

CANVAS

REGULATION EDITION 2023/24

BY Saxton Bampfylde

**PUTTING THE
CONSUMER
AT THE HEART
OF FINANCIAL
SERVICES**



CANVAS

REGULATION EDITION BY SAXTON BAMPFYLDE

Welcome to the 2023/24 Regulation edition of CANVAS, the insights update from Saxton Bampfylde and our global partners. Our aim is to share interesting thoughts and perspectives on topics and issues that are relevant and current in your sector. We very much welcome any thoughts or comments you would like to share.

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EDITION OVERVIEW

Financial services permeate every part of our work and lives, and ensuring that these have the interests of the consumer at their heart is essential. The exciting opportunities, and risks, of fintech and AI; the challenges of fraud and the innovative responses of the sector to protect consumers from it; empowering and informing customers at a time when budgets are often tight: these issues and more characterise a sector that is at a really exciting point in its development.

In this CANVAS we are delighted to talk to two people who sit at the heart of this sector – **Richard Lloyd**, deputy chair of the FCA and **Sonia Brown**, Director for UK Regulatory policy and public affairs at Visa Europe – in different ways: in business, and in regulation; as executives, and non-executives.

Richard has other regulatory non-executive roles, and has worked across consumer interest bodies, as well as in

policy making throughout his career. We were very interested to talk about how his experience has supported his perspective and approach to the role.

Sonia Brown has an exceptionally broad regulatory career, working for the core regulators such as Ofwat and Ofgem previously. When she joined Visa Europe this was her first role in financial services and within a global business. We really enjoyed talking to her about what she has learned and brought to the role and the importance of considering the consumer in all regulatory developments.

Our own Partner community is what makes us stand out and so we are very happy to introduce our colleague **Rhianna Gerry** as she shares her personal and professional experience and snapshot insights into the sector.

We do hope you enjoy this edition and welcome any feedback you may have.

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Meet Rhianna Gerry, Associate Consultant and Partner in Saxton Bampfylde's public services and regulation practice



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PEOPLE, PERSPECTIVE AND PRIORITIES

The Regulatory Pillars





Interview with **Richard Lloyd**
Deputy Chair of the Financial
Conduct Authority, Chair
IPSA and Non-Exec ASA

Richard Lloyd brings a wealth of consumer interest experience and a deep understanding of policy making and government function to his non-executive portfolio. A long-term champion of the consumer, Richard recognises and encourages the views of the widest collective, be it on the board, a focus group or wider customer base. This needs to be balanced with managing priority and utilising technology where possible. We thoroughly enjoyed talking to Richard and his candour and passion shone through.

How would you say the position of financial services has changed since you joined the board of the FCA?

In the four years I have been at the FCA the most striking development is the speed of change in financial services. This has sped up the range of products available, particularly digitally, but it has also seen the withdrawal of more traditional services – bank branch closures being the more controversial ones.

This in turn has broadened our remit. We very much support safe innovation, and one of the key initiatives is the FCA's regulatory sandbox where firms that have a new product or service can come and test it out.

All regulators have got to prioritise in a fast-changing world and be ready to deal with the unexpected. For example, with the awful war in Ukraine the FCA was suddenly central to sanctions enforcement.

Financial services is never far from intense political interest. With the passing of the Financial Services and Markets Act we have also been tasked by Parliament – as a secondary objective – with supporting international competitiveness and growth. So, a lot of external change is always coming at us fast.

It requires very clear strategic thinking about priorities. It requires our organisation to think long term and base what we do on the best possible evidence.

We can't do everything and right now we have to focus on our core purpose of keeping the system stable and consumers protected during tough economic times.

“We moved to make sure that the banks and other players involved are treating their customers fairly and appropriately when they are struggling or wanting to save.”

It is challenging, but never boring. Politicians and the media are very vocal about the relatively small number of things that do go wrong. But day-to-day, we've got a safe and sound financial system that's able to withstand huge global pressures. That's a result of intensive unseen work behind the scenes and we shouldn't forget that.

What benefits will the upcoming Consumer Duty regulation from the FCA bring to the sector and consumers alike?

It's been a really big moment of resetting for the industry because it brings in new, higher standards for all of retail finance – from the biggest banks to the smallest financial advisors. We want them to demonstrate that they are putting their customers' first, avoiding harm, and ensuring fair value in the products and services that they're buying.

“The ‘outside’ perspective does bring really important diversity to regulatory thinking. The wider the background and experiences that are around a board table, the better the decisions that will be made.”



It has required regulated firms to step up. Many businesses are really well prepared but some are less so. We have been open about how we will enforce the new Duty but in the end this should promote trust in the industry and reduce the need for lots of very detailed rules while raising standards across the board. It's ambitious, but needed.

Has fintech empowered or confused the consumer?

Banking and other financial services are being transformed by fintech, but moving to a more digitally-based financial services environment brings risks. The huge growth in fraud and financial scams is particularly challenging, as well as the risk of people who aren't online being excluded. We have got to ensure that we don't leave people behind, but the potential benefits are enormous, and we need to balance safeguards with enabling digital innovation, the better use of technology and of data.

We're not dealing with this alone, it's a global industry with global challenges, for example in regulating so-called crypto assets. I'm proud that the FCA is leading the way.

The financial services sector faces many pressures with turbulent markets, the rise of crypto, the cost-of-living crisis and a rise in financial crime – how does the regulator prioritise?

We have to prioritise, as always, based on the risk of harm. We've had to adjust with the cost-of-living crisis, which has worsened personal debt and hit peoples' ability to afford mortgages and other borrowing. When we could

“I've always had a massive curiosity about what's going on in the political economy and how can we, as a society, solve problems and have an impact for good.”

see that coming, we moved to make sure that the banks and other players involved are treating their customers fairly and appropriately when they are struggling or wanting to save.

There are problems that always get worse during difficult economic times and financial crime is definitely one of those, the promotion of risky investments being another. We are continuously looking at how resilient different bits of the industry are in the current circumstances; how consumers are coping with the pressures on them; and whether the new products and services that are coming their way are heightening those risks.

Part of my role as a board member is

to make sure that we are constantly scanning the horizon and making sure that we are as best prepared as we can be for what's coming. And, if necessary, we de-prioritise things that we might have liked to have done but no longer have the capacity to do well.

What sort of time commitment do you have to give to a role like this?

It is busy. When I was interim chair of the FCA, but also now as deputy chair it is a large time commitment. When there are crises, then obviously it's a bit more demanding, but the core role remains the same: ensuring the organisation has got the strategy and the capabilities to deal with crises as well as achieve its longer term strategic goals. We need to support the executives who day-to-day are fighting fires, but also thinking about the future as well.

One of the key things I do at the FCA is chair its Policy and Rules Committee and as part of that we are looking at the enormous volume of retained EU law and government-driven reforms. We're working our way through it, working out how those rules can be amended or kept or discarded now that Brexit has happened. But there is risk in attempting to make major changes to so much of the rulebook very quickly.

As well as being part of formal decision making and overseeing our operational effectiveness, board members have to keep up with developments in the economy and in the industry. It is certainly a broad waterfront but that is part of what makes being on the FCA board so interesting.

Is AI a blessing or a curse for consumers, and how can a regulator respond to it?

At the moment there are major concerns about how AI is developing and that needs a global governmental response. But ever since I have been on the boards of public bodies we've been using machine learning, or early variants of AI, to help us do our jobs. For example, at the ASA we use machine learning to spot harmful adverts and to flag when we need to be taking action.

Personally, I think if we can deal with the more existential concerns about AI with clear political leadership around how we manage it in this country and internationally, we have got one of those moments in history where the benefits could be huge if we make the right choices. People need to be confident that there is someone keeping a very close eye on how new technology is being developed and deployed; that there are clear rules around its use; and that the biggest businesses leading the innovation aren't immune to regulation and global standards.

How does your significant executive and policy leadership experience translate into your non-executive roles?

It has been really helpful to have worked in policy making in different settings and to have been in and around Westminster. In all the jobs I've done, there's been a need for leaders to be strong communicators to be successful and that is very clear in regulation too – you need to be transparent and talk in terms that people understand.

There is also the responsibility of overseeing the use of significant sums of public money and needing to ensure it's being used as effectively as possible. As non-executives we can't get into all the operational detail, but we do need to ensure we are operationally as efficient as possible.

Above all what I've always had is a massive curiosity about what's going on in the political economy and how can we, as a society, solve problems and have an impact for good. It sounds a bit worthy, but it is what makes me take on this sort of role: I can see the problems and that there are ways to fix them in a purposeful way and that genuinely really interests me.

Are there benefits that you identify coming to the sector as a leader from 'outside'?

The 'outside' perspective does bring really important diversity to regulatory thinking. The wider the background and experiences that are around a board table, the better the decisions that will be made. I see that day in, day out, and

that is why it's so important that we keep working really hard to improve the diversity (in all its forms) of people that join the boards of public institutions. We need to create the inclusive environment that enables that to happen.

There is a way of helping to steer public bodies, often under enormous pressure, by drawing on one's prior external experience which can be very helpful and also supports senior executives and others in an organisation to help them to do their jobs better. The different experiences of organisational culture play a large part in this too, particularly coming from the commercial world into the public sector.

“Organised consumer bodies can get out-gunned, but every effective regulator has got to balance those different interests.”

In your senior leadership roles at Which?, Consumers International, Chair at IPSA and non-exec of ASA you have been central to supporting consumer rights. In your view how should a regulator ensure that good regulation empowers and protects the public at difficult times like this?

I used to spend a lot of time talking to regulators and working directly for consumers.

One of the challenges is that industry lobbyists are numerous, well paid and very vocal. Organised consumer bodies can get out-gunned, but every effective regulator has got to balance those different interests. That's part of the core job and you can't do that effectively unless you make the maximum possible effort to understand consumers, their experience and their differences, and try to find ways to bring their views to the decision making.

The FCA works very closely with our statutory consumer panel. It is properly funded and meets with the senior execs and non-exec's regularly. The board hears from them every month and there is a really strong effort to get out of our offices and go and meet people in different communities, for example charities that are providing debt advice or community banking

services. We do know that we're not going to please everyone all the time, but it is beholden on regulators to make sure that they're not just listening to the best resourced and loudest voices.

At the Advertising Standards Authority (ASA) we have just done a piece of research to help us understand how young people use smartphones to interact with advertising. We were looking to identify inappropriate adverts, which in theory should be screened out by the settings on your smartphone. We found that a lot of settings are not reflecting the users' real age so they are seeing gambling or alcohol-related adverts, for example. It was a really striking example of how not understanding a particular group of consumers behave could have led to an assumption about how harm was being prevented when it wasn't.

Considering your experience what in your view are the key characteristics and skills required in a leader in a modern regulatory environment?

I look for leaders who are socially purposeful, ethical and care deeply about solving the problems in society. And we need leaders with great communication skills, people who can see round corners and spot problems before they happen. These are very tough jobs but I have huge admiration for the people that take them on. **6**

Biography

Richard Lloyd joined the FCA Board in April 2019. He is the Senior Independent Director and Deputy Chair. He has been Chair of the Risk and Oversight Committee, and currently chairs the FCA's Policy and Rules Committee. Richard was FCA Interim Chair between June 2022 – February 2023.

Alongside his role at the FCA, Richard also chairs the Independent Parliamentary Standards Authority and is a Council member of the Advertising Standards Authority. He was a founding trustee of the Money and Mental Health Policy Institute.

Richard led Which? as executive director from 2011 to 2016. Prior to this he was chief executive of the world federation of consumer organisations, Consumers International; head of policy at the housing charity, Shelter; and worked for two years in No10 Downing Street as a special adviser to the Prime Minister. He was awarded an OBE in 2019 for services to the economy and consumer rights.



BREADTH AND DEPTH

LEADING ACROSS
THE REGULATORY
LANDSCAPE

Interview with **Sonia Brown**
Vice President Government
Engagement at Visa Europe



Sonia Brown has worked across three of the regulatory bodies which impact most on the daily lives. Sonia has challenged herself with every sector move, taking her learnings and leadership qualities to a new team and organisation. Committed to inclusion and embracing a wide variety of perspectives as Sonia has been able to use her own insights and learn from those of others as she has moved across sectors. With this breadth of knowledge, experience and people-centred thinking we were delighted to talk to Sonia and for her to share her views and learnings.

You have worked across multiple regulatory environments – how does the regulatory culture and relationship differ?

The common thread across the regulatory environments I have worked in is that they are all essential for people's lives: energy, health, water and now financial payments. Each of them is ultimately trying to address issues that really matter to the consumer, but each sector does have its own complexities and nuance associated with it. In terms of the regulatory culture and regulatory relationships these things tend to be a little different depending upon what's going on in the external environment. For example, the energy sector today and the issues being caused by the war in the Ukraine, is a very different environment to that which I left years ago. Every sector depends upon what's going on at a certain moment in time as to how it really shapes the regulatory dialogue and conversations.

Prior to Visa you were Chief Regulation Officer at Ofwat. Coming into financial and digital services – are there benefits that you identify coming to the sector as a leader from 'outside'?

I have loved moving between sectors in my career and I always encourage people to do it because I think it really helps with personal growth and to show that skills and experience are transferable.

When moving sectors one of the biggest things that I think you need to invest in is establishing a new network. When you have worked somewhere for many years you can become embedded in that sector and that can sometimes be a challenge to navigate. However, I was given advice earlier on in my career that I have taken with me: find your people, invest in them and work really hard to get to know, learn from and support them. I think you can quite quickly then establish the knowledge you need to face and address problems that are unique to that sector.

"I place less emphasis on knowledge and more on those behavioural elements that make for a more inclusive environment."

What are the biggest opportunities, and the biggest threats to consumers in your market today?

Throughout my regulatory career, I have always believed in creating active consumers. For example, with the energy sector consumers we looked at engagement in the context of the amount of switching and this became a measure of what a good energy market looked like. At Visa I have learned that most consumers are looking for a really great user experience and not much friction or concern in their day-to-day lives. They want to enjoy and live life and ideally it can be made as easy as possible, whilst being safe, and responsible. Our core proposition really is centred around this for consumers, and making their lives as easy as possible when it comes to payments. That has been really exciting to work on as part of the team at Visa.

Is AI going to change the financial and digital services landscape, and are our regulatory structures up to the task of dealing with that?

We believe AI can be a force for good in financial services – improving the financial lives of individuals and businesses, promoting security, financial inclusion and financial wellbeing. In fact, we were early adopters of AI – we pioneered the use of neural networks for real-time, risk-based fraud analytics in the early 90s. We now use it to promote security

and build resilience, as we make it easier for consumers to manage their accounts, and for financial institutions to manage their business.

AI helps us to get better and faster at problem solving, improving the value and user experience for our clients, and making the entire payments ecosystem more secure and reliable. One of the main ways Visa uses AI is to prevent fraud. One of the greatest challenges in payments is separating good transactions, made by genuine cardholders, from bad ones attempted by fraudsters.

How does working in a global business affect the nature of your regulatory work?

Regulatory work tends to be more established at a national, rather than international level, so in a global organisation we need to be very aware of this. It has been such an opportunity for me to work within a global business to better understand how to implement this. There are more and more examples of international organisations looking at how they interface across national regulatory boundaries. Global companies need to be very mindful of these and ensure that they have the knowledge, cultural acknowledgement and regulatory knowledge to implement these.

Considering your experience what in your view are the key characteristics and skills required in a leader in a modern regulatory environment?

During my time here at Visa and previously I have learned a lot about the importance of diversity, but also about working very hard to be the most inclusive leader to gain the best blend of different thoughts and perspectives. If done well it brings the right voices to the table to better help navigate the problems and the challenges that you face. As my career has progressed, I recognise that I place less emphasis on knowledge and more on those behavioural elements that make for a more inclusive environment. To me that is what is vital. **6**

LEADERSHIP APPOINTMENTS

A selection of recent appointments advised by Saxton Bampfylde's regulation practice



Fiona Dunsire
Government Actuary



Anna Boaden
Equality and Human Rights Commission, Director of Policy and Human Rights



Philippa Pickford
Office for Students, Director of Regulation



Owen Brace
Financial Ombudsman Service, Director of Communications



Dr Rose Marie Parr
House of Commons Committee on Standards, Lay Member



Carys Williams
House of Commons Committee on Standards, Lay Member



Sir Francis Habgood
House of Commons Committee on Standards, Lay Member



David Stirling
House of Commons Committee on Standards, Lay Member



Chris Walters
Ofwat, Senior Director, Price Review

VIEW FROM THE RIVER TEAM INSIGHT

Meet **Rhianna Gerry**, Partner and Associate Consultant in Saxton Bampfylde's public services and regulation practice

Past, Present and Future – how you came to be at Saxton Bampfylde?

I did a summer internship with Saxton Bampfylde when I was at university then came back full time as a researcher after I graduated. I was in the research team for four years, including a stint as head of research, before doing a secondment with Executive Access in New Delhi. I returned to the UK in May 2023 and now work as an Associate Consultant in the public services practice.

What is your role and focus in the regulation sector?

I support the practice with business development activities, submitting proposals for new business and search delivery. Search delivery encompasses everything from briefings with the client, creating candidate packs, supporting the researcher with their search, interviewing candidates, presenting longlists and shortlists to a client and making offers. I am the person who sits at the centre of the project team, making sure that it all works!

What are your impressions of the regulatory sector so far?

It's complex! Hence the leaders in the sector are very smart. There is lots to learn but at the end of the day, regulation is there to protect consumers and consequently is very important. I like that it spans so many industries, so our work is therefore very varied.

You spent time working in India with your partner search firm Executive Access – can you tell us a bit more about your time there, and what you learned?

I spent six months with Executive Access who are part of the Panorama community, based in New Delhi. Like Saxton Bampfylde, they work across a number of sectors and industries. As a part of their research team, I worked on searches to appoint senior leaders within India. I also spent time sharing best practice with Executive Access from my time heading our London research team. It was really exciting to experience a different approach to search and return to the UK with a broader set of skills and knowledge.

What are your passions outside of work?

I'm a trustee of a local children's charity in London and help them with fundraising. I grew up in the countryside so I love getting out to the fresh country air whenever I can!

With the choice – pop on a podcast or bury your nose in a book? And please share any good recommendations...

Bury my nose in a book. I'm currently enjoying Peter James's crime thriller series – it's certainly one way to wake up your brain on the morning commute! 📖



Get in touch with Rhianna

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Saxton Bampfylde

OUR MISSION

We exist to change the world by changing leaders in interesting and important organisations. At the same time we aim to create an environment wherein all members of our community can grow to their fullest extent emotionally, intellectually and spiritually.

Saxton Bampfylde is an employee-owned business.

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