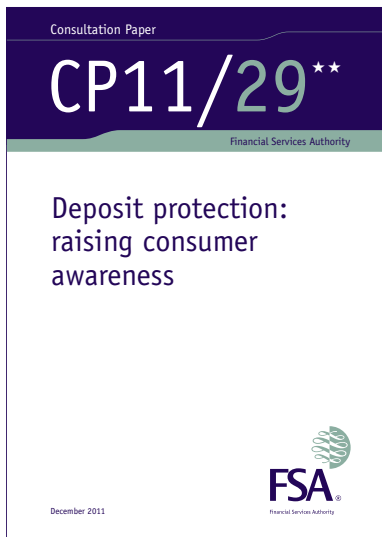


In Summary

Consultation Paper 11/29**



The full CP11/29 can be found at:
www.fsa.gov.uk/pages/Library/Policy/CP/2011/11_29.shtml

Deposit Protection: raising consumer awareness

How your firm may be affected by our proposed changes

As we publish our Consultation Paper 11/29 – *Deposit protection: raising consumer awareness CP11/29* – here we outline what you can expect and whether you will be affected. For more details, read the full paper on our website: www.fsa.gov.uk.

Will this affect you – directly or indirectly?

This CP will be of interest to:

- all deposit takers operating in the UK, including:
 - banks, building societies and credit unions, and their relevant trade bodies; and
 - EEA banks and overseas banks operating in the UK;
- Northern Ireland credit union representatives; and
- consumers and consumer representatives.

What are we doing?

We propose that deposit takers prominently display, in their branches and on their websites, posters and/or stickers detailing deposit protection arrangements. FSA-authorized firms will be required to display standard stickers and posters produced by the Financial Services Compensation Scheme (FSCS). EEA deposit takers with branches in the UK will be required to produce equivalent material, naming their countries deposit protection

scheme and making clear that they do not participate in the FSCS. All deposit takers should provide, on request, explanatory leaflets about the extent of deposit protection, where appropriate leaflets are available from the applicable scheme.

Why are we doing this?

Deposits held in the UK are protected in one of two ways if a deposit taker fails:

- By the Financial Services Compensation Schemes (FSCS) if the deposit is held by an FSA authorised deposit taker. This includes subsidiaries of European Economic Area (EEA) banks and other overseas banks operating in the UK.
- By the EEA home state deposit guarantee scheme if the deposit is held by the UK branch of an EEA deposit taker. If an EEA branch were to fail, UK depositors would need to apply for compensation in the country where the bank is based.

In 2009, the FSA, Her Majesty's Treasury and the Bank of England (the Authorities) made a commitment to raise consumer awareness of the FSCS. Low consumer awareness of the existence of deposit protection can increase the likelihood of a run on a deposit taker, as was seen with Northern Rock in 2007, as consumers rush to withdraw their deposits.

Despite existing measures, awareness of depositor protection amongst consumers remains low and has fallen since the financial crisis. The government has also now made clear that there is not unlimited protection for deposits.

Firms need to do more to ensure consumers are aware of how their deposits are protected and the limits of that protection.

What happens next?

If you would like to comment on our proposals, please read the full Consultation Paper and contact us using the information below. Comments should reach us by 9 March 2012. The FSCS will also be in contact with relevant trade bodies as part of the development of the FSCS stickers, posters and leaflets.

What will the FSA do next?

Consultation ends on 9 March 2012. Depending on the feedback to this consultation, we intend to have new rules in place by May 2012. We are consulting on a three-month implementation period which means that firms will need to display the posters and stickers by the end of August 2012.

How can I get the full paper?

You can download the full Consultation Paper from:
www.fsa.gov.uk/pages/Library/Policy/CP/2011/11_29.shtml

Or you can order hard copies of the paper by phoning our helpline on 0845 608 2372, quoting reference CP11/29.

Copies are available at £10 each.

Please allow five working days for delivery.

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www.fsa.gov.uk

This newsletter summarises Consultation Paper 11/29. The Financial Services Authority invites comments on this CP. Comments should reach us by 9 March 2012.

- Comments may be sent by electronic submission using the form on the FSA's website at:
www.fsa.gov.uk/pages/library/policy/cp/2011/cp11_29_response.shtml
- Alternatively, please send comments in writing to:

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It is the FSA's policy to make all responses to formal consultation available for public inspection unless the respondent requests otherwise. A standard confidentiality statement in an e-mail message will not be regarded as a request for non-disclosure.

A confidential response may be requested from us under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Tribunal.

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