

In aid of



BROADGATE
SEARCH SOCIAL



LEADERS IN LENDING –
INNOVATION &
REGULATION

In collaboration with the





Broadgate Search is an award-winning governance recruitment company which founded its Socials in 2017 – to host networking & knowledge-building events across its marketplace. The Lending Standards Board works to a single, clear remit: to promote fair lending.

A Broadgate Search Social – partnering with the Lending Standards Board – held at Spitalfields in the City of London in May 2019.

THE PANEL



ADRIAN MCCARTHY CHAIR

Adrian McCarthy's career has included roles as Group Customer Development Director at Lloyds Banking Group, Litigation Partner at Dentons solicitors, IT & Operations Director in the Lloyd's of London Insurance Market, Fintech Supervisor at the Dubai Financial Services Authority, and Governance and Risk Technical Specialist at the FCA. He became a Senior Advisor to Broadgate Search and its umbrella company, Trinnovo Group, in February this year. He also performs Board Effectiveness Reviews.

CHRIS POND

Chris Pond is a key industry figure and has had a strong focus on fair consumer outcomes for many years. He has a wealth of experience gained through ministerial, chief executive, chair and director roles, covering a wide range of organisations in the financial services industry, including statutory and voluntary regulation and consumer bodies. His current non-executive roles include Chair of both the Money Charity and Equity Release Council Standards Board, Vice-Chair of the Financial Inclusion Commission, and Member of the Treasury Advisory Panel on Fintech. Chris is also an Independent Director with the Consumer Account Switch Service run by BACS.



DAVE PICKERING

Dave Pickering joined the LSB in July 2013 as Compliance Director and is now Chief Executive. Dave's main responsibility is to lead the LSB, implementing the strategy and ensuring delivery of its objectives. This includes extending the reach of the Standards, increasing the number of registered firms and delivering the oversight strategy, with the focus on good consumer outcomes. Dave was instrumental in enabling debt collection and debt purchase firms to become registered and oversaw the transition from the Lending Code to the Standards of Lending Practice. Following the launch of the personal Standards in July 2016, Dave's first major initiative as CEO was delivery of the business Standards, which launched in March 2017, covering lending to SMEs up to £6.5m turnover. The focus since then has been on establishing the LSB as the home of self-regulation for financial services through extension of the LSB's remit beyond lending.



ZITAH MCMILLAN

Zitah McMillan is a CEO, NED & fintech start-up entrepreneur; in past lives a regulator, a senior civil servant and an adland luvvy. The golden thread in a varied career is the customer, putting the customer at the heart of the business and getting the product right irrespective of market and country. Easier said than done but always worth the effort.

FRANCESCA CARLESI

Francesca Carlesi is the CEO and founder of Molo, the first digital mortgage lender in UK, Francesca is a senior executive with more than 15 years of experience in the financial sector across various domains (strategy,/business development, finance, M&A, regulation) and sectors (private equity, retail and commercial banking, investment banking, asset and wealth management). Passionate about Fintech/Regtech and the power of technology to transform Financial Services.



ROBERT ASHTON

Robert Ashton is the CEO of Account Technologies, which offers consumers credit and other financial services. Early on, Rob saw the potential for innovation and disruption in this industry, by improving the technology for the provision of credit. Building automated affordability algorithms for income and expenditure assessments, together with smooth customer journeys, Account Technologies has been a key disruptor of the market. With over £1bn of credit extended through two alternative overdraft products in the market: SafetyNetCredit and Tappily. Account technologies develops bespoke technology and data science to deliver insightful and intelligent outcomes: machine learning scorecards, better identification of consumer vulnerability, and proactive management of consumer and conduct risk. Rob also bridges consumer credit with the new world of PSD2 and Open Banking, in which Account Technologies takes a leading position. Instrumental in improving the ecosystem, he engages the Fintech community, regulators such as the FCA and the EBA, and joins debates, consultations and expert round tables. Before Account Technologies Rob graduated with a degree in Physics from the University of Warwick, he worked for Capital One and DFC Global with experience across almost every credit discipline. He is also on the Board of the CCTA, an association for consumer credit providers in the UK.



MICHAEL HOBBS

Michael Hobbs has been at the forefront of developments in smartphone banking and payments since they started. Previously an MD at Accenture Digital, he established Flow Fintech in May 2018 to find out what was possible in the new world of Open Banking. He describes the first six months of Flow's existence as a series of rapid false starts that are not uncommon in fintech. The company has now settled on a course of building intelligent personal finance agents. Flow is initially designing for the less wealthy, with a view to extending the benefits of data-driven finance to those who are most financially stressed. Lending is part of the application set that Flow is designing; so too are decision structures that reduce the need for high-cost credit.



ARTICLE

Broadgate Search partnered with the Lending Standards Board (LSB) to hold a panel-based Social at Spitalfields, London, in May this year focused on Innovation, Regulation and what the industry can expect on the horizon.

Our chair was Adrian McCarthy, Strategy & Innovation Advisor for Trinnovo Group and Broadgate Search & Principal at PrinGovTech Ltd. Formerly Senior Governance and Conduct/Operational Risk Technical Specialist at the UK Financial Conduct Authority (FSA at the time), Group Customer Development Director at the Lloyds Banking Group, Senior Manager – Supervision – Fintech & Innovation at the Dubai FSA, and former Litigation Partner at a leading UK law firm. On the panel were business founders and thought leaders from across the consumer credit and lending sectors;

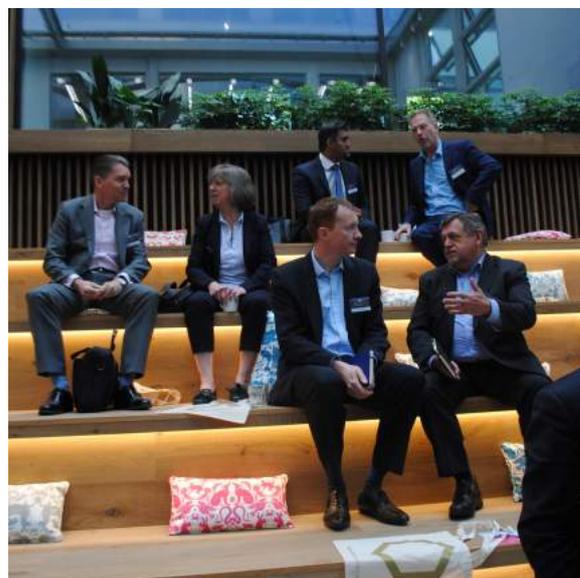
- **Chris Pond** – Chairman of the LSB
- **David Pickering** – CEO of the LSB
- **Robert Ashton** – CEO of Account Technologies
- **Zitah McMillan** – Non-Executive Director of Zopa
- **Francesca Carlesi** – CEO of Molo Finance
- **Michael Hobbs** - CEO of Flow Fintech

The event was well attended by industry professionals, including Chief Risk and Compliance Officers, CFOs, former FSA and FCA leaders and analysts from competitor businesses across the Fintech and lending market.



The format – as ever – was highly interactive with many audience contributions. There was much lively and diverse comment – often highly critical – about the role of the regulator and its effect on the development of innovative new solutions in financial services.

Chris Pond, Chair of the Lending Standards Board (LSB) opened the event. He explained the role and purpose of the LSB and how it supports its registered firms. It does this through: proactive work to develop a regulatory framework where this doesn't currently exist, via the Standards of Lending Practice for business customers and via its oversight role, which is complementary to existing regulation and that of the FCA's, to ensure fair treatment of consumer and business customers across the lending journey. He acknowledged that whilst progress has been made, there is more to do to develop trust between lenders and consumers. The LSB seeks to help firms bridge this gap through its work to develop voluntary regulation which its registered firms adhere to and which is overseen by the LSB. In addition to this, the LSB is now starting to look at open banking to understand where it



can seek to make a positive contribution to standards in this new and exciting area.

David Pickering, Chief Executive of the LSB, echoed Chris Pond's statement, that it is important the LSB is able to move with the times and widen its scope to ensure that it is able to support its registered firms in achieving good customer outcomes.

The LSB seeks to extend the application of the Standards of Lending Practice to as many firms as possible and engages with lenders across the personal and business lending space to raise the profile of, and interest in, the Standards of Lending Practice. The LSB is also moving into areas beyond lending through its role as oversight body of the Contingent Reimbursement Mode Code for Authorised Push Payments and the Access to Banking Standard.

"We all recognise that in the past the lending industry has not covered itself in glory but it has been on a journey since then. The challenge the FCA faces in regulating financial services is the fact that it is working across a far larger range and number of firms that it previously used to. This is where we see that the LSB can help – supporting and engaging with firms around

areas of mutual interest and acting as a conduit between firms and the regulator".

Robert Ashton, CEO of Account Technologies, a data, technology, insight driven business which aims to produce better financial outcomes for consumers in specific areas such as personal overdraft costs, explored the high compliance bar set for "newbies". In order to set up as a lender he had to overcome great regulatory challenges, a trust problem, in order to provide a better service to consumers than current, established arrangements.

The problem as he sees it is that the market – with regulatory support - is pushing back against new ideas with old ways of thinking which prevent the very innovations designed to lead to better outcomes – cheaper money/lending – for customers.

His company is now the biggest in open banking. Adrian McCarthy asked him whether luck, ambition or the right infrastructure had contributed to his success. He felt that they had persevered with the regulatory issues and always maintained a

dogged belief in their innovatory product. They were successful in part because they were ahead of the curve.

Zitah McMillan, NED of Zopa, an award-winning, peer-to-peer lending business, was formerly with the FCA and the DWP. She put it bluntly: “Starting a business is tough,” she said. “As an entrepreneur, you want to set up a business that offers something different and adds value. The FCA processes can make it hard.”

She recognised that regulation was just one of the factors to consider. Others included how to get value from machine learning for small business and SaaS. For example, Zitah’s next venture (currently going through regulatory approval) is a SaaS, using machine learning to help business “get a greater degree of predictability over the three main metrics that matter - revenue, costs and cash”. She agreed with Rob stating, "If you can see the bandwagon, you've already missed it".

Francesca Carlesi, CEO of Molo Finance, a growing London based Fintech company with the stated ambition to provide customers the facility to apply and get a

mortgage decision within 15 minutes, explained that the start-up was born out of her own frustration with the traditional mortgage process being slow, based on obsolete, paper-based systems. There had to be a better way, with technology as the facilitator.

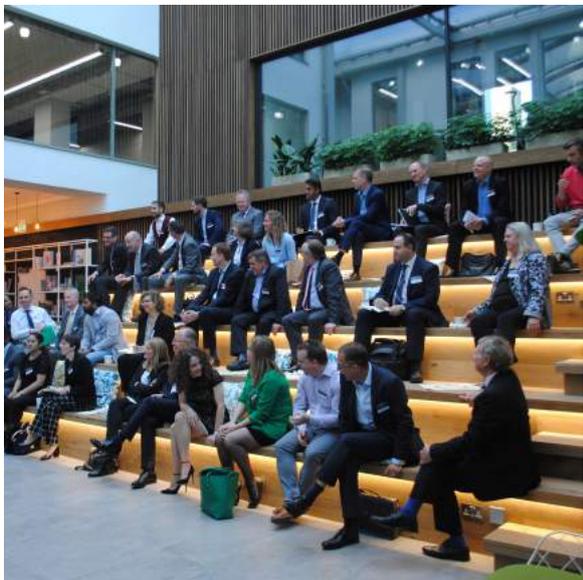
As with all innovators in financial services, regulation had been – and continued to be – a focal point. They had been helped from the start by a Non-Executive Director and prolific figure in the mortgage sector, Lynda Blackwell, who is herself ex-FSA/FCA.

“This helps enormously, helping us understand and stay within the scope of regulation, but not being limited by incorrect perceptions of what can and can’t be done”. She felt that regulation could be seen as a substitute for good conduct. They had already adopted PRA guidelines and argued that the FCA, with whom they have an amazing relationship, needs to be forward looking.

Michael Hobbs, CEO of Flow Fintech, is committed to open banking – to make a difference to the 12-13 million people financially squeezed, as he saw it.



Although he can see the benefits to consumers, he recognises that the suitability of open banking to these types of customers is still work in progress. He argued that consumers need financial and numerical literacy and that consumer lending companies have an algorithmic responsibility to monitor, not to assume too much - in order to ensure new businesses are built right.

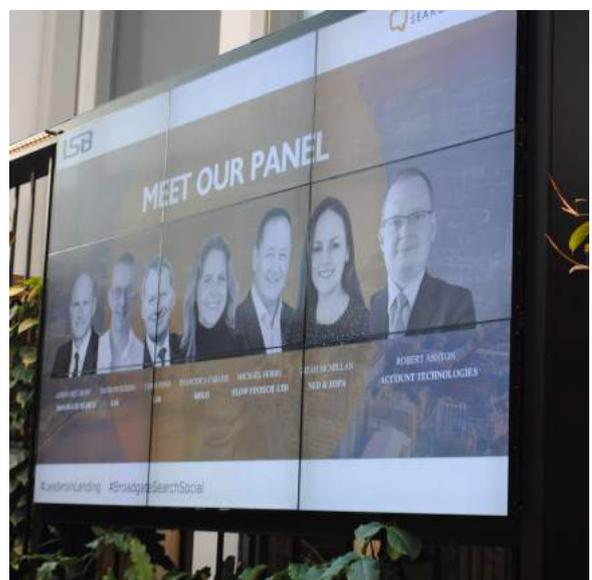


The panellists were unanimous in their support of innovation, that specialist businesses should be supported to open up the market for new entrepreneurs in financial services. The benefits to consumers were potentially huge.

“The future is bright, the future is innovation.” he added, reflecting the mood of the room. Some audience members argued that the FCA’s ways of working are not commercial, so sometimes initial business instincts are overpowered by the fear of making a mistake and the recourse that may follow. This means that it can be harder for decision makers to make an impact on the industry as effectively or quickly as they want to do, frustrating the main reasons a business was set up in the first place.



They all agreed that having an open and honest relationship with the regulator helps hugely. Admit mishaps and challenges before they become bigger problems, advising on how you intend to approach and rectify the issue – that’s the right approach. Value your compliance, risk and governance departments and, when you are going through something as fundamental as regulatory authorisation, make sure you have experienced professionals on board who can guide you successfully through the process. After the discussion, there was a chance to meet, debate further and socialise over food and drink. Attendees paid a nominal attendance fee and all monies raised was donated to the Alzheimer’s Society. Broadgate Search would like to thank the panel and attendees for their participation and support - with special thanks to their partners for the event, the Lending Standards Board.





CONTACT

LONDON

6th Floor North Wing,
Chancery House,
53-64 Chancery Lane,
London, WC2A 1QS

+44 (0) 203 817 9757
enquiries@broadgatesearch.com

DUBLIN

WeWork,
Charlemont Exchange,
42 Charlemont Street,
Dublin
Do2 R593

+353(1) 905 8601
enquiries@broadgatesearch.com

MANCHESTER

1 St Peter's Square
Manchester
M2 3AE

+44 (0) 161 509 5481
enquiries@broadgatesearch.com