

Simple Financial Products Steering Group

Terms of Reference

Background

The Government announced in October 2011 the creation of an independent simple financial products steering group chaired by Carol Sergeant. The group is tasked with devising a suite of simple financial products that will help consumers navigate the financial services market. The aim is to help increase the number of new participants in financial markets by providing straightforward, easy to understand products that are clearly identifiable as meeting "simple product" standards. Responses to the Government consultation on simple products suggest that the group should initially focus on simple deposit savings and protection insurance products.

Purpose of the group

To initiate the development of a suite of simple products and identify where these products already exist. These products should offer consumers a straightforward benchmark that gives them the confidence to make good decisions in an often bewilderingly complicated market place.

Specifically, these products should:

- help consumers benchmark and compare other products on the market;
- be understandable and accessible to the mass market;
- not be tailored to meet individual needs, but provide consumers with confidence that a simple product will meet their basic needs and offer them a fair deal; and
- be a viable commercial proposition for providers.

Remit

The group should consider how simple products will be identified, structured and, where they do not already exist, brought to market.

The group will establish working groups to decide:

- which products should be taken forward for development;
- the process by which final product specifications and designs will be agreed;
- how the products should be branded and brought to market; and
- how the product brand should be approved and by whom.

The group should also consider the scope for extending the simple products principle to further product categories in the future.

Governance

The Steering Group is independent and is chaired by Carol Sergeant, pro bono. Other Steering Group members are the Association of British Insurers, the British Bankers' Association, the Building Societies' Association, Money Advice Service, Consumer Focus and Which. HM Treasury and the Financial Services Authority will have observer status on this Group. A Secretariat is being provided by the Association of British Insurers.

Output

Carol Sergeant will submit a report on behalf of the group to the Financial Secretary by the end of July 2012.