

Our customer proposition *continued*

Moneybarn

Moneybarn provides car finance to non-standard customers in the UK. By assessing every customer's personal history, needs and situation, the company is able to make responsible lending decisions and provide non-standard customers access to good quality vehicles.



Shamus Hodgson
Moneybarn Managing Director

The profile of a Moneybarn customer is very similar to a Vanquis Bank customer. They typically have a thin or impaired credit history and find it difficult to access credit from prime lenders. They have an average age of approximately 40, are employed or self-employed and have an income level around the national average of £25,000.

The key areas where Moneybarn have developed their business model in 2018 are as follows:

Develop tailored products to meet customers' needs

Moneybarn promotes financial inclusion by providing vehicle finance to those consumers who may be unable to obtain mainstream credit, generally enabling them to get to work and earn a living.

Responsible lending is reinforced through straightforward products which do not involve the sale of ancillary products such as PPI or GAP insurance, or hidden fees or charges.

The product range has been expanded in the year to include Light Commercial Vehicles (LCV), motorbikes and touring caravans to serve customer demand without any significant increase in risk appetite.

The business has also moved to fixed rate APRs for each credit tier which means that customers have comfort from certainty of rate and monthly instalment at the start of the application process.

Attract target customers

Moneybarn has made significant service enhancements to the application and digital onboarding process through the inclusion of a pre-qualification team, improving the customer journey whilst maintaining risk and regulatory rigour. This also improves the offering for our distribution partners compared to competitors in our market.

The business has continued to expand the number of distribution partners which we work with, maintaining our position as lender of choice to those consumers who may be unable to obtain mainstream credit.

Management information has become more detailed to have strategic conversations with our key introducers. This enables them to better understand the customer base and maximise to enable them to better meet demand and customer preferences.

Enhanced management information has also facilitated the introduction of a re-solicitation programme to retain high quality customers who currently settle early and move to other lenders.

The Experian Financial Strategy Segmentation tool has been integrated into the business to enhance the understanding to the customer profile and enable key word focus for SEO campaigns. The customer experience can be improved by better understanding their needs and by tailoring which offers are available to the customer.



62k
customers

(2017: 50k)

4.7/5

Feefo score of 4.7 out of 5. This is consistent with the prior year and demonstrates customers are very satisfied with the service provided by Moneybarn.



Moneybarn customer Janet, Chichester

"After paying expensive monthly lease payments for a number of years and then not owning the car at the end of the lease, I decided to look for another option. My son who works in the motor industry recommended Moneybarn although I thought it would be complicated to arrange. I was pleasantly surprised with the simple process which allowed me to snap up my dream car!"

Assess affordability and credit worthiness

The business has continued to develop the credit risk function who can analyse the broad data held to drive operational processes from acquisition throughout the customer journey.

Following the FCA's review of credit worthiness in consumer credit which concluded in July 2018, Moneybarn has continued to enhance its affordability model. This is a project which has been continuing for two years and included an automated affordability programme launched in October. This has also led to an improvement in the level of service delivered to customers, brokers and dealers.

Lend responsibly

To ensure that the Moneybarn lends responsibly is through providing straightforward products. A programme of credit tightening initiatives has been introduced to manage and control delinquency levels within the business's credit risk appetite.

In 2018, this has included additional policies when dealing with higher risk customers, removal of Tier 3B which served Moneybarn's highest risk customers and the introduction of a new credit scorecard.

Management has continued to develop the end-to-end credit risk performance management and monitoring providing insight into drivers of portfolio performance. This supports early identification of adverse portfolio trends to enable the offer to be adjusted where required.

Collect repayments due

Through the development of the analytical support provided by the credit risk function, collections processes have been developed in 2018. This improves customer outcomes by optimising the way in which we interact with customers at different stages of financial difficulty.

All pre-termination fees and charges previously charged have been eliminated during the year to enable the business to support customers and remove a barrier to having effective conversations with them.

A customer portal has been implemented in 2018, providing the customer with flexibility over how they may wish to make payments.

Manage arrears and customer difficulties

As with the other divisions of the Group, Moneybarn has focussed on identifying and helping to resolve customers in financial difficulty in the year.

The business has continued to invest in resource and technology in customer operations through 2018. Significant investment in this area has led to increased customer contact rates, higher levels of performing payment plans, and a moderation in arrears and terminations.

A new collections system will be implemented in 2019 and we have chosen to the most suitable supplier. This will represent a significant change in the businesses capabilities in managing customers in arrears allowing internal processes to be more efficient and continuing to maximise positive customer outcomes as the business continues to grow.