



Retail Conduct Risk Outlook (RCRO) 2012

Introduction

The FSA has published an analysis of the main risks which potentially face consumers in the financial services sector over the next 12 to 18 months. This is entitled the 'Retail Conduct Risk Outlook' ('RCRO').

The risks identified in the Outlook will be used by the FSA in its work with firms over the forthcoming period. Some of the risks listed are well known including the risks of unsuitable products being sold, but others are new. The Outlook also looks at general economic influences on financial services.

Early intervention to try and stop issues escalating into mass consumer detriment is one of the main objectives of the FSA's conduct agenda this year. Also, as part of the FSA's regional assessment programme and Business Risk Awareness workshops, the FSA is assessing how firms consider internal and external risks as part of their risk management process.

A link to the full report is shown below.

<http://www.fsa.gov.uk/static/pubs/other/rcro12.pdf>

The FSA have also issued a useful two page guide of their Top 15 Retail Conduct Risk Categories and specific risk which summarises key messages from the full report. This includes categorising whether new risks have arisen, and any previously identified risks that are no longer considered a priority. This guide can be found on the FSA's small firms website page.

Whilst compliance and risk management functions should ensure that they read the full report, the two page guide is a useful document acting as a summary but also may provide useful as a summary for senior management briefing papers. Firms' risk management processes should ensure that they have taken into account any key messages from the FSA from its Outlook publication.

Please click on the link below to access the two page summary.

<http://www.fsa.gov.uk/smallfirms/pdf/rcro-risks.pdf>

For further assistance and guidance on reviewing your firm's risk management processes including taking into account any specific risks highlighted by the FSA for the next 12 months, please contact Gillian Gallacher.