



KPMG Regulatory Barometer

Insights for the changing world

—

March 2025



Contents

Foreword	03
Dashboard	04
Context	05
Sector views	07
Spotlight	08
Key themes:	
• Supporting ESG and Sustainability	11
• Maintaining Financial Resilience	13
• Enabling Digital Innovation	15
• Strengthening Operational Resilience	16
• Enhancing Payments Approaches	18
• Encouraging Consumer Resilience	20
• Growing Capital Markets	22
• Accessing Markets	24
• Reinforcing Governance Expectations	27
Scoring methodology	29
Contacts	30
Glossary	31

Resources



Regulatory Insight Centre

KPMG’s EMA FS Regulatory Insight Centre provides pragmatic and insightful intelligence on regulatory developments. It supports and enables clients to anticipate and manage the impact of regulatory change.



Regulatory Horizon tool

Powered by KPMG technology, the KPMG Regulatory Horizon provides news and insights to inform regulatory analysis and change management processes. It is based on live feeds from over 170 regulatory sources, curated by subject matter experts.



KPMG’s global network

Member firm practices offer specialised services to wide range of industry clients at local, national and global levels.



Global Perspectives

Views on key regulatory themes and the direction of travel, from around the globe.

Foreword

Welcome to the latest edition of the KPMG Regulatory Barometer – measuring the impact of regulatory policy and supervisory activity for financial services firms.

In today's rapidly changing world, firms need to anticipate and plan for regulatory change across a vast agenda and with varying expectations across the globe. The Barometer helps to identify the key areas of pressure across the evolving UK and EU regulatory landscape.

This is a pivotal moment for financial regulators. Challenges abound, not least geopolitical uncertainty, economic pressures for growth and competitiveness in individual jurisdictions, the speed of digital innovation and a constantly evolving threat landscape.

Elections around the world in 2024 delayed publication of new and revised rules and shifted national policy priorities. Headlines around large-scale deregulation may be premature but, in some areas, there has been some slowing of policy activity or greater focus on simplification measures. Elsewhere however, supervisory intensity has ramped up and regulators are monitoring emerging risks in case further action is required.

Regulators are likely to find themselves under greater scrutiny to ensure that the regulatory burden is justified and proportionate, and needing to be more thoughtful about the impact of policy and supervisory decisions.

Against this backdrop, firms must continue to align their strategies and approaches with regulators' core priorities to build financially and operationally resilient business models and deliver good outcomes for consumers.

The Barometer aggregate score for March 2025 is 7.3 which reflects a plateauing of regulatory pressure. The individual theme scores give a more nuanced view. Some are up and some are down – we expect the aggregate score to fall in the future as the changes mentioned above play through, but it will take time to turn the regulatory ship. For now, the pressure on firms remains high as regulators seek to balance new and existing mandates.

Important questions highlighted in this edition include:

- How are FS regulators responding to increased pressure from governments to consider economic growth?
- Will simplification agendas deliver material benefits for firms?
- How is regulatory fragmentation impacting firms operating across borders?
- How far will the FS regulatory perimeter expand?
- How can financial institutions maximise the benefits of innovative technologies without amplifying risks?

We hope you find the Barometer insightful – please reach out to the Regulatory Insight Centre if you would like to discuss any of the content in more detail.

Barometer aggregate score

7.3



Rob Smith

Partner and Regulatory
and Risk Advisory Lead
KPMG in the UK

The changing regulatory environment

In the December 2024 [KPMG FS Sentiment Survey](#), regulatory pressure overtook cost pressures to become one of the top three concerns. 40% of FS leaders cited it as one of the greatest challenges facing their business moving into 2025, compared to 29% last year. Multiple, interlinked factors are contributing to regulatory change initiatives and resulting in pressure on financial services firms – the world is changing, and regulators are having to adapt.

Evolving risks

- Widespread geopolitical uncertainty is a key concern for firms as it may lead to greater regulatory fragmentation. Although regulators continue to pledge support for international cooperation, we are starting to see greater tailoring of requirements to local markets and business models.
- Increasing sophistication and volume of cyber attacks is driving risk for firms given large scale transformation programmes and greater adoption of cloud strategies, digital platforms and online servicing.
- AI will likely continue to move up the risk agenda as firms develop and deploy new use cases. Model risks, lack of transparency, data biases and the correlation with cyber risk will all drive increased regulatory focus in this area.
- More broadly, growing reliance on technology is increasing interconnectedness and has the potential to amplify and accelerate both positive and negative outcomes.

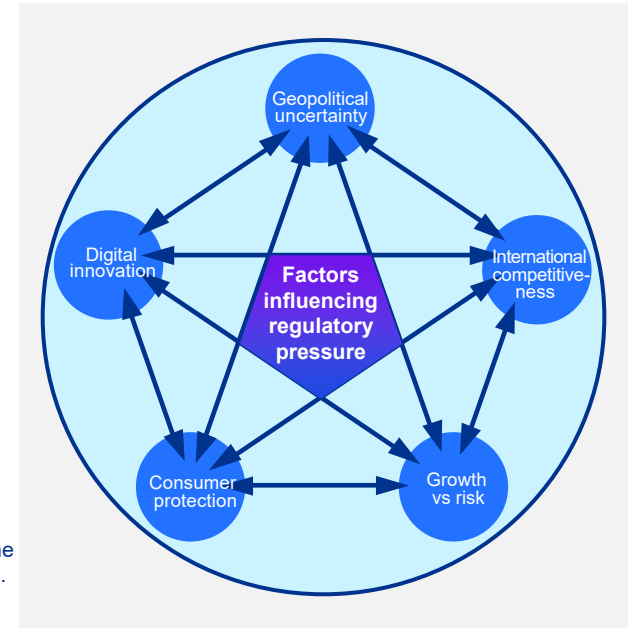
Growth and competitiveness

- Pressure is building on FS regulators to consider both growth and international competitiveness in their work – to boost stagnant economic growth and create or preserve local advantages.
- This new agenda requires a shift in mindset for policymakers, marking a departure from the post-crisis, risk averse approaches of the last 15 years.
- There have been some moves to reduce regulatory burden, and early indications of more cautious approaches when considering supervisory interventions.

- Recent announcements have focused on proposals to streamline existing requirements and introduce more proportionate approaches for smaller firms.
- It is too soon to say whether the changes that regulators are already implementing or are proposing will make a material difference to the strength of the FS sector, and the wider economy, or how long that might take.
- It may take time for the benefits of reduced regulatory burden to be realised. Short-term change may be needed as regulatory requirements are recalibrated and firms adjust systems and processes accordingly.

A regulatory ‘pendulum effect’?

- There has been an easing of activity in some areas, as regulators pause to consider whether policy is having the intended impacts and how to respond to new mandates.
- In the UK and EU, robust regulatory regimes are widely viewed as a competitive strength and regulators will be keen to avoid a “boom-bust” regulatory cycle in which rules are rolled back until market events precipitate a new crisis. However, governments may press for further deregulatory measures.
- It is possible that we have seen the last of the significant new frameworks and are entering an era of more



targeted initiatives.

- Firms will have a role to play in maintaining standards in a ‘lighter touch’ environment – if policymakers see risks spiralling, the pendulum may swing back again.

“We are now in a world where attitudes towards regulation have changed...it is wise to avoid the idea that regulation is the best solution to any problem, but let’s not fall into the opposite notion that it is by definition and always the worst available option.”

Speech by Andrew Bailey, Governor of the Bank of England, February 2025, University of Chicago, Booth School of Business

Dashboard



October 2023 **7.2** | March 2024 **6.9** | October 2024 **7.3** | **Aggregate score: March 2025 7.3**

	Financial Resilience	Operational Resilience	ESG and Sustainability	Digital Innovation	Consumer Resilience	Capital Markets	Payments	Accessing Markets	Governance
	The score remains elevated. Scope for completely new initiatives is less but there are still some final rules to come, and policymakers are reviewing and updating existing approaches. Supervisory intensity is high, with thematic reviews and on-site inspections all translating into continued pressure for firms.	The regulatory pressure score has again ticked up, putting it marginally ahead of Financial Resilience. This reflects the criticality of operational resilience and increased supervisory intensity, with DORA and all UK rules now in force, including the application of new requirements for critical third parties in both the UK and EU.	Although publication of new policy has slowed, the score remains high due to implementation deadlines being reached, particularly for complex sustainability reporting and disclosure requirements, and increasing supervisory scrutiny of climate and environment-related risk.	The score has again increased. This is largely due to additional components of EU frameworks going live. In the UK, despite regulators considering existing principles-based frameworks sufficient for AI, and rules for cryptoassets remaining nascent, pressure is being driven by the need for firms to proactively review their risk management processes as adoption ramps up.	The regulatory impact score has dropped from its October 2024 spike. As the Consumer Duty has been fully implemented, we have seen a levelling-off of regulatory change activity by firms. Alongside this, we are seeing a slight drop in supervisory intensity from the FCA that is freeing up firms to re-focus on the associated commercial opportunities.	There is a slight drop in regulatory impact score as it is clearer what regulatory change firms need to implement now that reviews have been finalised, and there is still some time to implement the changes.	The score has increased in response to fraud protection rules coming into force, FCA focus on embedding the Consumer Duty and a renewed impetus around Open Banking. The score has also increased due to the challenges emerging from divergence between the UK & EU regulatory frameworks.	Since the last Barometer, market access arrangements have been extended and slightly relaxed in the context of clearing and third country branches respectively – resulting in another small drop in the impact score.	There are some new rules on the horizon and there has been a slight increase in supervisory focus on governance – resulting in a small uptick in the score. Regulators are checking that firms are well managed and are considering emerging risks, as the risk of market volatility and difficult economic conditions rises
March 2025 score	↔ 8.1 (8.1)	↑ 8.2 (8.1)	↔ 7.9 (7.9)	↑ 7.7 (7.3)	↓ 7.0 (7.4)	↓ 7.4 (7.5)	↑ 7.7 (7.1)	↓ 5.4 (5.5)	↑ 6.5 (6.4)
Policy maturity	Implementing	Implementing and Embedding	Implementing	Developing and Implementing	Embedding	Implementing	Implementing	Mature/BAU	Implementing
Supervisory intensity	High	High	Moderate	Low	Moderate	Moderate	Moderate	Moderate	High
Global alignment	Moderate, diverging	Moderate, High	Moderate, diverging	Moderate	Minimal	Moderate	Moderate, diverging	N/A	Moderate, converging

Sector views

Banking



- Today's banking leaders are facing multifaceted and relentless challenges. The main priorities for banking CEOs include continued investment in business transformation through technology, with generative AI (Gen AI) gaining prominence as a top investment. At the same time, there is pressure in the context of today's uncertain geopolitical and macroeconomic environment, and are banks are proceeding cautiously, while trying to keep costs under control.
- While technology driven transformation, increasingly powered by AI, will continue to be a critical enabler of franchise value, people remain at the heart of everything banks do. This creates both near-term challenges and opportunities relating to the sustainability of the hybrid working model and competition for talent in a period of transition to the workforce of the future. ESG is an important driver of growth that will continue to shape behaviours and investments.
- Banking regulators are seeking to maintaining financial and operational resilience in individual institutions and across the wider financial system, whilst facing into the persistent challenges outlined above. Robust risk management and regulatory reporting continue to be high priorities, alongside considerations of governance, culture, fraud and financial crime, and ensuring good outcomes for customers. Potential threats to financial stability from climate and nature-related risks, and new technologies, are being monitored closely, as are the effects of the growing non-bank sector. The UK and EU are streamlining MiFID II requirements and have taken steps to make primary markets more attractive.

For more, see the [KPMG 2024 Banking CEO Outlook](#)



Insurance



- Insurance leaders are wrestling with a complex set of pressures and challenges requiring bold decisions and concrete action. These include pathways to growth, enhancing productivity, accelerating digital transformation, talent retention and meeting sustainability goals.
- Insurance leaders are confident in the ability to drive growth over the next three years — both in terms of earnings and headcount — and recognise of the need to infuse organisations with new talent and to embrace new technologies to achieve growth objectives. In 2024, outside the Tech sector, Insurance CEOs were more likely than any others to view Gen AI as a top investment priority — the main use cases being data analysis and tackling cyber & fraud threats.
- Against a backdrop of increasing geopolitical instability, escalating cyber threats and widening protection gaps, insurance regulators are committed to maintaining financial and operational resilience in their sectors and wider economies.
- They are increasingly alive to emerging threats, including from the changing nature of the life insurance and pensions industries. There is also a challenge in balancing appropriate levels of consumer protection with calls for competitiveness, raising critical questions about how much risk and/or customer detriment is acceptable.

For more, see the [KPMG 2024 Insurance CEO Outlook](#)



Wealth and Asset Management



- Given their role as asset allocators, market participants, and stewards, wealth and asset managers play a pivotal role — not only by helping their clients meet their goals, but also in terms of shaping the prospects of virtually every other sector.
- In 2024, asset management CEOs were confident about the economy and geopolitics, suggesting a positive outlook for growth. Their keen interest in generative AI and digitisation indicated the likelihood of rapid market transformation.
- Challenges faced by the sector include talent gaps, particularly in relation to AI and climate, and concerns about cyber resilience and stakeholder trust. The most successful firms will be those that take a holistic approach to these opportunities and challenges.
- Having spent considerable time and resources implementing sustainable finance and investor protection regulations, European asset managers are now digesting incoming AI regulation and understanding how it applies to their own use cases.
- Whilst private asset managers have experienced success in terms of driving inflows and generating returns, the growth of this part of the industry has attracted greater regulatory scrutiny — resulting in both policy and supervisory initiatives.

For more, see [KPMG 2024 Asset Management CEO Outlook](#)



Spotlight on Pensions: growth and competitiveness

How is the UK Government’s growth and competitiveness agenda playing out in the pensions regulatory landscape?

Significant reforms of the UK’s pension landscape have been proposed to address fragmentation, facilitate scale and unlock private investment.

“The review we are announcing is the latest in a big bang of reforms to unlock growth, boost investment and deliver savings for pensioners.”
Rt Hon Rachel Reeves MP (November 2024)

Given the comparatively low level of UK pension fund investment in UK capital markets, and their relatively poor returns, reforming pension investments has become an integral part of the government’s growth agenda.

A Pension Scheme Bill is expected to be brought forward in 2025 with measures to encourage pension consolidation and better value for money. At its heart, the Bill aims to improve consumer outcomes and opportunities for investment and growth by shaping a market with fewer, larger providers with the scale and expertise to invest in more diverse portfolios.

In advance of the Bill, the government is conducting a pensions investment review to develop proposals to boost investment, increase saver returns and tackle waste in the pensions system. Phase one has focused on investment, with a second phase planned to look more widely at further long-term steps to improve pension outcomes, including

£1.1tn

Held by UK pension funds

75%

Defined benefit (DB)schemes in surplus

£160bn

Value of UK DB scheme surplus

£8bn

Productive investment shift to the UK economy defined contribution schemes could deliver

Source: [Jan 2025 Pension reforms](#)

assessing the level of savings people need to achieve the retirement that they want.

Whilst the phase one final report is expected in the spring, there has been disappointment that phase two has been delayed indefinitely. Interestingly, it appears that the delay itself may be driven by the growth agenda due to concerns about the potential increase in costs to businesses increases in employer contributions were required.

How to harness the surplus funds held in many Defined Benefit (DB) schemes to drive growth is also an issue being examined, prompting the Chancellor to announce plans to make it easier for DB pension schemes to utilise their surplus assets through productive investment.

Further detail on the proposals are expected in Q1 in conjunction with HMT’s response to its earlier DB scheme consultation. An important consideration for any proposal will be how to balance ease of surplus release with safeguards to prevent misuse.

Other ongoing initiatives also have a strong growth angle, such as the new targeted support regime, stemming from the Advice Guidance Boundary review. This is aimed at giving individuals making pension decisions greater flexibility and allow firms to better indicate and ‘nudge’ actions.

Finally, following Solvency UK review, insurers have greater flexibility to invest to support UK growth. The Investment Delivery Forum had pledged to invest £100bn into vital UK infrastructure.

Pensions investment review – key initiatives and dates

Q2 2025

- Phase 1 final report
- Response to HMT “Options for Defined Benefit schemes” consultation
- Proposals for DB surplus release

During 2025

- Pensions Scheme Bill laid in Parliament
- Second FCA consultation on (VFM) framework for DC schemes

The PRA is also looking to consult on further improvement to the Matching Adjustment in H1 and is working alongside the National Growth Fund and industry.

These are significant reforms and will take time to shape and implement. However, for the growth benefits to be realised, the momentum will need to keep up. To manage the scale of change, pension schemes will need clarity and appropriate implementation timeframes at the earliest opportunity.

“..for too long, pensions capital has not been used to support the development of British start-ups, scale-ups or to meet our infrastructure needs”



RT Hon Rachel Reeves MP

Regulatory themes

01 Maintaining Financial Resilience

Prudential regulators are finalising frameworks to support continuing financial resilience. They remain vigilant to emerging risks, including increased interconnectedness and vulnerabilities driven by structural changes in markets, such as the growing significance of PE, private assets and NBFIs, and are also being challenged to adopt more proportionate and dynamic approaches to support growth.

Regulatory Impact Score

- March 2024 8.5
- October 2024 8.1 
- March 2025 8.1 

The score remains elevated. Scope for completely new initiatives is less but there are still some final rules to come, and policymakers are reviewing and updating existing approaches. Supervisory intensity is high, with thematic reviews and on-site inspections all translating into continued pressure for firms.

Maturity stage: Implementing and reviewing

Supervisory intensity: High

Global alignment: Moderate, diverging



Capital and liquidity

Work continues to finalise and revise capital regimes. However, there is potential for their effectiveness to be undermined by regulatory fragmentation. Liquidity and funding models are under scrutiny to identify critical gaps and ensure that firms and the wider sector would be able to withstand significant shocks. UK liquidity reporting requirements are extending significantly for large insurers.



Solvent exit and wind-down planning

Bank resolution frameworks are well established, and UK regulators have shifted emphasis to preventative approaches such as BAU solvent exit planning, the latter now extended to insurers. The EU Insurance Recovery and Resolution Directive is being developed. For asset managers, there is continued supervisory scrutiny of the credibility and operability of wind down plans.



Stress testing and macro-prudential oversight

Sector-specific stress tests continue to evolve including changes to the UK banking timeline to reduce burden on firms, the much-resisted individual disclosure of core life insurance scenarios and adopting a dynamic/real life crisis' approach for GI firms to crystallise the impact of management action. Scope is expanding to capture a wider range of firms and to consider system-wide issues, for example through the Bank of England's SWES and the EU's proposed macro-prudential framework.



Governance and risk management

Effective governance and risk management remain at the heart of regulatory agendas. For banks, further improvements are expected in counterparty credit and credit risk management/ measurement, with greater focus on higher risk and vulnerable sectors. Risk data aggregation, regulatory reporting and model risk (see also AI) continue to be supervisory priorities. For insurers funded reinsurance remains a top regulatory concern. Board and executive accountability/ oversight, including culture and the behavioural aspects of risk management, are also a focus.

Forward look & supervisory priorities: There are important decisions to be made in relation to implementation of the final Basel reforms for banks. Aside from these, the next six months are likely to be a period of review and refinement, with new policy limited to targeted areas, including to support the growth and competitiveness agenda. Policy updates will continue to require action from firms and supervisory intensity is likely to remain high particularly in areas such as funded reinsurance, regulatory reporting, transformation risk and exit/wind-down planning.



Wider context

Geopolitical uncertainty has the potential to drive greater regulatory fragmentation. Concerns persist around the “level playing” field for banks in the light of delays and inconsistent timelines for the implementation of Basel final reforms. Local banking regulators are considering more proportionate measures for smaller firms to alleviate the regulatory burden and encourage growth.

The EU is seeking to balance EIOPA and national regulators' propensity for very prescriptive level 2 and 3 rules as part of Solvency II review, with encouraging insurers to invest to support growth and fulfilling a promise to cut the regulatory burden, especially on reporting for smaller firms.

Global and national regulators are closely monitoring the implications of PE involvement and illiquid private assets.

New competitiveness and growth objectives are unlikely to change prudential initiatives substantially, with regulators citing the value of robust frameworks to promote growth.

01 Maintaining Financial Resilience

“Unsurprisingly, geopolitical and cyber risk are top of the list of things keeping business leaders and CROs up at night. The nature and impact of shocks on firms is changing – they are increasingly external, severe, frequent and correlated. Understanding the potential implications for business models is a real challenge requiring a holistic approach to enterprise resilience.”



Industry insights



Alec Innes
Partner,
KPMG in the
UK

Q.1 What does the changing landscape mean for the direction of FS regulation?

Most importantly, geopolitical uncertainty is driving regulatory uncertainty (e.g. Basel – see Q2) which is hugely challenging for firms. The private credit market is growing hugely and is now under increasing regulatory scrutiny. Banks’ and insurers’ use of private credit is also attracting supervisory attention. In some cases, securities regulators are introducing additional rules for fund managers e.g. the EU’s loan origination fund regime under AIFMD II.

Q.3 What are the implications of the proposed UK liquidity reporting standards for insurers?

There is consternation among the largest insurers about how to comply with the new bank-like standards. Most firms do not yet have the data and systems to be able to comply on a T + 10 basis, let alone a T + 1 basis. In scope insurers need to think through tech and data solutions as their treasury functions evolve from a corporate to banking-style model.

Q.2 How significant is the geopolitical/“level playing field” impact on banks?

Very significant. For example, there is a risk of significant fragmentation around Basel 3.1 which is undermining the previous decade’s effort to align standards. Some jurisdictions were already implementing but are pausing (e.g. Japan and Canada) and the PRA has delayed its start date. The EU is considering delaying FRTB further and the US position is very uncertain. This makes it extremely hard for banks to plan.

Q.4 How can firms turn regulatory compliance into commercial opportunities?

Solvent exit/trading wind-down are great examples of this. Where boards and management are able to suspend disbelief and embrace the idea of failure as a scenario plan, they can apply a resolvability lens on decision making and do the work to understand their business better. Firms are then able to make stronger business decisions to support growth.



Upcoming milestones:

- From March 2025 – PRA trading wind down requirements for large banks
- Q1/Q2 2025 ESMA/EBA report on IFR/IFD
- H1 2025 – PRA consultation on Matching Adjustment Accelerator
- April and July 2025 - IRRD consultations – also December 2025 and July 2026
- August 2025 – results of EU-wide and ECB bank stress tests
- October 2025 – PRA BAU solvent exit requirements for non-systemic banks and building societies
- Q4 2025 – publication of LIST results
- December 2025 – PRA liquidity reporting requirements for insurers
- 2025 – next biennial BoE bank capital stress test
- 2025 - EU Solvency II Level 2 and 3 consultations
- 1 January 2026 – application of proposed changes to UK leverage ratio threshold
- 1 January 2026 – EU implementation of FRTB – under review
- 2026 – PRA DyGIST & bank stress tests
- 30 June 2026 – PRA solvent exit planning requirements for insurers
- 1 January 2027 – UK implementation of Basel 3.1



Actions for firms

1. Assess balance sheet, operational and governance implications for new or recalibrated prudential frameworks.
2. Ensure that risk management and governance frameworks are aligned with the latest regulatory/supervisory guidance and can respond adequately to new requirements/changing market conditions.
3. Assess the adequacy of solvent exit or wind-down plans and preparedness for market exit
4. Prepare to respond to new stress testing requirements.

02 Strengthening Operational Resilience

Operational resilience remains a key priority in UK and EU supervisory work programmes. Instances of disruption, particularly relating to ICT, have again demonstrated clearly the importance of resilience, not only of financial firms themselves, but also of the third parties on whom they depend.

Regulatory Impact Score

- March 2024 8.0
- October 2024 8.1 
- March 2025 8.2 

The regulatory pressure score has again ticked up, putting it marginally ahead of Financial Resilience. This reflects the criticality of operational resilience and increased supervisory intensity, with DORA and all UK rules now in force, including the application of new requirements for critical third parties in both the UK and EU.

Maturity stage: Implementing and Embedding

Supervisory intensity: High

Global alignment: Moderate/High



Cyber and ICT resilience

The application of DORA from 17 January comprehensively addresses resilience issues arising from ICT-related sources and aims to support reliance on digital technology in the EU. Given the broad scope of the Act, many firms have needed (and may still need) to make structural and strategic changes. Cyber risk remains high on regulators' agendas, second only to geopolitical risk in the BoE's H1 2024 Systemic Risk Survey. Findings of the CBEST 2024 thematic review were published in December and identified gaps in foundational cyber defenses among firms. In the second half of 2025, the PRA plans to consult further on expectations for the management of ICT and cyber resilience risks.



Resilience expectations – reporting

With extensive operational resilience expectations now live in the EU and UK for a wide range of regulated firms and other financial entities, attention has turned to the specifics of reporting requirements. The BoE/PRA and FCA have consulted on Operational incident and outsourcing and third-party reporting, including thresholds, formats and frequency – the proposed implementation date is no earlier than the second half of 2026. In the EU, incident reporting requirements are set out under DORA.



Third parties and outsourcing

In the UK, changes to FSMA give new powers to regulators which have now been translated into a specific designation and oversight regime for CTPs, effective 1 January 2025. The UK requirements are broadly compatible with the provisions for CTPPs in DORA. See right for more.

Forward look & supervisory priorities: With rules now fully applicable in both the UK and EU, supervisory intensity is likely to ramp up as the effectiveness of embedding is tested. The PRA has set its sights on firms looking beyond compliance to 'resilience by design' as a strategic priority.



Wider context

The extension of operational resilience to critical third parties to the financial sector will bring some non-FS entities within the perimeter of financial regulation for the first time.

The ESAs have provided a roadmap towards the designation of CTPPs under DORA including the timeline for collecting information to support the designation. The PRA's final rules for CTPs, including threshold conditions similar to those for regulated firms are now applicable, with the first cohort of designations expected shortly.

Both UK and EU have set out expectations and mechanisms for oversight, with the UK building in provisions for CTPs to be subject to skilled persons reviews.

Regulators have emphasised that the introduction of rules for CTPs/CTPPs does not change or reduce the accountability of financial services firms, their boards or senior management for carrying out their own third/nth party due diligence.

02 Strengthening Operational Resilience

“Geopolitical uncertainty is driving firms to place greater focus on robust resilience strategies, ongoing risk assessments, diversification of E2E supply chains, increased testing of contingency plans/viability of substitutes for their externally facing products and services, and closer monitoring of incidents and disruptions to assess any potential impact on BAU operations.”



Industry insights



Ash Harris
Partner,
KPMG in the
UK

Q.1 What are firms finding most challenging when trying to meet regulatory requirements?

1. Resilience capabilities are constrained by programme-centric approaches rather than focus on BAU integration. This means limited ownership of the end-to-end resilience lifecycle by BAU teams/appointed role holders.
2. There is limited engagement between regulated firms and their 3rd/4th parties to understand/assess the resilience posture of any IBS dependent upon external 3rd party services.
3. Maturity of scenario testing – the focus of most firms’ activities is still on desktop simulations with conclusions based on SME judgement, rather than live testing of IBS workarounds or substitutes, leveraging actual data to assess the firm’s ability to mitigate any customer impact caused by the disruption.
4. We are seeing very few firms applying “resilience by design” principles or design criteria to material change initiatives – especially where they impact IBS. This means there is a risk that when changes goes live, the resilience posture of the IBS impacted is neither maintained nor enhanced.

Q.2 How will new rules for critical third parties change the resilience landscape?

Expect greater collaboration between regulated firms and their 3rd parties in ensuring the resilience of the E2E supply chain. Also, increased transparency when it comes to resilience vulnerabilities and proposed remediation activities.

Increased amounts of testing activities involving both regulated firms and their 3rd parties to truly understand the viability of any workarounds / substitutes to be deployed in the event of a 3rd party disruption and what the impact will be on the regulated firm’s end-customers.



Upcoming milestones:

- 1 January 2025 – UK CTP regime in force
- 17 January 2025 – DORA live date
- Imminent – UK designation and oversight of CTPs
- Imminent – EU designation and oversight of CTPPs
- March 2025 - deadline for implementation of final UK operational resilience requirements for regulated firms
- 2025 – PRA Consultation on cyber and ICT resilience
- UK - Incident and third-party reporting no earlier than H1 2026



Actions for firms

1. Continue to focus on enhancing/maturing scenario testing approaches, including live testing.
2. Improve integration of adjacent capabilities for operational resilience purposes e.g. IT DR, 3rd party exit testing, Business Continuity Planning.
3. Ongoing embedding into BAU – all stakeholders need to understand what changes (if any) are required to their BAU role and responsibilities to ensure that a business service-led view of operational resilience is used by Board and Senior Management to make informed investment decisions.

03 Supporting ESG and Sustainability

After several years of rapid development, there has been a change of pace in sustainability-related regulation, with fewer new rules being published. This is partly due to completed rules moving into the implementation stage, but also the result of political and economic pressures to support growth and competitiveness.

Regulatory Impact Score

- March 2024 8.4
- October 2024 7.9 ↓
- March 2025 7.9 ↔

Although publication of new policy has slowed, the score remains high due to implementation deadlines being reached, particularly for complex sustainability reporting and disclosure requirements, and increasing supervisory scrutiny of climate and environment-related risk.

Maturity stage: Implementing and reviewing

Supervisory intensity: Moderate, increasing

Global alignment: Moderate, diverging



Reporting & disclosures:

With the first wave of CSRD implementation now underway, firms operating in the EU are grappling with complex interpretation and data requirements. The latest omnibus proposals may descope firms from subsequent waves, streamline obligations and delay further implementation. Meanwhile ISSB standards are being adopted in other jurisdictions including the UK. Greater interoperability of standards remains the goal but is a moving target. Expectations around transition plan disclosures are increasing.



ESG risk management

Regulators expect firms to have made demonstrable progress in the management of climate and environment-related financial risks. The PRA is expected to consult on updates to SS3/19 in 2025. The EBA has issued final guidelines on managing ESG risks and is consulting on ESG scenario analysis. EIOPA has recommended capital charges for assets in the fossil fuel sector. The BCBS's final policy on Pillar 3 climate disclosures is still to be published.

Forward look & supervisory priorities: there are further announcements to come, notably consultation on updates to PRA SS3/19 and the introduction of the UK SRS, including transition plan requirements. In the EU, the focus on streamlining sustainability regulation through the Omnibus may ultimately reduce the reporting burden on firms, but in the shorter term may add complexity while impacts are assessed and workplans are recalibrated.



Greenwashing and corporate responsibility

Regulators have focused on mitigation of greenwashing risks through better communications, product labels and application of taxonomies, but now appear to be slowing down their measures. Green taxonomies are potentially being walked back – the EU omnibus proposals set out less stringent requirements and, in the UK, the government has consulted on the merits of having a taxonomy at all. The FCA's extension of SDR to portfolio managers and overseas funds has been delayed.



Markets and wider sustainability

The EU's regulation on ESG ratings has been finalised, with rules applying from July 2026. In the UK, HMT has published a draft statutory instrument for Parliament's consideration, after which the FCA will consult on rules for in-scope ratings providers. The EU Omnibus Regulation will substantially reduce the scope of the CSDDD and will affect its rollout and that of the CBAM.



Wider context

Having led the charge on sustainability reporting with the most comprehensive requirements globally, recognition of the significant reporting burden on firms and increasing pressure to drive competitiveness has led to the rapid drafting of the first EU "omnibus" regulation which proposes a significant reduction in scope and changes to timelines for the CSRD, CSDDD and EU Taxonomy.

More broadly, geopolitical uncertainty is making it very challenging to assess the direction of travel and the extent to which governments and regulators will continue their ESG/sustainability initiatives. This could lead to further regulatory divergence.

03 Supporting ESG and Sustainability

“A new geopolitical environment is driving new incentives and financial services firms are having to weigh business decisions with sustainability commitments made.”



Industry insights



Richard Andrews

Partner, Head of ESG UK

Q.1 What are firms finding most challenging in relation to sustainability regulation?

There's a huge volume of regulation, particularly reporting-related regulation, to address – some of it very onerous in terms of the number of data points. It's almost impossible for all that information to be decision-useful. The financial services sector is also struggling in terms of how it squares the sustainability commitments it has made with the pace of change in real economies.

Q.3 Where should firms be focusing their attention, and what will move the dial?

Transition planning – the largest component in making a difference is greenifying the brown and there need to be ways of incentivising that. For the banking sector in particular, that means more transition finance.

The good news is that, while there is still embedding to be done, ESG/sustainability is maturing and we're starting to see the right functions doing the right things, and people directed to the right places.

Q.2 How Is geopolitical change/uncertainty affecting the ESG/sustainability agenda?

Firms are operating in a new geopolitical environment, and changes in sentiment have had a dampening effect on activity. It is dampening rather than killing but it will slow the pace of change. Firms are continuing to move forward but they are more cautious – particularly about making sustainability commitments that they may be unable to meet in current conditions.

Q.4 How can regulators help?

Regulators can think about what they are really regulating. The FCA has probably gone down the right route (e.g. AGR and ratings) in supporting consumers and markets to make choices. There is more to do on transition and adaptation to deal with the climate change that already exists and to look in more detail at the potential impacts of those longer-term climate-related exposures. If the measures in the EU's omnibus reduce activity and enable the redeployment of resource into making change that will be a real positive – it shouldn't be seen just as an opportunity to cut cost.



Upcoming milestones:

- Q1/Q2 EU consideration of first Omnibus proposals to simplify sustainability requirements
- Q1 2025 – UK government endorsement of IFRS S1 and S2 and consultation on UK SRS
- 2025 – FCA to consult on changing requirements for listed companies to reference UK SRS (based on ISSB and TPT)
- 2025 - PRA to consult on updates to SS3/19
- 2025 – Output from consultation on merits of UK Taxonomy
- Q1-Q3 2025 - EIOPA considering responses to consultations on sustainability risk management and biodiversity risk
- Q4 2025 - SFDR review
- December 2025 – Larger asset managers to publish first SDR entity-level reports
- July 2026 - EU ESG ratings requirements apply



Actions for firms

1. Comply with deadlines for reporting and disclosure obligations.
2. Embed approaches to risk and disclosures in line with supervisory and other stakeholder expectations.
3. Ensure clarity around the extent of sustainability commitments and develop a credible plan for delivering against them.
4. Refine the classification of investment products against evolving labelling and disclosure requirements and expectations.

04 Enabling Digital Innovation

Innovation introduces novel risks which could pose a threat to consumer protection and, on a wider scale, to financial stability. Regulators are now more advanced in the development of relevant frameworks, with some key components already going live.

Regulatory Impact Score

- March 2024 7.0
- October 2024 7.3 
- March 2025 7.7 

The score has again increased largely due to additional components of EU frameworks going live, including additional Level 2 guidance. In the UK, with specific rules yet to be finalised, regulators consider that, for now at least, existing principles-based frameworks are sufficient to manage some current use-cases. Regulatory pressure is being driven by need for firms to proactively adjust their risk management processes as adoption ramps up.

Maturity stage: Developing and Implementing

Supervisory intensity: Low, increasing

Global alignment: Moderate



Crypto-assets and CBDCs

The EU's Markets in Crypto-Assets Regulation (MiCAR) now applies fully and firms will need to navigate the patchwork of national transitional regimes until July 2026. The UK continues to consult on all elements of its framework, with final policy statements expected in 2026. Sandboxes for trading/settling digital securities are live in both the EU and UK, but low participation is causing concern amongst regulators. Meanwhile, the ECB and BoE are progressing retail CBDC pilots, with launches possible by 2026 at the earliest, and are investigating wholesale options.



AI and machine learning

The EU's prescriptive AI Act has entered into force with rules for generative AI applying from August 2025. Complementary FS guidance will continue to be published by the ESAs. The UK is pursuing a flexible, principles-based approach with no new regulatory frameworks in the short term. However, some highly-targeted rules are possible in the future.



Data sharing

Regulatory and geopolitical concerns persist over concentration risk and increasing dependence on a small number of US providers for Cloud, AI and digital wallet services. A deal between lawmakers and governments on the Financial Data Access Bill (FIDA) is still pending and is representative of the underlying tension between the desire for innovative products and the unlevel playing field with BigTech. In the UK, digital wallets are viewed as playing a key role in the development of Open Finance. As their use grows, regulators are assessing how to balance opportunities with potential competition, consumer protection and operational resilience risks.

Forward look and supervisory priorities: Regulators are concerned about increasing use of third-party providers and whether appropriate change management is being applied when transitioning to new technology solutions. Supervisors are increasingly leveraging technology and are supporting the development of industry-led RegTech solutions.



Wider context

The EU continues to be a 'first mover', building bespoke and granular rulebooks e.g., MiCAR, the AI Act.

The UK is instead leveraging a principles-based approach and weaving changes into existing frameworks. For AI in particular, the UK seems to be pursuing a more innovation-friendly attitude. It was one of only two countries to opt-out of signing the Paris Declaration at the recent 2025 AI Summit.

Globally, key jurisdictions have begun reconsidering the balance between competitiveness and regulatory safeguards. The consequent divergence from previous international commitments could make regulatory compliance more complex for international firms and weaken overall alignment.

04 Enabling Digital Innovation

“Existing financial services regulatory frameworks already obligate firms to use AI in a safe and ethical way”



Industry insights



Leanne Allen

Partner,
KPMG in the
UK and Head
of AI
Advisory

Q.1 What are firms finding most challenging regarding AI implementation and regulation?

A key challenge is the ability to attest to explainability and accuracy of AI models – and thereby provide comfort to users and regulators. Firms are also concerned over the use of 3rd or 4th party models – and the relevant implications for accountability and reputational damage. And finally ensuring AI literacy amongst internal stakeholders.

Q.3 How will these developments fundamentally drive change within FS?

Firms are currently reluctant to release client-facing use cases. However, the accuracy of these tools – and therefore the comfort of users – will continue to improve. At that point, firms will need to determine how to embed the relevant controls at scale. The move towards a continuous monitoring approach will also cause a fundamental shift in the roles of first line / second line defence. AI itself should be leveraged – particularly by the compliance function – to begin addressing these challenges.

Q.2 How are firms managing the increasing geographical divergence in regulatory approach (e.g., EU / UK / US)?

Many firms have a footprint in the EU and therefore must navigate the AI Act as a baseline for risk & control frameworks – either building new or uplifting existing structures. The UK / US innovation-friendly stance and pursuit of ‘regulatory simplification’ is seen as a positive sign by industry. In these principles-based jurisdictions, firms are still managing to map relevant controls (and data requirements) to ensure appropriate governance.

Q.4 What are your top tips for firms to successfully begin leveraging AI now?

The first step must be basic data management and governance. AI outputs are only as good as the data inputs! Firms should also ensure they are upskilling their workforce and preparing a holistic adoption strategy, including understanding the risks and ethics of using AI alongside the practical tools. Finally, firms should get involved in the conversation with regulators and governments to help shape innovation-friendly outcomes.



Upcoming milestones:

- 2025 - FCA consultations on cryptoasset framework
- 2025 - MiCAR national transitional periods
- Q1 2025 - AI Act prohibited systems provisions apply
- Q2 2025 - AI Act Code of Practice complete
- Q3 2025 - AI Act genAI provisions apply



Actions for firms

1. Develop a clear governance and control framework around the use of AI, including any elements which are provided by external parties or vendors.
2. Account for the expected regulatory impacts of operating with any form of crypto-asset or wider use of distributed ledger technology (including transitioning from temporary regimes).
3. Consider the impacts of diverging regulatory approaches on global business footprint and strategy.
4. Consider potential business model and strategy implications of a payments landscape that includes CBDCs.
5. Reflect the growing impact of Big Tech companies competing more directly within the financial services ecosystem in business model.

05 Encouraging Consumer Resilience

Since 2008, the trend has been to increase levels of consumer protection. However, under the new growth agenda, this is beginning to plateau – and will potentially decline. Regulators will need to juggle the competing priorities of issues impacting customer outcomes with the need to encourage economic growth.

Regulatory Impact Score

- March 2024 6.8
- October 2024 7.4 
- March 2025 7.0 

The regulatory impact score has dropped from its October 2024 spike. The Consumer Duty now been fully implemented, and therefore, we have seen a levelling-off of regulatory change activity by firms. Alongside this, there has been a slight drop in supervisory intensity from the FCA that is freeing firms up to re-focus on the associated commercial opportunities.

Maturity stage: Embedding

Supervisory intensity: Moderate

Global alignment: Minimal



Product governance

Despite longstanding product governance rules, regulators still find firms failing to achieve intended outcomes. EIOPA is developing its latest IDD application report, set for early 2026. While firms have developed frameworks, they often don't apply them robustly or objectively to identify issues and drive real improvements. Where the UK's Consumer Duty has delivered sector-wide improvements – these have been where the FCA has targeted specific products. (e.g. GAP insurance).



Customer engagement

Focus on vulnerable customers has remained high due to cost-of-living challenges and the increasing level and sophistication of scams. Recent findings from the FCA's show that there is still more that firms could be doing. EU proposals also focus on improving customer understanding and the ability to compare products. More broadly, the FCA's advice guidance boundary review is designed to develop initiatives to enable firms to help customers make better-informed decisions.

Forward look & supervisory priorities: The FCA will continue to assess the embeddedness of the Consumer Duty, likely through ongoing attention on consumer outcomes testing and monitoring, price and fair value and vulnerable customers. However, the FCA will continue to deploy topic-specific thematic reviews such as the upcoming review of Model Portfolio Services (MPS).



Outcomes-focused

Regulators want to move firms from a rules-based mindset to a more holistic assessment of the outcomes they are generating. Policy proposals are taking shape under the EU's proposed RIS, and include clients' best interests, and better considerations of conflicts of interest and inducements. There are strong parallels with the UK's Consumer Duty, which, although it is approaching two years post-implementation, continues to be embedded. The pace of transition in the EU is likely to be slow.



Value for money

The interplay between price and value is being reviewed and formalised in several ways – albeit at different speeds. Some European countries have implemented national legislation on commissions and value for money. The FCA continues to challenge firms proactively about the objectivity and robustness of their price and fair value assessments. The FCA is also consulting on value for money frameworks for default workplace DC pensions.



Wider context

Compared to the UK Consumer Duty, the EU's plans are directionally similar but less mature. The EU Retail Investment Strategy (RIS) is currently under negotiation. Whilst broadly aligned to the UK's approach, variation in application and specific topics will mean that firms cannot implement a single solution – resulting in fragmentation from an operational and implementation perspective.

Some Member States are also progressing their own initiatives. In H1 2025, the Central Bank of Ireland will publish an enhanced Consumer Protection Code which moves towards assessing outcomes.

Around the world, regulators have similar goals but are taking varied approaches or operating on different timescales. For example, in line with a more deregulatory agenda, the US appears to be moving more stridently away from some of its existing consumer protection measures.

05 Encouraging Consumer Resilience

“With the current tension between ongoing economic uncertainty impacting the cost of living and focus on good customer outcomes, and the objective of removing burdens and encouraging growth – the FCA’s approach will need to be carefully calibrated.”



Industry insights



Claire Shields

Partner,
KPMG in the
UK

Q.1 What do you see as the most impactful initiative the FCA is advancing in support of the government’s growth agenda?

The clear statement of intent and appetite from the FCA to make changes is probably the most impactful. The details will follow but the FCA is clearly in listening mode. Now is an excellent opportunity for firms to seize the initiative and proactively identify opportunities to make the regulatory framework more proportionate to the risks, with increased consistency and certainty.

Q.3 What aspect of retail conduct is posing the greatest challenge to firms

Whilst the move to becoming a data-led regulator is a positive one, the volume and frequency of data requests to firms needs to be addressed. Firms would appreciate greater visibility and transparency to on the drivers behind requests to help ensure that the data answers the FCA’s questions or concerns. This may allow firms to simply supply existing reports that address this risk – rather than generating new data reports specific to the information request.

Q.2 What commercial opportunities does the current regulatory environment present for firms?

Firms have expended considerable effort to meet recent regulatory change initiatives. This has diverted resource and focus from propositional development. However, the Consumer Duty provides an excellent springboard, (armed with deeper understanding of customers and enhanced MI) upon which to reimagine customer journeys, products and propositions to reap the commercial dividend the Duty generated.

Q.4 What are your top three tips for firms to successfully navigate the regulatory environment?

1. Think outcomes, not inputs or process – quick alignment to the Duty
2. Invite robust and objective challenge, internally and externally
3. Now more than ever, engage proactively with the regulator



Upcoming milestones:

- Q2 2025 - FCA Targeted Support consultation
- Q2 2025 - RIS agreement
- Q3/Q4 2025 - FCA final rules on Consumer Composite Investments



Actions for firms

1. Recalibrate how indicators of vulnerability are identified, considered and evidenced across the product lifecycle, customer journey, and processes.
2. Consider and evidence, on a consistent and robust basis, whether products and services deliver genuine value to customers – taking action to address gaps and issues where identified.
3. Collate evidence (through culture, strategy, propositions and operating model) that commercial interests are balanced with delivering appropriate outcomes for retail customers.
4. Validate alignment of the product governance framework to regulatory expectations and demonstrate that it is being used robustly and objectively to build, manage and monitor the quality of the products and services delivered.
5. Assess the comprehensiveness of the firm’s suite of definitions for good outcomes and associated metrics, dashboard and reporting.

06 Growing Capital Markets

Capital market regulations implemented post-GFC continue to go through a period of amendment due to reviews in the EU and by international bodies, and tailoring to the UK market post-Brexit.

Regulatory Impact Score

- March 2024 7.5
- October 2024 7.5 
- March 2025 7.4 

There is a slight drop in regulatory impact score as it is clearer what regulatory change firms need to implement now that reviews have been finalised, and there is still some time to implement the changes.

Maturity stage: Implementing

Supervisory intensity: Moderate

Global alignment: Moderate



Public markets

Policymakers and regulators are now waiting to see whether reforms to listing and investment research rules will invigorate UK and EU primary public equity markets. In secondary markets, changes to trade and transaction reporting emanating from the MiFIR (EU) and Wholesale Markets Review (UK) are gradually getting finalised and firms will need to start updating their systems.



Market infrastructure

The tendering process has started both in the UK & EU for consolidated tapes of bond market data which should lead to more efficient markets. The EU Council and Parliament have provisionally agreed that non-significant benchmarks should no longer be in the scope of the EU Benchmarks Regulation. However, users of benchmarks may still look for some assurance of quality and integrity.

Forward look & supervisory priorities: Consensus has been reached across Europe (EU, UK and Switzerland) to move to T+1 settlement in October 2027, with policymakers now making the required legislative changes. Supervisory priorities letters across the wholesale sector show the FCA is focused on operational resilience, including the resilience of third parties, change management and incentives (i.e. remuneration) and controls around conduct. The PRA continues to be concerned about banks' ability to manage their counterparty risk exposure to private equity. The FCA has just completed a significant review of private asset managers' valuation practices and will launch a new review on conflicts of interest later this year.



Private markets

In the UK, the introduction of a new type of trading venue called PISCES is an example of how regulators are trying to use the growth of private markets to contribute to economic growth. In addition, LTAF and ELTIF launches are quickly accelerating. However, regulators also want greater transparency in private markets and more robust approaches to private asset valuation and conflicts of interest.



Fund liquidity management

IOSCO's Q4 2024 consultations on updating its liquidity management recommendations reflect the final outstanding global policy changes planned following March 2020 market events. Regional and national regulators are implementing their own rules – such as detailed rules and guidance on liquidity management tools under the EU's AIFMD II.



Wider context

European public markets – with their relatively onerous listing and disclosure requirements – continue to experience a relative malaise despite initiatives from authorities and regulators to reinvigorate them.

Conversely, private markets have seen exceptional growth in recent years. The authorities are keen to promote private investment (including through initiatives such as PISCES), and the “democratisation” of private assets is taking off, with vehicles such as the EU's ELTIF becoming increasingly popular.

However, the growth of the private assets industry has attracted closer scrutiny from regulators who are concerned about potential conflicts of interest, challenges relating to valuation, and around how banks are managing their exposures.

The opacity of private markets is also a worry, leading regulators to try to increase transparency and rigour. An example of this is the EU's AIFMD II package, which will enhance existing reporting requirements and introduce a new regime for loan-origination funds.

06 Growing Capital Markets

“Regulators in many jurisdictions are having to balance their existing mandates to protect the integrity of the market whilst also supporting wider economic growth. The impact of this is yet to fully manifest – until then supervisors will still be focused on firms financial and operational resilience and conduct in the market.”



Industry insights



James Lewis

Partner,
KPMG in the
UK

Q.1 What are wholesale firms finding most challenging in the current regulatory environment?

Supervisors continue to focus on the effectiveness of firms’ trading controls, especially given the continued volatility in markets. Firms are struggling to find the right level of granularity of trading controls. Writing specific mandates and risk limits for individuals could appear attractive but may lead to complexity and not be practical or helpful in reality.

Q.3 What are regulators’ focus areas for asset managers in the wholesale context?

In some respects, these are similar to the priorities for sell-side firms e.g., the quality of transaction reporting. But given the growth of the fund industry, for several years there has been a specific emphasis on the robustness of fund liquidity risk management. Risks associated with leverage, for example in hedge funds or pension funds, are also likely to feature increasingly in the regulatory agenda.

Q.2 What impact is EU:UK divergence having on the way firms approach regulatory compliance?

The results of reviews of wholesale markets regulation (EMIR, MiFIR, Benchmarks Regulation) are being implemented in both the UK and EU, posing challenges to firms as there are differences in both detail and timing. Therefore, unfortunately, firms will need to do impact assessments for both jurisdictions but could look to have a consistent assessment methodology to highlight common changes that can be made.

Q.4 What regulatory challenges can firms change into commercial opportunities?

The move to T+1 settlement across Europe will impact firms across the sector, sell side, buy side and financial market infrastructure. Firms can use the transition as an opportunity to upgrade legacy post-trade systems and processes, increasing efficiency and reducing risk and operational costs.



Upcoming milestones:

- Q1 2025 - Designated publishing entities regimes applies
- Q2 2025 – EU Parliament and Council consider EC proposal on T+1 transition
- Q2 2025 - FCA to publish PS on research payment optionality for fund managers
- Q2 2025 - EMIR EU Active account requirement applies
- Q2 2025 - ESMA to finalise fund liquidity RTS and guidelines under AIFMD II
- Q3 2025 - FCA to engage with industry on UK AIFMD review
- Q3 2025 - ESMA to finalise loan-origination fund RTS under AIFMD II
- Q4 2025 - New bond and derivatives transparency rules apply



Actions for firms

1. Ensure that regulatory monitoring and change processes are set up to deal with diverging UK and EU capital markets regulation.
2. Ensure adequate monitoring of exposures to investments in private markets, across asset valuation, counterparty and product teams.
3. Review governance arrangements around fund liquidity risk management, design and activation of liquidity management tools and the stress testing process.
4. Consider how post-trade processes could be automated to support the movement towards T+1 settlement.

07 Enhancing Payments Approaches

A regulatory environment that promotes innovation and competition in the payment sector while maintaining resilience and consumer protection is central to both UK and EU activities. This is maintaining regulatory pressure, and as proposals develop, differences in approach between the UK and the EU are starting to emerge.

Regulatory Impact Score

- March 2024 7.0
- October 2024 7.1 
- March 2025 7.7 

The score has increased in response to fraud protection rules coming into force, FCA focus on embedding the Consumer Duty and a renewed impetus around Open Banking. The score has also increased due to the challenges emerging from divergence between the UK & EU regulatory frameworks.

Maturity score: Developing & Implementing

Supervisory intensity: Moderate

Global alignment: Moderate Diverging



Payment infrastructure and innovation

Work to renew payments systems and infrastructures is moving forward slowly. The UK's National Payments Vision (NPV) enables the move towards a more agile and flexible approach to delivering the UK's payments infrastructure, with the delivery approach and plans for broader future initiatives expected this year. In the EU, 2025 will see key elements of the Instant Payment Regulation come into force, and decisions on updated payments regulations (PSR, PSD3 and FIDA). The FSB has confirmed its recommendations to address frictions in data flows and to promote a level playing field for banks and non-banks, paving the way for progress on the G20 Roadmap for enhancing cross-border payments.



Competition/Access and choice

Progress in developing a regulatory environment that can safely maximise the benefits of Open Banking has been slow. There is hope that the UK's NPV and policy developments in the EU will reenergise this work. Developments in Open Finance are also expected to accelerate, as final negotiations on FIDA take place. Concerns over competition in the UK card fee market have led the PSR to propose a price cap for cross-border interchange fees.

Forward look & supervisory priorities: In the next six months there should be greater clarity on the details and timings for PSD3 and the approach to delivering the NPV. In the UK, the FCA has identified three outcomes for payments firms; effective competition and innovation, firms do not compromise financial system integrity, and customers' money is kept safe.



Consumer protection

With key UK consumer protection measures against fraud in force, focus has shifted to effective implementation, governance, and systems and controls. Proposals for a reimbursement scheme like the UK's APP fraud scheme is included in the EU's Payments Services Regulation (PSR), although it will differ in scope and approach. Refinements to strong customer authentication (SCA) requirements are being considered in the UK and EU, with differing approaches emerging. Driven by concerns about the clarity and strength of the e-money safeguarding scheme the UK is consulting on replacing current rules with a client assets style regime tailored to payments firms' business models.



Wider context

Whilst the EU and UK are broadly aligned in regulatory focus, recognising the benefits of Open Banking and Open Finance, the importance of cash and the need to strengthen consumer protection, approaches to addressing these challenges are diverging.

The UK is moving away from European regulation (PSD2) and, in many areas, increasing the level of regulation and scrutiny as seen in the FCA's new safeguarding proposals.

Both jurisdictions are reviewing SCA requirements, with the UK moving away from detailed technical requirements to a principles-based approach, simplifying compliance. Through PSD3, the EU proposes to extend the scope of SCA to cover more scenarios and stakeholders.

The UK's Open Banking regime is evolving separately from the EU's. While both aim to promote competition and innovation, there could be differences in implementation and scope.

07 Enhancing Payments Approaches

“The level of regulatory change presents both challenges and opportunities for payment firms. They need to be proactive in understanding the implications of these changes and develop strategies to comply with new requirements.”



Industry insights



Michelle Plevey
Director,
Risk &
Regulatory
Advisory

Q.1 Which aspects of payments regulation are firms finding most challenging?

Firms continue to experience waves of regulatory change in the UK. Key examples include the Consumer Duty, enhanced operational resilience requirements and proposals for strengthened safeguarding rules. For firms operating across Europe, the forthcoming Payments Services Directive 3 (PSD3) is also on the horizon. All have far-reaching implications, requiring a strong focus on regulatory intelligence, risk management and operational efficiency.

The shift towards principles-based regulation is also posing challenges for firms that have traditionally operated within a rules-based framework. Adjusting successfully requires a shift in mindset towards understanding and achieving good customer outcomes.

Finally, the lack of robust proportionality assessment in the current regulatory framework, means that the same requirements apply to all payment firms, regardless of size or scale, imposing a higher burden on smaller firms.

Q.2 How important is the National Payments vision (NPV) in advancing the Open Banking in the UK?

The NPV marks a significant step, driving Open Banking as a credible alternative to the card schemes in the UK. It tackles some of the underlying challenges of Open Banking, such as consumer protection and dispute resolution, whilst moving a step further towards Open Finance. A sustainable and coherent regulatory framework for Open Banking and in turn Open Finance, will allow merchants, consumers and businesses to more easily navigate the complexities of the new payment ‘rail’.

Q.3 What can payment firms do to meet growing regulatory demands?

To navigate these demands firms should embrace a culture of compliance, unleash the power of technology and automation, implement robust data management systems and have a clear focus on customer outcomes. In addition, building strong proactive, and transparent relationships with regulators will enable them to fully understand and embed regulatory expectations.



Upcoming milestones:

- Q1 2025 - Market review of card scheme and processing fees
- Q2 2025 - UK NPV Approach to Faster Payments System Upgrade
- Q2 2025 - FIDA trilogues
- Q3 2025 - Safeguarding regime Interim rules and final policy statement expected
- Q4 2025 - UK NPV Payments Forward Plan
- Q4 2025 - PSD3 rules finalised.
- 2025 - Phased implementation of Instant Payments Regulation for Eurozone PSPs



Actions for firms

1. Embed Compliance from the top: Integrate compliance into the core of the business, not just a separate function.
2. Ensure alignment across values, strategy, operating model, offerings to the market and operating environment.
3. Consider the potential business model and strategy implications of developments in Open Banking and Open Finance.
4. Develop a clear and appropriately resourced strategy for responding to regulatory change.
5. Consider how technology and automation can enhance processes and support regulatory compliance.

08 Accessing Markets

Market access arrangements are now well established between the UK and EU. However, some firms are now rationalising or reviewing their post-Brexit operating structures, put in place quickly to preserve market access. In the meantime, supervisors are still looking at local substance and the degree of delegation and outsourcing to entities outside their reach.

Regulatory Impact Score

- March 2024 5.6
- October 2024 5.5 
- March 2025 5.4 

Since the last Barometer, market access arrangements have been extended and slightly relaxed in the context of clearing and third country branches respectively – resulting in another small drop in the impact score.

Maturity stage: Mature/BAU

Supervisory intensity: Moderate

Global alignment: N/A



Third country branches

The PRA has removed the requirement for insurance third country branches to calculate and report capital requirements, enhancing the attractiveness of the UK regime. ‘Broad equivalence’ of the home jurisdiction’s supervision regime will be factored into authorisation and on-going supervision decisions. A final PRA policy statement on bank third country branches, following CP11/22, is pending – new rules will apply under CRD6 in the EU from January 2026 and 2027.



Cross-border services and fund marketing

Applications and landing slots for the UK’s Overseas Funds Regime are now in full swing, with the regime having opened towards the end of 2024. The UK government’s consultation on the application of SDR and labelling for OFR funds is still awaited.

Forward look & supervisory priorities: The PRA is exploring a ‘concierge service’ for new inbound foreign firms to help them navigate the market when thinking about locating new business in the UK. The UK government has expressed support for such a service to attract international investment. More generally, UK and EU supervisors will continue to focus on the ‘substance’ of individual legal entities and whether they have sufficient resources and expertise to perform their activities.



Regulated markets and clearing

The European Commission has extended equivalence on a time-limited basis for UK CCPs from June 2025 until June 2028. In the meantime, the EU’s intention is to use the time to build up EU CCPs’ capacity via the active account requirements in the EMIR 3.0 package which apply from June 2025..



Delegation of portfolio management

Apart from the introduction of the EU’s AIFMD II package from April 2026, there are no additional short-term developments to note that are expected to impact on the requirements for delegating portfolio management. The medium-term impact of the new rules (including reporting obligations) under AIFMD II and corresponding supervisory activity remains to be seen.



Wider context

The third meeting of the Joint EU-UK Financial Regulatory Forum took place in February 2025. As expected, the Forum covered areas of potential policy and supervisory cooperation but did not touch on any new market access possibilities or equivalence decisions for either side.

Broadly speaking, EU-UK market access arrangements are now in a form of stasis. However, there are appears to be some divergence from a policy perspective, with the UK signalling a potentially more open approach, for example, through its unilateral regime for EU UCITS to be marketed in the UK.

The groundbreaking Switzerland-UK Mutual Recognition – signed in 2023 – is expected to be implemented by early 2026, creating new market access possibilities for firms. See more below.

08 Accessing Markets

“The MRA builds on existing close ties between the UK and Switzerland. It is intended to be a living document, and its scope could be expanded in future to also cover wider emerging areas of regulatory development.”



Industry insights on the UK-Swiss Mutual Recognition Agreement



Alexander Lacher

Partner,
KPMG in
Switzerland

Q.1 Why is the UK-Swiss MRA important?

The MRA is a landmark agreement that allows cross-border market access based on regulatory deference. It will bring new opportunities, particularly for the insurance and private banking/wealth management sectors. The MRA is expected to be fully implemented and enter into force in early 2026, so firms should review how to best take advantage of the strategic and operational opportunities it offers.

Q.3 What do firms expect from policymakers?

The immediate focus should be on a swift implementation of the MRA, including clear regulatory and supervisory guidance for firms on how the cross-border market access arrangements will operate in practice. Looking ahead, there may be exciting opportunities to build on the scope of the MRA further, including for example in relation to the regulation of sustainable finance.



Volker Kang

Director,
KPMG in
Switzerland

Q.2 What are the most impactful new market access possibilities for firms?

For insurers, the key beneficiaries will be wholesale general (re)insurers – in particular the London Market – and insurance intermediaries. Private banks and wealth managers will be able to access sophisticated retail customers who have more than GBP/CHF 2 million in net assets.

Q.4 What will firms find most challenging when preparing to make use of the new arrangements?

Firms should consider how the MRA's commercial opportunities align with their strategic objectives and growth ambitions, and reflect on the potential for increased competition in the sector. They will need to consider carefully their cross-border distribution strategy and implement an operating model that joins together sales and marketing teams, overseen by relevant governance structures. Key to success will be balancing centralised pools of expertise with local understanding of customers' needs.



Upcoming milestones:

- 2025 - UK government may consult on extending the SDR regime to OFR funds
- Q1 2025 - PRA potentially to draft proposal on a 'concierge' service
- Q2 2025 - EMIR 3.0 EU active account requirements start to apply
- Q4 2025 - UK-Swiss MRA approaches final implementation
- 2025 - PRA updated policy on bank TCBs – following CP 11/24
- January 2026/27 – CRD6 requirements for bank TCBs apply



Actions for firms

1. Review 'substance' in each jurisdiction and whether it is sufficient to meet evolving supervisory expectations
2. Systematically monitor regulatory developments and updates impacting market access arrangements and local compliance requirements
3. Identify potential challenges and opportunities to the business (e.g. for international growth, cross-border balance sheet optimisation, or operationally effective organisational structures)

09 Reinforcing Governance Expectations

Supervisors continue to reinforce the need for good corporate governance, including the effective management of conflicts of interest, embedding appropriate accountability, robust oversight by non-executive functions and clear audit trails for decisions.

Regulatory Impact Score

- March 2024 6.9
- October 2024 6.4 
- March 2025 6.5 

There are some new rules on the horizon and there has been a slight increase in supervisory focus on governance, resulting in a small uptick in the score. Regulators are checking that firms are well managed and are considering emerging risks, as the risk of market volatility and difficult economic conditions rises.

Maturity stage: Implementing

Supervisory intensity: High

Global alignment: Moderate, converging



Governance and accountability

The UK will consult shortly on streamlining the SM&CR. This is expected to reform aspects of the regime, including potentially removing the Certification component. In Switzerland, the Federal Council has proposed a senior managers regime as part of package of measures to improve the too-big-to-fail regime. More broadly, the FRC has consulted on various changes to the Stewardship Code, including streamlining and restructuring aspects of the reporting process.



AML/CFT

The new AML directives and regulation are now in force in the EU alongside the regulation establishing AMLA. 19 RTS/ITS are required, with the largest wave to be issued by July 2026. As standards become available, firms will need to review and digest them to be fully compliant by July 2027.

Financial crime is one of four priorities in the FCA's latest five-year strategy, with it looking to re-enforce international partnerships and data sharing to fight financial crime. Supervisory teams are also alive to AML-related risks in growing sectors, such as private assets.



Culture, Conduct and Controls

There continues to be high supervisory focus on firms' cultures and its resulting impact on risk management, conduct of business and customer outcomes.

The PRA has highlighted the need for bank boards and executives to consider where risk culture may be the root cause of material weaknesses in firm's control environments. The FCA has increased its focus on firms' handling of non-financial misconduct.

In supervisory letters, the FCA has emphasised that although a positive culture is an important driver of good conduct, it needs to be complemented by a robust control environment that detects and prevents harm from occurring and penalises undesirable behaviour.

The ECB's consultation on a new Guide on governance and risk culture, including clearer supervisory expectations and observed good practices, closed in October 2024 – final publication is awaited.

The FCA and PRA have shelved plans to publish new rules on Diversity, Equity and Inclusion, citing the need to avoid duplication with other in-progress initiatives and unnecessary costs. Meanwhile, the FCA has delayed the publication of new rules on non-financial misconduct and will set out next steps by the end of June.



Wider context

Throughout regulatory change, the one consistent, and ever-present, focus area for regulators is on governance and culture.

In terms of policy levers, the SM&CR is well established in the UK – but it is now under review to improve its effectiveness which may result in streamlining. In another notable development, the FCA has stated the Consumer Duty Board Champion role is now longer mandatory, and the FCA and PRA no longer plan to introduce new rules on Diversity, Equity and Inclusion.

The EU is on a slightly different track and does not plan to introduce an EU-wide SM&CR-like regime. However, in the meantime, Member States such as Ireland have gone ahead on their own.

The prevention of financial crime is another consistent priority for regulators. The EU has established AMLA and will subject some firms to direct EU-level AML supervision for the first time.

09 Reinforcing Governance Expectations

“Culture is intangible, it is what you feel - whereas behaviours are tangible, the things people say and do.”



Industry insights



Katie Paton
Director,
People
Consulting
KPMG in the
UK

Q.1 Why does culture play such an important role in the governance of financial services firms?

Culture pervades all aspects of how a firm does business. As shown by historic issues, a poor culture can result in bad customer outcomes, regulatory or reputational risks, or higher staff turnover. The culture of an organisation frequently determines what people do when they are unsure what the right course of action is or when no-one is looking. Its importance should therefore not be underestimated.

Q.3 What are the key factors that firms can use to drive a customer-centric culture under the Consumer Duty?

The starting point is business leadership creating a vision for what customer centricity means and sharing that through both their words and actions.

Then purposefully designing the way people do work with this in mind, giving people a physically and psychologically safe environment where they are able to admit to mistakes and they can be fixed.

Customer-centric organisations help colleagues to find their own personal purpose in what they do; aligned to the organisational purpose. They give them a sense of ownership in their role and give them an opportunity to grow and develop. This is important in such a rapidly evolving world.

Q.2 What are firms finding most challenging in relation to embedding a sound culture in their business?

Firms often think training is the answer to culture, particularly regarding compliance and risk culture. They struggle to fully understand the psychology of change and believe that if you tell people to do something they will. Giving people knowledge does not necessarily mean they will behave differently. This is exacerbated by telling everyone everything rather than tailoring to what is important to different roles.

Furthermore, training is only one driver of culture, to have a strong organisational culture that is fully embedded requires consideration of other drivers such as tone from the top and the middle, incentivisation and performance management, clarity of roles and responsibilities and appropriateness of governance and MI.

Q.4 Are there ways that firms are measuring their culture in practice?

There are no direct measures of culture. However, firms can build a view by creating frameworks that evaluate how mature the drivers of culture are, the impact of the culture (e.g. CX scores), and a view on the cultural traits and behaviours that exist within an organisation. This can be achieved through surveys, perception and observation.



Upcoming milestones:

- Q1/Q2 2025 - SM&CR consultation
- Q2 2025 - FCA to set out next steps for rules on non-financial misconduct
- Q2 2025 - Revised FRC Stewardship Code to be published
- Q4 2025 - EBA to transfer mandates, powers and resources to AMLA



Actions for firms

1. Ensure that the board and executive have the required skillset and sufficient support to provide robust oversight and challenge in all areas
2. Evidence that culture (including diversity, equality and inclusion factors) is aligned to corporate strategy and meets regulatory expectations and is embedded in everyday behaviours throughout the organisation
3. Assess whether technology can be used more effectively to ensure robust and proportionate AML and sanctions controls whilst remaining agile enough to meet new requirements

KPMG Regulatory Barometer scoring methodology

Key regulatory themes and sub-themes for Financial Services in the UK and EU are identified based on the following criteria:

- **Volume:** based on data extracted from the [KPMG Regulatory Horizon](#) capturing the number of relevant regulatory announcements published over the past 12 months.
- **Complexity:** based on factors such as complexity of future requirements versus existing ones, consistency of requirements of expectations across jurisdictions and interactions with other regulations or standards.
- **Implementation:** based on factors such as urgency of action required, potential implementation costs, resourcing challenges and business risk.

Supervisory intensity is considered as a factor in both complexity and implementation.

Regulatory Impact Scores (maximum 10) are assigned to each of the sub-themes by our team of regulatory subject matter experts based on the above criteria. These roll up to give a theme score. The theme scores are further aggregated to provide the overarching Barometer score.

In addition to the Regulatory Impact Score, the Barometer provides a view on the maturity stage of regulation for each of the key themes.

Maturity Indicators reflect a sliding scale:

- **Emerging** – regulatory or market concern identified but no formal action yet
- **Developing** – action in response to regulatory/market concerns, to include consultation, drafting and/or some elements in implementation
- **Implementing** – implementation of material regulations and/or review/refinement of in-force regulations
- **Embedding** – post-implementation activity to ensure consistent and effective application across all relevant business areas
- **Mature/BAU** – all relevant regulation(s) adopted, in force and consistently implemented and embedded.

All scores, indicators and commentary are refreshed on a semi-annual basis to enable monitoring of the trajectory of regulation in each area.



Contact us



Philip Deeks

Retail Conduct
EMA FS Regulatory Insight Centre
KPMG in the UK
E: philip.deeks@kpmg.co.uk



David Collington

Wealth and Asset Management
EMA FS Regulatory Insight Centre
KPMG in the UK
E: david.collington@kpmg.co.uk



Kate Dawson

Wholesale Conduct & Capital Markets
EMA FS Regulatory Insight Centre
KPMG in the UK
E: kate.dawson@kpmg.co.uk



Alisa Dolgova

Insurance Prudential
EMA FS Regulatory Insight Centre
KPMG in the UK
E: alisa.dolgova@kpmg.co.uk



Michelle Adcock

Banking Prudential & ESG
EMA FS Regulatory Insight Centre
KPMG in the UK
E: michelle.adcock@kpmg.co.uk



The [EMA FS Regulatory Insight Centre](#) provides the latest insights, knowledge, expertise and solutions in response to the evolving regulatory agenda. Sign up to the subscription list with one click [here](#).

Glossary

A

AI: Artificial Intelligence
 AIPPF: AI Public Private Forum
 AIFMD: Alternative Investment Fund Managers Directive
 AML: Anti-Money Laundering
 APP: Automated Push Payment
 ASIC: Australian Securities and Investments Commission

B

BAU: Business As Usual
 BCBS: Basel Committee on Banking Supervision
 BEIS: UK Department for Business, Energy and Industrial Strategy
 BIS: Bank for International Settlements
 BPA: Bulk Purchase Annuity
 BRRD: Bank Recovery and Resolution Directive
 BTAR: Banking Taxonomy Alignment Ratio
 BaFin: Bundesanstalt für Finanzdienstleistungsaufsicht
 BoE: Bank of England

C

CBAM: Carbon Border Adjustment Mechanism
 CBDC: Central Bank Digital Currencies
 CBES: Climate Biennial Exploratory Scenario
 CBEST: CBEST cyber security assessment framework
 CBI: Central Bank of Ireland
 CBIF: Cross-Border Interchange Fees
 CCP: Central Counterparty
 CCPRRR: Central Counterparty Recovery and Resolution Regime
 C&E: Climate and Environmental
 CFPB: Consumer Financial Protection Bureau

CFT: Countering the Financing of Terrorism
 CFTC: Commodity Futures Trading Commission
 CHAPS: Clearing House Automated Payment System
 CMA: Competition and Markets Authority
 CMU: Capital Markets Union
 CoP: Confirmation of Payee Regime
 CP: Consultation Paper
 CPMI: Committee on Payments and Market Infrastructures
 CRA: Credit Ratings Agency
 CRD: Capital Requirements Directive
 CRR: Capital Requirements Regulation
 CSA: Common Supervisory Action
 CSD: Central Securities Depository
 CSDDD: Corporate Sustainability Due Diligence Directive
 CSP: Cloud Service Provider
 CSRD: Corporate Sustainability Reporting Directive
 CSRBB: Credit Spread Risk in the Banking Book
 CSSF: Commission de Surveillance du Secteur Financier, Luxembourg financial regulator
 CT: Consolidated Tape
 CTP: Critical Third Party
 CTPP: Critical Third Party Provider
 CVA: Credit Valuation Adjustment

D

DB: Defined Benefit
 DC: Defined contribution
 DDCMS: UK Department for Digital, Culture, Media and Sport
 DEI: Diversity, Equity and Inclusion
 DLT: Distributed Ledger Technology
 DNSH: Do No Significant Harm

DORA: Digital Operational Resilience Act
 DeFi: Decentralised Finance
 DvP: Delivery versus Payment
 DyGIST: Dynamic General Insurance Stress Test

E

EBA: European Banking Authority
 EC: European Commission
 ECB: European Central Bank
 Edinburgh Reforms: A set of reforms to drive growth and competitiveness in the UK financial services sector, announced in December 2022
 EEA: European Economic Area
 EFRAG: European Financial Reporting Advisory Group
 EIOPA: European Insurance and Occupational Pensions Authority
 ELTIF: European Long-Term Investment Funds
 EMIR: European Market Infrastructure Regulation
 ESAs: European Supervisory Authorities
 ESAP: European Single Access Point
 ESG: Environmental, Social, and Governance
 ESMA: European Securities and Markets Authority
 ESRS: European Sustainability Reporting Standards
 ETF: Exchange Traded Fund

F

FATF: Financial Action Task Force
 FBS: Fiat-Backed Stablecoins
 FCA: Financial Conduct Authority
 FIDA: Framework for Financial Data Access
 FMI: Financial Market Infrastructure
 FRC: Financial Reporting Council

FRTB: Fundamental Review of the Trading Book
 FSB: Financial Stability Board
 FSCS: Financial Services Compensation Scheme
 FSMA: Financial Services and Markets Act
 FTE: Full Time Equivalent employee

G

GAR: Green Asset Ratio
 GBS: EU Green Bond Standard
 GFANZ: Glasgow Financial Alliance for Net Zero
 GFC: Global Financial Crisis
 GHG: Greenhouse Gas (e.g. Carbon Dioxide or Methane)
 GI: General Insurance
 GTAG: Green Taxonomy Advisory Group

H

HMT: HM Treasury

I

IAASB: International Auditing and Assurance Standards Board
 IAIS: International Association of Insurance Supervisors
 IBAN: International Bank Account Number
 ICAAP: Internal Capital Adequacy Assessment Process
 ICARA: Internal Capital and Risk Assessment
 ICLAAP: Internal Capital and Liquidity Adequacy Assessment Process
 ICVCM: Integrity Council for the Voluntary Carbon Market
 IDD: Insurance Distribution Directive
 IFD: Investment Firms Directive
 IFPR: Investment Firms Prudential Regime
 IFR: Investment Firms Regulation
 IFRS: International Financial Reporting Standards
 IMA: Internal Models Approach

Glossary (cont.)

IOSCO: International Organisation of Securities Commissions
 IORPD II: Institutions for occupational retirement provision directive II
 IPR: Instant Payments Regulation
 IRB: Internal ratings-based approach
 IRR: Insurance Resolution Regime
 IRRD: Insurance Recovery and Resolution Directive
 IRRBB: Interest Rate Risk in the Banking Book
 IRSG: International Regulatory Strategy Group
 ISIN: International Securities Identification Number
 ISO: International Organisation for Standardisation
 ISSA: International standard on sustainability assurance
 ISSB: International Sustainability Standards Board
 ITS: Implementing technical standards

J

K

L

LDI: Liability driven investment
 LIBOR: London inter-bank offered rate
 LMT: Liquidity management tools
 LTAF: Long term asset fund
 LIST: Life Insurance Stress Test

M

MA: Matching adjustment
 ML: Machine learning
 MMF: Money market fund
 MRA: Mutual recognition agreement
 MiCAR: Markets in crypto-assets regulation

MREL: Minimum requirement for own funds and eligible liabilities
 MiFID: Markets in Financial Instruments Directive
 MIFIDPRU: the prudential sourcebook for UK MiFID investment firms.
 MiFIR: Markets in Financial Instruments Regulation
 MPS: Model Portfolio Services
 MOU: Memorandum of Understanding
 MRA: Mutual Recognition Agreement

N

NBFI: Nonbank Financial Institutions
 NFT: Non-Fungible Token
 NGFS: Network for Greening the Financial System
 NIS2: Network and Information Systems Directive 2
 NPA: New Payments Architecture
 NPV: National Payments Vision

O

OCIR: Operational Continuity In Resolution
 OEF: Open Ended Funds
 OFR: Overseas Funds Regime
 ORSA: Own Risk and Solvency Assessment

P

PE: Private Equity
 PEP: Politically Exposed Person
 PISA: Payment Instruments, Schemes and Arrangements
 PISCES: Private Intermittent Securities and Capital Exchange system
 POATRs: Public Offers and Admissions to Trading Regime
 POG: Product Oversight and Governance
 PPP: Prudent Person Principle

PRA: Prudential Regulation Authority
 PSD2: Payment Services Directive 2
 PSD3: Payment Services Directive 3
 PSF: Platform on Sustainable Finance
 PSPs: Payment Service Providers
 PSR: Payment Systems Regulator
 PVP: Payment Versus Payment

Q

R

RAO: Regulated Activities Order
 RCAP: Regulatory Consistency Assessment Process
 RIE: Recognised Investment Exchange
 RIS: Retail Investment Strategy
 RPSO: Recognised Payment System Operators
 RTGS: Real-Time Gross Settlement
 RTS: Regulatory technical standards

S

SCA: Strong Customer Authentication
 SCR: Solvency Capital Requirement
 SCO: Secondary Competition Objective
 SCGO: Secondary Competition and Growth Objective
 SDDT: Small Domestic Deposit Taker
 SDR: Sustainability Disclosure Requirements
 SEC: Securities and Exchange Commission
 SFDR: Sustainable Finance Disclosure Regulation
 SME: Small and medium-sized enterprises
 SMCR: Senior Manager and Certification Regime
 SNI: Small and Non-Interconnected FCA investment firm
 SOFR: Secured Overnight Financing Rate

SRD2: Shareholder Rights Directive 2
 SREP: Supervisory Review and Evaluation Process
 SSP: Specified Service Providers
 STAR-FS: Simulated Targeted Attack & Response assessments for Financial Services
 SUK: Solvency UK
 SWES: System Wide Exploratory Scenario

T

TCB: Third Country Branch
 TCFD: Taskforce on Climate-related Financial Disclosures
 TNFD: Taskforce on Nature-related Financial Disclosures
 TPP: Third-Party Provider
 TPR: The Pensions Regulator
 TPT: Transition Plan Taskforce
 TWD: Trading activity Wind-Down

U

UCITS: Undertakings for Collective Investment in Transferable Securities
 UK CGC: UK Corporate Governance Code
 UK SDS: UK Sustainability Disclosure Standards
 UK SRS: UK Sustainability Reporting Standards
 UPI: Unique Product Identifier

V

VCMI: Voluntary Carbon Markets Integrity Initiative
 VfM: Value for Money
 VRP: Variable Recurring Payments

W

WAM: Wealth and Asset Management

X

Y

Z



Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.



kpmg.com/socialmedia

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

KPMG refers to the global organisation or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more detail about our structure please visit kpmg.com/governance.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.

Document Classification: KPMG Public

Create: CRT160146A | March 2025