

Strengthening Product Governance:

Key Insights from PIMFA and Ruleguard's Podcast Discussion



1. FCA's Stance on Product Governance



The FCA has become more proactive in penalising firms that fail to demonstrate how their products meet regulatory standards under MiFID II and Consumer Duty, particularly when they don't adequately address customer needs or prevent potential harm.



2. Critical Aspects of Product Governance Frameworks

Firms should have a structured product governance framework covering the full lifecycle of product development, launch, and review.

3. Target Market Definition and Segmentation



Each product should have a clearly defined target market, reviewed periodically to assess if it remains suitable. This includes customer segmentation based on demographics and behaviours, with firms analysing data to match products to the most appropriate customer segments.

This includes eight essential steps: product approval, target market identification, product testing, distribution strategy, distributor oversight, ongoing monitoring, client communication, and a feedback loop for continuous improvement.



5. The Role of Governance Forums

Governance forums serve as key decision-making bodies, particularly when assessing the risks associated with a product.

These forums must have access to relevant, concise management information (MI) to make informed decisions without being overwhelmed.



4. Cross-Departmental Involvement in Governance

Product governance is not solely a compliance responsibility. Effective governance requires collaboration across departments, including sales, marketing, and distribution, each playing a role in aligning products with regulatory standards and business objectives.



6. Data-Driven Board Involvement

Boards need actionable data and clear MI to identify trends, take timely action, and address issues promptly. Failures to respond to identified weaknesses have led to fines, highlighting the importance of responsiveness to risk indicators.

7. Complaint Handling and Root Cause Analysis



Firms should perform thorough root cause analysis for complaints, examining whether complaints indicate larger systemic issues and making necessary adjustments to improve product quality and customer experience.



8. The Role of Technology in Compliance

Technology and RegTech solutions can automate many compliance tasks, such as tracking product governance activities and ensuring documentation is centrally accessible and up-to-date.

9. Benefits of RegTech Solutions



RegTech solutions allow compliance teams to monitor processes in real time, seeing exactly where a task might be delayed or completed.

This visibility promotes proactive management, reduces reliance on manual tasks, and aids in maintaining compliance standards efficiently.

Technology also enhances audit trails and enables real-time reporting, providing compliance teams with insights on delays, resource gaps, and areas requiring attention.



Listen to the full podcast discussion to learn more about the FCA's increasing expectations for firms to meet stringent product governance standards.

Effective product governance is vital for regulatory compliance and optimal customer experience, requiring robust frameworks, comprehensive data analysis, and collaboration across departments.

Technology solutions play a key role in enabling real-time oversight and compliance, allowing firms to efficiently navigate their obligations and adapt as needed.

[Listen to full podcast here](#)