

Quarterly KPIs: 2017/2018

As at September 2017

Introduction

To enable transparency and as part of our journey to become operationally excellent, these Authorisations Quarterly Key Performance Indicators (KPIs) provide key metrics on the performance of the FCA's Authorisations Division.

What is in this publication?

In order to provide transparency, we provide KPIs for:

- Authorisations;
- Cancellations;
- Variations of Permission;
- Payment Services and E-money;
- Waivers;
- Change in Control;
- Approved Persons; and
- Passporting.

Changes

We publish our service standards on our 'Measuring our Performance' webpages, along with these quarterly KPIs, covering the number of applications received and in flight, and the distribution of processing times and outcomes.

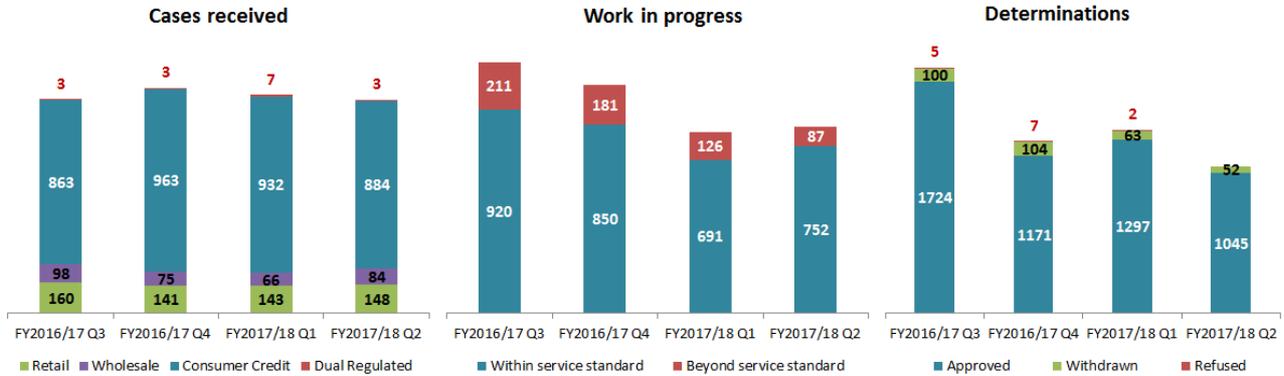
Following consultation, we have changed the metrics and format of this publication. Changes include:

- A wider range of firms seeking authorisation, including consumer credit firms;
- A wider range of authorisations application types and processes (now including Change in Control, Approved persons and Passporting); and
- A wider and more transparent set of metrics designed to show a more transparent picture of what applicants can expect.

Authorisations quarterly KPIs:2017/2018

Authorisations: to process a firm application for a Part 4A permission

(Applicable service standards: Appendix I)



Processing times of cases completed in quarter (weeks)				
	Min	Mean	Mode	Max
FY2016/17 Q3	<1	17.2	<1	102
FY2016/17 Q4	<1	15.5	<1	118.6
FY2017/18 Q1	<1	12.5	<1	132.3
FY2017/18 Q2	<1	12.7	<1	141

Service standards			
	Cases required within standard	Of those required, cases determined within standard	% determined within standard
FY2016/17 Q3	1568	1494	95.3%
FY2016/17 Q4	1470	1440	98.0%
FY2017/18 Q1	935	924	98.8%
FY2017/18 Q2	987	979	99.2%

For cases with deadlines in respect of statutory service standards falling due in Q2 2017/18, over 99% of cases were determined within standard. Although the mean average processing time was 13 weeks, a significant cohort of cases were straightforward, very low risk consumer credit cases, giving a modal processing time for said cohort of under one week. The modal processing time for Wholesale and Retail cases were 15 and 14 weeks respectively.

Timelines for dual-regulated firms are set by the PRA. However, for transparency and completeness, we include the cases here. We consider dual-regulated cases closed as at the time we communicate our decision to the PRA. Overall volumes for new authorisations are low but these cases required an average of 33 weeks to process, from date of receipt to communication of our determination to the PRA, during the four quarters. We only include core Dual Authorisation cases; cases at the pre-application stage or post-authorisation mobilisation stage are excluded from the figures.

New Authorisations volumes include Consumer Credit cases. We largely concluded the work to transfer the authorisation of consumer credit firms from the Office of Fair Trading in 2016, with over 40,000 applications determined and only 64 open cases remaining as at 30 September 2017. Those remaining applications are more complex cases which take longer to determine. Open cases beyond service standard include commercial debt management firms and peer-to-peer platforms.

The FCA is making a concerted effort to clear them in 2017. We have already communicated initial decisions to most of these firms, and aim to have communicated decisions to every firm by 2017 year-end.

The declining trend in determination volumes reflects the conclusion of the Consumer Credit project as well as the increased complexity of the cases that remain on-hand.

Glossary:

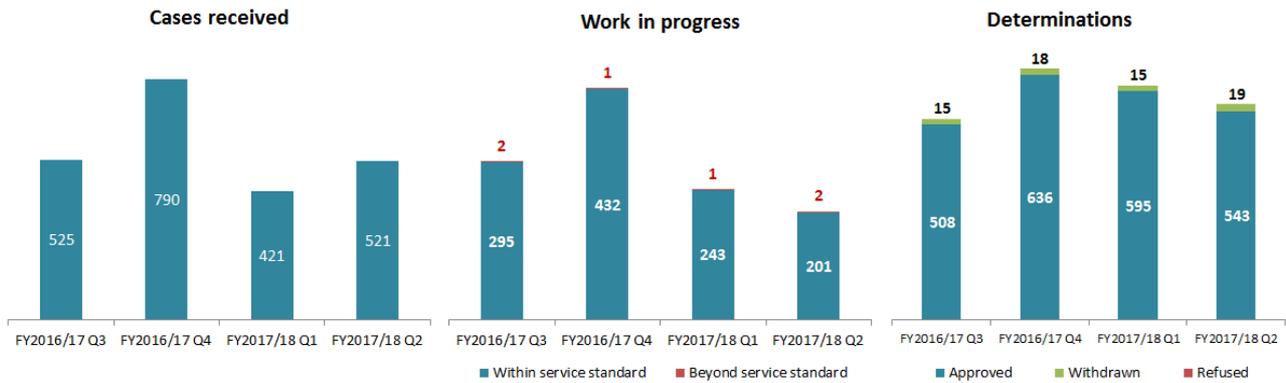
- Retail: Solo-regulated retail investment firms
- Wholesale: Solo-regulated wholesale investment firms
- Consumer Credit: Solo-regulated firms carrying on credit-related regulated activities
- Dual-regulated: Firms regulated by both the Prudential Regulation authority (PRA) and the FCA.

Note that solo-regulated firms may fall into more than one of the above categories. Cases are assigned to one of the relevant areas according to permissions applied for and overall nature of the firm.

Cancellations quarterly KPIs:2017/2018

Cancellations: to determine an application for Cancellation of Part 4A Permission

(Applicable service standards: Appendix I)



Processing times of cases completed in quarter (weeks)				
	Min	Mean	Mode	Max
FY2016/17 Q3	<1	9.7	3	77.6
FY2016/17 Q4	<1	7.2	1	58.3
FY2017/18 Q1	<1	6.4	1	74.7
FY2017/18 Q2	<1	5.8	<1	51

Service standards			
	Cases required within standard	Of those required, cases determined within standard	% determined within standard
FY2016/17 Q3	350	349	99.7%
FY2016/17 Q4	571	571	100%
FY2017/18 Q1	450	450	100%
FY2017/18 Q2	734	732	99.7%

The spike in receipts in FY2016/17 Q4 is in line with the historical pattern seen in the three months approaching financial year-end.

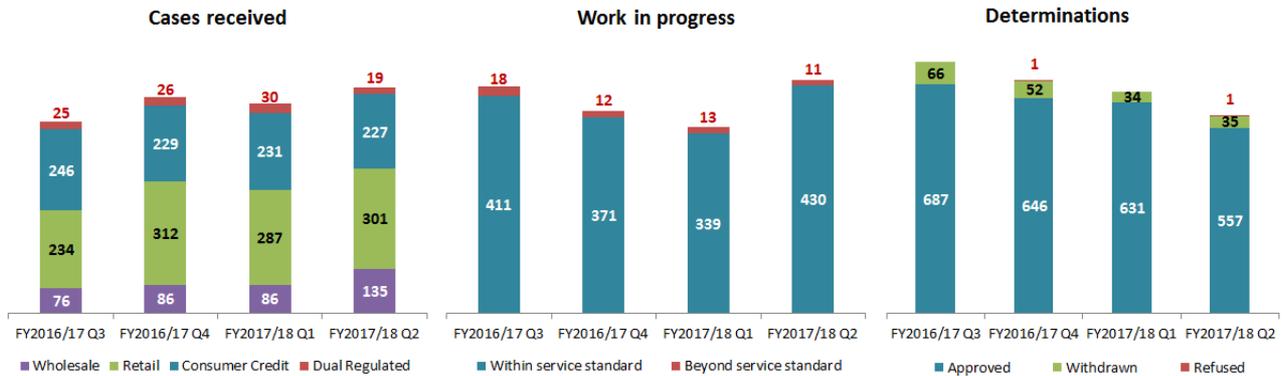
This spike increased the level of work in progress (WiP). However, additional resource coupled with more focused training leading to better coverage of all types of work meant that the team were able to manage the high numbers.

As a result, the number of determinations remained high, and the overall Work in Progress has declined.

Variations of permission quarterly KPIs: 2017/2018

Variations of permission (VoP): to process an application from an authorised firm for VoP

(Applicable service standards: Appendix I)



Processing times of cases completed in quarter (weeks)				
	Min	Mean	Mode	Max
FY2016/17 Q3	<1	13.6	1	100.3
FY2016/17 Q4	<1	9.4	1	110
FY2017/18 Q1	<1	7.8	2	83.1
FY2017/18 Q2	<1	8.2	<1	131

Service standards			
	Cases required within standard	Of those required, cases determined within standard	% determined within standard
FY2016/17 Q3	947	935	98.7%
FY2016/17 Q4	821	820	99.9%
FY2017/18 Q1	629	625	99.4%
FY2017/18 Q2	695	691	99.4%

The number of wholesale Variation of Permission (VoP) applications received increased by 58% in Q2, while the number of cases closed decreased. This is due to an increase in the complexity of cases, and is reflected in the increase of overall mean processing time and Work in Progress.

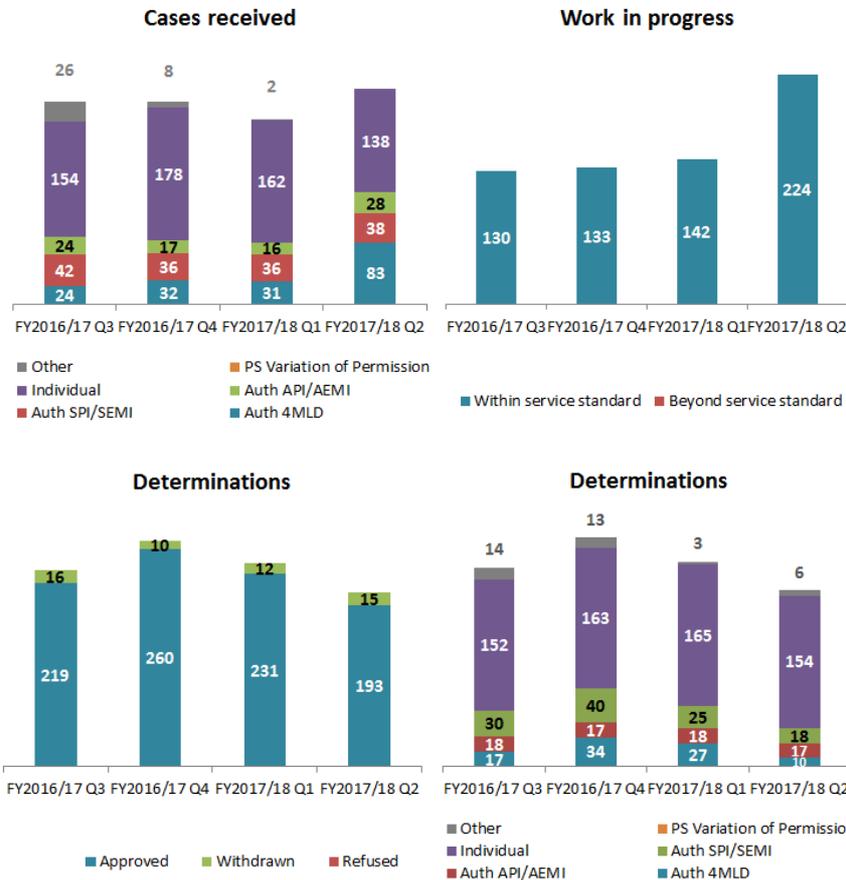
Retail VoP receipts are relatively constant quarter on quarter, as are determination levels, reflecting broad consistency of activity and complexity.

Consumer Credit VoP volumes were also consistent quarter on quarter, but here there are significant differences in complexity between sectors and types of application, and so determination times here vary. A small number of long-standing cases from the transfer of regulation from the OFT continue to be determined each quarter, resulting in breaches of service standard – these cases involve a high degree of complexity, interaction with other authorities and/or refusals. Determinations largely kept pace with receipts.

Payment services and e-money quarterly KPIs: 2017/2018

Payment services and e-money: to process firm application for authorisation/registration or variation of authorisation/registration

(Applicable service standards: Appendix II)



Processing times of cases completed in quarter (weeks)				
	Min	Mean	Mode	Max
FY2016/17 Q3	0.1	5.2	1	52.1
FY2016/17 Q4	0.1	6.2	1	65.1
FY2017/18 Q1	0.1	5	2	52
FY2017/18 Q2	0.1	6.8	1	52

Service standards			
	Cases required within standard	Of those required, cases determined within standard	% determined within standard
FY2016/17 Q3	33	33	100%
FY2016/17 Q4	46	46	100%
FY2017/18 Q1	47	47	100%
FY2017/18 Q2	25	25	100%

There was a noticeable increase in the number of 4MLD and API/AEMI New Authorisation cases submitted immediately prior to the introduction of PSD2 in October 2017. The volume of SPIs / SEMIs submitted has remained broadly consistent through the year.

The increase in overall WIP is mainly down to the increase in 4MLD cases received in the previous quarter.

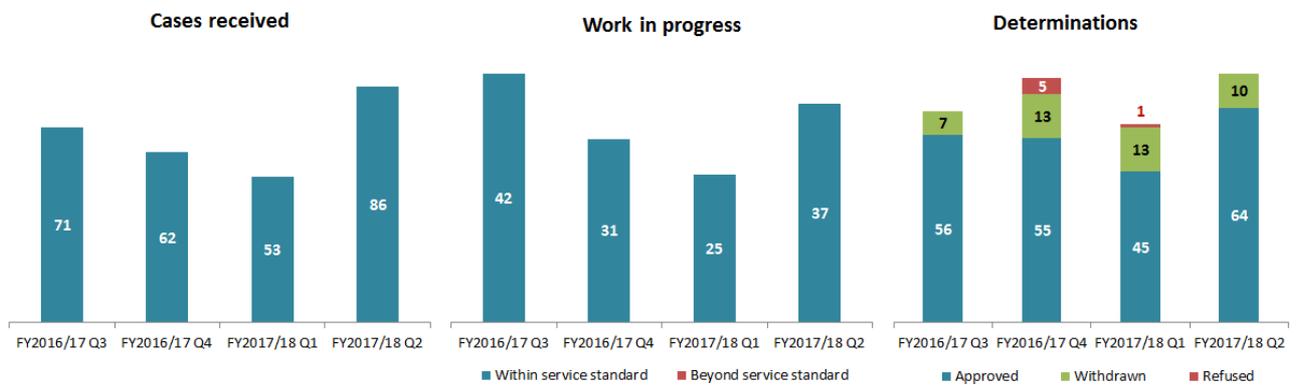
The number of determinations is down overall but this is dependent upon the flow of cases received in previous quarters. The most significant decrease in FY2017/18 Q2 was in 4MLD, where 17 fewer cases were determined than in the prior quarter. The percentage of withdrawals increased slightly this quarter but again this will vary over time and is dependent on the nature of cases.

Mean average processing times are heavily influenced by the volume of Individuals cases. The mean average processing times over the four quarters were: 4MLD - 4 weeks; Auth AEMI - 26 weeks; Auth API - 28 weeks; Auth SEMI - 21 weeks; Auth SPI - 14 weeks; Individuals - 1.6 weeks; and Variation of Permission - 7.8 weeks.

Glossary:

- 4MLD: Fourth Money Laundering Directive cases
- API: Authorised Payment Institution
- AEMI: Authorised E-Money Institution
- SPI: Small Payment Institution
- SEMI: Small E-Money Institution

Waivers KPIs: 2017/2018



Processing times of cases completed in quarter (weeks)				
	Min	Mean	Mode	Max
FY2016/17 Q3	<1	6.7	<1	42.6
FY2016/17 Q4	<1	10	<1	70.1
FY2017/18 Q1	<1	6.8	1	39
FY2017/18 Q2	<1	4.3	2	40

Service standards			
	Cases required within standard	Of those required, cases determined within standard	% determined within standard
FY2016/17 Q3	n/a	n/a	n/a
FY2016/17 Q4	n/a	n/a	n/a
FY2017/18 Q1	n/a	n/a	n/a
FY2017/18 Q2	n/a	n/a	n/a

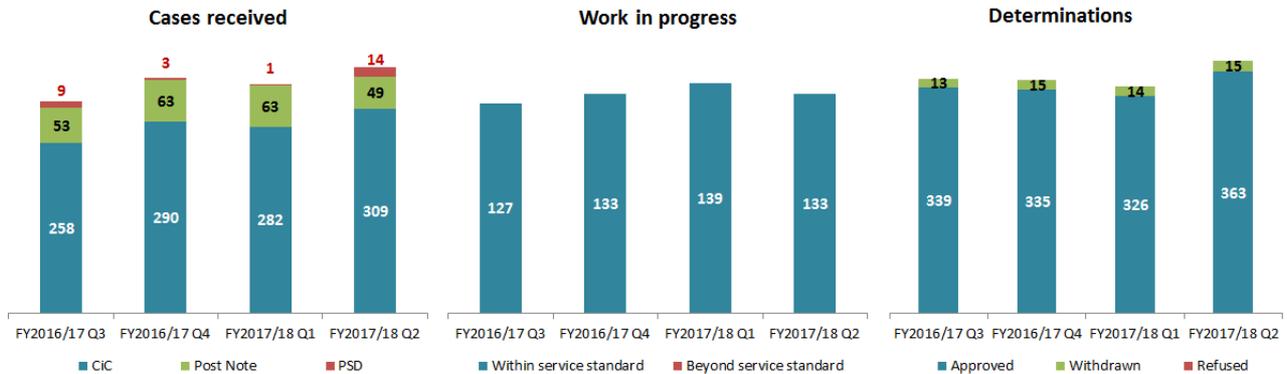
Work in Progress declined during the prior three quarters, due to reducing receipts and a largely sustained level of determinations. However in FY2017/18 Q2, receipts increased to 88.

Although this resulted in an increase in Work in Progress to 37, fewer of the cases received were high complexity. As a result, the mean average processing time fell to 4.3 weeks.

Change in Control KPIs: 2017/2018

Change in Control: to process an application from an authorised firm for a Change in Control (CiC)

(Applicable service standards: Appendix I)



Processing times of cases completed in quarter (weeks)				
	Min	Mean	Mode	Max
FY2016/17 Q3	<1	6.2	2	76.3
FY2016/17 Q4	<1	6.2	<1	115
FY2017/18 Q1	<1	5	1	39.4
FY2017/18 Q2	<1	5.1	2	50

Service standards			
	Cases required within standard	Of those required, cases determined within standard	% determined within standard
FY2016/17 Q3	266	266	100%
FY2016/17 Q4	253	253	100%
FY2017/18 Q1	285	285	100%
FY2017/18 Q2	271	271	100%

Between 80 and 95% of Change in Control cases are deemed to be low risk and/or straight-forward. These cases are usually completed within three weeks.

Where cases are not low risk or straight-forward, the FCA may need to liaise extensively with internal and external stakeholders including foreign regulators and/or pose extensive questions to the notice-giver(s).

The improvement in mean processing times over the two most recent quarters can be attributed partially to process improvements that have enabled a higher number of cases to be determined in less time. Any increase in the proportion of higher risk or complex cases may, in future quarters, partially offset process improvements.

It is worth noting that all Change in Control cases have been determined within the statutory deadlines.

It is also worth noting that the absence of any case refusals in the prior twelve months is attributable to the 4% withdrawal rate. When the FCA is unable to approve a transaction in its proposed form the applicant can withdraw the application to potentially resubmit an improved version at a future date.

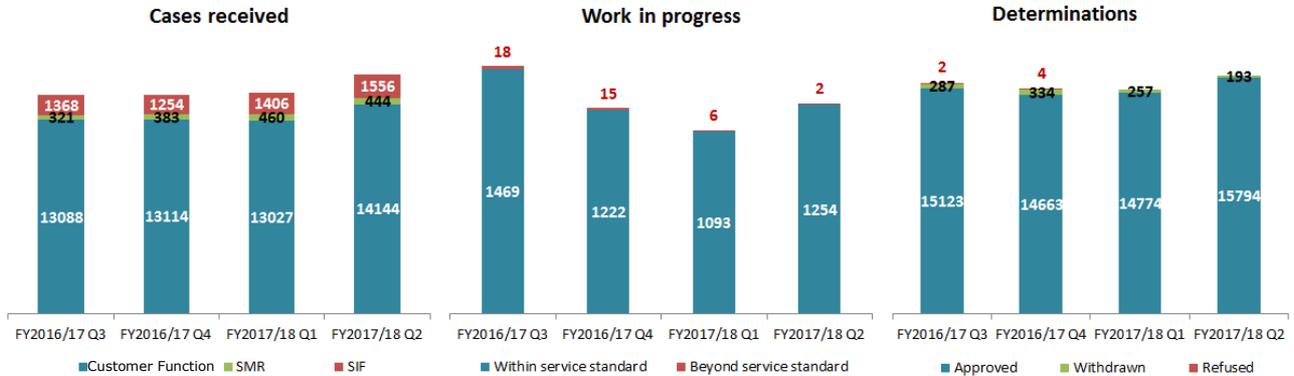
Glossary:

- CiC: Notification of an intended Change in Control
- Post Note: Notification a de-facto change in control (e.g. decrease in ownership)
- PSD: Payment Services Directive-Related Case

Approved Persons KPIs: 2017/2018

Approved Persons: to process an application for approved person status

(Applicable service standards: Appendix III)



Processing times of cases completed in quarter (weeks)				
	Min	Mean	Mode	Max
FY2016/17 Q3	<1	1.4	<1	110.1
FY2016/17 Q4	<1	2.4	<1	120.9
FY2017/18 Q1	<1	1.1	<1	91.7
FY2017/18 Q2	<1	0.9	<1	81.4

Service standards			
	Cases required within standard	Of those required, cases determined within standard	% determined within standard
FY2016/17 Q3	5434	5416	99.7%
FY2016/17 Q4	5184	5166	99.7%
FY2017/18 Q1	5503	5486	99.7%
FY2017/18 Q2	5544	5539	99.9%

Overall receipts and determinations increased by around 8% in Q2 17/18, with Work in Progress (WiP) increasing by 14%. Most cases are short-lived and so the level of WiP at quarter-end is mostly a function of the number of cases received in the preceding 1 - 2 weeks.

The majority of cases are low-risk and processed well within one week. We continually review our case management processes in order to ensure an effective risk-based approach. As a result, the average processing time has reduced due to the increased proportion of straightforward, low-risk cases.

Rarely, some cases can take longer than a year to resolve, as evidenced by the long maximum processing times. These cases tend to be more complex in nature requiring detailed investigation of intelligence information and/or require liaison with other stakeholders – e.g. the PRA.

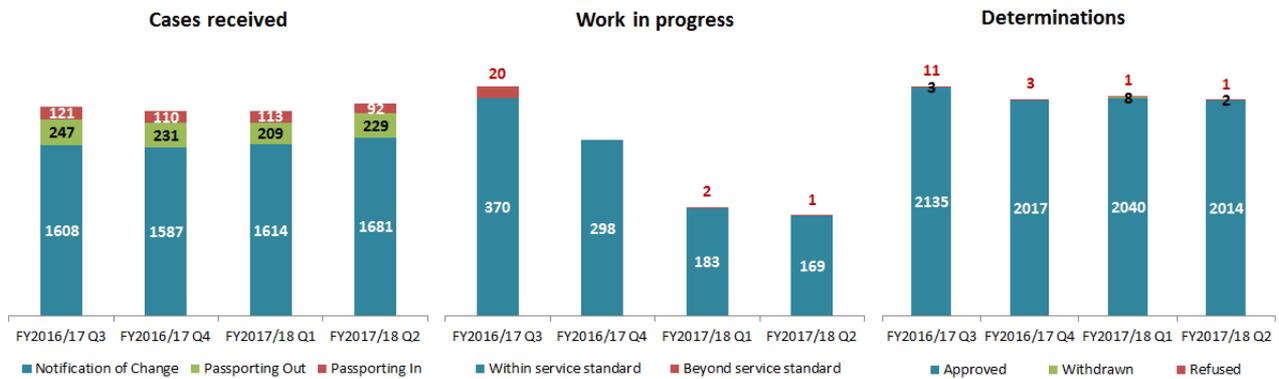
Glossary:

- SMR: An application in respect of individuals from a firm covered by the Senior Managers & Certification Regime.
- SIF: Any application from an individual performing or applying to perform a "Significant Influence Function."
- Customer Function: Any application from an individual, approved person or appointed representative not covered under the above two categories. For example, an application to become an approved person, or an application to cancel an approved person permission.

Passporting KPIs: 2017/2018

Passporting: to process an application from a firm authorised in the UK to carry out business in another EEA member state or process an application from a firm authorised in another EEA member state to carry out business in the UK and process a notification of change from the same

(Applicable service standards: Appendix IV)



Processing times of cases completed in quarter (weeks)				
	Min	Mean	Mode	Max
FY2016/17 Q3	<1	3.3	4	28
FY2016/17 Q4	<1	2.3	1	161.9
FY2017/18 Q1	<1	1.5	<1	12.7
FY2017/18 Q2	<1	1.3	<1	18.3

Service standards			
	Cases required within standard	Of those required, cases determined within standard	% determined within standard
FY2016/17 Q3	1945	1873	96.3%
FY2016/17 Q4	1812	1777	98.1%
FY2017/18 Q1	1981	1975	99.7%
FY2017/18 Q2	1967	1965	99.9%

Overall case volumes received have remained relatively stable. In the last quarter, there was a slight increase in the number of Passporting cases received, although the number of 'Passporting in' cases decreased.

The mean average processing time for Passporting cases reduced for the fourth successive quarter. The percentage of cases determined within the required service standards has increased for the fourth successive quarter, with 99.9% of cases determined within service standards in the last quarter.

Work in progress has continued to reduce over the last two quarters which is mainly due to further automation of processes.

In the last two quarters breaches were due to cases that were purposely delayed in order to achieve the right regulatory outcome.

Glossary:

- Notification of change: Notification of changes to particulars or to cancel a passport or tied agent.

Appendix I: Relevant Service Standards: Solo-Regulated Permissions

Summaries of relevant statutory service standards are provided. For full details of all service standards, please refer to the FCA Website.

ID	Area	Description	Target
A1.1a	Corporate Authorisations	To process a complete application for Part 4A permission	100% within six months of a complete application (s55V(1)) or within 12 months of receipt of an incomplete application (s55V(2))
R5.1	VoPs	To process a complete application from an authorised firm for Variation of Permission	100% within 6 months of becoming complete (s55v(1)) or 12 months of receipt of an incomplete application (s55v(2))
R8.1a	Cancellations	To determine an application for Cancellation of Part 4A Permission	100% within 6 months of becoming complete (s55V(1)) or 12 months of receipt of an incomplete application (s55V(2))
R6.1	Change in Control	To make a decision following receipt of a 'valid' notification to approve a change in control: Either to notify the s178 notice-giver that the change in control has been approved or to give them a warning notice	100% within 60 working days of acknowledgment of receipt (s189(1))

Appendix II: Relevant Service Standards: Payment Services

Summaries of relevant statutory service standards are provided. For full details of all service standards, please refer to the FCA Website.

ID	Area	Description	Target
PS1	Payment Services	To process a complete application for authorisation under the Payment Services Regulations 2009	100% within 3 months of the received date of a complete application or within 12 months of the received date of an incomplete application
PS2	Payment Services	To process a complete application for authorisation under the Electronic Money Regulations 2011	100% within 3 months of the received date of a complete application or within 12 months of the received date of an incomplete application
PS3	Payment Services	To process a complete application for registration under the Payment Services Regulations 2009	100% within 3 months of the received date of a complete application or within 12 months of the received date of an incomplete application
PS4	Payment Services	To process a complete application for registration under the Electronic Money Regulations 2011	100% within 3 months of the received date of a complete application or within 12 months of the received date of an incomplete application
PS5	Payment Services	To process a complete application for a variation of registration under the Payment Services Regulations 2009	100% within 3 months of the received date of a complete application or within 12 months of the received date of an incomplete application
PS6	Payment Services	To process a complete application for a variation of registration under the Electronic Money Regulations 2011	100% within 3 months of the received date of a complete application or within 12 months of the received date of an incomplete application
PS7	Payment Services	To process a complete application for a variation of authorisation under the Payment Services Regulations 2009	100% within 3 months of the received date of a complete application or within 12 months of the received date of an incomplete application
PS8	Payment Services	To process a complete application for a variation of authorisation under the Electronic Money Regulations 2011	100% within 3 months of the received date of a complete application or within 12 months of the received date of an incomplete application
A1.2	3MLD	To process Money Laundering registrations	100% within 45 calendar days of receipt of application or receipt of any further required information (Reg 34(4) MLRs)

Appendix III: Relevant Service Standards: Approved Persons

Summaries of relevant statutory service standards are provided. For full details of all service standards, please refer to the FCA Website.

ID	Area	Description	Target
R1.1a	Approved Persons	To process an application for approved person status	100% within 3 months of receipt unless attached to an application for part 4A permission (when it is the later of (i) 3 months after receipt or (ii) 6 months after receipt of a complete application for part 4A permission, or 12 months after receipt of an incomplete

Appendix IV: Relevant Service Standards: Passporting

ID	Area	Description	Target
R10.1	Passporting	To process a notification of changes by a firm authorised by the FSA already carrying out business in another EEA member state, under freedom of establishment, within the timeframe set by the relevant directive	100% within one month of notification
R10.2	Passporting	To process a notification of changes by a firm authorised by the FSA already carrying out business in another EEA member state, under freedom of services, within the timeframe set by the relevant directive	100% within one month of notification
N3.1	Passporting	(Inward establishment) To process a notification received via another EEA member state for one of its authorised firms to carry out business in the UK, under freedom of establishment, within timeframe set by relevant directive	100% within two months of receipt (Sch 3, 13)
N3.2	Passporting	(Inward service) To process a notification received via another EEA member state for one of its authorised firms to carry out business in the UK, under freedom of services, within the timeframe set by the relevant directive	100% within two months of receipt (Sch 3, 14)
N4.1	Passporting	(Outward establishment) To process a notification received from a UK authorised firm to carry out business in another EEA member state, under freedom of establishment, within the timeframe set by the relevant directive	100% within three months of receipt (Sch 3,19) [Note that the required period is less under some directives]
N5.1	Passporting	(Outward service) To process a notification received from a UK authorised firm to carry out business in another EEA member state, under freedom of services, within the timeframe set by the relevant directive	100% within one month of receipt (Sch 3, 20)