

All-seeing FSA

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At the end of May, Stephen Bland, the director of small firms, speaking at the Financial Adviser Expo, warned that small firms are not under the FSA's radar and that the FSA can come down hard on small firms that do not treat their customers fairly and who do not endeavour to do the right thing.

Bland by name but certainly not by content, this speaker had plenty to galvanise the nearly 18,000 small retail firms for which the FSA is responsible. The FSA is clearly wanting the intermediary sector to get the message loud and clear. The perception in the industry (as identified by the FSA) that small retail firms are below the regulatory radar is incorrect.

Mr Bland suggests that we should all be concerned about this perception becoming enshrined in folklore. Mr Bland also remarked that concerns are further compounded by commentary in some parts of the market, claiming that it is now more onerous to be monitored by a network than it is to be directly supervised by the FSA and that this is driving a significant number of appointed representatives to move away from networks to direct authorisation.

Not wishing to take Mr Bland's comments out of context to the extent that Chinese whispers meet The Lord of the Rings, the FSA needs to take care not to lose sight of the contribution that the intermediary sector plays in delivering much-needed financial services products to consumers. A significant proportion of the intermediary sector is doing its best to adopt the changes being pressed ahead by the FSA. Talking about sector-wide perceptions, verging on folklore, that counter the FSA's 'risk-based philosophy of regulation' only detracts from the key messages.

That being said, Mr Bland provided us with a useful insight into what data the FSA is collating from the sector and why it is not necessary for the FSA to be sitting in firms' offices to have a reasonable understanding and grip on what you are doing.

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