



All Party Parliamentary Group on **Insurance & Financial Services**

News Bulletin

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Which? sets out the scale of challenge facing the sector

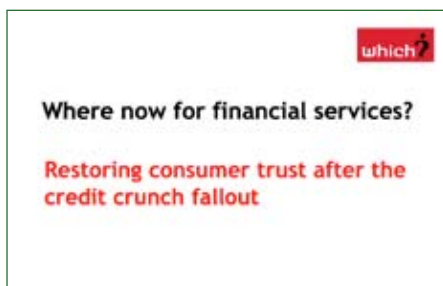
THE ENORMOUS challenges that the retail financial services sector faces in restoring consumer confidence were vividly illustrated by Which? when it met the group earlier this month. The consumer organisation also focused on the key role that thorough reform of the regulatory system will have in this process.

The findings of a recent survey by Which? demonstrated the problems:

- 84% think the banking system needs to be reformed to avoid another crisis.
- 21% do not trust banks to keep their money safe.
- 72% of pension holders are worried about the value of their pension.

Consumers need to be confident that their money is safe, said Which?, as the current situation is bad for consumers and bad for the financial services industry. The whole system cannot function without trust and the focus has to be on restoring that lost trust starting with getting the banks – especially those relying on taxpayer support – to treat customers fairly. Which? was particularly critical of the failure of banks to manage the contraction of credit which it attacked as going “from feast to famine”.

It also called for a stronger voice for



Which? set out the issues for members

consumers in the running of the nationalised and part-nationalised banks, starting with representation on UK Financial Investments which has been set-up by the Chancellor of the Exchequer to oversee the state-holdings.

Strong criticism was also directed at the regulatory regime with a clear call for retail and investment banking to be separated with a tougher, more interventionist regime put in place for both. Reform may have to go a step further if it emerges that the Financial Services Authority's role as the prudential regulator as well as the conduct of business regulator creates a conflict that leads to consumers being relegated to second place. These criticisms of the regulatory system were welcomed sympathetically by the group.

Group members play key role in Treasury Select Committee inquiry into banking crisis

SEVERAL MEMBERS of the group have been playing a key role in the high profile inquiry into the banking crisis being carried out by the powerful Treasury Select Committee.

In addition to the select committee chairman John McFall, other members of the All Party Group involved in the inquiry are Labour MPs Jim Cousins and Andy Love and Conservative members Mark Todd and Sir Peter Viggers.

The findings of the select committee inquiry are expected to shape the agenda for the All Party Group over the coming months and the overlap in membership will ensure a high degree of continuity as the discussions and the all-important pursuit of appropriate solutions develop. Any organisation or firm that feels it has a contribution to make to those discussions is invited to contact the group's secretariat.

Joint meeting will review the impact of the Pensions Act

IT HAS BEEN just over a year since the most recent Pensions Act was debated in the House of Commons and six months since it completed its Parliamentary passage and the group will be reviewing its impact at a dinner next month, hosted by Scottish Widows. The dinner is being held jointly with the All Party Parliamentary Occupational Pensions Group, chaired by Sir John Butterfill.


Both groups were influential in shaping the key provisions in the Act and are anxious to learn first hand how the new personal accounts are being implemented. Although these are not due for full implementation until 2012, both All Party Groups believe it is important that the major pensions providers are encouraged to maintain progress on them despite the enormous pressures on them due to the huge turmoil in the financial markets since the Pensions Act was passed last year.

Chairman: John Greenway MP

Deputies: Baroness Turner of Camden, Vince Cable MP, Lord Hunt of Wirral

Hon Secs: Sir John Butterfill MP, Jim Cousins MP, Edward Leigh MP

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