Duty calls…

But is industry picking up?

“Our new Duty sets higher and clearer standards of consumer protection across financial services, and requires firms to put their customers’ needs first.”

FCA Consumer Duty | FCA

A report by the Fairbanking Foundation

October 2023

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About The Fairbanking Foundation

The Fairbanking Foundation is a charity dedicated to encouraging and helping banking institutions to improve the financial well-being of their customers and thereby the UK public as a whole. Our work is designed to provide well-researched, independent and insightful new input to assist in producing financial products that benefit customers.

More information about Fairbanking can be found at www.Fairbanking.org.uk and enquiries can be sent to info@Fairbanking.org.uk.

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Foreword

The Fairbanking Foundation charity encourages and helps financial services providers to improve the financial well-being of their customers. We welcome the introduction of the new Consumer Duty by the Financial Conduct Authority (FCA) from 31 July 2023. Getting the new Duty to deliver good outcomes for consumers will depend on firms' approach and behaviour. We think it is essential that firms' responses to the new Duty are strongly driven by understanding of what customers need and expect.

However, new research we have commissioned casts doubt on firms' willingness and ability to put consumers at the heart of Consumer Duty implementation. The research found that consumers clearly expect to see firms act on poor outcomes with a strong preference for actions to put the problem right which are specific and personal. This preference was common to all socio-economic groups and geographic location.

Practitioners interviewed, whilst working diligently to implement the Consumer Duty, were not seeking out or considering consumer views. Compliance with the FCA's requirements, as they understood them, was the strongest influence on what they did. The research identified barriers to implementation, including capability, time and lack of opportunities to engage with colleagues. It also found a lack of motivation to explore issues if these were not explicitly required by the FCA. One participant even went as far as to say that doing more than the minimum would reduce returns for shareholders.

It is not clear to us that the Consumer Duty will deliver 'higher and clearer standards of consumer protection across financial services', or that firms are 'putting their customers' needs first' (FCA). Firms' responses seem to be compliance driven, not customer driven. Some participants said explicitly that seeking customers views wouldn't add anything to their existing knowledge. The research suggests this isn't true. Consumer insight in this area is clearly achievable and valuable to decision making. This has strengthened our view that understanding consumers' views and priorities should be central to firms' Consumer Duty implementation.

1 See Consumer Duty | FCA

The research also raises a question about how consumers will know if firms are implementing the Consumer Duty effectively. Consumers should be able to see how their provider is doing on metrics they care about and to compare with other providers. However, without a clear monitoring framework, such comparisons will not be possible.

This report makes a range of recommendations to firms and the FCA on how the implementation of the Consumer Duty could be improved. The Fairbanking Trustees particularly recommend that:

- The FCA should expect firms to use consumer research/insight and greater engagement with consumer advocates in their approaches to monitoring the Consumer Duty and action planning. The FCA should promulgate firms' best practice in the use of consumer research and insight.
- The FCA should set clear rules for monitoring implementation of the Consumer Duty. This should include clear, consistent and comparable indicators which will both stimulate the right behaviour on the part of firms and allow results and outcomes to be compared. This will promote transparency and accountability and enable consumers to see how well any individual firm they deal with is doing.

The research has been undertaken for the charity by Jessica Taylor of University College London (UCL) led by Professor Ivo Vlaev of Warwick Business School. We are very grateful for the generous support of FIS, a leading global provider of technology solutions for merchants, banks and capital markets firms.

Teresa Perchard
Chair – The Fairbanking Foundation

Executive Summary

The FCA's Consumer Duty regulation aims to transform financial services for customers by requiring firms to consider the needs, characteristics, and objectives of all their customers, and how they behave, at every stage of the customer journey. However, its success is dependent on compliance from firms. With new regulations, there often exists a policy-implementation gap whereby policies do not lead to changes in behaviour. This study provides a novel approach by applying Behavioural Science Frameworks to compliance with financial regulation.

A survey involving a representative sample of 1168 consumers was conducted asking for their preferences for the action financial firms should take in response to the identification of negative outcomes for consumers. Interviews with practitioners in a range of financial firms responsible for implementation of the Consumer Duty explored how they had approached implementation and the barriers they faced. The findings suggested that understanding consumers' views and priorities should be an essential feature of firms' Consumer Duty implementation and consumer insight should be used to drive decision making in response to identified poor outcomes.

Practitioners had focussed their efforts on identifying procedures and processes to achieve compliance and culture change. However, none of the practitioners we spoke to had explicitly surveyed consumers to establish their views on how the firm should implement this important change. Practitioners reported a range of barriers to conducting consumer research, from lack of knowledge, skills, and time, to uncertainty about the FCA's approach to enforcing the Consumer Duty. This research utilised frameworks from Behavioural Science to identify ways of encouraging positive and thorough engagement, informed by consumer insight, which will lead to better outcomes for consumers.

Main recommendations

- Boards and senior executives of firms should set a clear expectation that consumer insight and research is an essential activity in improving the impact of the Consumer Duty regulation.
- Practitioners should promote the benefits of consumer research within their firms, including the value brought by other teams or firms who have utilised consumer insight.
- The FCA should provide a clear expectation to firms that their implementation of the Consumer Duty – from design to monitoring and action – should be informed by research with consumers, and consumer advocates, to establish their expectations and experiences.

All the recommendations can be found on page 17 below. Although the Consumer Duty is now in force for existing products, action to continue to improve implementation can be taken forward by firms in the embedding of the Consumer Duty, especially for on-going monitoring of products and processes where we would like to see firms using consumer feedback and research. The second phase of the Consumer Duty, whereby rules apply to closed products with a deadline of 31st July 2024, is another opportunity to make progress, as well as during the implementation of future financial regulations with expected outcomes for customers.

Introduction

In July 2022, the FCA published the final version of the Consumer Duty, a standard which requires financial services firms in the UK to deliver good outcomes for retail customers (FCA, 2022a).

The Consumer Duty has three components: a new consumer principle, which requires all financial services firms to “act to deliver good outcomes for retail customers”; cross-cutting rules to support the new principle; and four outcomes, each with rules for firms to drive these outcomes for their customers. Firms will need to understand and evidence whether those outcomes are being met, and all new and on-sale products and services were required to comply by July 2023, and all closed products and services by July 2024.

The FCA’s stated supervisory approach puts the onus on governing bodies to ensure the firm is delivering good outcomes. The success of the Duty is therefore highly dependent on the quality and effectiveness of compliance from firms but with new research and regulations, there often exists a policy-implementation gap, whereby policies do not lead to effective changes in behaviour (Hudson et al., 2019). Additionally, the nature of the Consumer Duty and the requirement for a shift in mindset around how customers are supported means that successful implementation not only requires compliance with the rules, but a long-term culture shift which embeds this way of thinking into each decision firms make (Bhardwaj, 2023).

Insights from Behavioural Science provide the potential to understand how and why professionals behave in response to regulation and to identify which factors contribute to variability in effectiveness and can therefore be changed to improve outcomes. This study has investigated the policy-implementation gap in financial reguation by identifying the behaviours consumers expect from firms, the behaviours finance professionals believe contribute to successful implementation, and barriers to these behaviours. The findings have been used to suggest relevant intervention strategies to improve the success of the Consumer Duty.

The research addressed the following questions:

1. Comparing the views of consumers and professionals, what target behaviour will have the largest impact on good customer outcomes?
2. Using the Behaviour Change Wheel (BCW) , what are the barriers and facilitators to the target behaviour, and how can these be modified through Intervention Functions and Behaviour Change Techniques?

What behaviours do consumers and professionals expect to contribute to good customer outcomes?

Phase 1: Survey with consumers

To gauge consumers' expectations from firms, and to define the behaviours which contribute to the successful implementation of the Consumer Duty standards, a survey was conducted with users of unsecured loan products to understand which actions they believed would lead to the most satisfactory outcomes.

1168 participants (N=1168) were recruited on the Qualtrics platform between April and June 2023. Eligibility requirements were that participants were aged 18+, living in the UK, and had a lending product open at the time (either a credit card, loan, or overdraft). Quotas were applied to ensure the sample was representative of the gender, age, region, and social grade of the population of the UK.

Each participant was presented with four scenarios, one from each of the four Consumer Duty outcomes (FCA, 2022a), describing an instance where the firm was causing the customer harm (see table 1). Scenarios were peer reviewed by Fairbanking Foundation trustees and StepChange debt experts.

Table 1

Outcomes	Scenarios
Outcome 1: Products and Services	**Either:** You are at high risk of going into debt, for example you regularly miss your credit card payments, but your bank failed to identify this and offered you an increase to your existing overdraft, which you accepted and are now struggling to pay off. Which of the following actions would be the most important for the bank to take, in your view? **Or:** You needed a new fridge in a hurry and signed up to a loan advertised as interest free online. You later missed a payment and were charged a lot of money in interest. After that you found it hard to get your finances back on track, and interest and fees were added every month. Which of the following actions would be the most important for the lender to take, in your view?
Outcome 2: Price and Value	**Either:** You recently took out a new credit card, but the introductory rate has ended and you are now being charged interest rates which are high above the market rate, despite this not being clear when you signed up. Which of the following actions would be the most important for the provider to take, in your view? **Or:** Your new credit card has very good value interest rates, but the customer service is slow and the banking app doesn't work. Which of the following actions would be the most important for the provider to take, in your view?

Outcomes	Scenarios
Outcome 3: Consumer Understanding	**Either:** You took out a loan after seeing an advertisement saying the 'representative APR' was 8.9%. You're not clear what APR means, but the advertisement showed monthly repayments of £205.44. When you got your first statement you found you were paying much more than this. Which of the following actions would be the most important for the lender to take, in your view? **Or:** Your bank offers you a new card to transfer the balances from your other credit cards, to be able to pay off your debts at a better rate. You take this out, but the bank didn't make it clear that there was a fee for transferring the debt and the transfer ends up costing you more than you expected. Which of the following actions would be the most important for the bank to take, in your view?
Outcome 4: Consumer Support	**Either:** You want to pay off your loan early and close your account. However, your local branch has closed, and this can only be done through busy telephone lines, which you are never able to get through. This time delay causes you to accrue more interest on your loan and costs you more money. Which of the following actions would be the most important for the lender to take, in your view? **Or:** You are in a high amount of debt and have begun to receive letters from a debt collector. You contact your bank for more information and find out they have been sending letters to an old address despite you not having lived there for a few years. Which of the following actions would be the most important for the provider to take, in your view?

Actions which the firm could take in response to the identification of harm were categorised into mitigation, remediation, and prevention as per the FCA's guidance in the Consumer Duty non-Handbook Guidance (FCA, 2022b; see table 2). Due to the prevalence of the mention of communication with customers throughout the handbook, and as Consumer Understanding is one of the four Consumer Duty outcomes, a fourth category of communication was included.

Definitions of the categories of mitigation, remediation, prevention, and communication:

Table 2

Category	Definition
Mitigation	Reducing the severity of harm e.g., release you from your loan or credit card agreement without any penalty charges.
Remediation	Reversing or stopping harm e.g. update or amend the design of the product.
Prevention	Stopping harm from occurring e.g., increase the frequency at which products are reviewed in the future.
Communication	Providing consumers with information e.g., prompt communication to inform you that an issue has been identified.

Table 3: Percentage of times each action was chosen by consumers

Consumers expected a wide range of actions to be taken by their financial services provider, with strong differences in preferences within categories of actions as well as between action categories. Although prevention actions appeared to be the least prioritised category for consumers, who preferred mitigation and remediation actions, a prevention action did feature amongst the top five actions in terms of frequency. Consumers seem to prioritise and prefer actions of all types if they were immediate, specific, and aimed at the individual consumer who had experienced a negative outcome. For example, actions such as "inform you which actions you can take to protect yourself" were chosen by consumers much more frequently over actions of a general nature such as "test products with customers before they go on sale" or "withdraw the product to new customers only".

The top chosen actions were for firms to (1) help to reduce the effect on you; (2) make sure you can contact someone; and (3) investigate the circumstances which led to this occurring. Consumers clearly want firms to immediately limit the harm they are experiencing and make it easy for them to get in contact to find out more. The least frequently chosen actions by consumers were for firms to (1) avoid communication and fix the issue without you finding out; (2) withdraw the product to new customers only; (3) increase the frequency at which products are reviewed in the future.

It is recognised that only existing customers of unsecured debt products were surveyed for their opinions, whereas the Consumer Duty applies to all existing, potential, and future customers.

Phase 2: Interviews with professionals

Interviews were conducted with a group of financial services professionals to determine their views on required behaviours for compliance and for culture change, and to compare this to the behaviours deemed important by consumers.

To recruit practitioners involved in implementing the FCA's Consumer Duty requirements the Fairbanking Foundation published an open invitation in March 2023 for practitioners interested in taking part to approach them. They also approached a range of professional standards and trade associations as well as individual firms, particularly those who had obtained a Fairbanking Mark in the past, to inform them about the research and seek their help in promoting it to their members and stakeholders to encourage participation. The charity explained that they welcomed the new Consumer Duty, hoped it would transform financial services for consumers, and wanted to understand how far consumer behaviour and consumer views have informed firms' approaches to implementation. The invitations explained that a consumer survey was being conducted and the perspective of practitioners was sought. Information about the project was placed on the charity's website, circulated to the stakeholder mailing list, and posted on LinkedIn.

Eleven interviews were conducted, with practitioners from Tier 1 UK banks, Neobanks, Credit Providers, and Consultancies. Interviews began with the following question:

> I am going to ask you some questions about the implementation of the FCA's Consumer Duty. I would like you to think about factors which are helping or hindering you in preparing to meet the regulations. Please also consider whether you believe this to be a short-term, compliance-meeting exercise, or a long-term culture shift, and the impact on the industry.
>
> ***Please begin by describing any challenges you have faced, or are currently facing, in meeting the FCA's Consumer Duty by 31 July 2023.***

Follow-up questions were then selected related to specific behaviours or barriers mentioned by the participant. Data were analysed inductively using Braun and Clarke's (2006) six-phase thematic analysis process. Codes were based on quotes that reflected a behaviour, performed by the finance professional, which related to either compliance or a culture change in response to the Consumer Duty.

Within the categories of compliance and culture change, eight themes emerged:

COMPLIANCE

Interpretation

- Respondents stated that their first step was to interpret what the regulation was expecting them to do, how they were expected to change, and how the FCA will supervise them. Respondents also described how interpreting the regulation went beyond the guidance, as there was the need to consider how it applied to their firm.

  "The first is that it's still regulation. So it's written in regulatory language. So normal business people might struggle to understand it particularly well. You kind of need the compliance interpretation of it."

Education

- Education needs to occur to colleagues across the firm, on what needs to happen, and why it needs to happen. There was an acknowledgement that firms can educate themselves by conducting customer research, especially in the context of vulnerable customers.

  "So it's that type of training, which is how do you use the tools more effectively that we've had to uplift for consumer duty? And then more broadly, there's a whole awareness for our wider staff that don't necessarily need to know the ins and outs of consumer duty but they need to know about the expectations of delivering good outcomes."

Use of Data

- Once data had been collected, experts highlighted the process of converting it into insight, and using it to a) drive change, and b) evidence compliance.

  "When all is said and done, … how do we simply put, what we do and how does that align to the Duty and I think that… if you can't say it simply then you're obviously not doing it."

Prioritisation and Planning

- To prepare for meeting the regulation, professionals stated that the allocation of dedicated resources and budget was important. The importance of planning was also mentioned, due to the limited time scales.

  "I and my team were hired into the Consumer Duty roles as the first line of defence and the view was that the first line of defence will put together the business plan that's … all the actions and workflows that we need to complete by, we set ourselves a deadline at the end of March."

CULTURE CHANGE

Collaboration

- Professionals highlighted the important collaboration both across internal teams, and externally with other firms and with the regulator.

  "I think that there's opportunity, where there is no competition or market risk … Now, I mean, I've wrestled with this a lot. I've had a lot of arguments, you know, internally and externally around this. My point being that either through firms or trade bodies, such as UK finance, for example. And to the FCA, there's opportunities with things like this, to define collectively at industry level what good looks like."

Updating internal processes

- For culture change to occur, firms need to invest in and prioritise culture change, which can be done through utilising technology, data, and communication with customers.

- It is also important to adopt an iterative approach to new processes, learning from experience, and evidence change to highlight benefits.

  "To fully implement Consumer Duty …, you know, it's not a one and done. It's … very much an evolving process."

Change in mindset

- Acknowledge the need for change and adopt a non-economic viewpoint/mindset compared to one which traditionally values returns over outcomes for customers:

  "a lot about what we do is … around convincing yourself that what you do today is acceptable, and therefore not acknowledging the need to … be doing something different in order to improve that customer experience, especially for those that are older, more vulnerable."

- For this to occur it is important to create psychological safety in teams, whereby colleagues feel comfortable speaking up, challenging each other, and coming up with innovative ideas.

  "So I think there was definitely, a lot of talk around… not having that culture where people feel comfortable to speak up or people feel, have that customer centric mindset."

Embedding

- Experts acknowledged that the whole firm must be mobilised to change, and a long-term culture shift requires all teams to embed the Consumer Duty into every piece of work. There is also a need to align the change with the firm's long-term strategy.

  "But the whole point of Consumer Duty is it's embedded at every level of the organisation."

It is recognised that the self-selecting nature of the sample may have impacted the view of Consumer Duty portrayed by participants.

What are the barriers to financial professionals conducting consumer research to inform good customer outcomes?

Phase 3 – Identification of behavioural barriers

To identify barriers and facilitators to conducting consumer research, the interview data collected in phase 2 was analysed using Fereday and Muir-Cochrane's (2006) deductive thematic analysis method based on the COM-B model (Michie et al., 2014; see figure 1) and Braun and Clarke's (2006) six-phase thematic analysis process. As the interview questions were asked regarding general challenges to implementation, answers were only coded if they related to the target behaviour of conducting research with consumers.

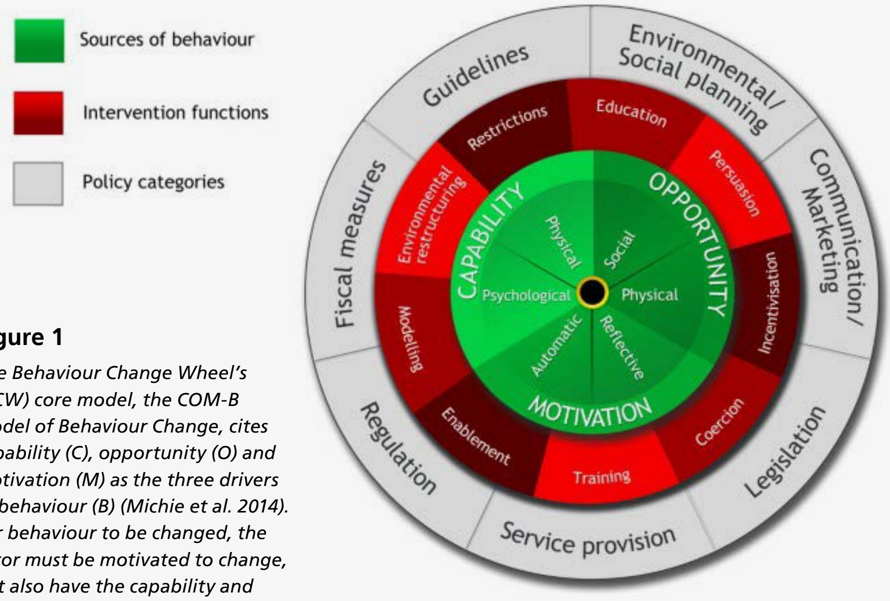

Figure 1

The Behaviour Change Wheel's (BCW) core model, the COM-B model of Behaviour Change, cites capability (C), opportunity (O) and motivation (M) as the three drivers of behaviour (B) (Michie et al. 2014). For behaviour to be changed, the actor must be motivated to change, but also have the capability and opportunity to be able to do so.

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CAPABILITY

Psychological capability

Participants frequently mentioned how difficult it was to interpret the regulation, and to understand what was required of them by the FCA:

> ***"But we don't actually know and there's nothing in the regs that tells us specifically, we can't do this or we should do this."***

This was a result of the guidance being ambiguous, and unclear, with recognition that the FCA's thinking was developing alongside firms'. Participants suggested that the guidance lacked examples of best practices which firms could have used as more tangible insight into what they should be doing:

> ***"It's certainly weak in many aspects. It's a little unclear, I guess what good looks like."***

Even once the firm had collected data or research, there was a lack of understanding of how to convert it into insight:

> ***"What is difficult is to turn that into insight. So the key things that really give you confidence around the outcome you're delivering."***

Lack of knowledge and skills was a barrier for the whole firm, driven by the absence of learning from experience, as well as a traditional mindset which prioritises returns over all else:

> ***"But certainly, firms do need to and I think after we've told them to at least, that they realised that that feedback loop is a really important one. And so to get the feedback loop, you need the feedback",***
>
> ***"So why should we invest lots of money to do Consumer Duty as best as we possibly can if ultimately it's going to drag down returns?"***

OPPORTUNITY

Physical opportunity

Physical opportunity barriers included limited budget, resources, and time, meaning that other activities are prioritised over research with customers:

> ***"Now, the latter i.e. the data, that requires material investment, okay, and I'll stop short of saying how many materials but material investment okay,"***

This was exacerbated by the unexpected magnitude of the regulation:

> ***"Now Consumer Duty has been really challenging because well, firstly, the breadth of it, the difficulty in defining scope, but the need for like strategic decisions on everything."***

Many professionals stated they were working on the Consumer Duty alongside their usual responsibilities:

> ***"It was long days, it was you know, you need to kind of do your BAU stuff on top of doing this project on the side."***

The time limitations led professionals to prioritise the minimum requirements for compliance by July over wider changes such as conducting consumer research:

> ***"But I think right now in a way, I think we're just doing work so that we meet that July deadline. And then everything else will probably be in the future."***

Social opportunity

Working with colleagues and receiving support from senior managers were key factors in going beyond the bare minimum. Participants mentioned a lack of accountability, and a need to share accountability across the firm, and to work collaboratively:

> ***"We try to ensure that we have really good relationships and we've tried to work towards them and sort of negotiate and compromise on something if they disagree with us."***

A lack of support from senior managers was cited as a key barrier, linked to the capability of the managers in their understanding and prioritisation of what needs to change:

> ***"I want to know nothing at all unless there's a problem that you need my help solving."***

One participant mentioned issues with bureaucracy as a barrier to implementing change:

> ***"We can pivot very quickly because … in those types of firms, especially in kind of big organisations, there is a lot of bureaucracy and red tape and probably multiple levels of approval before you can get something like that done."***

MOTIVATION

Reflective motivation

Many participants mentioned a lack of motivation to conduct customer research due to the belief that there wouldn't be any value gained in talking to customers:

> ***"So I don't think sometimes asking a customer … what would a good outcome look like for you? I don't think we'd necessarily get a great deal more learning than we've already got."***

More generally there was a lack of belief in the impact of the Duty, as many participants believed that the firm they were working for was already compliant and therefore there was no need to make any changes to their processes:

> ***"I think that comes back to that … misunderstanding and it almost being seen as a bit of an over and above, well we already do a lot of this why are we having to do it: another hoop to jump through from the regulator."***

This was driven by regulatory fatigue due to the number of regulations to follow, and a lack of understanding of the motivation of the FCA for creating the Consumer Duty:

> ***"Why they're dressing this up as kind of a new duty is a little bit yeah, the cynic in me just thinks it's, you know, we need to justify our fees and there is definitely a political angle to that and I can just kind of see that kind of boiling in the background."***

Automatic motivation

Unclear or lack of expectations of enforcement from the FCA led to a lack of automatic motivation from participants. Some participants expected the FCA to be strictly enforcing the Duty, leading to a prioritisation of compliance over culture change:

> ***"So we're on notice that every initiative, every policy change, which might make things harder for customers, needs to be scrutinised through the lens of Consumer Duty. And if we don't scrutinise it then the FCA will,"***

Other participants believed the FCA would not be enforcing the Duty, leading to a lack of motivation to change:

> ***"There's still this well the FCA is not going to come knocking on my door mentality because they won't in all likelihood,"***

Most participants were unclear about how they would be supervised from July 2023, while some mentioned they expected it would differ by firm:

> ***"Some firms will gold plate what they already do and spend oodles and oodles and do things brilliantly and amazing. Firms will do a little bit and then there'll be other firms that do bugger all, let's be honest."***

This ambiguity in enforcement is driven by the lack of transparency from the FCA, decreasing firm's trust in the regulator and potentially demotivating them to comply:

> ***"I think where the lack of information or transparency from the FCA stems from now is we don't really know how the model of supervision will change post-Consumer Duty we don't have a clear idea of it."***

Identification of behaviour change Techniques

To suggest the most effective interventions to increase the target behaviour and have the greatest effect on the outcome of good customer outcomes, the 20 barriers identified in the behavioural diagnosis were first assessed for need for change, to ensure that targeting this barrier will have an impact.

This resulted in 12 influences, which were then mapped to intervention functions (IFs) using the BCW matrix (Michie et al., 2014). Proposed IFs were evaluated using the APEASE criteria (affordability, practicability, effectiveness and cost-effectiveness, safety and side effects, and equity), to select the most suitable, and these were mapped to frequently used Behaviour Change Techniques (BCTs).

Selected intervention types, definitions, and relevant barriers are:

1. **Education:** Increasing knowledge and understanding by informing, explaining, showing and correcting (psychological capability and reflective motivation)
2. **Persuasion:** Changing the way people feel about a behaviour by generating cognitive dissonance and showing how changing behaviour can reduce it (reflective motivation)
3. **Training:** Increasing psychological or physical skills, or habit strength by explanation, demonstration, practice, feedback and correction (psychological capability)
4. **Environmental restructuring:** Constraining or promoting behaviour by shaping the physical or social environment (physical opportunity, social opportunity and automatic motivation)
5. **Enablement:** Providing support to improve ability to change in a variety of ways not covered by other intervention functions e.g., through medication, surgery, encouragement, moral support (psychological capability, physical opportunity, social opportunity and automatic motivation)

Recommendations

Recommendations for senior leaders in financial services

1. Boards and senior executives of firms should set a clear expectation that consumer insight and research is an essential activity in improving the impact of the Consumer Duty regulation, and this should come from a credible and respected source within the firm. Zeng and Botella-Carrubi (2023) found that practitioners usually consider consumer research "irrelevant" to guide their decision-making as they don't have the knowledge or skills to understand the impact of the research. The regulation focuses on the on-going monitoring of outcomes for consumers, which will only be possible where consumer research ensures that key processes provide effective steps to achieve good outcomes.

2. Firms should provide training on how to get the most from consumer research, which could become a requirement for all employees working to produce good outcomes for customers. Rousseau (2006) suggested that "Big E" evidence – generalisable knowledge of research methodologies - combined with "little e" evidence – knowledge of a particular context, in this case consumers of finance products – is required for successful research.

3. Firms should also provide training on soft skills such as the ability to learn and adapt. Cannon and Edmondson (2005) explain how learning from failure is rare in complex organisations, due to systemic barriers such as poor detection of failures and a lack of skills to extract lessons, and social barriers such as the tendency for organisations to penalise failures and a lack of skills for discussion and analysis.

Recommendations for Practitioners working to meet the Consumer Duty

1. Practitioners should promote the benefits of consumer research within their firms, including the value brought by other teams or firms who have utilised consumer insight. Zeng and Botella-Carrubi (2023) found a lack of engagement from stakeholders a barrier to conducting consumer research in practice, suggesting that team members often do not recognise their roles and responsibilities.

2. Teams should run regular review and planning sessions to evaluate and reinforce learnings and to embed consumer research. Planning is important in translating intentions into behaviour as it encourages individuals to think about what they need to do in order to change (Sniehotta, 2009), and reminders can be employed to ensure prioritisation.

3. Teams should schedule regular check-ins or knowledge shares between teams to facilitate collaboration and spend time together when prioritising and planning. Decisions to comply are influenced by beliefs, values and norms which stem from social identity (Reus-Smit, 2011). Knowledge shares also facilitate opportunity through demonstration of the behaviour.

Recommendations for the FCA

1. The FCA should provide a clear expectation to firms that their implementation of the Consumer Duty – from design to monitoring and action – should be informed by research with consumers, and consumer advocates, to establish their expectations and experiences. The more precisely behaviours are specified, the more likely they are to be conducted (Michie & Johnston, 2004).

2. To underline how this contributes towards good customer outcomes, the FCA should provide feedback to firms and use examples of good practice. Audit and Feedback is a strategy used in healthcare to change practice whereby practitioners are shown how they are currently performing in comparison to explicit criteria or standards. Actions are then identified to establish how to improve performance (Jamtvedt et al., 2019). In the context of healthcare regulatory change, one meta-analysis found that on average, audit and feedback produced a median of 4.3% improvement in compliance (Ivers et al., 2012), and financial regulations such as the Consumer Duty provide opportunities for these findings to be applied in other industries.

The suggested interventions to improve implementation can be taken forward by firms in the embedding of the Consumer Duty, especially for on-going monitoring of products and processes using consumer feedback and research. Despite the evidence of ambivalence found amongst implementation practitioners in some financial institutions, the Consumer Duty is at an early stage in its implementation and this report identifies ways of encouraging positive and thorough engagement, informed by consumer insight, which will lead to better outcomes for consumers.

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