

# Bank of England

## Prudential Regulation Authority

### Andrew Griffith MP

Economic Secretary to the Treasury  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

### Sam Woods

Deputy Governor, Prudential Regulation  
CEO, Prudential Regulation Authority  
sam.woods@bankofengland.co.uk

01 December 2022

Dear Andrew

Thank you for your letter on the importance of regulators ensuring they are operationally effective. As we have discussed, robust standards and regulators with high levels of operational effectiveness play an important part in the UK's success as a global financial centre, and both are a priority for us.

As the PRA takes on additional responsibilities following our departure from the EU, we remain committed to being an effective, transparent, and accountable regulator and we strongly support the measures in the Financial Services Markets Bill to enhance our accountability to reflect our new responsibilities.

The Bank and the PRA already report publicly on several issues relevant to the UK's attractiveness as a place to do business and our effectiveness as a regulator. Specifically, our firm feedback survey published yearly provides insights into firms' views on the effectiveness of our relationship with them, the reasonableness of our requests and our understanding of their sector, among other themes.<sup>1</sup>

Currently, the PRA reports annually on its performance in handling a range of regulatory transactions including the authorisation of new firms, variations of

---

The content of this letter may be confidential. Please ensure you handle this information in accordance with the instructions set out in the Bank of England Information Security Classification Scheme available here: [b-o-e.uk/iscs](https://www.bankofengland.co.uk/b-o-e-uk/iscs) or from the Bank upon request.

Prudential Regulation Authority | 20 Moorgate, London, EC2R 6DA  
+44 (0)20 3461 4444 | [www.bankofengland.co.uk](https://www.bankofengland.co.uk)



permission, cancellations, and approvals under the Senior Managers' Regime. Performance is measured against the relevant service standards set out in legislation for each transaction.<sup>2</sup>

Following our discussion on options for improving reporting, my team has worked further on what the PRA could do to enhance transparency in this area. Our intention is to focus on three enhancements to the metrics we publish on the handling of regulatory transactions:

- increased frequency of reporting;
- additional information on the time taken to determine cases; and
- breaking down metrics by type of firm.

#### *Increased frequency of reporting*

Publishing data more frequently will help provide greater transparency on our effectiveness, enable greater accountability and provide more information on trends in performance. We intend to report quarterly on specific authorisations metrics to complement the information available in the Annual Report.

There may be instances where more frequent reporting increases the volatility of metrics as a consequence of the low volume of some of the transactions handled by PRA. To help interpret these metrics, the PRA will continue to publish absolute case numbers as well as percentages.

#### *Additional information on the time taken to determine cases*

To complement the reporting on our performance against statutory deadlines, such as the three months to determine Senior Manager Regime applications, you and others have shown interest in the PRA publishing additional data on the time it takes us to determine cases. This would also help answer a frequent question which matters for the UK's competitiveness, namely how long it takes to set up a new bank or insurer.

We are confident that we can provide additional insight on timeliness. We will undertake further work on how best to present accurate data in a consistent and easy-to-understand format, given some of the technical differences across transactions in how case times are recorded and calculated.

---

<sup>1</sup> [Results of the firm feedback survey 2021 | Bank of England](#)

<sup>2</sup> [Authorisations | Bank of England](#)

Where we can move faster than the statutory deadlines, we will, and we recognise the interest of firms in receiving swift decisions on their applications. But it is important to remember that applications vary greatly in quality and complexity, and may raise issues that require thorough investigation. At the moment, our approach is often to choose to work with firms during an application to try to improve the likelihood that we can ultimately approve it, even if this takes some additional time. We will continue to look for opportunities to streamline our authorisation processes, subject always to retaining confidence that this results in the correct decision and does not create risks to the safety and soundness of firms.

### *Breaking down metrics by type of firm*

We also have an opportunity to improve the granularity of our reporting. Our existing metrics are mostly presented on an aggregate basis, covering all types of firms authorised by the PRA together (although we report separately on the number of new banks and new insurers authorised).

We intend to look at where we can break down metrics across deposit-takers and insurers. This will allow stakeholders to focus on those aspects of our operational effectiveness that most interest them.

In some cases, particularly where combined with quarterly reporting, such granularity could further increase volatility for low-volume transactions. We will further assess the impact of this and may consider retaining aggregate reporting in certain cases.

### **Next steps**


Over the next few months, my colleagues will conduct further design work and testing on detailed metrics. I can then share more information on specific metrics we will report on, with an intention to start publishing them at the time of the PRA's 2023 Annual Report.

As discussed above, many of these issues involve close collaboration with the FCA. As we explore these avenues, we will liaise with colleagues at the FCA to ensure there is appropriate alignment in how regulators report their performance under the new framework.

My team and I are committed to taking this work forward as a priority, and ensuring that the PRA delivers its role effectively and transparently.

I am copying this letter to Harriett Baldwin, Chair of the Treasury Committee.

Kind regards

A handwritten signature in black ink, appearing to read 'S. Woods', written in a cursive style.

Sam Woods  
**Deputy Governor and CEO, Prudential Regulation Authority**