

Raising Standards Together

Data-led Supervision in
Action

**Patrick Cassidy
&
Colin Sneddon**

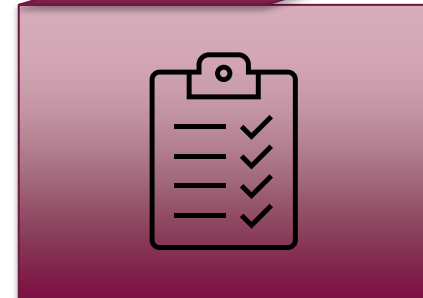
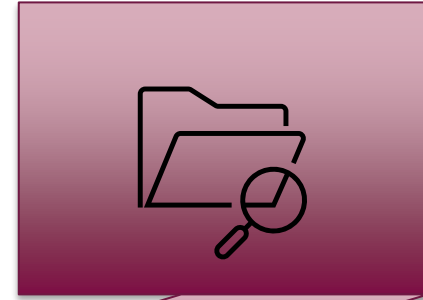


Learning outcomes

- Understand how we supervise – and how we use the data that you provide us
- Understand why we asked for the data in the Adviser Survey and some key regional insights from it
- Identify potential risk indicators to clients and businesses from the data points we collect

How we supervise: our dashboard

- Pull data sources into one place.
Advisers survey, reg returns, complaints data etc
- Draw on external data e.g.
Companies House, Trust Pilot
- Factual information about the firm and
key risk indicators of potential harm



How do we use data to regulate?



Assess scale and severity of potential harm



Data contextualises the information we receive

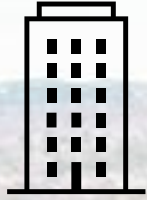


We may no longer raise matters we previously would have contacted you about



AI and technology

The Financial Advice Landscape: Yorkshire and the Humber



314

Financial Advice Firms
85% are small firms



1,969

Financial Advisers
17% are Female



141K*

Retail Clients
72* Clients per adviser (Average)



£34B*

Assets Under Advice
7%* is new money
invested

10%*

Vulnerable Clients
64%* have had service adjustments

Large firms have been excluded from the figures with a * as they are likely to be firms with a national reach

RMAR and Retirement Income Data Points



£8.1bn advice revenue

Up 47% since 2020

Clients up 9%



~£90bn in pension pots

First accessed this year
vs £40bn in 2018/19



77% of pot value

Taken through drawdown
vs 70% in 2018/19



~6,000 DB to DC transfers

vs almost 57,000 in 2018/19

A growing advice sector and a changing pensions landscape

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Case Study

Case Study Instructions

We will give you 5 mins to study information on each of the three firms – and ask you to consider:

If you think the firm in question looks well-run and can't identify any potential harm to clients or to risks to the business

If you're not sure and there could be a potential risk of harm to its clients

If you think the data almost certainly means clients are suffering harm or that harm is imminent

SCENARIO 1: Blade & Owl Advice Ltd

Our supervisory work with wealth managers has become more dominated by proactive and data-led approaches to identifying outliers, where we should be focusing our attention.

This will become more of a feature of how we supervise advice firms. So, in this exercise, we're applying this to the financial advice sector, and we're trying to proactively identify outliers based on some key risk indicators.

The following firm is the next one for assessment by our case team.

Have a look at the firm and the various data points provided. Put yourselves in our shoes and discuss at your tables whether you see any risks and why!

SCENARIO 1: Blade & Owl Advice Ltd

- Relatively high ratio of **clients to advisers**
- **Charges** – might seem higher than average but fair value is not a race to the bottom
- **Complaints data** – low/no complaints not necessarily a guarantee that the firm is delivering good outcomes
- Relatively large **increase in regulated revenue** – good firms grow but sometimes we need to understand the drivers

SCENARIO 2: White Rose Advice Ltd

This firm has a clean recent regulatory history, but we have received a set of allegations which are as follows:

- vulnerable clients not being identified and supported*
- firm is loss-making and under-capitalised*
- there is no complaints register, complaints not being taken seriously/dealt with in a perfunctory manner*
- advisers are being put under pressure, not able to take breaks, struggling under strain of reviews*

SCENARIO 2: White Rose Advice Ltd

- Where there is something out of sync, **we can look at it against the data we hold**
- This case would **likely not require further asks** of the firm
- High quality data can benefit **not just the regulator, but also firms**

SCENARIO 3: Stainless Financial Planning Ltd

- *Again, we're back on the proactive lookout for outliers where the data might suggest there might be a real risk of harm to clients*
- *We've selected a few different data points – see what you think based on the data which the firm has reported*

SCENARIO 3: Stainless Financial Planning Ltd

- **Compliance activity** low
- Source of **revenue**?
- Identifying and supporting clients with characteristics of **vulnerability** – seems inadequate
- **Capital and liquidity** concerns
- Potential future **liabilities**?

Reducing the frequency of data

REP 009

(Consumer Buy-To-Let Mortgage
Aggregated Data)
quarterly to annually

FIN073

(Financial Resilience)
quarterly to annually

Retail Mediation Activities return sections;

- **E (Professional Indemnity Insurance)**
- **G (Training and Competence)**
- **M (Pension Transfer Specialist Advice)**

Moved from quarterly to annually

Key Takeaways



Being data-led helps us be proportionate - and leave well-run small firms alone

Proactive supervision is about preventing problems earlier and constructive engagement

Being data-led strengthens our ability to prioritise and act decisively where standards fall short