

# LSB

THE ADDED VALUE OF  
LSB REGISTRATION





## Building trust in the industry

### ➤ ENHANCED REPUTATION AND TRUST - COMMITMENT TO CUSTOMERS

An opportunity to demonstrate to your customers that your firm aspires to exceeding minimum standards set by the regulator or are aiming to meet industry standards where statutory regulation is not in place.

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### ➤ 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 regulator. Allowing for the development of high standards which are pragmatic and flexible, that work for both firms and customers.

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### ➤ INDEPENDENT OVERSIGHT

The LSB provides independent oversight of the Standards of Lending Practice and the voluntary agreements it is responsible for. This gives external stakeholders assurance that the Standards are being maintained and, if not, that corrective action is taken.

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### ➤ CREDIBILITY WITH THE FINANCIAL CONDUCT AUTHORITY (Credit Card Market Study, Small and Medium-sized Enterprises)

We have credibility with the FCA through our work: The LSB is the independent oversight body for the four information remedies flowing from the FCA's Credit Card Market Study and we are 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 the FCA's agenda, often placing reliance on the work undertaken by us, and provides registered firms with an avenue to influence the regulator.

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### ➤ THE INDUSTRY BODY OF CHOICE

Given our unique position in the industry (we are neither a trade body or a consumer organisation) 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 of conduct accompanied by assurance or independent oversight.

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### ➤ ALL PARTY PARLIAMENTARY GROUP ON FAIR BUSINESS BANKING (APPG)

We work closely with the APPG on fair business banking, which is actively lobbying for changes in the regulation of SME lending and access to redress. The APPG is supportive of the Standards of Lending Practice for business customers.

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## Working collaboratively to improve customer outcomes

### ➤ SUPPORT FROM TRADE BODIES

We developed the Standards of Lending Practice in conjunction with relevant trade bodies, e.g. the Finance and Leasing Association for asset finance and the Credit Services Association for debt collection and debt purchase firms, while the Federation of Small Businesses has been a strong supporter of our business Standards. We work very closely with UK Finance to ensure that our policies align. The UK Finance is a strong supporter of the LSB and we have partnered with the organisations on reviews of both access to banking<sup>1</sup> and vulnerability task force principles and recommendations<sup>2</sup>.

### ➤ SUPPORT FROM HM TREASURY

HMT is a strong supporter of the LSB and specifically requested that we undertook oversight of the Access to Banking Standard. HMT has also encouraged us to develop the Standards of Lending Practice for business customers and is fully supportive of our work to improve protections for SMEs.

### ➤ SUPPORT FROM CONSUMER GROUPS, DEBT ADVICE BODIES AND CHARITIES

We work with consumer groups and charities across the UK and our registered firms benefit from the relationships we have with them. Our first joint research initiative on the impact of vulnerability on SMEs: Supporting Business Customers in Vulnerable Circumstances<sup>3</sup> was launched in July 2018 in conjunction with the Money Advice Trust.

### ➤ EARLY WARNING SIGNS ON EMERGING RISKS

We are developing our emerging risk programme which will involve working with registered 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. This initiative will also be able to provide registered firms with early notification of potential issues.

### ➤ PARTICIPATION IN EVENTS, BRINGING FIRMS TOGETHER FROM DIFFERENT SECTORS

We regularly run roundtable events, launch reports, facilitate seminars and bring together working groups to develop the Standards of Lending Practice, enabling firms to have their voice heard, to network and to share best practice.

### ➤ A VEHICLE TO INFLUENCE INDUSTRY CHANGE

We work with many key players in the industry – regulators, government, 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 organisation to provide this stakeholder group with a genuinely independent and informed view that is grounded in evidence through our oversight work. 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.

1. *Access to Banking Standard*: an industry agreement designed to ensure that customers are better informed about a branch closure and the reasons behind the decision to close. We undertook an independent review looking at how the industry was adhering to the requirements of the standard.

2. *Summary Report: Financial Services Vulnerability Taskforce Principles and recommendations: Review of progress towards implementation*. UK Finance commissioned the LSB to conduct a review to understand how firms had progressed with the implementation of the Principles and recommendations.

3. *Supporting business customers in vulnerable circumstances*. Report published by the LSB and Money Advice Trust to explore the impact of vulnerable circumstances on people who run small businesses.



## Helping firms deliver fair customer outcomes

### ➤ **INSIGHT & SUPPORT SERVICES**

We offer firms a range of additional services through our insight and support programme. While we charge for this service we offer it at very attractive rates to our registered firms, giving access to our in-house expertise on a broad range of topics (e.g. vulnerability, financial difficulty, governance). This service can be delivered through workshops, round tables, training, benchmarking exercises and consultations.

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### ➤ **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 of Lending Practice and the IfP are customer outcome focused, flexible, practical, commercial and clear. Registered firms have an opportunity to help shape the Standards and IfP either through participation in working groups or a wider influencing role through consultation responses.

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### ➤ **RESEARCH**

To remain at the forefront of industry good practice we undertake research projects on key topics (e.g. SMEs and vulnerability) and we always look for firms to participate. Registered firms will have access to the findings of our research and our work. This often gives early insight into an area of emerging interest.

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### ➤ **DEDICATED SUPPORT, PROVIDING FIRMS WITH AN INDEPENDENT VIEW**

Every registered firm is assigned a relationship/compliance manager who firms can draw on for advice and guidance. Access is not restricted by size of firm – it is offered on a needs basis. Firms find this to be one of the biggest benefits of LSB registration.

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### ➤ **PARTICIPATION IN THEMED REVIEWS AND OVERSIGHT WORK**

Our core work is to provide a view on how the Standards of Lending Practice are being met, either through thematic reviews 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 understanding regarding the effectiveness of their processes.

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