



The Consumer Council for Northern Ireland response to the Financial Conduct Authority's consultation on the Retail Distribution Review (RDR) and Financial Advice Market Review (FAMR)

The Consumer Council

1. The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (Northern Ireland) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland.

Consultation Response

2. The Consumer Council of Northern Ireland welcomes the invitation to respond to the FCA's Call for input and welcomes the plan to evaluate the Retail Distribution Review (RDR) and Financial Advice Market Review (FAMR).
3. Due to the technical nature of the questions posed within the Call for Input, The Consumer Council believe it is best placed to provide an overview of the issues in relation to RDR and FAMR that it would like the FCA to consider moving forward.

Considerations about Northern Ireland

4. Of the devolved UK nations, Northern Ireland has the lowest median wage with median weekly earnings at £521¹ compared to the UK average of £569². A recent report released from Which? shows that only half (49%³) of those in Northern Ireland were content with their income, over a quarter (26%⁴) do not have money saved for a "rainy day", and 50% of consumers have less than £300⁵ left after mortgage/rent and essential bills in a typical month. Lower wages may act as a barrier to consumers in Northern Ireland when accessing advice or guidance in all aspects of financial services. With less income, it may be the case that consumers view financial advice as a non-priority product.
5. Northern Irish consumers have continued to display low levels of optimism and hope in regards to their financial position, when assessing their financial situation, a fifth (19%⁶) of consumers believed it to be poor. The Consumer Council would also urge the FCA to consider the issues set out in figure 1 and how Northern Ireland compares to the UK average.

¹ <https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/annual-survey-hours-and-earnings>

²

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2018#measuring-this-data>

³ <https://consumerinsight.which.co.uk/reports/consumer-insight-report-2019-northern-ireland>

⁴ CCNI YouGov annual survey 2019

⁵ CCNI YouGov annual survey 2019

⁶ <https://consumerinsight.which.co.uk/reports/consumer-insight-report-2019-northern-ireland>

Figure 1: Issues – Northern Ireland vs UK

Issue	Northern Ireland	UK	Difference	Source
Disability claimants (DLA or PIP)	11.3%	6.0%	+88%	DSD 2015
No cash savings under £5,000	56%	50%	+12%	FCA 2018
Adults with savings less than £100	57%	44%	+30%	Money Advice Trust 2017
Over-indebtedness	20%	15%	+33%	FCA 2018
Low understanding of financial issues	24%	17%	+41%	FCA 2018

Consumer Principles

6. The Consumer Council uses eight consumer principles to understand how particular issues, policies and regulatory proposals are likely to affect consumers, we have gone into detail on the applicable principles below. The principles are:
 1. Access – can people get the goods and services they need or want?
 2. Choice – is there any?
 3. Safety – are the goods or services dangerous to health or welfare?
 4. Information – is it available, accurate and useful?
 5. Fairness – are some or all consumers unfairly discriminated against?
 6. Representation – do consumers have a say in how goods or services are provided?
 7. Redress – if things go wrong, is there a system for putting them right?
 8. Education – are consumers aware of their rights and responsibilities?

7. **Access:** Consumer confidence, spending and literacy is not the only way in which Northern Ireland is different to the rest of the UK. Some of the providers in the financial services market that operate in the rest of the UK are absent from the market in Northern Ireland. One key example of this can be seen in the retail banking sector, where four banks who dominate the Northern Ireland market, do not operate within the rest of the UK.

8. **Choice:** There is a differing level of choice in Northern Ireland and the rest of the UK, with different suppliers having different market share, and some providers not operating in Northern Ireland. Figure 2 below highlights some of the most obvious differences.

Figure 2: Providers, NI vs UK

Issue	NI	UK	Source
Supermarkets	<ul style="list-style-type: none"> • Tesco: 34.4% • Sainsbury: 17.7% • Asda: 17.6% • Lidl: 5.2% • Other: 25.1% <p>(Aldi/Waitrose/Morrisons do not operate in NI)</p>	<ul style="list-style-type: none"> • Tesco: 27.9% • Asda:16.4% • Sainsbury:16.6% • Morrisons: 10.8% • Other: 28.3% 	Statistica 2017
Mobile phone providers	<ul style="list-style-type: none"> • O2: 60% • Vodaphone: 14% • EE: 10% • Tesco: 5% • Other: 6% 	<ul style="list-style-type: none"> EE: 39% O2: 22% Vodaphone: 18% Tesco: 6% Virgin Mobile: 6% Other: 9% 	Ofgem 2017

9. When assessing the RDR and FAMR, The Consumer Council would recommend that the FCA looks into access to necessary providers in Northern Ireland, how many operators are operating within Northern Ireland, if this level suggests a suitable level of competition and most importantly, can consumers in Northern Ireland access these providers with the same ease that those in other parts of the UK can.
10. **Information:** In conjunction with the above and especially in relation points highlighted around consumer vulnerability and financial capability within Northern Ireland, The Consumer Council would recommend the FCA investigate the available information given to consumers in Northern Ireland and whether or not this information meets the requirements outlined by the FCA.
11. **Representation:** The Consumer Council believes that the needs, capabilities and confidence of Northern Ireland consumers is different to that of the rest of the UK. Policies that suit the UK population as a whole may not have the same positive effect when considered in the much smaller context of the Northern Ireland population. Therefore, the needs of Northern Ireland consumers should be represented.

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