



John Glen MP  
Economic Secretary to the Treasury  
1 Horse Guards Rd  
Westminster  
London  
SW1A 2HQ

14 February 2022

Cc: Treasury Select Committee Members and Guy Opperman MP, Minister for Pensions and Financial Inclusion

### **Financial Services Future Regulatory Framework Review consultation**

Dear Minister,

We are writing to you as the Treasury Minister responsible for Financial Inclusion, regarding the Financial Services Future Regulatory Framework Review.

Everybody should have access to financial products and services that meet their needs over the course of their lifetime. For this to happen effectively the market needs to be able to accommodate the specific needs of people on low incomes and with certain characteristics, such as those with a physical disability or experiencing poor mental health – regularly referred to as consumer vulnerabilities. However, a market has evolved where those who often have the least resource and are most vulnerable:

- struggle to afford, or have to pay extra for, appropriate products and services because they are deemed to be a higher risk/not as desirable to serve;
- are not able to access products and services that meet their needs because they are 'nonstandard';
- are excluded altogether.

Markets that are competition-driven will lead to services and products that are competition-driven. In this context, businesses with different groups of consumers are often seen as positive. However, this often results in groups of consumers falling through the cracks and missing out altogether. This should not be the case for essential services. If markets are not structured to serve everybody, with overarching policies and guidance to achieve this, it will follow that services and products will not be designed to serve everybody. Many of the

reasons for people not being included in financial services is that it requires a mixture of regulatory and social policy intervention.

The Financial Conduct Authority (FCA) has a range of powers and tools that it uses to regulate the market. These include its statutory objectives as well as the Treating Customers Fairly outcomes and its Public Sector Equality Duty. Despite all of this, and even taking into consideration the proposed Consumer Duty, there is still no clear duty or cross-cutting ‘*must have regard*’ provision to help tackle financial inclusion. Without this there is no clear statutory requirement for the FCA to address, or even consider, financial inclusion issues across its work.

As a consequence the FCA does not routinely have regard to issues of financial inclusion across all of its work, with many of the most pressing issues falling in between the remits of government and regulator, which makes addressing financial inclusion problems more difficult.

**As part of the Financial Services Future Regulatory Framework Review we urge you to ensure the FCA has a cross-cutting “must have regard” to financial inclusion. This should include a statutory duty to report to Parliament annually on:**

- **the state of financial inclusion in the UK;**
- **measures that the FCA has taken, and is planning to take, in order to advance financial inclusion;**
- **recommended additional measures which could be taken by government and other public bodies to promote financial inclusion.**

This will place a clear remit on the regulator to ensure it routinely and properly explores financial inclusion issues across its work, allowing greater clarity on unintended consequences, the best interventions needed to ensure financial inclusion, as well as who is best placed to act. This will sometimes be the FCA, the government, or a mixture of institutions working together.

Yours sincerely,

Chris Pond, Chair, **Financial Inclusion Commission**

Martin Coppack, Director, **Fair By Design**

Martin Lewis, Founder and Executive Chairman, **Money Saving Expert**

Sir Nigel Wilson, Group Chief Executive, **Legal and General**

Andy Briggs, Group Chief Executive, **Phoenix Group**

Yvonne Fovargue MP, **House of Commons**

Baroness Kramer, **House of Lords**

Lord Holmes of Richmond, **House of Lords**

Lord Sharkey, **House of Lords**

Liz Barclay, **UK Small Business Commissioner**

Kelly Devine, President, **Mastercard UK and Ireland**

Diane Burridge, Chief Executive Officer, **Moneyline**

Phil Andrew, Chief Executive, **Step Change**

Mark Hodgkinson, Chief Executive, **Scope**

Thomas Lawson, Chief Executive, **Turn2us**

Caroline Abrahams, Charity Director, **Age UK**

Joanna Elson CBE, Chief Executive, **Money Advice Trust**

Helen Undy, Chief Executive, **Money and Mental Health Policy Institute**

Theodora Hadjimichael, Chief Executive Officer, **Responsible Finance**

Damon Gibbons, Executive Director, **Centre for Responsible Credit**

Paula Stringer, UK Chief Executive, **Christians Against Poverty**

Michelle Highman, Chief Executive, **The Money Charity**

Noyona Chundur, Chief Executive, **The Consumer Council**

Wanda Goldwag, Chair, **Financial Services Consumer Panel**

Martin Shaw, Chief Executive Officer, **Association of Finance Mutuals**

Simon Thompson, Chief Executive Officer, **Chartered Banker Institute**

Matthew Connell, Director of Policy and Public Affairs, **Chartered Insurance Institute**

John Howells, Chief Executive Officer, **LINK**

Matt Bland, Chief Executive, **The Co-Op Credit Union**

Dominy Hope, Chief Financial Officer, **Incuto**

Richard Bartlett, Chief Executive Officer, **Auden**

Manny Hothi, Chief Executive, **Trust for London**

Dr Nicola Sharp-Jeffs, Founder and Chief Executive Officer, **Surviving Economic Abuse**

Mubin Huq, Chief Executive Officer, **Financial Fairness Trust**

Alan Knowles, Managing Director, **Cura Financial Services**

Rob Heaton, Managing Director, **Taconic Renewables**

Muhitir Rhamanm, Supervisory Committee Member, **Kent Savers Credit Union**

Nick Beal, Chief Restructuring Officer, **Amigo**

Andrew Wilkinson, Director, **Moneysworth**

Peter Cornforth, Commercial Director, **Answer Pay**

Andy Agathangelou, Founder, **Transparency Task Force**

Shan Millie, Founder, **Bright Blue Hare**

Tracey Preece, Director of Finance, **Joseph Rowntree Foundation**

Sian Williams, Director of Policy and Innovation, **Toynbee Hall**

Emma Stone, Director of Evidence and Engagement, **Good Things Foundation**

Alfie Stirling, Director of Research and Chief Economist, **New Economics Foundation**

Peter Udale, Director, **Responsible Finance**

Mick McAteer, Co-Director, **Financial Inclusion Centre**

David Sinclair, Director, **International Longevity Centre UK**

Christopher Graves, Director, **The Tudor Trust**

Sharon Darcy, Director, **Sustainability First**

Danielle Walker, Foundation Director, **Friends Provident Foundation**

David Fagelman, Director, **Enryo**

Charlie Rapson, Regional Director, **School of Social Entrepreneurs**

Dr Martin Caraher, Professor Emeritus of Food and Health Policy, City, **University of London**

Christine Riefa, Professor of Law, **University of Reading**

Sharon Collard, Professor of Personal Finance and Research, **University of Bristol**

Bernardo Batiz-Lazo, Professor of Fintech History and Global Trade, **Newcastle Business School**

Karen Elliot, Associate Professor in Fintech, **Newcastle University Business School**

Sara Davies, Senior Research Fellow, **University of Bristol**

Jonquil Lowe, Senior Lecturer in Economics and Public Finance, **Open University**

Dr Louise Overton, Lecturer in Social Policy, **University of Birmingham**

Marloes Nicholls, Head of Policy and Advocacy, **Finance Innovation Lab**

Johnny Timpson OBE, Principal, **Johnny Timpson Consulting**

Jane Vass OBE, **Independent Consumer Consultant**

Steven McInstosh, Executive Director of Advocacy and Communications, **Macmillan Cancer Support**

Sara Caputo, Business Manager, **British Red Cross**

Rachel Haworth, Policy Manager, **Share Action**

Kashaf Ali, CEO, **Street UK CIC**

Richard Seddon, Director, **Advanteq**

**Mortgage Prisoners Group**

Gavin Stewart

Dame Mary Marsh