

Time For

TRANSPARENCY

December 16th 2021, on Zoom



TTF's Plans and Priorities for 2022 Part 1

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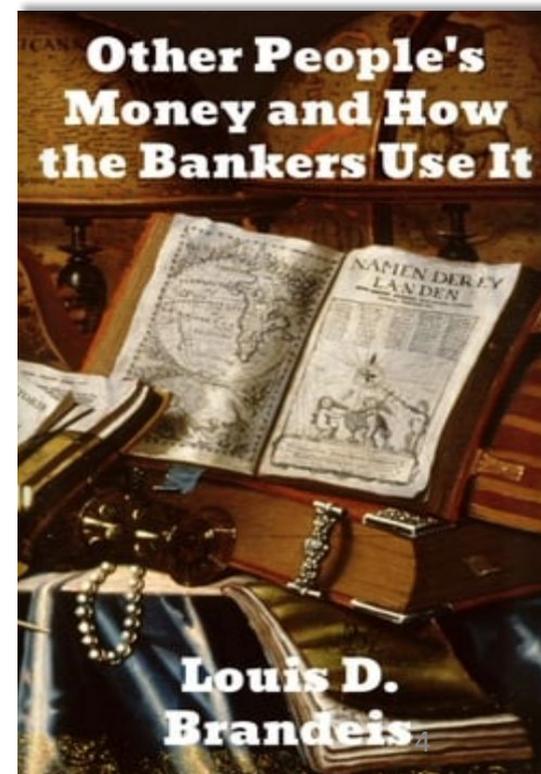
Why 'Part 1'?

- The purpose of today's meeting is to share our initial thoughts for 2022 and to gather feedback
- The 'Part 2' meeting will be an evolution of today's meeting - it will incorporate improvements due to the feedback received and it will be on Tuesday, January 4th, 12pm to 1:30pm UK time, on Zoom



About the Transparency Task Force

- A Certified Social Enterprise
- We run 25 groups, each relevant to the finance reform agenda
- Our mission is ***“to promote ongoing reform of the financial services sector, so that it serves society better”***
- Justice Louis Brandeis, 1914
 - ***“Sunlight is the best disinfectant”***
- What needs disinfecting?
- We believe that greater transparency leads to more truthfulness, which in turn leads to greater trustworthiness
- So if we want to drive the kind of positive, progressive and purposeful reforms that are desperately needed, we need more transparency



What needs disinfecting?

- There is a plethora of problems that need sorting in the financial services sector
- Consider the data within Violation Tracker UK, which shows that financial services is the most violating of all industries
<https://violationtrackeruk.goodjobsfirst.org/>

VIOLATION
TRACKER UK

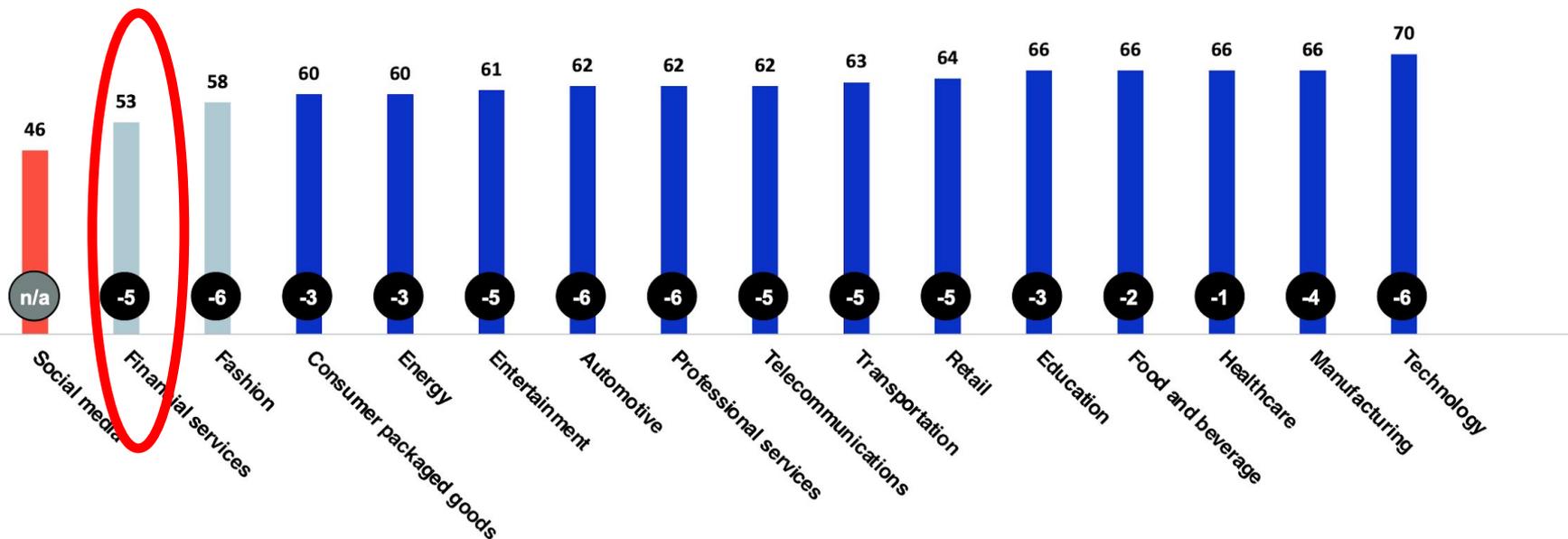


Poor market conduct leads to distrust

The 2021 Edelman Trust Barometer

TRUST DECLINES ACROSS SECTORS

Percent trust in each sector





The Theory of Constraints

- The Theory of Constraints is a well-established approach to maximising performance of an organisation
- It is about focusing on what matters most
- The Theory of Constraints is relevant in two dimensions:
 - Firstly, in terms of the constraints that are holding back the financial services sector from achieving its true purpose and potential
 - Secondly, in terms of the constraints that hold back TTF from achieving its true potential in as a force for good in the sector
- Our Plans and Priorities for 2022 have been developed with the Theory of Constraints in mind
- See: <https://www.goldratt.com/>



The TTF is highly constrained

- We have very limited resources
- The plethora of problems means that TTF must prioritise
- Until now, if a problem has been identified, I have tended to think ***“If I might be able to help, I’ll do it”***
- That’s a nice attitude to have, but it’s not sustainable
- I need to change my ways



I need to stop “red-lining it”

- I work 6 or 7 days per week
- Apart from a couple of days last Christmas, I haven’t had a day off between Monday and Friday since lockdown
- I sometimes work in the middle of the night
- I’m paying a price in terms of health consequences
- I desperately need to get fit
- I’m paying a price in terms of work/life balance, impact on my family
- The law of diminishing returns applies - you get less effective when you work excessively
- I could actually achieve more by working less, and differently
- I need to work smarter, not harder
- I need to be more like ***“The conductor of the orchestra”*** and less like one of the musicians, acting more strategically and less tactically

Considering the emotional perspective

- Despite the sense in changing my ways, the thought of not having an attitude of ***“If I might be able to help, I’ll do it”*** makes me feel awkward and guilty - I have always found it difficult to “say no” when help is needed
- The choice seems to be between:
 - Be exhausted/ experience diminishing returns / and not feel awkward and guilty; or
 - Don’t be exhausted/ be efficient/ but feel awkward and guilty



The key decision I have made

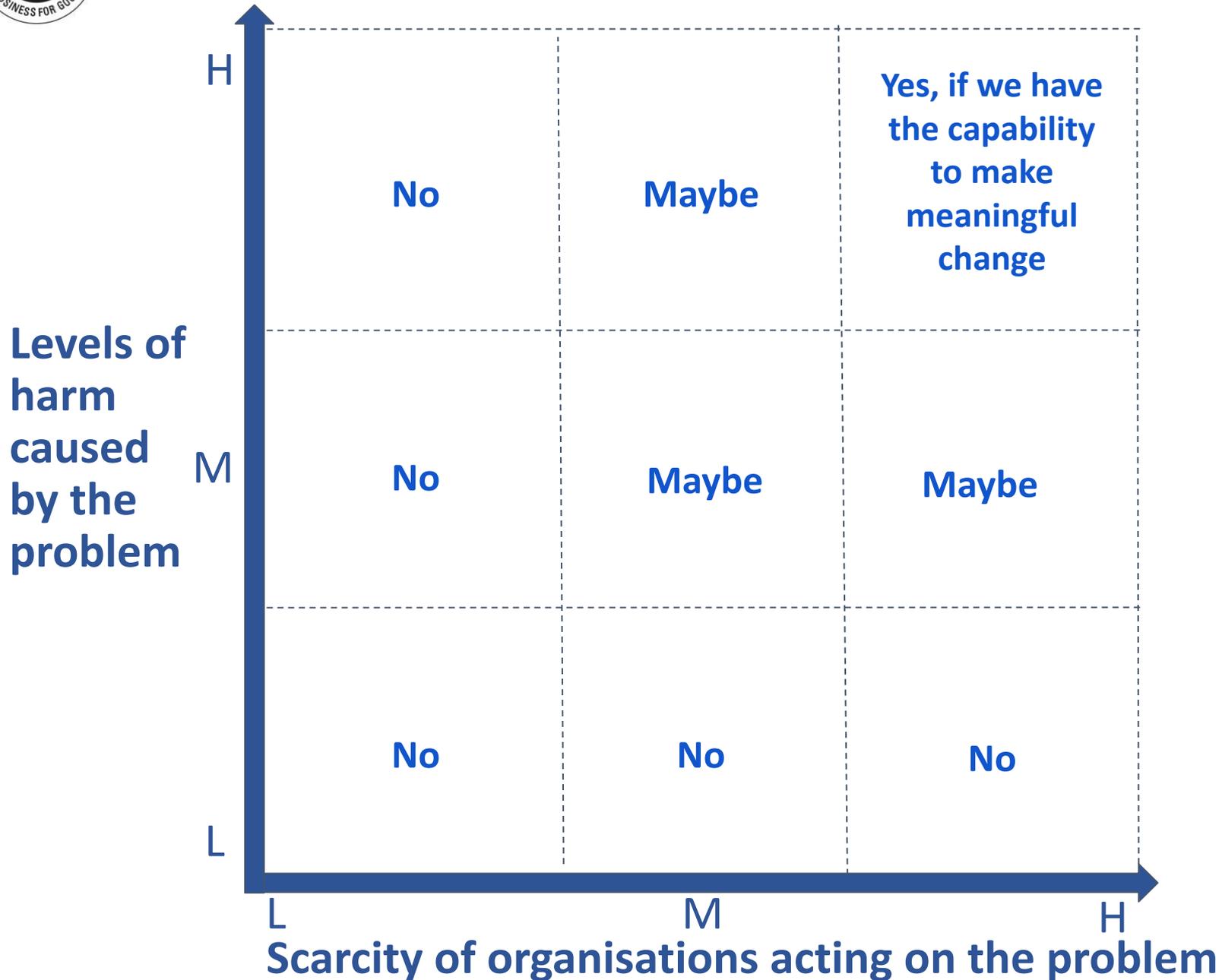
- I have decided to try to make it the latter
- I am hoping that that successful outcomes achieved through working in a more selective and focused way will make any feelings of guilt and awkwardness fade away as time goes by
- I also hope that I will find ways of helping indirectly in the areas where I can't help directly
- Overall, I must move from thinking *“If I might be able to help, I’ll do it”* to thinking more like *“If it makes sense for me to do it, I’ll do it”*
- This leads to two key questions:
 - ***What determines if something makes sense for TTF to do?***
 - ***And if TTF should do it, who within TTF is best placed to do it?***

The 3 test questions to determine whether “to do, or not to do”

1. What **levels of harm are being caused by the problem?**
 - Low/Moderate/**High**
2. What's the **scarcity of organisations acting on the problem?**
 - Low/Moderate/**High**

Those first 2 questions gives us a 3 x 3 matrix onto which we could plot all our possible campaign activity

The “to do or not to do” chart:

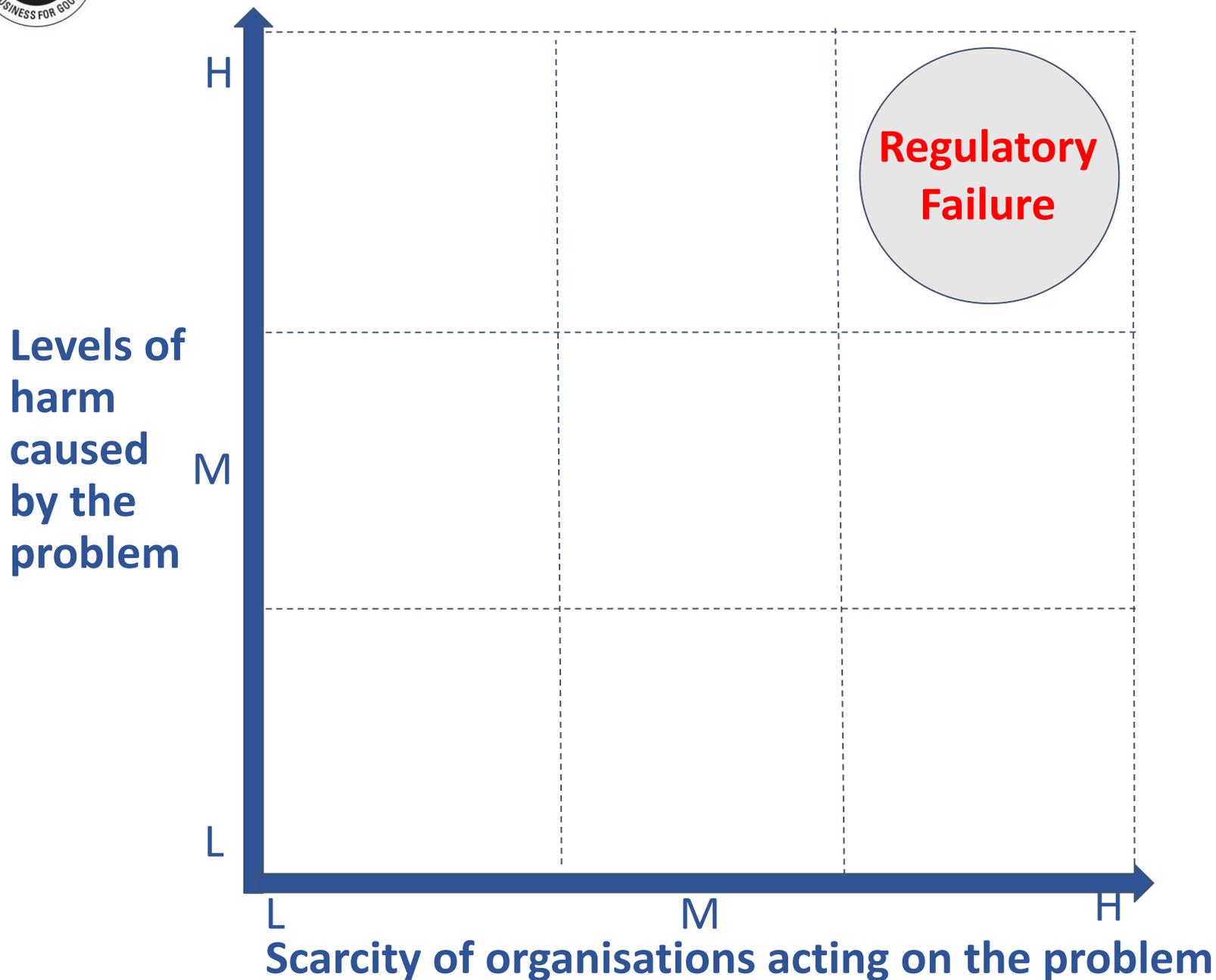


The 3 test questions to determine whether “to do, or not to do”

1. What **levels of harm are being caused by the problem?**
 - Low/Moderate/**High**
2. What’s the **scarcity of organisations acting on the problem?**
 - Low/Moderate/**High**
3. What’s the size of our capability to make a meaningful difference?
 - Small/Moderate/**Big**

So, we should focus on where the levels of harm are high, where the number of organisations dealing with the problem are low, and where we believe we are capable of making a meaningful difference

The “to do or not to do” chart:





How we see the Regulatory Failure landscape

- As mentioned earlier, our mission as a Certified Social Enterprise is ***“To promote ongoing reform of the financial services sector, so that it serves society better”***
- We are all about improving conduct in the financial sector
- We believe that if there was effective financial services regulation, many of the issues that concerns us would be getting dealt with
- We therefore want effective financial services regulation
- Regulatory Failure is a major problem, right around the world
- Always, and everywhere, there is a risk of regulatory capture; this is not a criticism of the individuals concerned; it is a harsh reality of any regulatory ecosystem
- It applies to all regulated markets; but the evidence shows that the financial services sector is particularly prone to it



How we see the Regulatory Failure landscape Continued

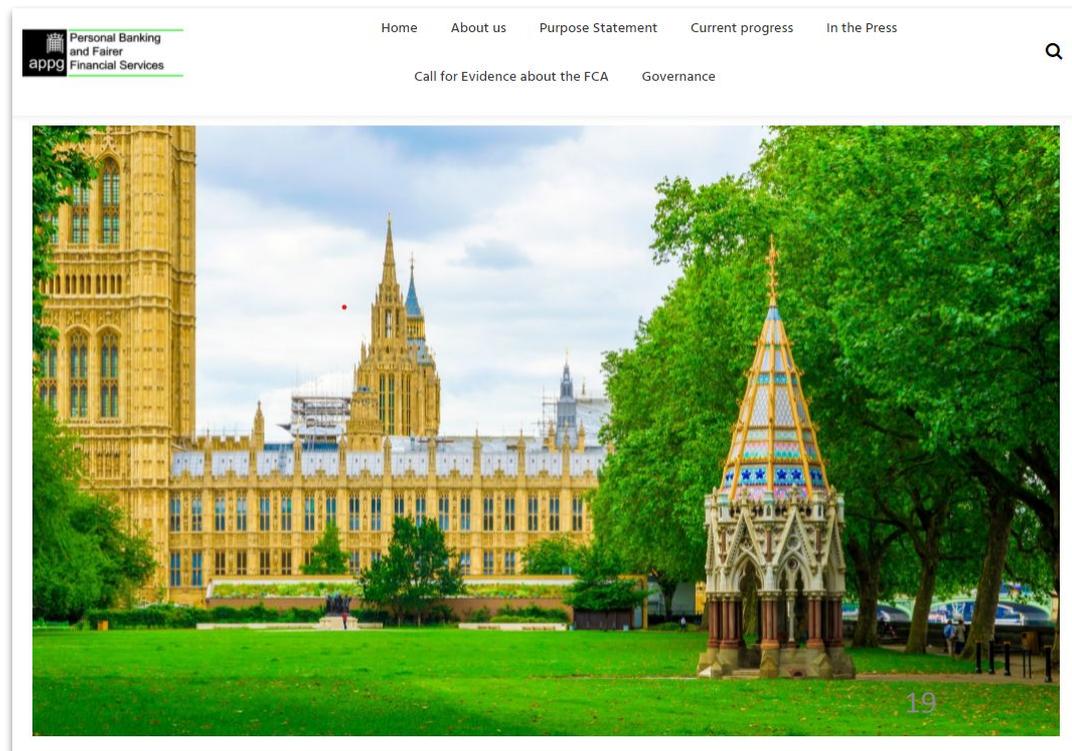
- Therefore, the blueprint for all the world's financial regulatory frameworks must be cognisant of that fact
- There need to be sufficient counterweights to the influence of industry lobbying that leads to regulatory capture and conflicts
- TTF is an international organisation and we want to deal with financial regulatory failure issues wherever they occur, through our international network of Ambassadors and members
- Given that we are UK based, we will initially focus on the issues in the UK, with a view to then tackling problems in other countries

The significance of the FCA

- The FCA is a very important organisation in the UK's financial regulatory landscape
- It is the primary conduct regulator
- When I started TTF 6 years ago, I thought the FCA was a big part of the solution
- But over the last 6 years, having absorbed all the evidence I have encountered from a multitude of sources, I have gradually come to the conclusion that the FCA is actually a big part of the problem
- I am saddened that this is the conclusion I have come to
- In short, the FCA is riddled with issues
- We have learned a great deal about the FCA and its many issues

The FCA and its issues

- Many of our members are individuals who have suffered due to regulatory failure by the FCA
- Many of our events have been about topics that relate to the FCA
- The shortcomings of the FCA come up time after time in conversations
- Uniquely, our knowledge of the FCA has been enhanced even further through our role as the Secretariat to the APPG on Personal Banking and Fairer Financial Services, which has been carrying out an extensive Call for Evidence about the FCA





A mountain of damning evidence about the FCA is getting into the open

- The independent Gloster Report:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945247/Gloster_Report_FINAL.pdf
- The supposedly “independent” Parker Report
<https://www.fca.org.uk/publication/corporate/connaught-independent-review.pdf>
- Over 120 other written submissions to the APPG’s Call for Evidence
 - Which includes testimony from FCA staff
- The many video testimonies for the Call for Evidence about the FCA:
<https://appgonpersonalbankingandfairerfinancialservices.org/call-for-evidence-about-the-fca/videos-and-testimonies>
- The video recordings of the many events we have run that are relevant to catastrophic regulatory failure:
<https://www.youtube.com/channel/UCTCbg4XfSBzvzMneA2hUVvg/videos>
- The Swift Review
<https://www.fca.org.uk/publication/corporate/independent-review-of-interest-rate-hedging-products-final-report.pdf>
- The excellent reporting by some investigative journalists
https://twitter.com/jameshurley/status/1470720018795180043?ref_src=twsrc%5Egoogle%7Ctwcamp%5Eserp%7Ctwgr%5Etweet

IRHPGate! - February 1st, 12pm to 1:30pm!

A mountain of damning evidence about the FCA is getting into the open - continued

- The video recordings of the many events we have run that are relevant to catastrophic regulatory failure:
 - Optimising the Regulatory Approach to Approving Financial Promotions:
<https://www.youtube.com/watch?v=tn7aqcm8anE>
 - Are Regulators Rushing to Minimise Complaints and Compensation for their Failings?
<https://www.youtube.com/watch?v=KF4laVXszSY>
 - Fixing Banking - dedicated to the memory of Paul Moore R.I.P.
<https://www.youtube.com/watch?v=TQufL5bBmQc>
 - Are the UK's Financial Regulators Failing?
<https://www.youtube.com/watch?v=vs3JGzUuPlg&t=8s>
 - About the FCA's Consumer Investment Markets Consultation:
<https://www.youtube.com/watch?v=klqr5PBKMk8>
 - Are the Financial Regulators fit for Purpose?
<https://www.youtube.com/watch?v=5luvLfVwJRY>



A mountain of damning evidence about the FCA is getting into the open - continued

- Fraud and the Fight to Fix it - reflections from a retiring Police Crime Commissioner:
<https://www.youtube.com/watch?v=9sYJ2dAw6Ug&t=80s>
- The Blackmore Bond Scandal; and why it really matters:
<https://www.youtube.com/watch?v=jhLnjirfUZQ&t=6s>
- The Essential Ingredients for Effective Financial Regulation:
https://www.youtube.com/watch?v=wVY_nE1V04w
- The Interest Rate Hedging Products Scandal and why it really matters:
<https://www.youtube.com/watch?v=IViXgkW116g&t=17s>
- The RBS Scandal; and why it really matters:
<https://www.youtube.com/watch?v=EVz4ZsCvNcQ&t=6s>
- The Case for Radical Reform of the Banking Sector:
<https://www.youtube.com/watch?v=OjlkfXVh4QM&t=22s>
- The Premier FX Fraud Fiasco; and why it really matters
<https://www.youtube.com/watch?v=NBnklclAQs4&t=6s>
- The Lloyds Bank Scandal and why it really matters:
https://www.youtube.com/watch?v=BDpN_DgO70E&t=7s



A mountain of damning evidence about the FCA is getting into the open - continued

- The FCA's Consultation on Consumer Duty and Why it should be a Duty of Care:
<https://www.youtube.com/watch?v=LcO-OfJE6LY>
- Why our Financial Regulatory Framework is Failing; and what should be done about it:
https://www.youtube.com/watch?v=ibJKE_aJWeg&t=105s
- The FCA's Transformation Programme; and beyond
<https://www.youtube.com/watch?v=TrwKuQCefuw>
- Turning the Tide on Dirty Money
<https://www.youtube.com/watch?v=-RIJrUVYFIA&t=4842s>
- Interim Conclusions of the Bank Signature Forgery Campaign:
https://www.youtube.com/watch?v=ES_D7JDHySA&t=1047s
- And there is more here:
<https://www.youtube.com/channel/UCTCbq4XfSBzvzMneA2hUVvg/videos>



On balance, what does the evidence show?

- *I believe that most reasonable, independent, unconflicted, dispassionate and objectively-minded people who evaluate the mountain of evidence about the FCA that is now coming to the surface would come to a similar conclusion to us, which is that...*



There's something seriously wrong at the FCA

- It has cultural and leadership issues that run very deep
- It is captured, at least to a degree
- It is conflicted, at least to a degree
- It is confused about its purpose and priorities, at least to a degree
- It has too many cosy relationships with the sector's trade bodies such as UK Finance; and the sector's "big beasts" such as the banks
- There is a woeful lack of transparency, truthfulness and trustworthiness
- There is a woeful lack of oversight and accountability
- Those to whom it is accountable are too soft on it - Treasury Select C'tee
- It fails to act in good faith, at least sometimes
- It is dishonest, at least sometimes
- It tries very hard to cover up its mistakes, at least sometimes
- It has exploited and abused vulnerable whistleblowers; it has put them in harm's way, to protect the FCA's own interests, at least sometimes
- It acts immorally, at least sometimes



There's something seriously wrong at the FCA

- continued

- It is self-serving
- It fails to make good use of the powers that it has
- It fails to enforce effectively
- It has a huge “Revolving Door” problem that it allows to perpetuate
- Its Financial Services Consumer Panel is no longer effective
- Its Consumer Networks are not effective enough
- It fails to harness the power of deterrent
- It has misinformed Parliament
- It is open to the Treasury’s “Competitiveness” agenda, when doing so will lead to even more consumer harm
- **The vast majority of its employees are very good and highly capable people that want to do an important job well, but they are held back from doing so by the organisation itself**

There's no reason for confidence about the Transformation Project that is underway

- Einstein: *“We cannot solve our problems with the same thinking we used to create them”*
- The appointment of Megan Butler
- The appointment of her replacement, Emily Shepperd
- Nikhil Rathi's background - Ex Treasury, former CEO of the London Stock Exchange, his role will have included the needed to sell the UK; this suggests likely bias on the “competitiveness” agenda - race to the bottom etc
- The “Lesley” interview - FCA employee calls on lawmakers to urgently scrutinise FCA's entirely toxic culture:
<https://www.fnlonon.com/articles/fca-employee-calls-on-lawmakers-to-urgently-scrutinise-fcas-entirely-toxic-culture-20211206>
- Depending on where you are on the “cynical spectrum”:
 - *“The FCA is not fit for purpose”* or
 - *“The FCA is not fit for purpose, by design”*



Given what we believe, we should

- Continue to be a “critical friend” to the FCA
- Continue to gather evidence about the FCA’s failings
- Shine a light on that evidence - ***“Sunlight is the best disinfectant”***
- Identify and do our best to deal with the long list of issues, that will become our battlegrounds for regulatory reform



A long list of FCA battlegrounds for 2022:

- Duty of Care with a Private Right to Action
- The “Competitiveness” agenda
- FCA’s Complaints and Compensation Scheme
- Remedy the lack of true consumer engagement and representation
 - FCA’s Financial Services Consumer Panel
 - FCA’s Consumer Network
- The Revolving Door problem
 - Especially in relation to the appointment of the new Chair
 - Learning from Korea and South Africa
- Remedy the lack of accountability and transparency of the FCA
 - Fighting against conflicts of interest
 - Fighting against regulatory capture
 - Learning from Australia



A long list of FCA battlegrounds for 2022, continued:

- Need for an authentically independent review of Connaught
- Need for independent reviews of Woodford, Blackmore Bond, Collateral, Lendy, Premier FX, Funding Secure, ARK and so on
- Misleading and/or criminal advertising
 - The Online Safety Bill
 - Misleading advertising in the Retail FX market
- The Economic Crime Bill
- Failure to Prevent legislation
- Authorised Push Payment Fraud
- The Bank Signature Forgeries cases
- The FSCS Levy
- The Nolan Principles (Conduct in Public Office) - have they been broken?
- Treatment of whistleblowers - past, present and future



A long list of FCA battlegrounds for 2022, continued:

- Highlighting malfeasance and recidivism through Violation Tracker UK
- Highlighting the human cost and suffering caused by malpractice in the financial sector that has, at least in part, been made possible through regulatory failure at the FCA
...and more

Battlegrounds and Battleplans for 2022 - an example of what we will do for each issue

Duty of Care with a Private Right to Action

| What? - the goal | Why? - the benefits | How?- the battle plan |
|--|--|---|
| <ul style="list-style-type: none"> • Make the case for a private right of action to accompany Consumer Duty | <ul style="list-style-type: none"> • This would increase the chance that consumers will be compensated if they are ripped off • This would dramatically improve market conduct, because companies would know they were in real jeopardy if they acted badly • This would reduce the introduction of poor products entering the market | <ul style="list-style-type: none"> • Continue to highlight the fact that the FCA has not consulted as Parliament wanted • Continue to actively engage with Parliamentarians - through the 2 APPGs we run, through those that spoke about this matter in the Financial Services Act 2021; and others known to be “on-side” • Recruit a Response Team for the 2nd Consumer Duty consultation • Organise and apply our Public Relations and Public Affairs capability • Work with other consumer groups to encourage them to amplify our arguments, and if aligned for TTF to amplify theirs. Consider developing “An alternative Consumer Network” |



Don't forget the international perspective

- Through and beyond 2022, we plan to replicate our work on the problems with the FCA with other regulators, wherever it is clear that there is regulatory failure, wherever that may be in the world



An important message to the FCA

- If the FCA genuinely believes any of our perceptions about it are wrong, we genuinely invite the FCA to disabuse us of any misunderstanding we have about them
- Until then, we will continue to think according to what the evidence shows we should think
- We may send the Chief Executive of the FCA a letter about this



The FCA operates within an ecosystem

How do the other actors influence it?

HM Treasury

Bank of England

**The FCA's
Consumer
Networks**

**The FCA's FS
Consumer
Panel**

**The
Financial Conduct
Authority**

UK Finance

Parliament

**The City of
London**

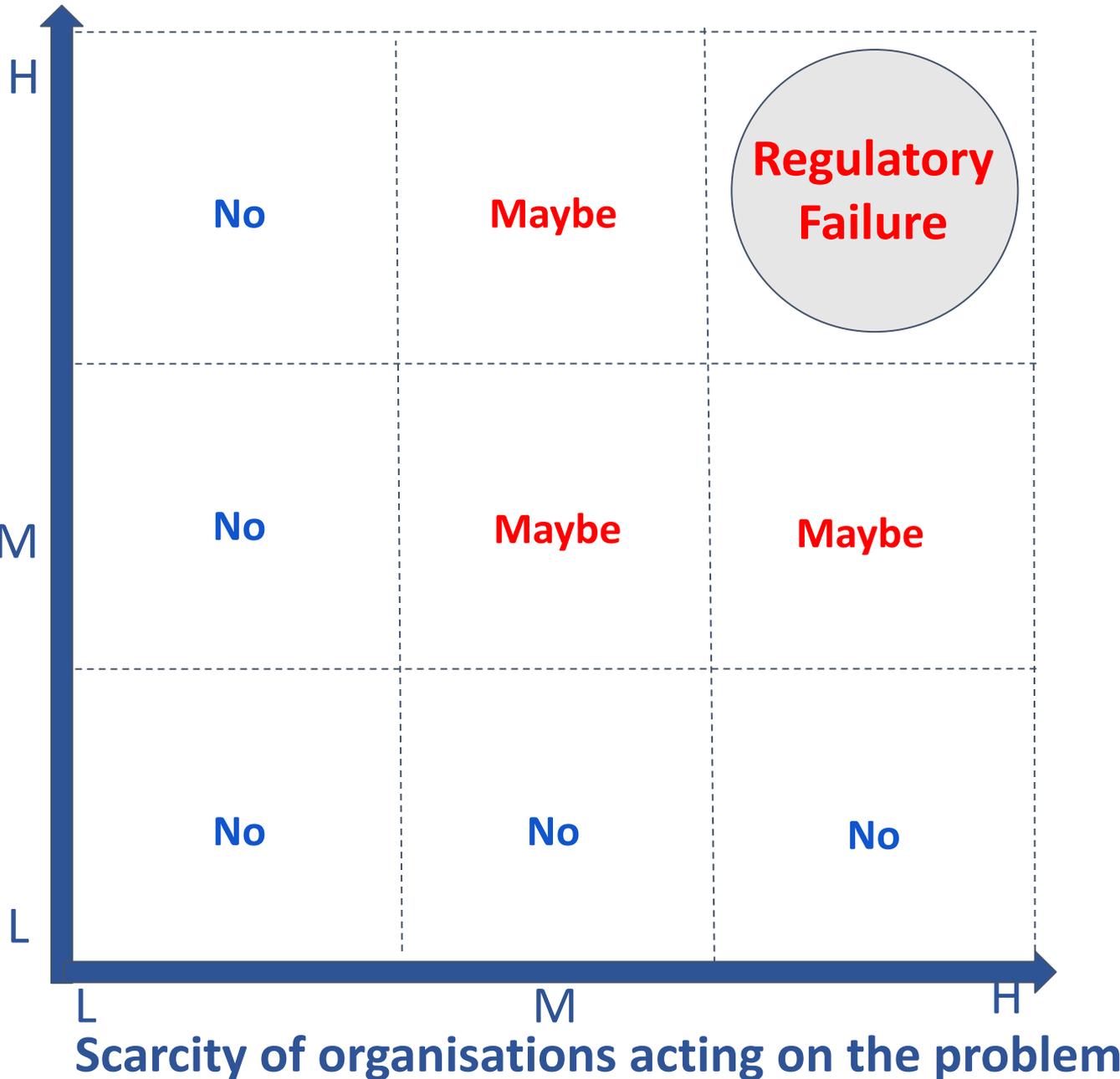
The Banks

The Public

The Government

The “to do or not to do” chart:

Levels of harm caused by the problem





Other battlegrounds, beyond the FCA

- Mortgage prisoners
- Misleading APR information on loans
- Litigation funding scams for divorce cases
- Corporate governance reforms
- Misleading communications
- The Financial Ombudsman Service
- Companies House
- The Insolvency Service
- HMRC's treatment of pension scam victims
- Losses through voluntary corporate actions
- Transparency on investment holdings
- BSI sustainability definitions
- Ethical leadership in financial services
- Transparency on costs and charges
- Transparency kitemark initiative



Other battlegrounds, beyond the FCA Continued

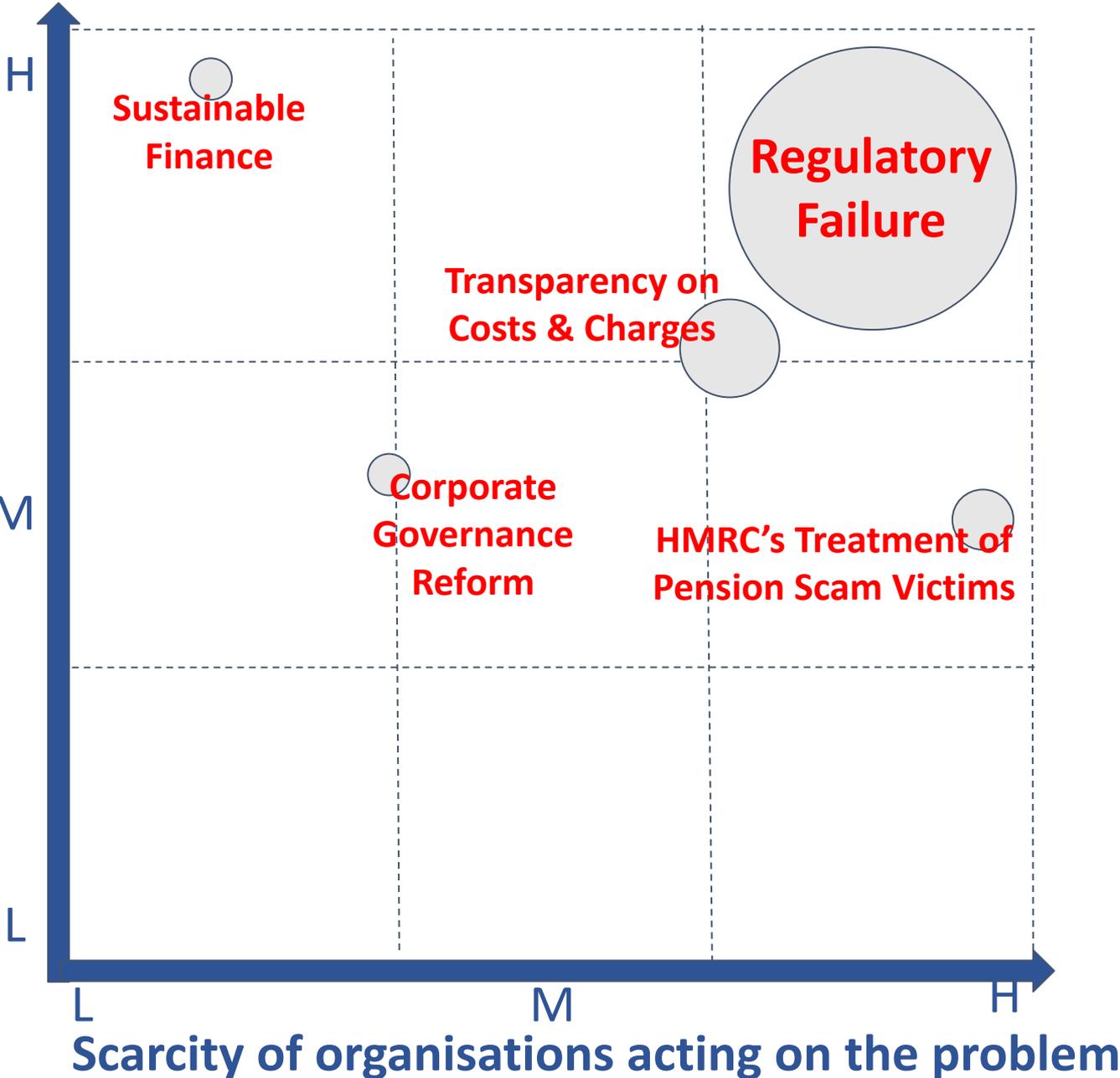
- Protecting the Wealth of the Vulnerable Elderly
- Transparency on investment holdings
- Poor use of data standards in financial services
- Unfair treatment of females by the pensions system
- Developing a global financial services oath
- Better ESG for investments
- The role of complementary currencies
- Tackling excessive debt
- The excessive financialisation problem
- The lack of purposefulness in the finance sector
- The intersection of politics, business and finance

All of these other battlegrounds are somewhere on the chart, here's a few examples



The “to do or not to do” chart:

Levels of harm caused by the problem





What does all this mean for our Groups?

Primary Groups

- Our Primary Groups are those that are in some way relevant to our work to remedy regulatory failure
- For 2022, we will be focusing most of our attention on them, and the associated campaign activity
- They are:
 - Scambusters
 - Regulators Watch
 - Whistleblowing
 - Secretariat to the APPG on Personal Banking and Fairer Financial Services
 - Secretariat to the APPG on Pension Scams
 - Foreign Exchange and Payments
 - Globalisation of Violation Tracker
 - VIP Mind Map initiative

What does this mean for our Groups?

Secondary Groups

- Our Secondary Groups are those that are not relevant to our Fixing the FCA initiative
- However, they remain very important to TTF's wider objectives
- We desperately need people to work with us on them
- We are actively looking for these groups to be “member-led”
- They are:
 - Academics for Fairer Finance
 - Authentic communications
 - Banks and Building societies
 - Data Standards in Financial Services
 - Financial Planning
 - Fintech, Disruptors, Interoperability and Open Finance
 - Global Financial Services Oath
 - Governance, culture and conduct



What does this mean for our Groups?

Secondary Groups - continued

- Females for Fairer Finance
 - Great insolvency scams
 - International League of Ethical Financial services Leaders
 - Investments
 - The money system
 - Pensions
 - PISCES
 - Protecting the Wealth of the Vulnerable Elderly
 - Unfair Debt
-
- **Key point: if you want to work with us to help lead one or more of our Groups (primary or secondary) please get in touch**



Other Priorities for 2022

- Funding
 - *“Fridays for Future and Funding”*
 - Growing our subscriber base
 - Trying to get funding from foundations
 - Trying to get funding from philanthropists
 - Trying to get funding from sponsors
 - Partnering with law/claims management firms
 - Supporting the Failure to Prevent work
- Operational
 - Contact management system
- Governance
 - Can we set up a charity with a board of trustees in 2022?



Here's our Christmas Wish List!

- Wanted - volunteers
 - As mentioned earlier, for the TTF to achieve its full potential as a force for good in financial services, I need to move from ***“playing an instrument in the orchestra”*** to ***“being the conductor of the orchestra”***
 - Do you have an hour or more per month that you can volunteer?
 - What are you good at and enjoy doing that can help?
 - Could you help to lead one of our groups?
- Part-time PR/Public Affairs support from a big City agency
- More subscription members, donors and so on
- More people to help with consultation responses
- Anything anybody is willing to do to help - we really are fighting a David v Goliath battle, with our hands tied behind our backs - we need all the help we can get



**Questions,
comments
and
suggestions,
please!**