

# Conducting Consumer Duty Price and Value Assessments





**Under the new Consumer Duty Principle firms must provide fair value within their products and services, and test and demonstrate value on an ongoing basis. This is a significant regulatory change and a complex undertaking.**

Protiviti has developed an assessment tool which can be used to identify if individual financial products and services meet the FCA's Consumer Duty requirements under the Price and Value outcome (Ch.7 of Finalised Guidance 22/5).






To assess fair value, firms should demonstrate there is a reasonable relationship between the price paid for a product or service and the benefits received by the customer, as well as identifying areas which may detract the value of the product.

Protiviti has distilled the complex requirements into an effective end-to-end assessment tool, which can be tailored to the requirements of any financial services business for a proportionate approach. The key elements of the tool are described here at a high level.

## KEY FEATURES OF THE ASSESSMENT

-  Applicable to all retail financial products and services
-  Identifies key data points required to accurately assess fair value
-  Addresses all key requirements contained in 'Price and Value' outcome of Consumer Duty
-  Generates insight to meaningfully address any findings and facilitate product updates and continuous feedback and improvement

## HOW OUR ASSESSMENT WORKS

-  Establishes pricing considerations across all parts of the distribution chain and the product lifecycle
-  Determines the value realised by consumers from the range of available product features
-  Supports with the benchmarking of pricing and features to other comparable products
-  Pinpoints restrictive aspects and assesses the impact on the value relationship
-  Supports a tailored approach proportionate to the nature and scale of the business considering data availability

## WHEN THIS ASSESSMENT SHOULD BE USED

Protiviti can support across the product governance lifecycle. We engage flexibly to assess value at the following points:



- Periodically throughout the lifecycle of the product or service, at regulator mandated intervals



- At the design stage and before offering products or services to consumers



- At key events such as product or service renewal, or a change in pricing

# Protiviti Consumer Duty Price and Value Assessment Approach



## HOW WE WILL WORK WITH YOU TO DETERMINE FAIR VALUE

Protiviti provides a skilled, experienced team of regulatory experts to perform value assessments using the proven assessment approach set out here. We work collaboratively to understand requirements and develop a tailored solution using the following key steps:

1. Obtain an understanding of the nature of business and range of products and services offered
2. Establish all key stages / stakeholders involved in the distribution chain and impact on price
3. Determine the availability of key data required to evidence value
4. Confirm procedures for product governance and monitoring, including existing approach to assessing fair value
5. Create a tailored review approach considering the following:
  - A. Identifying the number of individual reviews to perform based on number of in-scope products / services and relevant groupings and view of inherent risks
  - B. Considering the availability of product related information and data and confirming the correct data and data points to use as a basis for assessment
  - C. Establishing a review and quality assurance process with key stakeholders to consider key outputs and themes from reviews
  - D. Determining an approach for documenting reviews and reporting findings through relevant governance channels

## OUTPUTS



Detailed individual product / service reviews & final report



Data and MI to feed into product governance internal reporting



Advisory support implementing product / service enhancements

## CLIENT CASE STUDY

### Use case: wealth management client

- Protiviti worked with a client offering a range of personal investment products and financial advice. Protiviti conducted workshops to establish existing procedures for product governance and monitoring, including availability of data sources. Following pilot reviews conducted with client stakeholders, Protiviti performed reviews of product suite, and findings were provided for management review.

### Keys to Success

### Outcomes delivered

- Confidence that existing products were appropriately delivering fair value
- Specific enhancements identified to improve product design and value offering
- Clear dashboard of results fed through existing channels to increase visibility of outcomes

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