

# The FCA review is an opportunity for dealers

Motor retailers are increasingly vital to the sale of motor finance, says Barclays Partner Finance's Adam Mepham, and lenders will work with them to achieve better customer outcomes

**Q** Were the findings of the FCA's review of motor finance a surprise?

**A** The interim FCA Motor Report, published in March 2018, pointed to a focus from the regulator on commission structures. The final findings, unsurprisingly, have indeed called out commission arrangements, affordability assessments and disclosure of information, which gives the industry a clear steer on what lender standards are expected. We welcome the review and findings, as ultimately we are working together to provide better customer outcomes. From our perspective, anything which drives greater transparency and, therefore, consumer trust, is a good thing.

**Q** How has Barclays evolved the way it works with its dealer partners in recent years?

**A** We made a strategic decision three years ago that our focus would be on the AM250 dealer groups and the largest independents in the UK market. Our approach is to share a close working relationship, helping to create stronger ideas and innovative new strategies. If we are able to provide a relationship where the customer benefits and the dealer benefits, then that is success.

**Q** Commission disclosure and difference in charges (DiC) products were identified by the FCA as problem areas. What is Barclays doing, or has it already done, in these areas?

**A** In 2016, we identified that DiC models were no longer fit for the market and since then we have moved away and developed commission constructs that support good customer outcomes.

Additionally, it was clear to us that we needed to apply strong client oversight in the marketplace, so we created a dedicated team reviewing business practices and ensuring standards are met. We are able to take a step back, review with a Barclays lens and use our experience to identify potential improvements. Importantly, this area of our business seeks to work with dealers and

support them in developing their systems, controls and approach to offering finance.

**Q** What's the key challenge to the sector?

**A** For me, the key challenge to our sector is the rise of non-traditional lenders from the fintech (financial technology) community. I believe that legislation such as the new EU Payments Services Directive, PSD2, rightly encourages other sectors to look to consumer lending as an opportunity. What I believe we will see are new entrants from some surprising areas. As a result, it is key that lenders are putting consumers at the heart of what they do and understanding what a consumer is looking to achieve. That way, we can develop products and services that will naturally be attractive and engaging to the end user. A good example of this is our Sign Anywhere product, which uses plain English to help customers understand their finance agreement, which they can then sign digitally on their mobile device. In particular, when we combine this with an end-to-end customer journey, it significantly supports what customers are looking to achieve in the buying journey.

**Q** Should dealers see the FCA's review as an opportunity?

**A** If we can continue to drive trust and transparency within the market, this can only be a good thing. So yes, I would

encourage all dealers and lenders to see this as an opportunity. We should all be reviewing our products, services, systems and controls to make sure they are driving consumer experience forwards. In essence, this is an opportunity for us all to improve and that can only be a good thing for the consumer and our dealers.

**Q** Do you see the dealers' role in the sale of motor finance becoming more or less important in the medium term, and why?

**A** The expectations of the modern consumer are high. I believe this is largely down to us all spending so much time in the digital world, where we can expect quick answers, access information pretty much whenever we want and products are just a click away. I don't see that the human element in all of this has degraded, in fact I see that the human element has been elevated and is now more important than ever. With this in mind, it is critical that dealers have fantastic digital experiences for their customers, but, importantly, this needs to be matched and hopefully exceeded by the physical experiences dealers deliver. These physical experiences, such as the enquiry process, product demonstration and explanation, handover of vehicles and more, must be executed at the highest possible level of quality to exceed the expectations of customers. Yes, dealers are incredibly important to the sale of motor finance and I feel their importance will continue to grow.

**Q** How can finance companies work even more closely with their dealer partners in the future?

**A** A key call-out from the FCA review is that lenders need to take more control on dealer oversight. We need to apply a collaborative approach, guiding dealer partners by calling on expertise from our own business and the wider Barclays group, which will deliver real added value in areas such as conduct. What is key is how we support our partners here and now, but also focus on the long-term plan

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ADAM MEPHAM, MOTOR SALES DIRECTOR

for all of our partnerships and it is right that dealers look to lenders for support and guidance.

**Q** What tools and systems have you developed to support your dealer partners as consumers explore their car purchase options online?

**A** With the motor industry moving ever closer to a retail model, customers are expecting to be able to self-serve to some degree. We have to be at the forefront of this demand and an example of this is through our latest solution, Sign Anywhere, which gives customers complete control of the finance application journey and enables them to start, review and complete the agreement wherever and however they choose, using the device of their choice.

**Q** What helps to differentiate Barclays from your rivals?

**A** Of course, we have great technical ability and a strong brand; however the core strength for me are our area sales managers and regional sales directors. The passion, experience and love of the sector is incredible and constantly makes me feel proud to be part of the business we work for. I am not the only one who is impressed – our dealers tell us that each year when we measure the performance of our relationship through client surveys. We are also a business that wants to give back and stewardship is a core value across the whole of Barclays. We engage with our wider communities in many ways, for example by taking part in fundraising initiatives, offering skills development sessions in local schools and community initiatives. Importantly, we have seen how these activities translate into a great culture in our daily work.



## COMPANY PROFILE

**Barclays Partner Finance**

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