



Information about our business

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In this chapter you can read more about how our businesses are regulated and trade association memberships. You can also access our historical CR data.



How we are regulated

As a Group, building and maintaining strong and proactive relationships with our regulators is extremely important. It influences our strategic thinking as well as enabling us to plan for regulatory change with greater certainty and confidence. Over the last 12 months, we have made substantive progress in closing down the majority of our agreed regulatory actions, while further strengthening our regulatory operational processes including horizon scanning, change management and reporting.

Provident Financial, as a whole, is the subject of consolidated supervision by the Prudential Regulation Authority (PRA), a public regulatory body in the UK; this is because the Group is the parent company of Vanquis Bank. The PRA sets requirements for the consolidated Group in respect of capital adequacy, liquidity and large exposures.

In the UK, the Group's operating companies are regulated by the Financial Conduct Authority (FCA), which monitors all consumer credit lenders to ensure they comply with the Consumer Credit Act 1974 (as amended). Complaints are dealt with by the Financial Ombudsman Service. In the ROI, the Provident home credit business is regulated by the Central Bank of Ireland. Under the UK regulatory regime, both Moneybarn and the Consumer Credit Division are fully authorised by the FCA. Vanquis Bank is authorised by the PRA and dual-regulated by the FCA and the PRA.

Following implementation of the Senior Managers and Certification Regime (SMCR) within the banking sector, the SMCR has been extended to all solo regulated firms. In the context of Provident Financial, this means that from 9 December 2019, all three regulated entities (Vanquis Bank, CCD and Moneybarn) are now captured under SMCR. The programme of work completed in 2019 has ensured that the individual accountabilities of Senior Manager Functions (SMFs) have been considered in the context of the Group's wider governance arrangements.

As Provident Financial plc is a holding company, there are no approved persons or senior managers at the Group Board level. However, in seeking to improve the connection between the divisions and the Group Board, and to provide more effective oversight by the Group, the Group executive directors and some Group non-executive directors undertake roles on the boards of divisional subsidiaries; as such, they carry regulatory approvals specific to that regulated entity.

Enhanced supervision by the FCA

As a consequence of: (i) the disruption to the home credit business following the migration to the employed operating model in July 2017 and the subsequent implementation of the recovery plan in response to the disruption; (ii) the FCA's investigation into Vanquis Bank's ROP product; and (iii) the FCA's investigation into Moneybarn, the Group continues to be subject to enhanced supervision as notified by the FCA in its Watchlist Letter.

Firms placed under enhanced supervision may be required to provide formal commitments, where appropriate, to tackle the underlying concerns raised by the FCA and the FCA may also exercise other wide-ranging powers. The Group has a detailed plan of activities agreed with the FCA with plans to formally attest that it has addressed the outstanding regulatory concerns by the end of 2020.



Case study:

What is the SMCR?

The SMCR is part of the FCA's drive to improve culture, governance and accountability within financial services firms. The regime's overarching aim is to reduce harm to consumers and to strengthen market integrity. This is achieved by raising the standards of conduct for everyone who works in financial services, and by making senior people in firms more responsible and accountable for their conduct, actions and competence. The regime shifts the responsibility of activities within a firm onto senior managers and brings into scope non-executive directors.

How we are regulated continued

Provident Financial trade association membership

The Provident Financial Group businesses are members of the following trade associations:



Consumer Credit Association (CCA) – the CCA is the trade association for the home credit industry in the UK and ROI, promoting the highest possible standards of business and customer service.



Finance and Leasing Association (FLA) – the FLA is the leading trade body for the asset, consumer and motor finance sectors in the UK.



Consumer Finance Association (CFA) – the CFA is the principal trade association representing the largest share of the short-term lending sector in the UK.



UK Finance – UK Finance is a trade association for the UK banking and financial services sector.

During the last financial year, the Group has focused on a number of key regulatory-related initiatives which are summarised below:

FCA review of high-cost credit

On 18 December 2018, the FCA published CP18/43 in respect of its review of high-cost credit, including final rules and guidance in respect of home-collected credit. The rules introduced a package of reforms to raise standards in disclosure and sales practices to prevent home credit firms from offering new loans or refinancing existing loans during home collection visits without the customer specifically requesting it. CCD made the necessary changes to its processes to ensure compliance with the new rules in advance of them coming into force on 19 March 2019. This included the requirement for CEMs to explain all available options to a customer who wishes to borrow, including refinancing their existing loan or taking out a concurrent loan. The changes made to the home credit operating model over the last two years, including the voice recording of all sales interactions with customers, mean that the business can effectively evidence compliance with the revised requirements.

FCA Credit Card Market Study (CCMS)

In February 2018, the FCA published PS18/4 setting out its final policy rules in respect of persistent debt and earlier intervention remedies from the CCMS. The overall objective of the package of remedies is to reduce the number of customers in problem credit card debt and put borrowers in greater control of their borrowing. In particular, the rules require credit card firms to undertake specific measures in respect of customers defined as being in persistent debt.

The FCA defines persistent debt as a customer who pays more in interest, fees and charges than principal over an 18-month period. Under this definition, where customers are in persistent debt, firms need to undertake the following actions:

- at 18 months, prompt customers in persistent debt to change their repayment behaviour if they can afford to;
- at 27 months, send another reminder if payments indicate a customer is still likely to be in persistent debt at the 36-month point. Customers need to be made aware that, if they do not change their repayment behaviour, their card may be suspended, which may be reported to credit reference agencies. The customer should also receive contact details for debt advice services; and
- at 36 months, intervene again if a customer remains in persistent debt with strategies to help the customer repay their outstanding debt more quickly over a reasonable period, usually between three and four years.

The proposals in PS18/4 came into force on 1 March 2018 and firms had six months to be fully compliant. Approximately, 11% of Vanquis Bank's active customers met the FCA's definition of persistent debt at September 2018 and the first 36-month checkpoint for persistent debt customers is in March 2020. Vanquis Bank increased its minimum payment rates in the second half of 2018 and has introduced a number of proactive measures in 2019, including recommended payments and the testing of a number of communication strategies, to encourage increased monthly repayments and reduce the number of customers meeting the FCA's definition of being in persistent debt.

FCA review of the motor finance market

In the FCA's Business Plan for 2017/18 the FCA stated that it was looking at the motor finance market to ensure that it works well and to assess whether consumers are at risk of harm. The FCA published an update on this work on 15 March 2018 with its final findings issued on 4 March 2019. The FCA's final findings indicated that they have concerns regarding four areas of the motor finance market: (i) commission arrangements, in particular non-flat rate structures; (ii) sufficient, timely and transparent information, mainly in respect of broker practice and information about difference in commission (DIC) type commission arrangements; (iii) lender controls in respect of the oversight of dealers and brokers; and (iv) affordability assessments, whereby the FCA referenced the additional clarity given in PS18/19 last year around affordability checks, and the expectation that all lenders have implemented the appropriate additional practices.

Moneybarn has flat fee commission structures and has never given discretion to brokers in setting the interest or commission levels. Customers are made aware of the existence of a payment of commission in Moneybarn's pre-contractual paperwork that all brokers must provide to the customer and evidence that the customer has received it. Moneybarn has an active physical audit programme for all of its brokers and was the first vehicle finance lender in the market to have such an audit process in place. Like all of the Group's other businesses, Moneybarn made all necessary changes to its processes required by PS18/19 in advance of the 1 November 2018 deadline and there have been no further updates since then from the FCA.



Data table

Metric	2019	2018	2017	2016
Customer satisfaction				
Vanquis Bank customer satisfaction rate	90%	86%	87%	89%
Provident home credit customer satisfaction rate	89%	87%	85%	93%
Satsuma Reviews.co.uk score	4.6/5	4.7/5	4.8/5	Not measured
Moneybarn Feefo score	4.6/5	4.7/5	4.7/5	4.7/5
Customer complaints				
Total number of complaints	75,898	79,902	70,713	48,651
Total number of complaints referred to the Financial Ombudsman (FOS)	4,253	4,302	1,792	1,194
% of complaints referred to FOS upheld in customer's favour	35%	30%	20%	27%
Total customer-focused training hours	19,140	134,055	49,754	48,390
Employee numbers				
Group total	4,854	5,708	4,864	3,550
CCD	2,880	3,735	3,118	1,943
Vanquis Bank	1,577	1,612	1,469	1,370
Moneybarn	318	284	211	174
PF corporate office	79	77	66	63

Metric	2019	2018	2017	2016
Female representation				
Female employees	55%	55%	55%	49%
Female directors	21%	23%	15%	22%
Female employees in senior management positions	30%	26%	29%	28%
Female employees in middle management	41%	35%	New measure for 2018	
Female employees in first level management	47%	44%	New measure for 2018	
Female employees at colleague level	58%	57%	New measure for 2018	
Equality, diversity and inclusion				
Employees from BAME communities	12%	9%	15%	17%
Employees who have declared a disability	5%	0.40%	0.37%	0.70%
Employees with caring responsibilities	43%	New measure for 2019		
Employees with caring responsibilities beyond childcare	13%	New measure for 2019		
Employees that identify as a gender other than male or female	0.5%	New measure for 2019		
Employees from LGBTQ+ community	8%	New measure for 2019		

Data table continued

Metric	2019	2018	2017	2016
Learning and development				
L&D hours	105,978	161,560	137,983	64,520
Average number of L&D hours per employee	28	28	28	18
Absence and turnover				
Average number of absence days per employee	12	10	7	9
Average number of absence days CCD	13	10	4*	9*
Average number of absence days PF corporate office	3	2	New measure for 2018	
Average number of absence days Vanquis Bank	13	11	11	9
Average number of absence days Moneybarn	9	9	8	4
Employees who left	40%	34%	37%	22%
% of employees who left that left voluntarily	77%	71%	New measure for 2018	
Health and safety				
Reportable accidents	12	8	3	1
Reportable accidents scaled up to 100,000 employees	268	140	61	27
Non-reportable accidents	740	693	208	85
Non-reportable accidents scaled up to 100,000 employees	16,934	12,141	4,211	2,290

Metric	2019	2018	2017	2016
Whistleblowing				
Calls made to whistleblowing hotlines	21	37	6	4
Social impact				
Employee volunteering hours	2,224	2,415	220	3,632
Grants distributed through Community Foundations	96	17	31	29
Employee matched funding	£29,817	£30,389	£43,348	£20,977
Community investment breakdown				
Cash	£1,249,818	£1,431,990	£2,354,863	£2,700,944
Management costs	£149,605	£210,759	£227,581	£285,744
Value of employee time	£48,715	£37,829	£9,552	£66,756
Total community investment	£1,448,138	£1,680,578	£2,591,996	£3,053,444
Environment				
Total greenhouse gas emissions (tonnes CO ₂ e)	9,468	12,409	10,697	8,435
Scope 1 emissions (tonnes CO ₂ e)	700	1,803	1,846	1,422
Gas use (tonnes CO ₂ e)	266	154	235	330
Diesel and petrol (tonnes CO ₂ e)	434	1,649	1,611	1,092
Scope 2 emissions (tonnes CO ₂ e)	1,502	1,637	2,176	2,728
Electricity use (tonnes CO ₂ e)	1,502	1,637	2,176	2,728



Data table continued

Metric	2019	2018	2017	2016
Environment continued				
Scope 3 emissions (tonnes CO ₂ e)	7,266	8,969	7,693	4,285
Scope 1 and 2 associated 'well-to-tank' emissions (tonnes CO ₂ e)	500	412	1,018	966
Air travel (tonnes CO ₂ e)	91	217	162	261
Rail travel (tonnes CO ₂ e)	77	86	88	105
Grey fleet (tonnes CO ₂ e)	5,218	6,524	3,699	1,057
Waste collection and management (tonnes CO ₂ e)	13	15	16	20
Water (tonnes CO ₂ e)	Not measured	15	Not measured	Not measured
Scope 3 associated 'well-to-tank' emissions (tonnes CO ₂ e)	1,367	1,700	1,127	530
Intensity ratio**	1.16	1.78	2.18	2.22
Air travel (miles)	288,776	623,488	500,321	847,329
Rail travel (miles)	1,167,100	1,208,771	1,173,865	1,335,074
Grey fleet (miles)	18,305,919	22,441,766	14,525,238	3,514,034
Company car mileage	1,465,211***	137,570	116,159	Not measured
Company car fuel consumption for PF corporate office (litres)	6,922****	660,397	638,541	436,824

Metric	2019	2018	2017	2016
Absolute waste arising (tonnes)	397	457	729	879
Recycled (tonnes)	206	103	89	Not measured
Sent for energy recovery (tonnes)	138	284	New measure for 2018	
Landfill (tonnes)	53	70	New measure for 2018	
Paper usage for admin and marketing (tonnes)	Not measured	994	1,593	1,987

Suppliers paid according to the Prompt Payment Code

PF corporate office	90%	94%	96%	95%
Vanquis Bank	89%	90%	95%	95%
CCD	94%	94%	93%	95%
Moneybarn	99%	100%	99%	99%

Investor indices

Dow Jones Sustainability Indices	61	62	75	65
FTSE4Good score	4.5/5	4.5/5	96	95
Carbon Disclosure Project	C Awareness	C Awareness	C Awareness	C Awareness

* This figure includes data for PF corporate office staff.

** We changed the measurement in 2019 from CO₂e/£1,000 of receivables to CO₂e/per customer.

*** 2019 figures include both CCD and Moneybarn. In recent years this was just Moneybarn.

**** 2019 figure is just for PF corporate office. 2018 data and before was made up of both PF and CCD.

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