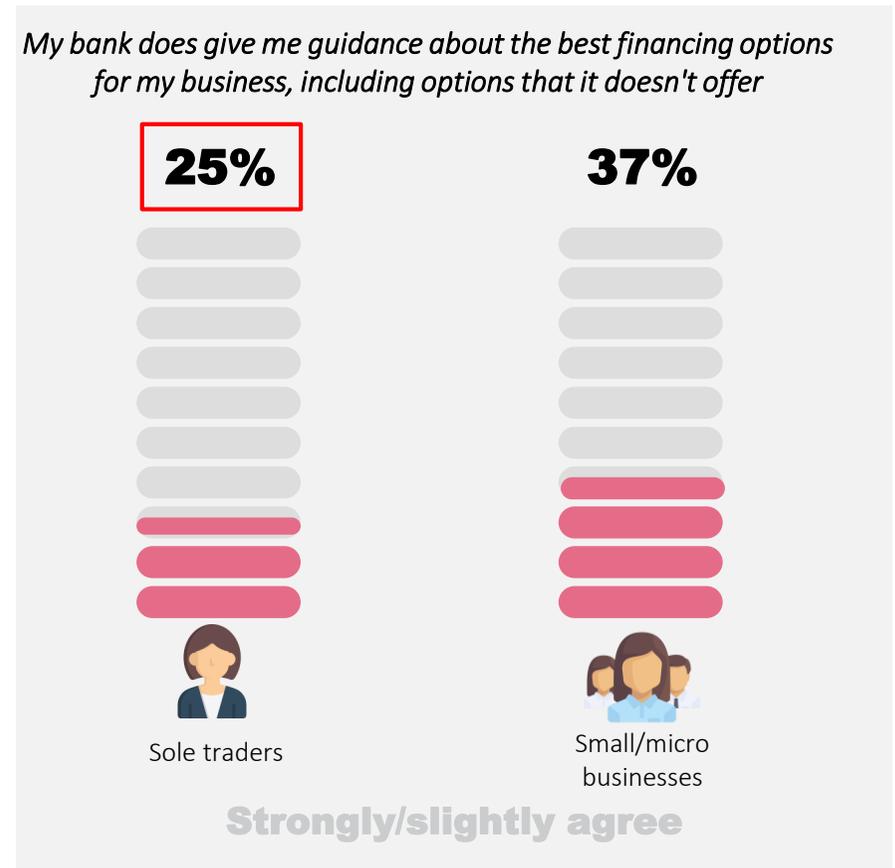
Sole traders

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%

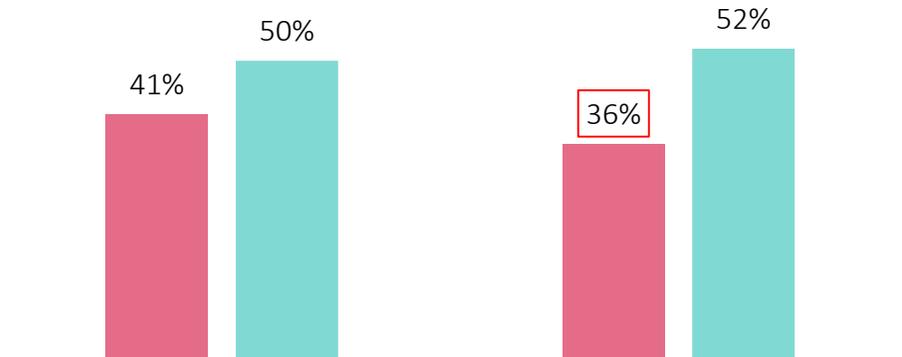
# Small businesses would welcome better access to employees who understand the needs of small businesses and are empowered to provide assistance

## 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



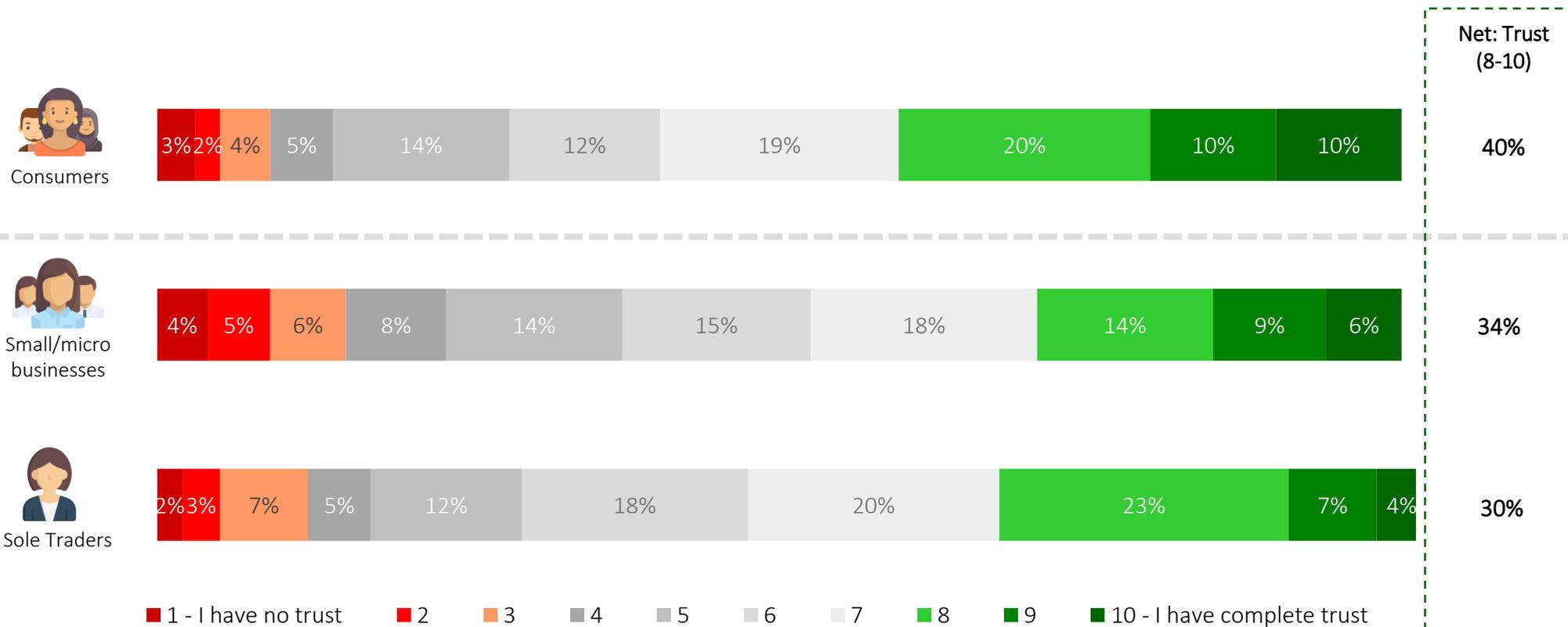
Significantly lower at 95%

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

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# 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%

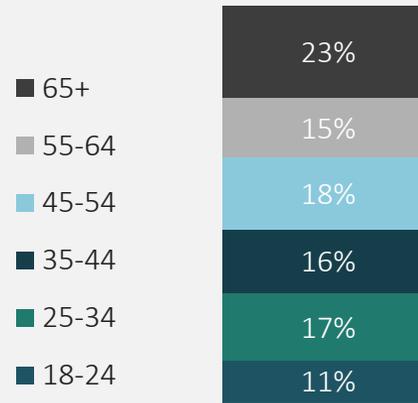
8%

6%

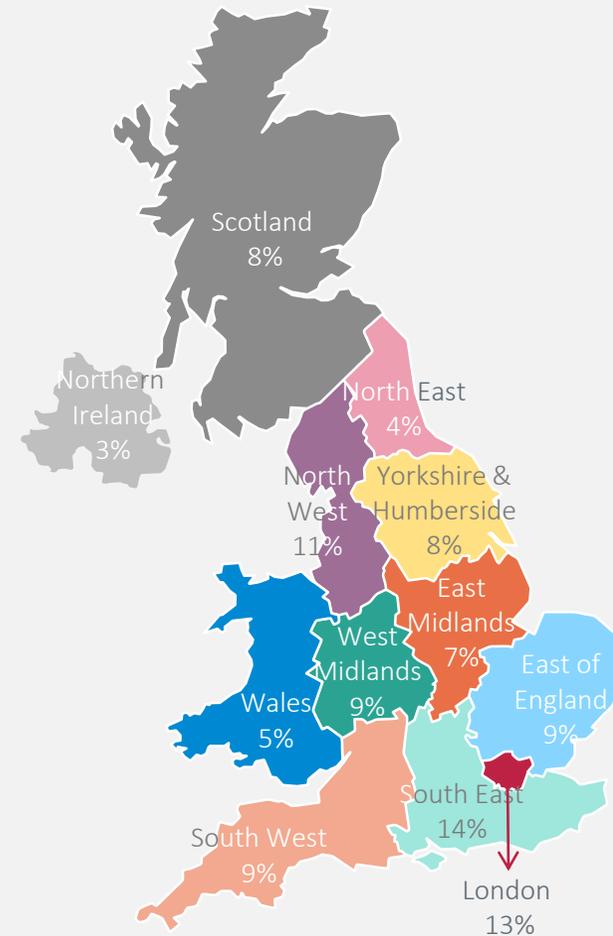
2%

## Consumer profile

### Age



### Region



### Gender



49%



51%

### Social Grade

ABC1

55%

C2DE

45%

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**Populus**