



**DATE 18 January 2013**

**MEDIA INFORMATION**

### **Reaction to FSA funding review announcement**

The Financial Services Authority (FSA) has announced a new funding regime for the Financial Services Compensation Scheme (FSCS).

Mark Neale, Chief Executive of FSCS, said: “The Financial Services Compensation Scheme plays a vital role in boosting consumer confidence. It does so by paying compensation when firms go bust. That makes the funding of the Scheme an important component of the consumer confidence which aids financial stability.

“We welcome the announcement by the FSA, which provides more clarity for firms about the new funding regime.

“We recognise our levies can hit firms hard. The environment in which we operate is highly unpredictable. The costs of failure can be high. But our over-riding concern is to make sure we have the money to pay claims as they fall due. There is no magic bullet to the funding issue. And there is no perfect system in what is a zero sum game.

What I can promise is that FSCS will continue to strive under the new system to provide as much certainty or forewarning as possible to firms about the potential costs of compensation. We take our accountability to the industry very seriously.

“FSCS welcomes the step forward made by today’s announcement. We will work to implement the new system from April to ensure funding for claims while accounting to the levy payers for the costs we impose.”