Annual Report
2025/26

FCA
Practitioner Panel

Practitioner Panel Annual Report 2025-26

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Chair's foreword

This report covers the period from April 2025 to March 2026.

Last year, I highlighted that a significant area of focus for the Panel was helping the FCA sharpen its focus on a smaller number of priorities as set out in its Strategy 2025-30, alongside ensuring our activity aligned to those priorities to ensure our input could be most impactful. The Panel continued that approach this year, with the publication of the FCA's annual work programme 2025-26 providing a clear framework for this engagement.

Helping to create the right conditions for competitiveness, growth and innovation has remained central to our discussions. A significant focus has been the concept of "rebalancing risk". We have encouraged the FCA to work collaboratively with government and stakeholders to develop a clearer, shared understanding of risk appetite, tolerable failure and appropriate trade-offs in priority areas. Enabling growth requires informed and considered risk-taking by regulators, firms and consumers, supported by greater clarity, consistency and alignment across the system. In this context, we welcomed the ambition to shift towards a more strategic, data-led and proportionate approach to supervision, underpinned by greater transparency and more meaningful two way dialogue with firms.

This year has seen a wide range of reform initiatives aimed at supporting growth. We have been supportive of proposals while also recognising that the cost of regulation, and its impact on firms' ability to invest and innovate, continues to pose challenges. We have also emphasised the importance of maintaining the UK's international competitiveness in a rapidly evolving global landscape. Areas of focus have included modernising the redress framework, reforms to mortgage regulation, alternative investment fund management and changes to the Senior Managers and Certification Regime. Our feedback has consistently emphasised the importance of proportionality, pace and practical deliverability.

The revised approach to the provision of advice and guidance has continued to be an area of focused engagement. We have welcomed the progress made on AGBR, including the launch of a new targeted support regime, and we encouraged the FCA to continue its collaborative, iterative approach to policy development. Alongside this, we provided input on the future pensions framework and on proposals for consumer composite investments, highlighting the importance of clarity for consumers and proportionality in implementation.

Improving financial inclusion and financial capability has also been a theme of our discussions around "rebalancing risk". The Panel is very supportive of efforts to increase access to financial services and to strengthen consumer understanding, recognising the importance of coordinated action across government, regulators, thought leaders and industry. We have highlighted opportunities to build on existing initiatives and to ensure that programmes are designed in a way that is sustainable, impactful and avoids unintended market distortion.

Finally, technological developments have been a continuing and cross-cutting area of focus, with the Panel engaging on issues including crypto asset regulation, payments and digital finance, and the FCA's approach to artificial intelligence (AI). We recognise the opportunities these developments present for innovation and growth and support a proportionate and outcomes-based regulatory approach that enables adoption while managing risks. The pace of change and growing adoption of AI is likely to be a principal area for attention for the Panel over the next year, including how to support firms to adopt AI safely and responsibly, as well as considering questions related to the FCA's perimeter that these new capabilities create.

We have valued the time taken by the FCA executive and FCA Board to engage with the Panel throughout the year as that has enabled valuable discussion and a collaborative approach. We also appreciate the FCA's continued commitment to seek feedback from the Panel from an early stage and at a strategic level to ensure our input adds as much value as possible. Looking ahead, there is strong alignment between the Panel's priorities and those of the FCA, and I look forward to continuing our constructive engagement.

Matt Hammerstein
Chair, FCA Practitioner Panel

Introduction

The FCA Practitioner Panel is a statutory panel for the Financial Conduct Authority (FCA). It is one of a number of panels which the FCA is required to establish by the Financial Services and Markets Act. Alongside the Smaller Business, Markets Practitioner and Listing Authority Advisory Panels it represents the interests of practitioners and provides advice to the FCA on the extent to which its policies and practices are consistent with its general duties.

The Panel meets on a regular basis to provide senior-level industry input into the FCA's policy and regulatory development, with membership selected to reflect the major sectors of the UK financial services industry. It focuses predominantly on issues with a strategic cross-sectoral impact and provides advice and feedback directly to the FCA Board and Executive.

Following publication of the FCA Strategy 2025-30, the Panel refreshed its priorities for 2025-26 as below:

1. Competitiveness, growth and innovation:
    a. Addressing barriers to investment, including risk appetite and enabling innovation, including but not restricted to:
        (i) Political, firm and consumer risk appetite
        (ii) Reducing regulatory burden, regulatory requirements on asset management, digital securities sandbox, open banking/ open finance, international alignment
2. Consumer Duty:
    a. Embedding communications and supervisory approach
    b. Rules and guidance/alignment, including but not restricted to:
        (i) Engagement as part of the Wider Implications Framework to support clear and consistent interpretation of the rules
        (ii) Unintended consequences
3. AGBR/ Pensions:
    a. Encourage speed of execution, including but not restricted to:
        (i) Engagement on AGBR proposals, and government pensions reforms
4. Technological developments:
    a. Benefits then risks, including but not restricted to:
        (i) AI, Big Tech, crypto and blockchain, digital identity

The Panel's approach focusses on:

A. Prioritisation
    - Challenge work against FCA objectives
    - Supporting the FCA to convene/ influence in areas outside its direct control

B. Focus on outcomes
    - What does 'good' mean?
    - Helps to reduce uncertainty and increase confidence/risk appetite

C. Proportionality
    - Policy and considered/consistent supervisory approach
    - Pace
    - Benefits assumptions and rationale

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Creating the environment for competitiveness, growth and innovation

Rebalancing risk

Rebalancing risk forms a central part of the vision in the FCA Strategy 2025 to 2030. The aim is to encourage considered and informed risk-taking, by the FCA, firms and consumers, to support economic growth, innovation, and competitiveness and improve lives.

Rebalancing risk was a central theme of the Panel's discussions throughout the year. The Panel highlighted that there are many types of risk, including those relating to products, consumers, markets, investment, defaults and firm failure risks, and the importance of being clear about context. The Panel encouraged the FCA to work with government and other agencies to not only grow understanding of the importance of informed risk-taking but also to move beyond general discussion on risk appetite and tolerable failure and seek to gain consensus on specific trade-offs and priority areas of focus. The Panel suggested the FCA approach this challenge on a case-by-case basis, looking at different areas central to the growth agenda such as enabling more people to invest through its work on the Advice Guidance Boundary Review (AGBR) or to own a home through the review of mortgage rules. It was also recognised that while accepting more risk could lead to increased benefits for society as a whole, it would be important for firms to consider mitigants to manage potential consumer impact.

The Panel also provided feedback on ideas for an analytical framework to help the FCA apply the concept of rebalancing risk, thinking about where there may be opportunities for greater risk-taking, where additional risk-taking could require caution due to the potential for harm, areas for prioritisation and thoughts on possible metrics and indicators. The Panel noted that the framework provided a useful starting point to energise a cultural shift in how FCA teams think about "risk" holistically when developing interventions, while reflecting that there was no one-size-fits-all solution and the challenge would be in its practical application and how to quantify different factors.

New supervisory model

Throughout the year the FCA outlined its plans to adapt its supervisory approach to support integrated and proportionate regulation, increasing the number of firms it has touchpoints with, and tailoring its supervisory approach based on risk. This formed part of the broader strategic drive to 'become a smarter regulator', also encompassing work to be a 'data-led' organisation focussed on predictability, enhanced engagement and transparency.

The Panel welcomed the commitment to shift away from transactional supervisory interactions towards a more strategic two-way dialogue. More value can be gained by interactions centred on information sharing to gain market insights, and which seek to understand key concerns and focus attention on the most strategic issues and challenges. Education and cultural change will be one of the most important, and challenging, aspects of transforming the supervisory approach, and the Panel noted that this applies both to FCA staff at all levels and to embedded behaviours within firms. The Panel emphasised that regular and ongoing two-way dialogue, with open feedback loops, would be key to instilling confidence in the new approach and supporting the required cultural shift on both sides. The Panel highlighted that the changes may require internal restructures and that the Prudential Regulation Authority (PRA) has not adjusted its own supervisory approach in the same way which could be challenging for firms.

Financial inclusion and financial capability

In November 2025 the government published its Financial Inclusion Strategy which set out a programme of action to improve financial inclusion across the UK through the coordinated action of industry, civil society, government, the regulators, Fair4All Finance and MaPS. The programme covers six priority areas: digital inclusion and access to banking, support for savings, financial resilience through insurance, access to affordable credit, tackling problem debt, and financial education and capability. The FCA Strategy 2025-30 highlights the importance of joint working with partners to ensure greater access for consumers to products and services, and on work to address low financial capability to give people the tools they need to access financial services that could support them in managing their financial lives.

The importance of financial inclusion and financial capability was a central theme of the Panel's discussions throughout the year, including during consideration of embedding the Consumer Duty and new policy proposals. In June, the Panel welcomed the publication of the government's Dormant Assets Scheme Strategy which included the allocation of £132.5m in dormant assets funding to financial inclusion through Fair4All Finance. In November the Panel provided a joint response, with the Smaller Business Practitioner Panel and the Financial Services Consumer Panel, to the Fair4All Finance consultation on how the allocated funding could best be used. The Panels provided suggestions on how to broaden the focus beyond financially vulnerable groups, safeguards to avoid market distortion, shared evidence-based design principals and suggested recommendations for a high-impact sustainable capability programme. It was highlighted that much work has already been done to improve financial capability, and there is opportunity to leverage the practical programmatic and experiential work undertaken by financial institutions and charities.

Cost of regulation

In March 2025 the government announced it was setting a target, for all government departments and regulators, to reduce the administrative cost of regulation to business by 25% by the end of Parliament (July 2029).

The Panel welcomed an update on how the FCA was proposing to approach achieving the 25% target for reducing the cost of regulation for firms, including how the baseline will be set, how progress will be measured, implications for policy and how evidence will be gathered. The Panel highlighted that in addition to direct administrative implementation costs, there are significant strategic 'opportunity costs' for firms. Time spent on compliance measures and associated reporting and assurance necessarily impacts on firms' ability to grow and innovate. The Panel encouraged the FCA to ensure both elements are captured in its work.

Transatlantic Taskforce for Markets of the Future

In September 2025 the government announced the establishment of a joint UK/US initiative to enhance collaboration on capital markets, digital assets and other innovative financial activities – The Transatlantic Taskforce for Markets of the Future.

The Panel welcomed the opportunity to help shape the FCA's early thinking on how best to engage as part of the Taskforce, and suggested areas for priority focus. The Panel noted potential areas for closer alignment with the US, alongside risks, cautioning that it will be important that any compromises made as part of negotiations do not inadvertently undermine or negatively impact areas where the UK is comparatively strong, such as anti-money laundering and tokenisation.

Wider Implications Framework (WIF)

In November 2024 the terms of reference of the WIF were updated to include a commitment to meet with the relevant FCA independent statutory panels twice a year to enable the panels to highlight issues with potentially significant or wider implications and receive significant updates on and participate in discussions about ongoing issues being managed under the framework.

As part of new arrangements WIF members met with the Panel in May 2025 and November 2025. The Panel received an update on issues being considered by the WIF under 5 key themes: the Consumer Duty, authorised push payments, fraud and scams, undisclosed commission (motor finance), cost of living and Advice Guidance Boundary Review (AGBR). The Panel particularly welcomed the demonstrable progress made by the FCA and the Financial Ombudsman Service (FOS) in explicitly defining and working together on priority issues, in parallel with ongoing work on modernising the redress system, noting both are critical to enhancing competitiveness and growth.

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Reforms supporting growth

Modernising the redress framework

In July 2025 the FCA and the FOS published a joint consultation on modernising the redress system, so it better serves consumers and provides greater stability for firms to invest and innovate. This was issued alongside a consultation by HM Treasury on potential legislative changes.

The Panel expressed support for the substance of the proposals to modernise the redress framework including: the establishment of a statutory referral mechanism for the FOS, firms and complainants; the introduction of a time limit for referral of complaints to the FOS; and clarification of the fair and reasonable test. Alongside the proposals requiring legislative change, the Panel strongly encouraged a focus on what could be achieved in the near future, and encouraged continued focus on ongoing work encompassing amendments to the MoU between the FCA and the FOS, changes to the Dispute Resolution: Complaints Sourcebook (DISP), and greater transparency regarding the decision frameworks to which the FOS works.

The Panel expressed strong support for the proposal to introduce a longstop within which complaints must be referred. The Panel's view is that there should be no exemptions, noting the Consumer Duty provides the basis through which relevant issues should be addressed at product design stage and through regular customer communication/engagement and iteration of the product.

On whether to make the FOS a subsidiary of the FCA, the Panel thought this would be counterproductive and direct energy away from improvements which could be made now. They were pleased that in March 2026 it was confirmed this will not form part of the recommendations.

The future of the mortgage market

In May 2025 the FCA published a consultation on 'Mortgage Rule Review: First steps to simplify our rules and increase flexibility, followed by a June Discussion paper on 'Mortgage Rule Review: the future of the mortgage market'. The proposals set out a range of ideas to support the broader availability and uptake of mortgages.

The Panel agreed that widening responsible lending and unlocking housing wealth is of central importance to growth aspirations and to achieving better outcomes for consumers in the longer-term. It is appropriate to look at this holistically recognising that system-wide thinking, including close work with the PRA, will be needed to unblock barriers to growth such as capital requirements for later life lending. The Panel encouraged the FCA to focus on areas of highest importance and urgency particularly focussing on expanding mortgage access for renters and first-time buyers, later life products, forbearance rules collaboration and customer understanding and process innovation.

Alternative Investment Fund Management

In April 2025 HM Treasury issued a consultation on Regulations for Alternative Investment Fund Managers (AIFMs) and alongside this the FCA published a Call for Input on the Future Regulation of Alternative Investment Managers.

The Panel observed that the UK's AIFM rules generally work well but noted it was helpful to consider how to make the regime more graduated, proportionate and flexible. This would promote competitiveness by making the UK an even more attractive jurisdiction for AIFMs. The Panel's observations encompassed feedback on the proposed three-tier approach, ensuring specific changes reduce the obligations for firms of all sizes, and the importance of inter-operability with EU rules.

Provisional licences

In December 2025 the government announced it would be creating a provisional licences authorisation regime for early-stage financial services firms seeking FCA authorisation. The proposed regime will enable the FCA to grant time-limited permissions so that firms can get 'up and running' in a controlled environment with strong regulatory oversight, whilst working towards full authorisation.

The Panel noted the potential of provisional licences to encourage new entrants to the market and boost innovation, while noting that the success of the regime would depend on key, to-be-defined details. It will be important to balance the benefits against key risks, including the potential reputational impact on both the FCA and wider industry if the changes introduced by the regime resulted in any significant consumer harm.

Reform of the Senior Managers and Certification Regime (SM&CR)

In July 2025 HM Treasury issued a consultation on Reforming the SM&CR alongside a joint consultation by the FCA and the PRA on proposed operational rules and policy changes.

The Panel was broadly supportive of the proposals to streamline the SM&CR, including the aim of reducing administrative burden and adopting a proportionate approach while maintaining the regime's role in supporting high standards in financial services firms. It was also welcomed that a joined-up approach is being taken by HM Treasury, the FCA and the PRA to ensure alignment. The Panel encouraged that energies be focussed on process improvements which can be made now, recognising legislative change takes time.

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Revised approach to the provision of advice and guidance

Advice Guidance Boundary Review (AGBR)

In February 2026 the FCA confirmed final rules for targeted support, providing a new regulatory framework for targeted support for consumers' pensions and investment decisions.

The Panel commended the FCA on the collaborative approach taken to the development of targeted support proposals. The use of policy sprints helped to accelerate the design of draft rules and provided greater confidence in a joined-up approach among regulators. The Panel had encouraged the FCA to share learnings and challenges in the next consultation to improve firms' understanding of how they should approach delivering targeted support, as well as help maintain momentum as the detailed rules were worked out. Building consumer understanding that any guidance provided is not personalised, alongside addressing industry concerns about liability, will be crucial to the regime's success.

The Panel suggested the FCA consider adopting the approach taken to this work, embracing ongoing dialogue and iterative feedback with industry, setting a new standard for future policy development.

Future pensions framework

In August 2025 the Pensions Scheme Bill was introduced to Parliament, legislating for the outcome of the Government's review into the UK pensions industry with the aim of encouraging investment in a wider range of asset classes and delivering better outcomes for pension savers. The FCA has continued to work with HM Treasury, Department of Work and Pensions and The Pensions Regulator to support implementation of policy changes, including consultations on the Value for Money Framework, adapting pensions rules to better support consumers, and work under way to update Self-Invested Personal Pension (SIPP) operator rules.

The Panel was supportive of work on digital tools and modellers. On defined contribution (DC) pension transfers and consolidation, the Panel emphasised the need for a standardised approach to presenting information so customers could understand their choices and recommended customer testing be undertaken to inform the approach. There was strong support for the aims of the work reviewing SIPPs requirements and the Panel suggested focus on two priorities: i) review existing definitions of non-standard investments (NSIs); and ii) consider how to support firms serving niche clients where compatibility issues arose. The Panel also highlighted there was opportunity to think more broadly about what is included in SIPPs compared to other products.

Consumer Composite Investments (CCIs)

In April 2025 the FCA consulted on further proposals on product information for CCIs aimed at helping consumers understand the investment products they are buying, while giving firms flexibility to innovate.

The Panel was supportive of the principles of the consultation but highlighted concern that the information requirements set out in the proposals and draft rules may not achieve the aim of more concise documents and clarity for consumers. The Panel stressed that changes would be costly to implement in an already tough market and may not necessarily result in improved outcomes. The FCA was encouraged to proceed with workshops and policy sprint sessions with industry participants to ensure the rules were clear, focusing particularly on transaction costs, transitional provisions and digital aspirations, and to build a common understanding of the practical implications of the requirements.

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Technological developments

Stablecoin issuance and cryptoasset custody

In April 2025 HM Treasury outlined in a draft Statutory Instrument and Policy Note that the Government proposed to implement new regulated activities for stablecoins to the same timetable as the rest of the cryptoasset regime. The FCA subsequently published a consultation asking for views on proposed rules and guidance for the activities of issuing a qualifying stablecoin and safeguarding qualifying cryptoassets, including qualifying stablecoins.

The Panel expressed its support for the aim of increasing confidence in the qualifying stablecoins markets, enhancing trust and supporting effective competition, and agreed new rules were needed to support the issuing of stablecoins and safeguarding of qualifying cryptoassets. The Panel emphasised that the regulatory framework should not only provide firms with certainty and encourage firm entry into the market but also ensure the safety and soundness of the existing financial system. Transitional arrangements would need careful consideration particularly for current incumbents/exchanges that provide end-to-end services related to stablecoins, as new rules could have material implications for the established commercial model that many existing firms operate.

Payments and Digital finance

In February 2026 the Payments Vision Delivery Committee, comprised of HM Treasury, the Bank of England, the FCA and the Payment Systems Regulator, published the Payments Forward Plan, setting out a clear and coordinated regulatory roadmap for the payments sector over the next three years. This built on the strategic direction established by the government's National Payments Vision, published in November 2025.

During the year the Panel discussed with the FCA how the pace of technological developments and cross-border nature of payments and digital assets pose significant challenges for industry, regulators and the UK economy. It was emphasised that regulation must be proportionate and outcomes-based in order for UK firms to embrace the opportunities to innovate presented by new technologies such as agentic AI, and to remain competitive. The Panel also noted it will be crucial that all firms recognise their responsibilities to prevent harm and that systems are in place to identify and address any crystallised risk, especially fraud.

Given the diverging approaches to digital assets across global regions, the Panel noted it would be important for stakeholders to work together to determine what the right approach for the UK should be.

Approach to Artificial Intelligence (AI)

In September 2025 the FCA set out its intention to take a principles-based and outcomes-focussed approach to support the safe and responsible adoption of AI in UK financial markets, focussing on driving innovation, benefitting consumers and markets, while also balancing risks, and supporting the growth and competitiveness of the sector.

The opportunities and risks associated with AI and data sharing was a recurrent theme of Panel discussions during the year, recognising the significant challenges this represents. The Panel observed that firms needed to define their own risk appetite under outcomes-based regulation, and that while there were risks associated with AI adoption, ignoring innovation might pose greater risks. It would also be important to ensure the UK had appropriate controls in place, particularly when thinking about data access and recognising the dominance of AI firms based in other jurisdictions. The Panel also emphasised the importance of consumers understanding the limitations of the service they were accessing e.g. robo-advice or targeted support.

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Panel diversity statement

The FCA has agreed to adopt diversity targets for all the FCA's Independent Panels. These targets reflect those introduced by the FCA in April 2022 for the board and executive management of listed companies:

- At least 40% of each Panel are women
- At least one of the senior positions (Chair, Deputy Chair or equivalent) across the Panels is held by a woman
- At least one member of each Panel is from an ethnic minority background

The Panel supports the FCA in its objective of improving diversity in the appointments it makes to all the independent Panels.

To monitor our progress against these targets diversity monitoring information is collected from Panel members on a voluntary basis. Based on the data collected, against these targets, we can report that as of 31 March 2026:

- 33% of the Practitioner Panel are women.
- Across all the Independent Panels, the target for at least one senior position to be held by a woman is exceeded.
- 3 out of 6 Independent Panels meet the target that at least one member is from an ethnic minority background.

The Panel supports the FCA in its objective of improving diversity in the appointments it makes to all the independent Panels.

List of Practitioner Panel members
(1 April 2025 – 31 March 2026)

Matt Hammerstein
Panel Chair
Chief Executive Officer
UK Corporate Bank
Barclays

Chirantan Barua
Deputy Chair from 01.09.25
Chief Executive, Scottish Widows and
CEO, Insurance, Pensions & Investments
Lloyds Banking Group

José Carvalho
Chief Executive Officer, Wealth and
Personal Banking
HSBC UK
Member from 23.06.25

Debbie Crosbie
Chief Executive
Nationwide Building Society
Member until 30.06.25

Tara Foley
Chief Executive Officer
AXA UK&I
Member from 25.08.25

Paul Geddes
Chief Executive Officer
Evelyn Partners
Member from 23.06.25

Alasdair Haynes
President
Aquis Exchange plc
Member until 22.07.25

Christopher Hill
Deputy Panel Chair until 30.04.25
Senior Adviser to Boston Consulting
Group and a non-executive director of
Quilter plc

Steve Hughes
Chief Executive Officer
Coventry Building Society
Member from 18.08.25

Nasreen Kasenally
Chief Executive Officer
UBS Asset Management (UK) Ltd
Member until 31.01.26

Steven Levin
Chief Executive Officer
Quilter plc
Member from 21.04.25

Andy Mielczarek
Chief Executive Officer
Chetwood Financial
Member until 30.04.25

Richard Oldfield
Group Chief Executive
Schroders

Christopher Rhodes
President
ICE Futures Europe
Member from 01.10.25

Will Self
Chief Executive Officer
Attends meetings as Smaller Business Practitioner Panel Chair from 01.09.25
InvestAcc Group

Paul Stockton
Chief Executive
Rathbones Group Plc
Member until 30.09.25

Pete Wickes
General Manager EMEA
Worldpay
Member from 23.06.25

Adam Winslow
Chief Executive Officer
Direct Line Group
Member until 01.07.25

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