

Review of Pensions Institutions

This covers only the FSA, tPR and PPF as I have no practical experience of the various ombudsmen, and is deliberately brief as doubtless you will be inundated with responses.

My fundamental position is that none of these institutions really should be brought together. Dealing first with the PPF and tPR, it is clear that if these are merged the primary objective of the tPR, the protection of pension beneficiaries, will be compromised. If the PPF were a division of tPR, then tPR may, to protect its direct self-interests and those of its political masters, promote the interests of the PPF above those of pension beneficiaries. It is, after all, comparatively simple to see that there are many ways in which the objectives of the two institutions can be in conflict.

I take it that no-one is seriously proposing that the tPR be absorbed into the PPF and do not consider this.

Secondly the FSA and tPR occupy fundamentally different worlds. They should certainly not be merged. Again this is a question of possible conflict management. The range of objectives is even wider and conflict between them almost certain to arise. The classic instance of this was actually the effect of pension fund buying of gilts last year which quite clearly had a destabilising effect on a major UK financial market; within a unified regulator who sets the priorities among objectives?

On a somewhat more technical note, the enabling legislation for merger of these institutions would be somewhat challenging both in terms of the drafting difficulty and the political debate. Let us not forget the FSMA and the process that led to it.

Con Keating

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