

Turn up the volume

Dave Pickering explains how the Lending Standards Board (LSB) is seeking to increase the volume of its services without distorting the quality.

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I can always remember buying my first hi-fi system back in the 80s, suitably convinced that separates were the way forward at a time when all in one systems were the rage. One of the most enjoyable aspects for me was visiting specialist shops and listening to the different combinations of turntable, amp and speakers. One thing you always noticed was that you got what you paid for in the main, but whatever the price, if you turned the volume up too far then eventually the sound would distort. This always happened much more quickly and harshly if you had one of the all in one systems; the quality wasn't there.

So, what has this got to do with the Lending Standards Board (LSB) and our business plan? Well, it struck me that the path we've taken as an organisation in the past year or so, and where we intend to move to in the next three years, is analogous to the music example, so much so that the theme for our plan is 'turn up the volume'. The introduction of the Standards and the new oversight model was a major change for us, but this has also been the launchpad for expansion of our services, the products we cover and the sectors that we intend to operate in. This is very much an increase in 'volume' but with a cautionary note; i.e. we need to grow but do so with a high-quality infrastructure and in a measured, sustainable way. Too much, too quickly will dilute the quality of what we deliver.

We've set out five long-term objectives: add value for registered firms; promote and help deliver fair outcomes and greater consistency for personal and small business borrowers; achieve a high level of market coverage of personal and business lenders; demonstrate how self-regulation can deliver good customer outcomes and can complement the work of the FCA; and be recognised as a leading, influential voice for personal and business lending.

Added value is especially important; with firms looking at saving costs and being efficient, you have to be able to offer something that makes commercial sense. We have, therefore, focused a lot of time on making our proposition appealing to firms. Our overriding 'unique selling point' is independence; we are seen by consumer bodies and regulators as operating a set of Standards whereby our firms are held to account. The upside for those

firms is that registering with the LSB is an opportunity to build consumer trust and show to the outside world that you want to aim for high standards rather than relying on statutory regulation; in other words, taking control of your own destiny.

In addition, we have invested additional time into developing our insight and support services, and research of areas of emerging risk. Insight and support services are available for registered firms to draw upon, giving them access to our internal resources. While this represents a heavy time commitment for us, it is a tangible opportunity for firms to access additional insight that the LSB has developed through its work in the industry.

Research is another key area for us in developing the Standards and identifying good practice. The ability to undertake a deep dive into a particular topic, often in partnership with other organisations, and then to play that back in the form of a detailed report tackling areas of emerging risk which can be shared with our firms, is particularly powerful. We have recently run roundtable events for firms that have followed up on some research we have undertaken into digital, focusing on vulnerability and the changing channel dynamic presented at key points in the customer journey. The insight obtained is invaluable as it provides an opportunity to exchange views with specialists from other registered firms and share best practice. We will be running a number of events exclusively for registered firms over the course of our three-year plan.

Clearly, the upshot of making the regime more attractive for firms will hopefully see an increase in the number of firms seeking registration; and we are now beginning to see this. Bringing more firms on board will ultimately raise standards and protect more customers. We are very keen to do this, while at the same time maintaining the integrity of the regime and ensuring we can deliver high quality oversight, insight and support to our existing firms.

Overall, it's a balancing act; we want to turn up the volume so that we hit the right note without distorting the overall picture. A summary of our 2017-2020 business plan can be found on our website.