



SHAPING BETTER CONSUMER OUTCOMES

Through Innovation in Financial Regulation



FOREWORD

The financial services industry is in a period of significant transformation, driven by the need to deliver better consumer outcomes. The introduction of the FCA's Consumer Duty is a pivotal moment—one that challenges us to rethink how we engage, support, and empower consumers in financial decision-making. This regulatory shift is not just about compliance but about fostering a culture where consumer needs are at the centre of innovation and industry collaboration.

At FinTech Scotland, we believe that responsible innovation is key to meeting these new expectations. Responsible innovation does two things: it helps innovators get closer to real industry challenges, and it allows financial institutions to collaborate in solving issues that demand collective effort. Through our work, we have seen first-hand how fintech solutions can accelerate meaningful change, whether through improved financial accessibility, better consumer understanding, or data-driven insights that support regulatory compliance.

The opportunity ahead is vast. By harnessing the power of innovation, we can create financial services that work better for individuals, businesses, and society as a whole. Collaboration is at the heart of this progress - bringing together fintechs, established institutions, regulators, and wider industry stakeholders to drive impactful change.

The collective commitment from all those involved in this space demonstrates the shared ambition to build a more transparent, fair, and inclusive financial ecosystem. The progress we have made so far is just the beginning, and I am excited about the future we are shaping together.

Let us continue to innovate with purpose, ensuring that consumer outcomes remain at the forefront of financial services transformation.

Nicola Anderson
CEO, FinTech Scotland

Driving INNOVATION *within*
FINANCIAL REGULATION *that shapes*
BETTER CUSTOMER OUTCOMES





CONTENTS

- ① EXECUTIVE SUMMARY
- ② A CHANGING LANDSCAPE
- ③ OPPORTUNITY FOR INNOVATION
- ④ A PATH FORWARD
- ⑤ GET INVOLVED

EXECUTIVE SUMMARY

Consumers have always been at the heart of the UK’s financial services industry but the introduction of the FCA’s Consumer Duty marks a step-change. For the first time, financial institutions are not only expected to prioritise good customer outcomes, but to actively evidence, measure, and report on how they are delivering them. This shift opens up new opportunities to build deeper trust, deliver fairer value, and design more inclusive, supportive services across the board.

This report explores how fintech innovation, collaboration, and systems thinking are enabling the industry to embrace this opportunity. From reimagining product design to embedding ethical data use and personalised support, the goal is no longer just to reduce harm but to shape a financial ecosystem that works better for everyone. FinTech Scotland, through the Financial Regulation Innovation Lab (FRIL), is helping to lead this transformation. By bringing together financial institutions, regulators, fintech innovators, and academia, the FRIL programme is accelerating solutions that not only meet regulatory expectations but actively enhance the consumer experience.

The report outlines four core areas:

A Changing Regulatory and Consumer Landscape

The Consumer Duty introduces a proactive approach to consumer protection, demanding ongoing evidence of fair outcomes. Simultaneously, consumer expectations are evolving, people now expect financial services that are accessible, transparent, digital-first, and tailored to life’s changing circumstances.

Challenges Facing Financial Services

Many financial services institutions face operational and cultural barriers, including legacy systems, data siloes, regulatory uncertainty, and limited collaboration. Inconsistencies across the industry often lead to fragmented consumer experiences and a lack of clarity in what constitutes ‘good outcomes’.

Opportunities for Innovation and Fintech Collaboration

Fintechs are driving targeted innovation, from AI-powered compliance and real-time behavioural insights to inclusive digital tools that support vulnerable customers. Their agility and problem-specific focus allow them to address niche challenges with depth, offering scalable solutions that traditional institutions can adopt.

Building a Foundation for Systemic Change

The report highlights the need for a shift from isolated compliance efforts to industry-wide collaboration guided by systems thinking. A consistent, consumer-first approach—supported by shared standards, smarter data use, and integrated innovation—is essential to ensuring good outcomes across the entire financial ecosystem.

Through the FRIL Consumer Duty Innovation Call,, partnerships are demonstrating potential impact, showcasing how cross-sector collaboration can embed Consumer Duty principles into services in ways that benefit both financial services institutions, fintechs and customers.



A CHANGING LANDSCAPE

Consumers have always been at the heart of financial services. The introduction of the FCA's Consumer Duty builds on this foundation and marks an evolution in how institutions demonstrate their commitment to delivering good outcomes. Beyond avoiding harm, institutions are now expected to actively measure, evidence, and report on how they provide fair value, clear communication, inclusive access, and meaningful support.

Many institutions have already made strong progress, and the momentum is growing. Fintech is playing a key role in accelerating this shift by offering agile, data-driven solutions that respond directly to consumers' changing needs and expectations.

As the sector continues to evolve, the focus is expanding from individual institution compliance to wider system collaboration and alignment. The ambition is bold and optimistic: to create a financial ecosystem where every consumer, no matter how or where they engage, benefits from outcomes that are fair, transparent, and supportive. Technology will be at the heart of this transformation, enabling more intelligent, scalable, and inclusive approaches to delivering on the promise of Consumer Duty.

A Changing Regulatory Landscape

The FCA's Consumer Duty introduces a higher standard of consumer protection, requiring institutions to actively deliver and evidence good outcomes for customers.



Financial services have always put consumers first. Consumer Duty takes this further by making good outcomes measurable and accountable.

The FCA's Consumer Duty regulation ushered in a new era of transparency, accountability, and proactive care. It represents not just a regulatory requirement, but a meaningful opportunity for institutions to evidence how they are delivering good outcomes and deepening trust with their customers. This shift is changing how financial institutions engage with consumers by putting a stronger emphasis on clear communication, fair value, inclusive product design, and meaningful support.

The FCA Consumer Duty regulation introduces:

Principle 12: Requiring institutions to “act to deliver good outcomes for retail customers.”

Three Cross-Cutting Rules: Mandating institutions to act in good faith, prevent foreseeable harm, and support customers in achieving financial objectives.

Four Consumer Outcomes: Encompassing product design, fair pricing, clear communication, and effective customer support.

Supporting Vulnerable Customers: Explicitly ensuring the right outcomes for customers with persistent and transient vulnerabilities

“Focus shifting to using the regulations for strategic advantage”

Two years ago, institutions were demonstrating compliance, now organisations are focussing on the strategic benefits – particularly around data and technology.

Patrick Mallon
Senior Manager, PWC

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“Better outcomes, new opportunities”

The Consumer Duty, at its heart, is all about making sure firms deliver better outcomes for their customers.... By working together to foster innovation, we have the capacity to make a significant impact... Innovation and fintech can drive growth, challenge the status quo, improve financial inclusion, and create new opportunities

Joanna Legg
Consumer Policy and Outcomes Head of Department, Financial Conduct Authority

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Proactive Compliance

Unlike previous consumer protection measures, Consumer Duty requires institutions to proactively evidence their compliance rather than reactively. The FCA has made clear that this is an ongoing obligation rather than a one-off compliance exercise. Institutions are expected to conduct regular product reviews, ensure pricing structures are fair, and assess whether customers truly understand the products and services they engage with.

Evolving Regulatory Oversight

The regulator has already begun scrutinising institutions' fair value frameworks and reviewing Consumer Duty board reports to assess whether financial institutions are meeting the new standards. Multi-institution reviews have identified areas where institutions are failing to provide adequate consumer support, particularly for legacy products and vulnerable customer groups. The FCA has signalled that enforcement action will follow for those failing to meet expectations, making it essential for institutions to prioritise continuous compliance and cultural change.

Purposeful Design

Financial Services institutions must ensure that good consumer outcomes are designed into products and services from the outset. This obligation extends equally to legacy products, ongoing reviews are essential to confirm that older offerings continue to meet consumers' needs and deliver positive outcomes and fair value over time. Embedding purposeful design is not optional; it is a core expectation under Consumer Duty.

Shifting Consumer Expectations

Today's consumers expect transparent, accessible financial services tailored to their needs. The FCA's Consumer Duty mandates clarity, fairness, and support.



Consumer expectations are often driven by societal shifts from digital engagement to how we manage money. Consumers are at the heart of consumer duty, their awareness of the Consumer Duty Act is growing but there is still a sizeable minority with low awareness. The FCA's focus on delivering better customer outcomes is bridging the gap between consumer expectations and shifts in how financial services deliver their products.

Key shifts in consumer expectations are:

Clarity in Financial Information and Consumer Understanding

Consumers require financial products and services to be explained in plain, comprehensible language, ensuring they can make informed decisions. Yet, many institutions continue to communicate in ways that are overly complex or fail to ensure customer comprehension.

The FCA has stressed that merely providing information is insufficient - institutions must proactively test and evidence that consumers truly understand the implications of their financial choices. This is particularly pertinent for products with long lifespans where there is a need for ongoing communications and validation of customer understanding throughout the lifespan of a product and its ongoing suitability for the consumer

Inclusive and Digital-First Financial Services

Customer expectations of seamless, inclusive digital experience is now standard. Consumers expect institutions to balance digital efficiency with inclusivity, ensuring that those who struggle with technology, whether due to age, disability, or financial literacy, have equal access to services. Emerging financial solutions incorporate assistive technologies like voice assistants, simplified user interfaces, and alternative communication methods can help bridge this gap. Against this background, there are many who are digitally excluded, rely on cash and access to physical branch networks to run their daily lives. They too must be afforded the right outcomes.

Access to Financial Products that Adapt to Consumer Needs

Consumers increasingly expect financial products to be designed and continuously refined in response to their needs, particularly at critical life moments. In some cases, institutions are still failing to ensure products remain suitable over time, leaving some consumers stuck with outdated, suboptimal financial arrangements.

Proactive Consumer Support and Financial Wellbeing

Consumers no longer accept reactive or transactional customer support, they expect financial institutions to take a proactive approach in helping them avoid financial harm. Regulatory scrutiny has identified shortcomings in institutions' ability to pre-emptively identify distress signals, such as sudden shifts in spending patterns or repeated missed payments.

Trust in Financial Services and Regulatory Oversight

Consumer trust in financial institutions is increasingly tied to evidence of ethical, consumer-first decision-making. There is growing scrutiny over whether institutions are treating compliance with regulations aimed at good Consumer outcomes as a cultural shift rather than a tick-box exercise.

Consumers expect institutions to go beyond baseline regulatory compliance and embed transparency, accountability, and fairness into their core operations.

Opportunities for Change in Consumer Duty within Financial Services

To unlock opportunities for positive customer outcomes in financial services there are six key areas to address.

1

Proactive Consumer Support Has Room for Improvement

Financial institutions are expected to proactively identify and support customers in financial distress, yet many lack the tools and processes to do so. Institutions struggle to detect early warning signs of customer difficulties, relying on outdated customer service models that focus on complaints rather than prevention. In particular:

Opportunities for change

- Institutions face challenges in equipping customer service teams to deliver tailored, meaningful support, particularly given widespread low financial literacy among consumers.
- Opportunity exists for digital-first lenders and fintechs to improve outcomes for vulnerable customers by evolving online only models to offer more inclusive and personalised support.
- Predictive systems need to be implemented to anticipate and support assessments at critical moments in the Consumer lifecycle.

2

Vulnerable Customers Still Lack Adequate Protection

Despite regulatory expectations, institutions are still falling short in effectively identifying and supporting vulnerable customers. While some institutions have introduced new tools and services for vulnerable customers, many still lack proactive strategies to prevent unfair outcomes or exclusion.

Opportunities for change

- Vulnerability is an umbrella term that may change over time with some challenges being transient, whilst others are perpetual. Consumers may be wary of disclosing vulnerabilities.
- Inflexible product designs that fail to accommodate customers facing financial hardship, bereavement, or major life changes.
- Outdated communication strategies, making it difficult for customers to access clear and accessible financial guidance.

3

Data Gaps and the Challenge of Monitoring Consumer Outcomes

Investment in modern data infrastructure is needed to meet Consumer Duty expectations by providing the right insights with the right data at the right time. Accurate, timely data is essential to achieving good consumer outcomes, yet many institutions lack a complete view of their customers.

Opportunities for change

- Sparse or outdated data, particularly for customers with legacy products, makes it difficult to assess ongoing product suitability and fair value, undermining institutions' ability to deliver consistent outcomes over time.
- Limited IT capabilities and data-access issues prevent some institutions from identifying foreseeable harm for vulnerable customers.
- Customer needs and risks evolve, often without clear signals. Without predictive tools and behavioural analytics, institutions risk missing early indicators of financial distress, limiting their ability to intervene and support consumers effectively.

Opportunities for Change in Consumer Duty within Financial Services

4

Cultural and Organisational Resistance to Change

Achieving good Consumer outcomes requires a mindset shift, yet many institutions continue to treat compliance as a checkbox exercise rather than a cultural transformation.

Senior leadership engagement is inconsistent - while some institutions have made Consumer Duty a strategic priority, others struggle to integrate it into daily operations and governance.

Opportunities for change

- Many institutions have yet to fully align and implement staff training, incentives, and internal monitoring processes with the customer-first approach required by the FCA.
- The FCA has stressed that Consumer Duty must be embedded into product governance, risk management, and employee performance evaluations, yet many financial providers still lack the internal accountability mechanisms to enforce these.
- Financial institutions have challenges in identifying the right KPIs to measure and to identify the data to support them. Without the right measurements, it's impossible to identify the right areas to focus improvement initiatives on.

5

Regulatory Uncertainty and Compliance Burdens

The interpretation and enforcement of regulations remain fluid, creating uncertainty for institutions trying to align their policies with regulatory expectations. Institutions report that balancing compliance with commercial sustainability remains a major operational challenge, particularly for those with large product portfolios and complex legacy systems.

Opportunities for change

- Inconsistencies between FCA guidance and Financial Ombudsman rulings, leading to uncertainty over what constitutes compliance.
- Ambiguous definitions of "foreseeable harm", forcing institutions to interpret consumer risk on their own.
- Increased regulatory scrutiny, with institutions now expected to provide evidence-based consumer outcomes reporting, adding significant compliance costs.

6

Lack of Industry-Wide Collaboration

While individual financial services institutions are refining internal processes to align with consumer-focused regulations, these efforts largely occur in isolation. The absence of unified sector-wide initiatives leaves each institution charting its own path, often leading to fragmented experiences for consumers who interact with multiple providers.

Opportunities for change

- Without shared frameworks or standards, institutions duplicate efforts, creating inconsistencies and added complexity for consumers.
- Siloed improvements or limited knowledge sharing means there are missed opportunities for collective learning and industry-wide best practice adoption.
- Inconsistent policies and interpretations between institutions can confuse customers and dilute the impact of otherwise beneficial measures.



OPPORTUNITY FOR INNOVATION

Fintech innovation is playing a crucial role in helping Financial Services institutions meet good consumer outcomes requirements. The FCA has encouraged the use of technology to improve compliance, and several fintech-driven solutions are already addressing key regulatory challenges.

Role of Fintechs to Support Financial Services

Fintechs are driving a step-change in consumer outcomes, applying a laser focus to bring exceptional depth of knowledge and insight to solve targeted problems.



Fintechs are playing a critical role in helping financial institutions provide the right Consumer outcomes by developing innovative solutions that improve transparency, customer understanding, and financial accessibility. Fintech's have several key advantages over incumbents – they can provide a narrow, deep focus to solve specific niche issues or can tackle systemic challenges. They have the technical agility to adapt very quickly to feedback or changing Consumer needs or the financial environment.

Here we highlight several key areas where fintechs are driving change.

“Fintech collaboration will help define the future”

The future of FinTech collaboration will be defined by deeper automation [accelerated adoption of AI], real-time compliance monitoring, and a more proactive approach to regulatory reporting.

Vipul Sood

Head of Banking & Regulatory Services , Profylr



Enhancing Consumer Understanding and Communication

- Many consumers struggle to understand financial products due to complex language and unclear terms.
- Fintechs are developing AI-powered tools and digital engagement platforms that simplify financial communications and provide personalised, easy-to-understand information.
- Digital documentation and interactive financial education solutions help ensure that consumers fully grasp product terms and risks before making decisions.

Supporting Vulnerable Consumers with Targeted Solutions

- Identifying and assisting vulnerable customers is a major challenge for financial institutions.
- Fintech innovations, such as fraud prevention tools and AI-driven financial resilience platforms, are helping financial services institutions detect early signs of financial distress and intervene before harm occurs.
- Digital tools are being developed to help customers, particularly those who are financially at risk, access tailored financial guidance and protection from scams or unsuitable products.

Strengthening Financial Resilience and Inclusion

- Proactive systems are essential to ensure that early support and interventions achieve the right outcomes in the longer term. By integrating fintech-driven insights, financial institutions can offer more inclusive financial services and ensure that underserved communities have access to responsible financial products.
- Fintech solutions use financial data analytics to detect early indicators of financial stress, allowing institutions to offer timely interventions before customers fall into financial difficulty.

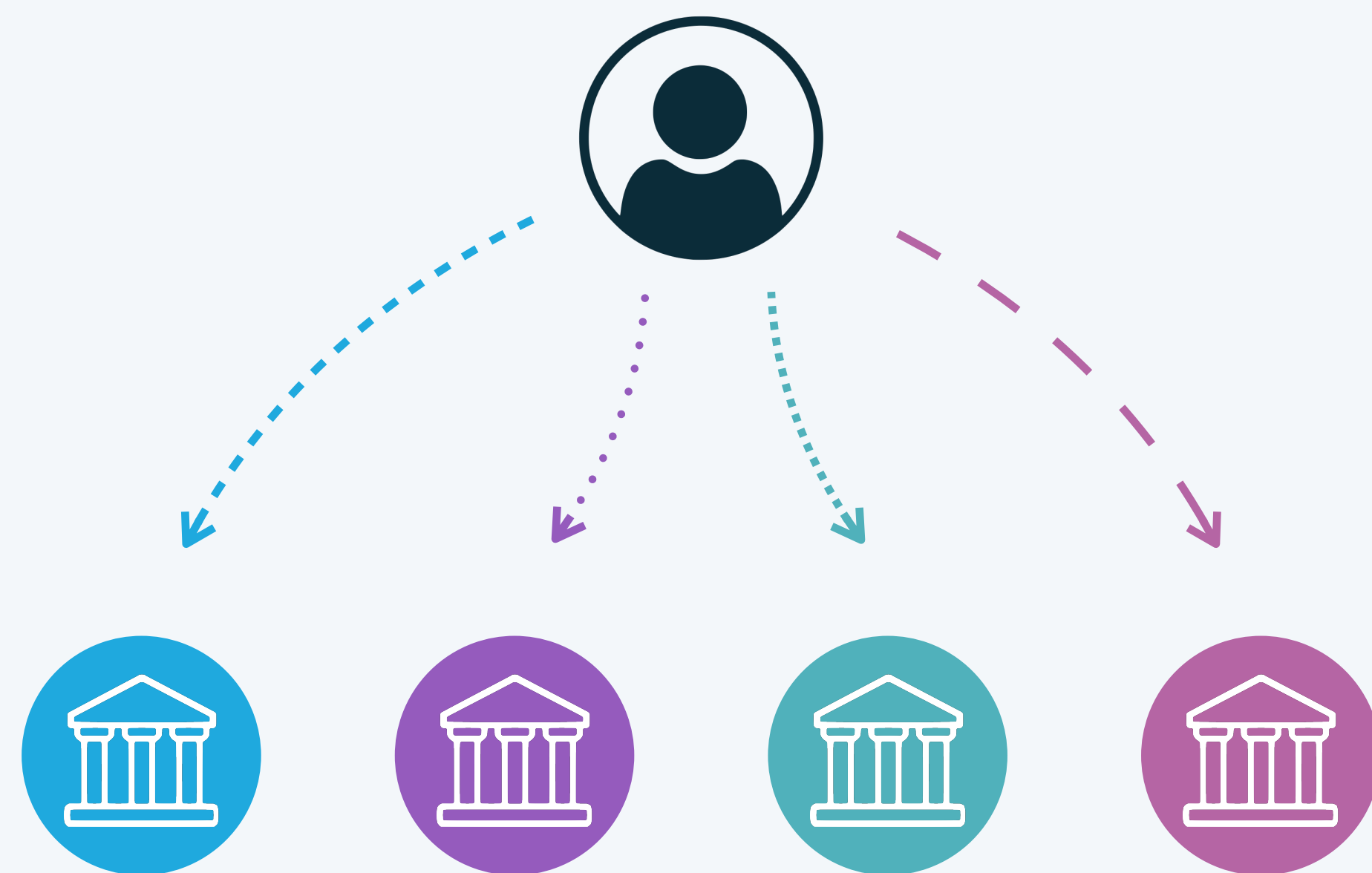
Automating Regulatory Compliance & Monitoring Consumer Outcomes

- Financial institutions must regularly assess whether they are delivering good consumer outcomes, but many lack the technology to monitor this effectively.
- Fintech solutions such as real-time compliance dashboards and AI-driven risk monitoring tools help institutions track consumer interactions and identify potential issues before they escalate.
- Automation is improving institutions' ability to evidence their compliance with Consumer Duty by providing clear, data-backed insights into consumer behaviours and experiences.

Shaping a Connected Ecosystem for Better Consumer Outcomes

We need to move from individual institutional responses to a more joined-up, systems-wide approach to achieve good consumer outcomes.

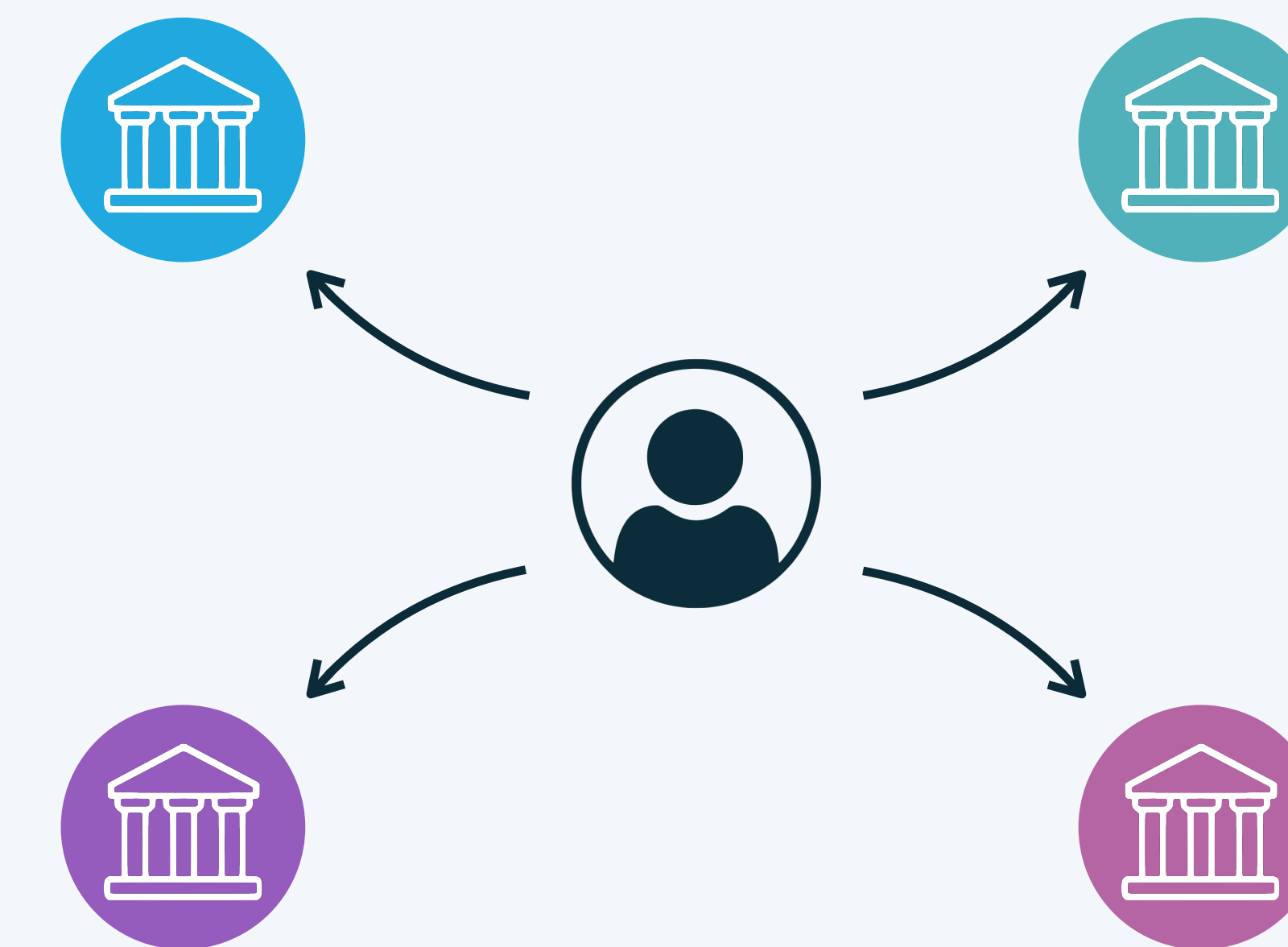
The Financial Services industry continues to invest and evolve to deliver on Consumer outcomes. This effort has been largely focussed within individual institutions, looking at their own processes and services and their own Consumer needs. This is an absolutely essential foundation for achieving the right outcomes. However they are not sufficient to achieve a seamless Consumer experience with consistency and harmonisation across offerings. Consumers want simplicity and clarity to help them to make decisions.



Transition from individual activity

Consumer Duty efforts have largely focused within individual institutions, embedding good outcomes into their own products, services, and processes. This is a vital first step. However, it creates a fragmented experience. Products are explained differently, support varies, and comparisons are hard. Even similar offerings can be confusing when described in inconsistent ways.

Consumers must navigate each provider's unique approach, making it difficult to find and compare products that meet their needs. To move forward, the sector must shift toward a more joined-up, consistent approach that makes it easier for consumers to make informed decisions.



Moving to an ecosystem approach

There is a clear opportunity for the financial services industry to collaborate more closely to deliver consistent, high-quality consumer outcomes. By adopting an ecosystem approach informed by systems thinking, the sector can align on shared standards for product design, communication, and customer interaction.

This would bring greater consistency in how products are described, priced, and supported, making it easier for consumers to understand and compare their options. For consumers, this means a simpler, more seamless experience. Finding the right product and assessing value becomes easier. For the industry, it unlocks more efficient innovation, stronger trust, and a more effective marketplace.

The FCA's 2025–2030 strategy reinforces the need for a more joined-up, system-wide approach to delivering positive consumer outcomes. While Consumer Duty has driven meaningful change within individual institutions, the FCA now highlights the importance of collaboration across the financial ecosystem to build trust, reduce complexity, and improve consistency for consumers. By aligning standards, improving data sharing, and supporting innovation, the industry can move beyond fragmented efforts to create a more intuitive and resilient consumer experience. This is a future where people can navigate financial choices with greater confidence, clarity, and ease. A more connected and consistent approach not only benefits consumers but also drives efficiency, competitiveness, and long-term value for institutions across the sector.

FRIL: An Environment for Collaboration and Innovation

The Financial Regulation Innovation Lab (FRIL) was established to help realise this opportunity and to build successful cross-industry partnerships that unlock the value they bring.



FinTech Scotland is driving collaboration within the Fintech and Financial Regulatory ecosystem by building an innovative and inclusive fintech community that facilitates collaboration across industry, government and academia.

The Financial Regulation Innovation Lab (FRIL), a partnership between FinTech Scotland, University of Strathclyde and University of Glasgow, is an industry-led collaborative research and innovation programme focused on leveraging new technologies to respond to, shape, and help evolve the future UK regulatory landscape, creating new employment and economic opportunities.

“Shaping great outcomes together”

Sometimes you get stuck in your own little world, there is a big world out there and it's connected with lots of enthusiastic people with great ideas.

Will Kerr
Good Customer Outcomes Centre of Expertise, NatWest



FRIL is helping to create an innovative, neutral environment for learning and collaboration across financial regulation and, to date, has focused on tackling challenges around ESG, Combatting Financial Crime and Simplifying Compliance using AI. FRIL allows participants to engage and collaborate on the dynamic demands of financial regulation, explore, test and experiment with new technologies, build confidence in solutions and demonstrate their ability to meet regulatory standards worldwide.

FRIL engages industry participants, including large established financial institutions, innovators, academics, and regulators in four inter-related programmes of action:

Innovation Challenge Calls	Applied Actionable Research
Skills Development	Knowledge Sharing

The FRIL Consumer Duty Challenge has demonstrated the value of collaboration between fintech startups and established financial institutions. By working together, financial institutions can leverage fintech expertise to:

- Develop innovative solutions that meet Consumer Duty requirements while enhancing customer engagement.
- Improve data-driven decision-making, using AI and analytics to assess customer needs in real time.
- Proactively address regulatory concerns, ensuring institutions meet FCA expectations efficiently and effectively.

Fintech partnerships are reshaping how financial services institutions approach Consumer Duty, providing the tools needed to embed a truly consumer-focused culture. Institutions that successfully integrate fintech innovation will be better positioned to deliver fairer, more transparent, and more supportive financial services, aligning with both regulatory expectations and consumer needs.

“The power of collaboration”

This Customer-focused Innovation Call highlights the power of collaboration in driving better outcomes for individuals. By bringing together ambitious fintech firms and leading financial institutions, not only enhances good consumer outcomes—it accelerates development of inclusive digital financial services and supports the evolution of the future digital economy.

Nicola Anderson
CEO, FinTech Scotland



Building Successful Partnerships

The FRIL Consumer Duty Innovation Call has already helped build budding partnerships to tackle some of today's most pressing consumer duty outcomes.

The Financial Regulation Innovation Lab (FRIL) is a platform for responsible innovation, bringing together financial institutions, regulators, and fintechs to tackle regulatory and consumer challenges. The Consumer Duty Innovation Call created an opportunity to accelerate industry-wide progress, enabling institutions to develop and scale solutions that embed Consumer Duty principles into financial services. Collaboration and innovation are core to the FRIL innovation calls and this neutral environment for innovation ensures FRIL drives meaningful change, rather than becoming a mere compliance exercise.

1

Enhancing Consumer Understanding

The Challenge

How could financial services institutions better embed technology including AI, within digital customer journeys to evaluate, improve and evidence customer understanding

Industry Partners



2

Data collection, aggregation & insight

The Challenge

How could financial services institutions optimise Timely indicators, MI and Reporting at aggregate Customer & Product Levels to Enhance Data Insights and Decision-Making across customer channels and organisations?

Industry Partners



3

Identifying opportunities

The Challenge

How might we use emerging technology Machine Learning and GenAI to detect inconsistent customer outcomes for identified customer groups and provide controls and calibration for the customer groups identified?

Industry Partners



4

Tracking Progress

The Challenge

How could Financial Services institutions better utilise emerging technology and advanced data solutions to streamline and accelerate tracking and reporting of progress towards Consumer Duty Outcomes?

Industry Partners



5

Understanding evolving needs

The Challenge

How can Data and AI be applied to better inform a consumer's current and future financial standing, recognising their specific circumstances to help ensure proposed / current products best meet / continue to best meet consumers' needs?

Industry Partners



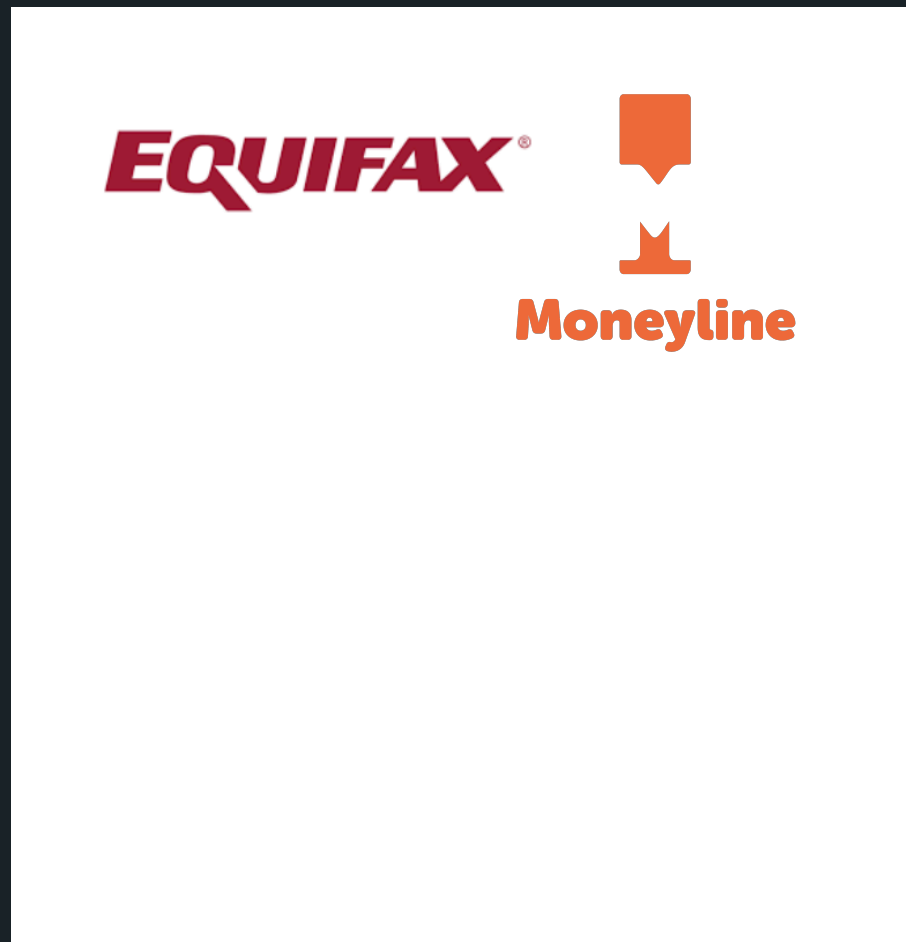
6

Optimising Decision Making

The Challenge

How can Financial Services best harness emerging or established technologies to ensure the sector drive to fully automate consumer decisions delivering effectiveness and efficiency gains without unintended consequences?

Industry Partners



FRIL Consumer Duty Innovation Call Grant Award Winners

FinTech Scotland is proud to support the vibrant and growing ecosystem of fintechs that are already making a real impact in helping Financial Services unlock system-wide opportunities for collaboration within Consumer Duty.

Through the FRIL Innovation Call, FinTech Scotland is actively supporting the fintech community in the UK through industry partnerships and grant funding that is helping businesses to make actionable progress and have a real-world impact in some of the most important Consumer Duty challenges within Financial Services.



Ask Silver

A scam identification and reporting tool designed to protect vulnerable consumers.

www.ask-silver.com



NestEgg AI

Promoting financial inclusion by simplifying access to responsible lenders and affordable credit.

www.nestegg.ai



Docstribute

Enhancing consumer engagement and comprehension of complex financial documents.

www.docstribute.com



DataWollet

Using advanced data insights to detect early signs of financial distress, facilitating timely interventions.

www.datawollet.com



Profylr

Providing AI-driven risk and compliance insights to enhance decision-making in financial institutions.

www.profylr.co.uk

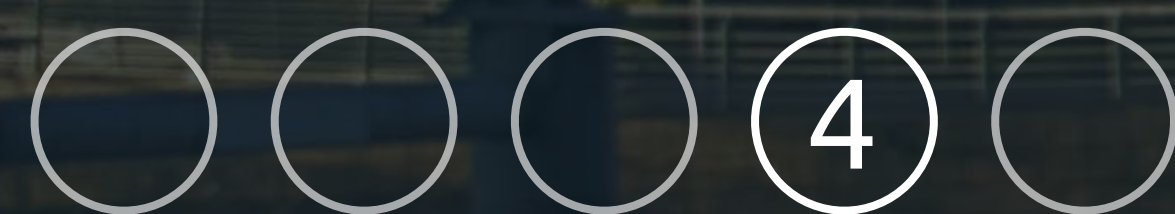
“Collaboration with innovators”

Being able to spend the time to understand and think about innovation capacity and capability by working with the people **who** are driving that innovation is amazing.

Helen Toft

Non Executive Director, Advance Credit Union





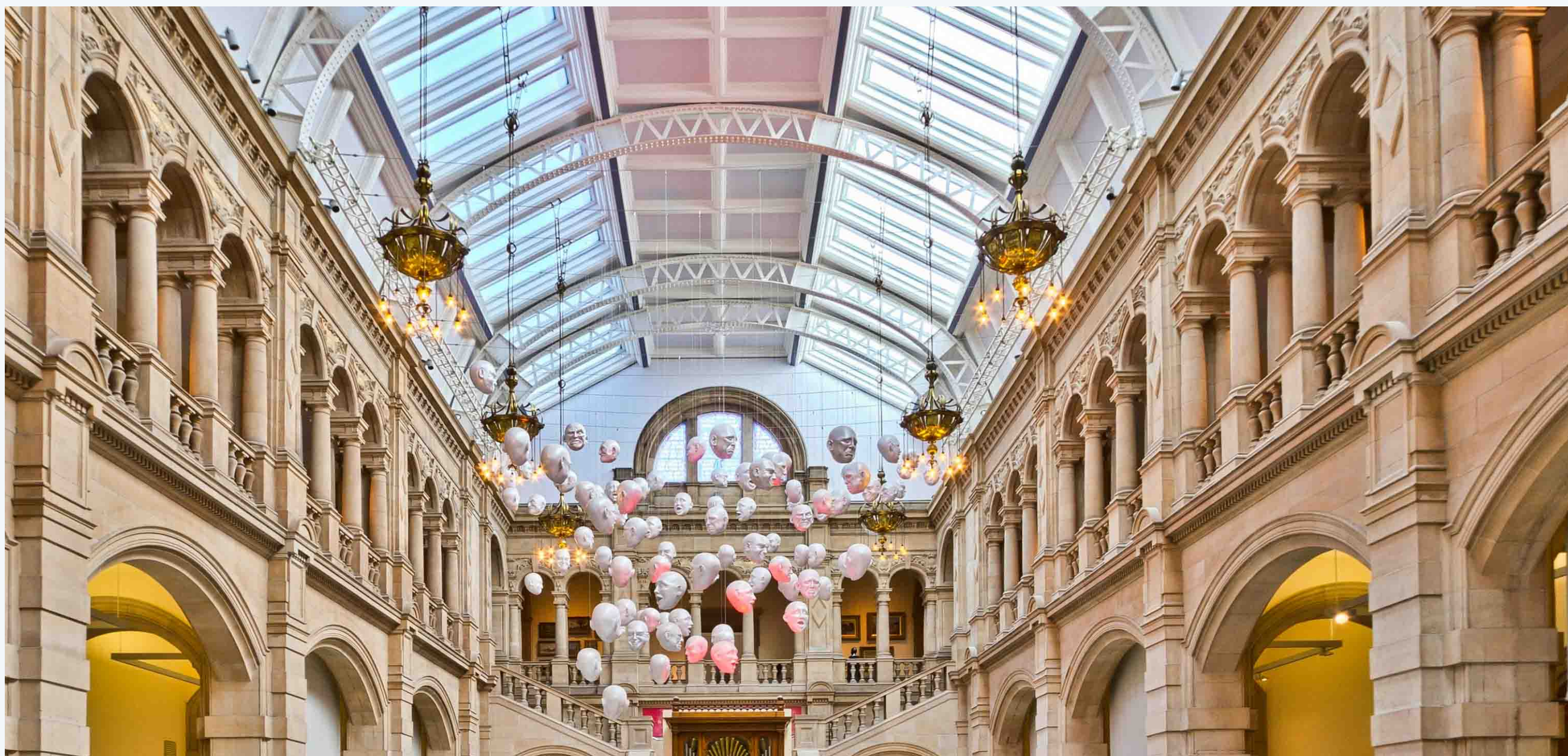
A PATH FORWARD

Meaningful progress has been made across the financial services sector in embedding Consumer Duty principles, with institutions taking clear steps to prioritise consumer needs. But this is only the beginning.

As we shift from early compliance to lasting change, we must build on the momentum, tackle the structural and cultural barriers that remain, and focus on embedding Consumer Duty into the fabric of everyday decision making. Achieving this will require a shared commitment, deeper collaboration and a clear industrywide roadmap to drive continued innovation and deliver better outcomes at scale.

Unlocking Opportunities Through Ecosystem Collaboration

Our future innovation activities must be built upon solid foundations that will help our industry overcome barriers to progress and align our collective actions.



The introduction of Consumer Duty has sparked real momentum across the financial services sector, with many institutions taking significant steps to align their internal processes, services, and culture to deliver better consumer outcomes. However, these efforts remain largely siloed, resulting in inconsistencies across the market that create friction, confusion, and gaps in support, particularly for vulnerable consumers.

Consumers now expect a seamless experience across the financial landscape. They want clarity when comparing products, confidence in fairness and support, and the ability to navigate options that align with their needs without unnecessary complexity. Yet today, each provider engages with customers in different ways, making comparison, decision-making, and ongoing financial wellbeing more difficult than it should be.

To truly deliver on the ambition of Consumer Duty, the industry must transition to a more collaborative, ecosystem-wide approach. This means moving beyond individual compliance journeys and embracing shared frameworks, common data standards, and interoperable systems that prioritise transparency, simplicity, and proactive support.

The FCA's 2025 to 2030 strategy reinforces this direction, calling for industry-wide consistency, deeper collaboration, and responsible innovation. Fintechs are playing a key role in making this shift possible, offering nimble, targeted solutions that help institutions deliver smarter, more inclusive, and more scalable support.

By embracing a connected ecosystem approach, financial services can unlock a step change in how the sector supports consumers, creating better experiences, fairer outcomes, and stronger trust across the board.

To embed Consumer Duty meaningfully and sustainably, financial services institutions must take coordinated action in six key areas. These foundations reflect a shift from reactive compliance to proactive, consumer-first transformation and provide a roadmap for scaling impact through collaboration and innovation.

Embed a Consumer-Centric Culture

Maximising positive outcomes for consumers is not a compliance task. It is a mindset shift. Institutions must align governance, performance metrics, incentives, and decision-making around delivering and evidencing positive consumer outcomes. Leadership commitment & employee empowerment are key to embedding this culture throughout the institution.

Shift to Adaptive, Needs-Based Products

Many products still follow rigid, standardised designs. Meeting evolving consumer needs means developing flexible, personalised solutions that adapt over time. Fintech partnerships and real-time data can support continuous affordability checks, dynamic risk profiling, and more responsive product evolution.

Enable Proactive Support Models

Traditional support relies too heavily on consumers reaching out when issues arise. Institutions must use behavioural insights, AI, and real-time analytics to detect early signs of distress or disengagement, allowing for timely interventions that prevent harm and improve long-term outcomes.

Modernise Legacy Systems

Outdated infrastructure and siloed data hold back progress. To deliver consistently and at scale, institutions must invest in modern data platforms, interoperability, and automated compliance tools. This shift will allow for faster adaptation to regulatory changes and consumer needs.

Strengthen Outcome Monitoring

Robust, real-time monitoring is essential to delivering and evidencing fair value. Institutions must close data gaps, especially for legacy products, and develop meaningful metrics that go beyond surface-level reporting. Fintech tools offer scalable solutions for tracking, analysing, and improving customer experience.

Accelerate Fintech Collaboration

Fintechs offer speed, depth, and precision in solving regulatory and customer challenges. Yet many institutions face barriers to effective collaboration, from slow procurement to risk-averse governance. To unlock innovation at scale, the industry must create space for trusted partnerships that can deliver system-wide benefits.

An Actionable Roadmap for Change

We have defined a tightly focused shared roadmap of innovation areas that will drive additional step-change improvements in Consumer outcomes.

Through conversations with the Financial Services industry and fintech ecosystem, we’ve created an actionable roadmap for change that outlines the critical actionable research and future innovation activities that we, as an industry, should be looking to explore.

Foundational Theme	Type	Actions	Phase
Institutions focussing on the Consumer	Research Activities	<ul style="list-style-type: none"> - Explore how to embed harm-identification and consumer-outcomes protection throughout product lifecycles (shifting from traditional consumer research to genuine co-design). Consider developing formal 'Consumer 'Listening Frameworks' for ongoing lifecycle product insights - Assess the long-term relevance and clarity of products over time (do consumers still understand what they signed up for?). - Investigate Fair value assessment opportunities, evaluation criteria and correctness evaluation. - Research Signposting support mechanisms and early interventions - Develop a Socio-technical framework for hyper-personalisation ensuring that the right individual and societal impacts are achieved 	1 1 1 1 2
	Innovation Activities	<ul style="list-style-type: none"> - Implement co-design methodologies in the product development process, ensuring that real consumer pain points guide features and disclosures. - Expand open API platforms that allow third-party solutions (like consumer-managed apps) to integrate smoothly with FI services. Beyond Open Banking e.g. for product comparisons 	1 2
Consumers adopting their own tooling	Research Activities	<ul style="list-style-type: none"> - Examine consumer needs for coverage, advice, and guidance; identify the triggers that cause them to seek new or different financial services. - Investigate how an “agentic” capability (similar to automated utility switching) could proactively manage a consumer’s life goals, risk appetite, and product fit. 	1 1
	Innovation Activities	<ul style="list-style-type: none"> - Develop a holistic framework that guides consumers through a needs assessment, then connects them to appropriate products, tools, or advice. - Enable consumer-first solutions to automatically find the right solutions or services e.g. flag better rates or more suitable products, personalising recommendations in real time. Enable these with standardised product and service descriptors and API access to ease the adoption and implementation of these tools. - Define a socio-technical approach to secondary marketplaces where Consumers can be assured that their needs can be met, if not by the initially contacted Financial institution – in a seamless manner without starting the process again. 	1 2 2
Internal efficiency and reporting	Research Activities	<ul style="list-style-type: none"> - Assess legacy constraints preventing a true 360° customer view across enterprise systems. - Identify the metrics that best measure whether Consumer Duty outcomes are being met, and how to standardise them across different teams. - Incorporate the assessment of Fraud modelling in new product development as a category of consumer harm that needs proactive assessment and mitigation during the lifecycle of a product or service. 	1 2 2
	Innovation Activities	<ul style="list-style-type: none"> - Implement advanced data-integration solutions that unify customer records, enabling more holistic visibility of consumer touch points. - Automate compliance reporting to reduce manual overhead and free employees to handle higher-value consumer engagement tasks. - Operationalise the new outcome-based metrics, embedding them into dashboards and performance reviews. 	1 2 3
Pan-Industry initiatives	Research Activities	<ul style="list-style-type: none"> - Explore how open finance initiatives, de facto industry standards, and technical data-sharing protocols might address cross-institutional consumer issues. - Investigate the viability of an industry-wide vulnerability signals platform, federated learning models, and cross-FI 360° views. 	2 2
	Innovation Activities	<ul style="list-style-type: none"> - Expand Regulator, fintech consortia, and industry bodies collaboration to codify data-sharing protocols, ensuring a level playing field for all FIs. - Adopt open finance to support factual product comparisons at scale, lowering friction for multi-bank consumers. - Deploy an industry-wide “signal sharing” infrastructure for suspicious patterns or vulnerabilities, bolstering consumer protection. 	3 3 3

Phase 1: 1 Year

Phase 2: 2-3 Years

Phase 3: 3-5 Years

Ways To Get Involved

FRIL has been built around the principles of cross-industry collaboration and collective positive action. We invite you to join our mission to redefine how Financial Services Regulation is done.

Join FinTech Scotland Community

Fintech Scotland has been established to secure Scotland's place as a top five global fintech centre.

We develop and enable collaborative innovation across the fintech ecosystem. We encourage relationships between large established Financial Services institutions and fintechs, as well as facilitating the connections with the universities, technology and services providers, public body agencies and regulators such as the Financial Conduct Authority (FCA).

The benefits for fintechs and start-ups joining the community are:

Access to a Thriving Ecosystem. Gain entry to one of the UK's most dynamic fintech hubs, offering opportunities to connect with industry peers, investors, academic partners, and regulators to drive innovation and growth.

Enhanced Visibility and Collaboration. Benefit from networking events, conferences, and promotional platforms that amplify your brand and foster collaborations with key players across Financial Services, technology, and academia.

Tailored Support for Growth. Receive guidance on scaling your business through resources, mentorship, and access to research and development opportunities within Scotland's world-class financial and tech ecosystem.

<https://www.fintechscotland.com/what-we-do>

Discover FRIL Research and White Papers

FRIL undertakes groundbreaking industry led research that helps participants engage and collaborate on the dynamic demands of financial regulation. A programme of applied actionable research is underway. FRIL has integrated academic study with an industry relevant agenda focused on enabling knowledge sharing on cutting-edge topics such as generative and explainable AI, advanced analytics, advanced computing, and earth-intelligent data as applied to financial regulation.

FRIL applied actionable research white papers are designed to frame complex problems, identify new perspectives and discover new insights, create frameworks for solutions and highlight potential industry applications, and utilise testing environments that enable further collaboration and understanding. The following White Papers are available:

www.fintechscotland.com/what-we-do/financial-regulation-innovation-lab/research/

Future FRIL Innovation Calls

The Financial Regulation Innovation Lab (FRIL), a partnership between FinTech Scotland, University of Strathclyde and University of Glasgow, is an industry-led collaborative research and innovation programme focused on leveraging new technologies to respond to, shape, and help evolve the future regulatory landscape in the UK and globally, helping to create new employment and business opportunities, and enabling the future talent.

www.fintechscotland.com/what-we-do/financial-regulation-innovation-lab

Further information

Research and Analysis

As part of the development of this report, a range of desk-based research and analysis was conducted, along with a series of stakeholder interviews with industry partners.

The analysis is built upon the research and work done during the FRIL Consumer Duty Innovation Call and the analysis and recommendations within the FinTech Research & Innovation Roadmap 2022-31, authored by FinTech Scotland.

The analysis focused on several key areas, including the core challenges Financial Services face regarding Consumer Duty, the opportunities they see in fintech partnerships, the key barriers to progress, and recommendations for future innovation challenge calls.

Methodology

1:1 FRIL partner stakeholder interviews.

An online questionnaire.

Desk based research.

Participating Organisations

The following stakeholder groups were identified as key voices and contributors to this report. Without them, this report would not be possible, and we thank them for their invaluable contribution and continued support.

Regulators

The Financial Conduct Authority

Industry Partners

Advance Credit Union	Dudley Building Society
Citizens Advice Scotland	Equifax
Coventry and Warwickshire Reinvestment Trust (CWRT)	FCA
Smart Data Foundry	NatWest Bank
	TSB
	PWC

Further Reading

This report aims to create economic, environmental, and societal value through Fintech research and innovation. The findings are designed to align with existing FinTech and innovation-related strategies across Scotland and the rest of the UK, including:

FinTech R&I Roadmap 2022-3. This roadmap outlines the strategic priorities for research and innovation in fintech, aiming to position the sector as a global leader by fostering collaboration, enhancing skills, and driving sustainable growth over the next decade.

Scotland's Financial Services Strategy. This strategy aims to strengthen Scotland's Financial Services sector by fostering innovation, promoting sustainable finance, and enhancing global competitiveness while driving positive societal and economic outcomes.

UK Government Innovation Strategy. This strategy outlines the UK government's vision to become a global leader in innovation, focusing on investments in technology, skills development, and collaboration to drive economic growth and address societal challenges.

UK Innovation Strategy: Leading the Future By Creating It. The strategy builds on the UK's ambition to lead global innovation efforts by investing in transformative technologies, fostering a skilled workforce, and creating an ecosystem that supports growth, competitiveness, and resilience.

FCA Strategy 2025-2030. This new 5-year strategy focuses on four key areas: deepen trust, rebalance risk, support growth and improve lives.

FCA Financial Lives 2022 Survey. This survey provides information about consumers' attitudes towards managing their money, the financial products they have and their experiences of engaging with Financial Services institutions. A total of 19,145 respondents completed the 2022 survey.

FCA vulnerability review improving outcomes consumers engaging financial services institutions. This review focuses on the specific current and evolving Consumer vulnerabilities.



SHAPING BETTER CONSUMER OUTCOMES

Through Innovation in Financial Regulation