# 3x
# FCA findings that impact credit providers

...PurplePatch
Beyond Comparison

**In November 2022, the FCA released an interim report.**

**The key findings?**

The credit information sector needs to work better at supporting retail lending and making sure credit is offered where appropriate and at a fair price.

...PurplePatch
Beyond Comparison

**These are the top 3 areas we think will require attention...**

...PurplePatch
Beyond Comparison

# #1: Data buying and negotiation

...PurplePatch
Beyond Comparison

# The FCA says:

Credit reference agencies (or bureaux) offer a range of products and services to meet client needs, and many firms that use credit information appear to be sophisticated buyers able to negotiate with agencies.

## Our view:

There is a significant lack of bureau data transparency and although buyers are sophisticated, the fact is, they don't know they are being overcharged compared to others.

# #2: Data pricing discrepancies

...PurplePatch
Beyond Comparison

# The FCA says:

The three large CRAs compete on data quality and price and are typically involved in the same tender processes. Larger lenders are able to exercise some bargaining power given their volume of business, volume of data they contribute, and through using multiple CRAs (to strengthen the perception of switching to another CRA).

# Our view:

Whilst CIU’s (credit information users) may feel able to secure freezes or reductions, **in reality this is not happening**. Plus, they're unaware of the overcharging, including being levied RPI increases unnecessarily.

Cost and time to change is the biggest barrier for a CIU and the majority do not have the ability to go multi-Bureau, unless they are utilising an agnostic platform.

# #3: Major differences in underlying data

...PurplePatch
Beyond Comparison

# The FCA says:

The differences in the credit information held on individuals across the three large credit reference agencies is striking.

The three CRAs only hold consistent information on the number of defaults for around 30% of matched individuals who have had a default recorded with at least 1 CRA.

# Our view:

Looking at a decent sample size of consumer data from Experian, Equifax, and TransUnion, in 14% of the cases, only one of the Bureaux has the relevant default data. And in only 66% of cases, only 2 out of the 3 Bureaux agree on the data.

Given the impact of defaults, this is highly likely to affect both credit providers and individuals.

# Next steps for credit providers?

—

...PurplePatch
Beyond Comparison

# We expect lenders to start considering:

- Identifying where there is a lack of consistency in the data, to reduce risk and uneccessarily turning consumers away.
- The importance of doing retros.
- Should you have a Multi Bureau supplier strategy?

...PurplePatch
Beyond Comparison

- How can you optimise your supplier if you can’t multi-bureau? And how do you get there?
- What waterfall of data and suppliers should you use?
- How can you negotiate Multi Bureau pricing without increasing costs?

...PurplePatch
Beyond Comparison

**Want a clear view of the credit bureau market today?**

Get a free data benchmark

—

...PurplePatch
Beyond Comparison

# Our data benchmark helps credit providers:

Compare quality and innovations. And save 25-40% with price comparisons (worth hundreds of thousands - millions)

**Email: n.frazer@purplepatchuk.com**

...PurplePatch
Beyond Comparison