Annual Report
2025/26

FCA
Smaller Business Practitioner Panel

Smaller Business Practitioner Panel
Annual Report 2025-26

Contents

Chair’s foreword

Last year the previous Panel Chair, Andy Mielczarek, reflected in his foreword on the pressures facing smaller firms, including challenging macroeconomic conditions, regulatory burden and the need to adapt to ongoing change. This year, the Panel has continued to focus on the sustainability of smaller firms, while also engaging closely with the FCA's renewed emphasis on supporting growth, innovation and competitiveness. Throughout the year, the Panel has sought to ensure that these objectives are pursued in a way that remains proportionate and delivers a regulatory environment in which smaller firms can genuinely thrive.

A central theme of our discussions has been the FCA's focus on rebalancing risk to support economic growth. The Panel has been broadly supportive of this ambition, while emphasising the importance of clarity on how it will be applied in practice. We noted that building awareness and confidence in the concept of shared risk, with responsible risk-taking by the FCA, industry and consumers, will be critical, and will require cultural change. From a smaller firm perspective, we highlighted that a shift towards more principles-based regulation may place greater demands on firms with more limited resources, and encouraged the FCA to provide clear guidance and worked examples. We also emphasised that consistent interpretation of the rules by the FCA and the FOS will be important for firms to feel comfortable taking greater risk.

During the year, the Panel engaged on a wide range of policy initiatives linked to the growth and innovation agenda. This included providing input on work to improve access to finance for small and medium-sized enterprises, modernise the redress system and support the development of open banking and the mutuals sector. We also considered the rapidly evolving role of technology, particularly artificial intelligence (AI), recognising both the opportunities it presents for innovation and improved consumer outcomes, and the challenges it creates for smaller firms seeking to adopt new tools safely and effectively, and to remain competitive.

We engaged closely with the FCA on its plans to become a more proportionate and data-led regulator, including enhancements to the supervisory model and the government's ambition to reduce the cost of regulation. The Panel has consistently emphasised the importance of ensuring that regulatory change does not impose disproportionate burdens, that the cumulative impact of new initiatives is carefully considered, highlighted unintended consequence of policy design and provided robust challenge where the rationale for interventions may not be clear. We also continued to monitor developments in areas such as the Pure Protection Market Study, motor finance redress and the regulation of deferred payment credit, encouraging the FCA to provide clarity and certainty as these significant programmes of work progress.

Embedding the Consumer Duty has also remained an important focus. The Panel has worked with the FCA to support a proportionate approach to implementation of the Duty, recognising the resource constraints faced by many smaller firms. We have welcomed the FCA's willingness to provide further guidance and practical support, including the development of tailored materials for smaller firms, and have continued to emphasise the importance of sharing examples of good practice and ensuring that data requests and monitoring expectations are appropriately calibrated. Alongside this we have continued to reinforce the importance of joint working to address challenges associated with financial inclusion and capability, particularly thinking about vulnerable consumers.

Looking ahead, the Panel will continue to support the FCA in delivering on its Strategy 2025-30, including focus on ensuring that the growth and competitiveness agenda is inclusive of smaller firms and reflects the diversity of business models across the industry.

Finally, I would like to thank Panel members for their continued commitment and thoughtful contributions throughout the year. I am also grateful to the FCA Chair, CEO and wider FCA colleagues for their ongoing engagement with the Panel, their openness to challenge and their willingness to incorporate feedback into their evolving approach.

Will Self
Chair, FCA Smaller Business Practitioner Panel

1

Introduction

The Smaller Business Practitioner Panel is one of six statutory panels for the FCA, alongside the Practitioner Panel, Markets Practitioner Panel, Financial Services Consumer Panel, the Listing Authority Advisory Panel and the Cost Benefit Analysis Panel. The Panel aims to apply its experience and knowledge to improve UK financial services regulation through representing to the FCA the views, interests and concerns of smaller regulated firms.

Each year the Panel identifies its key areas of focus and priorities and communicates these to the FCA. During the year the Panel meets regularly with FCA senior staff and representatives of other bodies to engage with the regulatory process and provide advice and feedback.

Over the year the Panel addressed the impact of regulation on smaller firms, with the following areas of focus:

1. Growth and Innovation
    a. Creating a regulatory environment where smaller firms can thrive
    b. Ensuring growth is inclusive of all types of business models
    c. Supporting smaller firms to explore new technologies and innovate
2. Sustainability of smaller firms
    a. Ensuring a proportionate approach to regulation including supervisory interaction with smaller firms
    b. Reducing regulatory burdens on smaller firms (data requests etc)
    c. Effective regulation including robust CBA of proposed policy (outcomes sought, effectiveness and cost)
3. Consumer Duty
    a. Embedding of the Duty including sharing good and bad practice
    b. Ensuring the impact is proportionate and we minimise unintended consequences

In May 2025 the FCA set out the areas it wished to prioritise engagement on with the Panel:

- Getting the right balance between growth, market integrity and consumer protection
- How the FCA can give greater transparency and predictability on regulatory priorities and outcomes
- Making authorisation and scaling up easier for innovative firms
- Proportionality, including using the Consumer Duty to reduce firm burden
- Data – and how we can make better use of it to reduce the reporting burden
- How we can provide clarity on the Advice/Guidance boundary in a way that expands the number of consumers who can be helped to make appropriate choices
- Redress reforms (which would include motor finance)
- Consumer credit reform (subject to necessary next steps by HM Treasury)
- Supporting the government's objectives for the mutual sector

2

Growth and innovation

2.1. 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.

The Panel expressed its support for the concept of rebalancing risk and noted that given the concept has many different contexts it was important to be clear on the type of risk being referred to and to whom it applied. Consumers needed to understand the risks they could take, alongside encouraging firms to take on more risk, and ensuring there is alignment in regulatory approach. Building awareness and confidence in the concept of shared risk will be critical.

The Panel observed that risk aversion may be driven by a mix of boards, legal and compliance teams which has created an embedded risk averse culture in many firms over time. It is clear that consistent interpretation of the rules by the FCA and the Financial Ombudsman Service (FOS) will be important for firms to feel comfortable taking greater risk. The Panel also suggested the FCA could do more to help with this shift by providing clarity on its expectations and when "good" practice resulting in good consumer outcomes is sufficient. The Panel noted in particular that a move away from prescriptive guidance towards greater firm-level interpretation may bear down disproportionately on smaller firms, which typically lack the in-house legal and compliance resource needed to navigate ambiguity with confidence. Where rebalancing risk leads to a more principles-based regulatory environment, it would be helpful to consider whether additional support, such as clear worked examples and sector-specific guidance, is needed to ensure smaller firms can participate fully in that shift.

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. It was noted the framework provided a useful starting point for visualising key themes for evolving how the FCA makes and implements regulation. The Panel encouraged the FCA to identify success measures, consider any unintended consequences and potential systemic impact, and to actively involve industry as this work is progressed.

More broadly, the Panel emphasised that smaller firms play an important role in the UK financial services market, providing competition, innovation, and access to credit and other services for consumers and businesses who are underserved by larger institutions. For the growth and competitiveness agenda to succeed, the aim should be to create an environment in which smaller firms can genuinely thrive: one where the regulatory framework is proportionate, where the costs and burdens of compliance do not fall more heavily on smaller firms relative to their scale, and where there is equal access to the infrastructure and data that underpin modern financial services. The Panel encouraged the FCA to make the sustainability of a diverse and competitive smaller firm sector a standing lens through which its growth agenda is assessed.

2.2. Barriers to SME finance

In March 2026 the FCA published a Call for Input seeking views on how FCA regulation can help small and medium-sized enterprises (SMEs) to access finance, noting that evidence suggests the UK's SME demand for finance is low compared to international counterparts. The FCA is seeking to explore barriers to SME finance, opportunities for future regulation, sector-specific issues in getting finance and future trends.

The Panel reflected on the broad scope of this work, and recommended early work explore barriers to lending on both the demand and supply side. On the demand side, SMEs can be reluctant to borrow for a number of reasons, including an expectation of rejection, a lack of awareness, confidence, and operational stretch. They may also have concerns about eligibility and repayments and ability to access the required financial records. The Panel suggested focussing on the adoption of digital tools, data quality, and familiarity with how credit scoring works may be useful starting points to help address these issues. On the supply side, where there is perceived greater risk lending may be more expensive and require firms to have more capital and closer monitoring by the lender. Wider feedback should give clarity to the range of factors at play and help inform the regulatory approach.

2.3. Modernising redress

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 welcomed the close alignment between the FCA, FOS and HM Treasury on modernising the redress system, and supports the overall objectives. The Panel noted the proposals put forward have the potential to effect fundamental change, so getting the operational detail right on key areas such as the referral mechanism will be crucial. It also highlighted that given the differences between financial services sectors, exploration of how the decision frameworks will work in practice within different contexts, and allowing these to evolve, will be important.

2.4. 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.

The Panel noted ongoing work 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 also engaged with the FOS on key themes emerging from the call for input on modernising the redress system including FOS and Financial Services Compensation Scheme (FSCS) operational effectiveness, and the impact of professional representatives and Claims Management Companies (CMCs). The Panel welcomed that trends observed by the FOS, and by firms, indicated a fall in the number of cases generated by CMCs following the introduction of charges on CMCs, but also highlighted that firms remained concerned that 'case law' was being established by unpredictable, and sometimes inconsistent, FOS interpretations. It was noted this has significant implications for both consumer access to financial services products and for broader growth aspirations. The Panel welcomed that these issues are being jointly addressed by WIF members.

2.5. AI and technological developments

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.

Navigating the opportunities and risks associated with rapid pace of technological developments and the advancement of AI was a recurring theme of the Panel's discussions throughout the year presenting both challenges and opportunities for the FCA and for firms. The Panel also noted that AI has the potential to broaden consumer access to information and guidance, particularly in areas such as debt advice, pensions and investment, but could also pose risks if consumers relied on misleading content.

The Panel noted many smaller firms are keen to embrace AI to realise their growth potential and remain competitive but that given the pace and scale of AI evolvement and the limited resources of smaller firms it would be helpful if the FCA could do more to help build their understanding of, and confidence in using, AI. This includes questions around potential liability when AI is used by third party providers, appropriate governance to mitigate risks including where AI may be embedded and sharing examples of where AI is not causing concern and might be adopted safely and responsibly. In response, on 27 January 2026 the FCA hosted an AI event for smaller firms to enable firms to share their experiences, challenges, and ambitions around AI adoption, identify barriers and opportunities from a smaller business standpoint and gather insights to help inform the regulatory approach to AI.

2.6. Mortgage market review

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 welcomed the broad scope of the discussion paper and was supportive of many of the potential reforms mooted including on affordability, later life lending and enabling innovation. The Panel recommended using the Consumer Duty as a mainstay in any re-design of mortgage regulation rather than introducing additional rules. It was also noted that the market may see significant change driven by the use of AI, and it will be important to get the right balance of regulation for a rapidly changing market. Although not directly a regulatory issue, AI presents a particular challenge for smaller businesses which could risk falling behind larger firms with greater resources.

In early 2026, the Panel received an update on proposed rule changes to stimulate lending to first time buyers and underserved consumers, and welcomed the opportunities presented by changes to the rules for interest only and higher LTI. The Panel fed back that this is one area where more explicit rules and/or examples would be needed rather than reliance on the Consumer Duty, alongside close collaboration with the Prudential Regulation Authority (PRA), to give lenders confidence to change their approach. Joining up thinking on the approach to later life lending will also be important as this work progresses, given the many interconnections.

2.7. Growth of the mutuals sector

In December 2025 the FCA and the PRA published a joint report announcing a package of initiatives designed to support the growth of the financial services mutuals sector, including a review of credit union regulations and the launch of a Mutual Societies Development Unit. Alongside this, the FCA published a Mutuals registering authority report assessing the mutual societies landscape and making recommendations to support sustainable growth encompassing networks and support, law, systems and data, cost and time and knowledge and development.

The Panel commended the FCA and PRA for the positive way in which they jointly engaged with mutuals over the last year, and the focus on pragmatic solutions. The initiatives put in place and broader findings provide a good foundation for exploring opportunities to grow the sector. The Panel noted that access to capital remains a significant challenge for smaller mutuals, and that success will depend on putting ideas into practice, including looking at wider factors inhibiting growth, particularly the burden of regulatory requirements and stresses imposed on smaller firms by the pace of change. Beyond this, the Panel encouraged the FCA to explore opportunities to help build consumer awareness of what mutuals are and the benefits they offer.

2.8. Open banking and open finance

In line with expectations set out in the National Payments Vision, in 2025 the FCA engaged with stakeholders to develop a clear vision and strategic goals for the next phase of open banking development. Aims include open banking being accessible and valuable to consumers, ensuring safety and security, being scalable and responsive, interoperable and promoting competition and innovation.

The Panel is broadly supportive of the aims of this work and welcomes the opportunities for growth linked to open banking, such as the development of seamless account to account payments like Variable Recurring Payments to give consumers more choice around how they pay. The Panel provided feedback on opportunities and risks associated with the development of a new regulatory framework, highlighting current issues and the risk of unintended consequences. It was noted that payments innovation and the introduction of new options has led to higher rather than lower costs for businesses over the past few years, with providers charging for the additional services introduced. Also, while open banking has been valuable for affordability assessments and on file lending, the fragmented nature of suppliers has created issues where consent may be requested multiple times, adding friction to consumer journeys.

3

Sustainability of smaller firms

3.1. Regulatory excellence and the new supervision model

During 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 proposed enhancements to the supervisory model to provide greater predictability and clarity for firms. Implementing a more proportionate and targeted approach to supervision will require a fundamental culture shift for FCA staff as well as firms. The Panel encouraged the FCA to take a tailored approach to communications and outreach, similar to that taken with the Consumer Duty, so that smaller firms understand what the regulatory requirements mean for them.

3.2. 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 existing regulation to businesses by 25% by the end of Parliament (July 2029).

The Panel provided suggestions for areas of focus for the FCA, alongside seeking assurance that the FCA would be collaborating with the PRA as well as other regulators particularly thinking about areas of overlap and avoiding duplication. It was noted gathering information and gaining consensus on current costs may be difficult, and it would be important not to impose additional administrative burden on firms through this exercise.

The Panel highlighted some of the burden may stem from misperceptions of requirements within firms noting that smaller firms may often not have the bandwidth to read the detailed rules and erred on the side of caution. The Panel welcomed the intention to collaborate with trade associations noting that some research in this area has already been undertaken, and that trade bodies can have an important role in helping with 'myth busting' and helping firms gain an understanding of actual requirements.

Beyond this, the Panel emphasised that regulatory change creates costs for businesses and it remains vital to assess and review impact when scoping new work.

3.3. Pure Protection Market Study (PPMS)

In March 2025, the FCA launched a market study into the how pure protection insurance products are sold, seeking to ensure that consumers are able to buy products and services that meet their needs, provide fair value, and support them in making timely, well-informed decisions. In January the FCA published an interim report noting the evidence indicated that overall, the market delivers good outcomes for people who already hold protection, with high claims acceptance and low complaint levels, while also highlighting areas where the market could work better.

Throughout the year the Panel emphasised the importance of progressing the market study work as quickly as possible. While supportive of the aims of the work, the Panel expressed concern that the announcement of the study had created industry uncertainty and cited examples of investors suspending activities while the study was ongoing. The Panel stressed the importance of the FCA being as clear and conclusive as possible as the study was progressed to address ongoing uncertainty. The findings set out in the PPMS interim report were welcomed by the Panel, particularly the commitment to work with industry to reduce the protection gap. The Panel raised that it may be more relevant to look at profit margins rather than claims ratios, and noted more clarity was needed on the analysis of loaded premiums.

3.4. Motor finance redress

On 30 March 2026 the FCA announced the introduction of an industry-wide redress scheme to compensate motor finance customers who were treated unfairly between 2007 and 2024. This followed an extensive consultation in November-December 2025 which received feedback from a wide number of industry stakeholders and consumer organisations.

As last year, the Panel continued to maintain a close watch on developments as the FCA considered whether to introduce a motor finance commission redress scheme. The Panel expressed its support for the broad aims and principles for establishing a redress scheme and reflected that the scale and complexity of the undertaking presented significant challenge. In its response to the consultation the Panel provided detailed feedback and raised a number of specific concerns. Motor finance redress is likely to continue to be a key area of focus for the Panel over the next year, also noting recent legal challenges, and we encourage the FCA to continue to provide as much certainty as possible in ongoing communications to firms and consumers as issues are worked through.

3.5. Deferred Payment Credit (DPC)

In February 2026 the FCA published final rules on the regulation of DPC (more commonly known as Buy Now Pay Later) to ensure that borrowers have appropriate protections when using this product.

In July the Panel provided feedback to the FCA's consultation on the proposed approach to regulating DPC and expressed broad support for the proposals. The sector has undergone rapid growth in recent years, and it is important consumer protection is strengthened accordingly. From a smaller firm perspective, the Panel emphasised the importance of proportionality in how the rules are implemented particularly highlighting reporting expectations and supervisory approach. The Panel also stressed there needs to be a consistent regulatory approach which provides for a level playing field with other forms of unsecured credit.

4

Embedding the Consumer Duty

4.1. Priority areas of focus

In September 2025 the FCA published several updates clarifying areas of focus for Consumer Duty work over the next year, including Consumer Duty Requirements Review work to ensure proportionate application of the Duty and reduce unnecessary complexity and duplication, a review of the Consumer Duty's application to wholesale firms, and wider initiatives including thematic, multi-firm and market-wide work, and work to address sector specific priorities.

Throughout the year the Panel received regular updates on the wide range of Consumer Duty work under way and provided specific feedback to help guide the FCA's approach in several areas. This included discussions on the Consumer Duty Requirements Review, application of the Duty to firms in distribution chains, compliance with the Products and Services outcome, providing greater clarity around the Duty's scope and application, and clarifying expectations around Board reporting.

The Panel welcomed the FCA's responsiveness to industry concerns about practical implementation of the Duty recognising that smaller firms do not have the breadth of resources of larger firms. The Panel encouraged the FCA to continue the use of seminars, live and local events, issuing further guidance where needed and channelling information on good and poor practice via trade associations.

4.2. Smaller firms guides

In December 2025 the FCA published a consultation on Targeted Clarifications of Handbook materials. The consultation included a Smaller Firm Guide Discussion chapter which set out proposals for the development of additional guides to support smaller firms to implement the Consumer Duty.

In May 2025 the Panel provided feedback to the FCA on the design of the proposed guides, including recommending taking a sector-by-sector approach and employing the use of case studies demonstrating good and proportionate application of Duty requirements. The Panel received an update on this work in January 2026 and welcomed that its feedback had been taken on board, with the planned development of a pilot guide focussed on credit broking. The Panel encouraged the FCA to continue developing tailored guidance for other sectors as soon as practicable and suggested prioritising other 'high need' sectors, such as mortgage brokers, insurance and financial advice.

4.3. Outcomes monitoring

In October 2025 the Panel provided feedback on the timing and scope of a proposed data request to firms on Consumer Duty outcomes monitoring, including recommending more tailored questions, and that the survey be issued at a less busy time than year-end to reduce the burden on firms. The Panel was pleased that this feedback was used to inform the approach taken.

In March 2026 the Panel discussed with the FCA the challenges for smaller firms in developing the right outcome metrics to demonstrate they are contributing to Consumer Duty outcomes. Evidencing how firm actions may be increasing consumer confidence was not straightforward particularly noting that there are dependencies with work by other agencies leading on consumer financial education. How to evidence fair value and that products and services meet the specific needs, characteristics, and objectives of the identified target market also remained a challenge. The Panel emphasised the importance of proportionality and of the FCA sharing best practice examples to help smaller firms with fewer resources put the right management information in place to enable meaningful insights and for progress to be measured.

5

Consumer engagement and financial accessibility

5.1. 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 the Money and Pensions Service (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.

Financial education and financial inclusion were recurring themes of the Panel's discussions throughout the year, both through consideration of the FCA's work to help consumers to navigate their financial lives, and as part of direct engagement with the FCA Executive, FCA Chair and the MaPS CEO, where there was recognition of the importance of joint working.

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 Practitioner Panel and the Financial Services Consumer Panel, to a 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 principles 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 from practical programmatic and experiential work which has been undertaken by financial institutions and charities, and benefit from the learnings gathered.

5.2. Expanding consumer access to investments

In December 2025 the FCA published a discussion paper seeking views on what more the FCA can do to ensure its regulations help consumers take informed risks and equip them with the confidence to invest.

The Panel discussed with the FCA the challenge of how to change risk appetite in the UK to achieve better outcomes for consumers and reflected on the range of obstacles on the supply and demand sides. It was noted that financial education would be a key factor in helping consumers understand the risks they are taking when making decisions about their investments, but also the risk of poor outcomes if they do not take action. The Panel highlighted demographic differences in investment attitudes noting that younger consumers may disproportionately engage with volatile and unregulated assets, while older consumers tend to be overly risk averse. It was noted tailoring messages to different demographics and characteristics, and considering how best to use different communication channels, is likely to be a key part of the solution.

5.3. 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 welcomed the publication of the rules for targeted support and provided feedback on the development of proposals for simplified advice and the ongoing advice review. The Panel noted the importance of being clear on the boundary of targeted support, including what it will not cover, and emphasised that as AGBR is implemented it will be important to ensure that the various components work together in practice, to avoid the risk of consumers falling into 'gaps'. This would benefit from regular testing as AGBR is implemented in order to build a better understanding of consumer responses, and to monitor whether the right outcomes are being achieved.

5.4. Pensions policy

The FCA has continued to work with HM Treasury, the Department of Work and Pensions, The Pensions Regulator and MaPS on a programme of policy change set out in the Pension Schemes Bill, the Pension Commission, a value for money framework for default workplace Defined Contribution pension schemes, the roll-out of targeted support, the introduction of pensions dashboards and a framework for 'guided retirement'. The broad aim is to encourage investment in a wider range of asset classes and deliver better outcomes for pension savers.

The Panel received regular updates on ongoing work to support the implementation of policy changes including consultations on the Value for Money Framework, adapting pensions rules to better support consumers, updates to Self-Invested Personal Pension operator rules and delivery of a framework for default pension benefit solutions at retirement ('guided retirement'). The Panel broadly supported the objectives of the work and noted the importance of collaboration between agencies and consideration of how the rules will apply to different product sets and customers, particularly recognising the range and complexity of retiree journeys. The Panel highlighted the importance of guiding people to existing resources, support and advice at the right time for them and emphasised that financial education will be an essential enabler for this work.

5.5. Sustainable finance

On 30 April 2025 the FCA announced it had paused its plans to extend the Sustainability Disclosure Requirements (SDR) and investment labels regime to portfolio management following feedback from industry and to ensure that the SDR regime for portfolio managers protects consumers, whilst considering the practical challenges firms may have in adopting the regime. In December 2025 the FCA consulted on rules for Environmental, Social and Governance (ESG) ratings providers coming under FCA regulation.

The Panel received several updates on the FCA's work on sustainable finance throughout the year, including on the phased implementation of the SDR and labelling regime, the development of rules for ESG ratings providers and work to improve the transparency and integrity of sustainability data and information. The Panel encouraged the FCA to consider further consumer testing as the SDR regime is embedded to address concerns about consumer understanding of the different product categories, labels and unlabelled products, particularly alongside the Overseas Funds Regime. The Panel welcomed that the FCA is continuing to work with European counterparts to maximise alignment with the EU's Sustainable Finance Disclosure Regulation.

5.6. Climate disclosure rules

In August 2025 the FCA set out findings and next steps from its review into firms' climate reporting to establish how its rules have been working and firms' views on the regime. The review found that overall the rules had increased firms' consideration of climate risks and firms supported their integration into decision-making, and also identified opportunities for simplifying reporting noting in some areas information was too complex for retail investors to engage with and the regime could be more proportionate.

The Panel expressed its support for the proposals to streamline product reporting under the Task Force on Climate-Related Financial Disclosures, both to enable greater consumer understanding and to reduce the burden on firms. The Panel noted current prescriptive requirements had effectively led to the process becoming a 'tick box' exercise for product providers, and that potential investors and advisors were being presented with too much detail, which discouraged engagement. The Panel encouraged the FCA to explore similar opportunities for streamlining entity-level reporting as soon as practicable.

Members of FCA Smaller Business Practitioner Panel

Will Self
Panel Chair
Chief Executive
InvestAcc Group
Panel Chair from 01.09.25

Devesh Ambasna
Principal Partner
AWS Advice

Rikesh Bhatt
Founder of 8 Financial Planning
Member from 01.04.26

Rob Clifford
Chief Executive
Stonebridge Mortgage Solutions

Paul Denton
Chief Executive
Scottish Building Society

Gordon Dewar
Managing Director
Salvation Army General Insurance Corporation (SAGIC)

Mark Fiander
Chief Executive
Gain Credit

Kevin Forbes
Managing Partner
Strategic Solutions
Member until 24.06.25

Gail Goldie
Chief Executive Officer
Bank of Ireland UK
Member from 01.10.25

Frances McCann
Chief Executive
Scotwest Credit Union Limited

Andy Mielczarek
Chief Executive
Chetwood Financial Limited (until 30 September 2024)
Member and Panel Chair until 30.4.25

David Perry
Managing Director
FSB Insurance Service

Mark Rayward
Executive Chair
Navera Investment Management

Lee Streets
Chief Executive
Evolution Funding Ltd

Stuart Tragheim
Deputy Chairman and Senior Independent Director
Foresters Friendly Society
Deputy Chair from 01.12.25

Karen Zachary
Chief Operating Officer
Marathon Asset Management Limited (from 26.05.26)

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

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:

- 15% of the Smaller Business 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.
- 4 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.

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