

## The added value of LSB registration

### Rebuilding trust in the industry

- Enhanced reputation and trust - commitment to customers

An opportunity to demonstrate to your customers that you aspire to exceeding minimum standards set by the regulator or are aiming to meet standards where regulation does not already cover; the LSB is well recognised in the industry as a body worth being part of and for being rigorous in its assessment of adherence to standards

- Ability for the industry to take control of the conduct agenda

The power of self-regulation is the ability of the industry to take control of the conduct agenda rather than being dictated to by the FCA, setting a high standard while putting in place standards that work for the firm and for the customer, i.e. that are commercially pragmatic and flexible; the power in self-regulation is market coverage and the more firms willing to support voluntary self-regulation the more effective a response it will be

- Independent oversight

For self-regulation to gain credibility and be accepted as an effective tool to support or even be a substitute for statutory rules, it needs independent verification that it is working. The LSB provides independent oversight of the Standards and the voluntary agreements it is responsible for, which give external stakeholders assurance that the standards are being maintained and, if not, that corrective action is taken

- Credibility with the FCA (CCMS, SME)

The LSB has credibility with the FCA through its work on CCMS (the LSB is the independent oversight body for the four information remedies and it is the sole standard setter and oversight body for SME lending in the UK); we exchange high level plans with the FCA and we share themes from work we undertake. This influences their agenda, often placing reliance on the work undertaken by us, and provides registered firms as an avenue into influencing the regulator

- The industry body of choice

Given our unique position in the industry (we are neither a trade body nor a consumer group nor a consumer body) we can offer an impartial and informed view. We are, consequently, the organisation of choice when a relevant industry body wishes to develop a code and then seeks to accompany that with some form of assurance or independent oversight. This adds to the 'experience pool' and the availability of richer information for existing firms to draw upon

- APPG on Fair Business Banking

We have worked closely with the APPG on fair business banking who are actively lobbying for change in the regulation of SME lending and access to redress. The APPG has been supportive of the business Standards and has invited us on to the contracts working group where we will act as a conduit between the APPG and their legal team, and the firms, aiming to find a practical way forward

## **Working collaboratively to improve customer outcomes**

- Strong relationship with UK Finance (UKF)

We work very closely with UKF to ensure that policy aligns, and UKF is a strong supporter of the LSB; we have partnered with them on both access to banking and vulnerability task force principles

- Support from other trade bodies

We have developed the Standards in conjunction with other relevant trade bodies, e.g. FIA for asset finance and the CSA for debt collection and debt purchase firms, while the FSB have been strong supporters of the business Standards

- Support from HM Treasury

HMT is a strong supporter of the LSB and specifically requested that we undertook the oversight of the access to banking standard. They have also encouraged us to develop the SME Standards and are full square behind them

- Support from consumer groups, debt advice bodies and charities

We work with the major consumer groups and charities in the UK that have an influence on our work and firms benefit from the buy-in that we have from them. We have developed close, collaborative relationships with a few organisations where we might partner up with them to deliver on industry leading initiatives. Our first joint research piece was launched with the Money Advice Trust on vulnerability insofar as it impacts on SMEs in July 2019

- An early warning sign on emerging risks and issues

We are developing our emerging risk programme which will involve working with firms to identify areas where there are gaps in regulation and where independent oversight by the LSB could be helpful in enabling the industry to demonstrate an effective response. In addition, the work conducted by the LSB both at firms and in the wider industry can be used to provide our registered firms with early notification of potential issues, either at a firm level or more broadly

- Participation in events, bringing firms together from different sectors

We run roundtable events, launches of reports, seminars, standards development work groups throughout the year, which enable firms to have their voice heard, or to network, or share/listen to best practice. Anecdotal feedback suggests this is another very popular stream of activity for firms.

- A vehicle to influence industry change

We work with many key players in the industry – regulators, HMT, consumer groups, debt advice bodies, opinion formers, think tanks, policy groups, as well as trade bodies. Our reach is extensive, and we are the only body to provide this wider stakeholder group with a genuinely independent and informed view on our firms gained from our oversight work, which results in our thoughts being grounded in evidence. We also work with media, industry publications, speak at events and conferences, host and attend fringe meetings at party conferences, and use social media to put forward our views on areas of interest

## Helping firms deliver fair customer outcomes more efficiently

- Insight & support services

We offer firms a range of additional services that can be accessed to benefit the firm through our insight and support services. While we charge for these we offer the service at very attractive day rates to our registered firms, and which gives you access to our in-house expertise on a range of topics (e.g. vulnerability, financial difficulty, governance), which can be delivered through workshops, round tables, training, benchmarking exercises (we see an ever-increasing range of firms and practices) or consultations

- Development of industry good practice

We have sought to develop the Standards of Lending Practice and the supporting information for practitioners (IfP) by using our extensive experience of what good looks like and working with practitioners in our registered firms; the Standards and the IfP are recognised as being customer outcome focused, flexible, practical, commercial and readable. As a registered firm you will have opportunity to help shape the Standards and IfP going forward either through participation in work groups or responding to consultations

- Participants in, and beneficiaries of, research projects

In order for the LSB to be at the forefront of industry good practice we undertake research projects on key topics (e.g. SME and vulnerability) and we always look for firms to participate. There are advantages to firms who do and do not participate as you will have access to the findings of the research and also potentially the other participants. This often gives early insight into an area of emerging interest

- Dedicated support, providing firms with an independent view

Every firm is assigned a relationship/compliance manager and firms can draw on this person whenever they want for advice and guidance; we will always provide a view on proposed changes (policy/process/product/systems) or new products and processes. Access is not restricted by size of firm – it is offered on a needs basis. Firms find this one of the biggest benefits of LSB registration

- Participation in themed reviews and oversight work

Our core work is to provide a view on how the Standards are being met, either through thematic review work or oversight activity. While we now have a much more nuanced approach to our review work, and it is undertaken more in the SME space, it is still an invaluable source of insight to firms who gain a useful insight into the effectiveness of their processes