



Veritec Solutions launches in the UK

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Veritec Solutions today announces its launch in the UK. This is in response to the publication of the Financial Conduct Authority's (FCA) final rules on high-cost short-term credit.

The use of high-cost short-term credit and payday loans has grown rapidly in recent years as consumers look for quick easy borrowing to support their finances. Veritec welcome the measures the FCA has taken to regulate the market through introducing a cap on credit and to protect against excessive charges. We also welcome the steps taken to encourage data sharing

Yet while these measures will offer some improvement, due to the nature of payday loans, evidence from other countries has shown that only real time enforcement has properly protected consumers.

The FCA will be relying on payday lenders to comply with data sharing using credit reference agencies and to monitor consumer activity. This approach has been implemented in other countries without success. In particular:

- **It will not eliminate the problem of multiple simultaneous loans:** The limitations of the proposals and the fast-paced nature of the payday lending process means that consumers will still be able to take out multiple loans that they cannot afford to pay back. Regulatory data shows that over 20% of consumer's borrower from multiple lenders simultaneously.
- **It is not real time:** Despite claims about reporting in real time, the proposals are merely increasing the level of data sharing. The data passed to lenders will still only be a limited snapshot and will not report in real time and prevent consumer detriment at the point of sale.
- **One credit reference agency will not capture 100% of the market or 100% of data:** There are multiple credit reference agencies that lenders can choose and CRAs will be reluctant to share their commercial data. The proposals also do not include doorstep or other forms of consumer finance.
- **It will not stop lenders making non-compliant loans:** There is no stipulation on lenders not to lend if individuals are not credit worthy.
- **Lenders will be reluctant to submit data:** Lenders are often wary of providing competitors with information via CRAs.
- **CRAs use credit data to sell marketing solutions to business:** Some CRAs use the personal data they collect to sell to marketing firms and lead generators.

To ensure consumers are protected and the market is properly regulated the FCA will need to adopt real-time enforcement of payday lending rules through a real-time database monitored by the regulator.

Veritec's UK presence will enable it to be well placed to respond to the demand for real-time enforcement of payday lending rules.

Nathan Groff, Managing Director of Veritec UK said:

'We are pleased to be announcing Veritec Solutions' launch in the UK. While we welcome the FCA's moves to introduce a price cap and encourage data sharing, our regulatory solutions would guarantee 100% compliance with all lending rules. The FCA has conducted comprehensive and impressive research on payday loans and we agree with their concerns about the need for a real-time regulatory system. Proper protection will, however, only be achieved through the adoption of real-time enforcement of payday lending rules and we look forward to working with regulators on how to achieve this.'

Notes to editors:

1. The FCA published their final rules 'Detailed Rules for the price cap on high-cost short-term credit' on 11 November 2014. The proposed price cap will take effect from 2 January 2015.
2. Veritec Solutions provides a data system that enables regulators to effectively enforce regulation of payday, doorstep and other short term consumer lending. Veritec does not provide any goods or services to the consumer credit industry, but provides regulatory services to regulators.
3. Veritec has over a decade of experience working with US regulators in 14 different states, covering 88 million consumers. In addition to our work in the United States, we worked with the Provincial Government of Ontario in Canada, and the Federal Government of Australia.
4. Veritec's system covers:
 - 88 million consumers
 - Over 1,000 licenced lenders
 - 7,200 store locations
 - Internet lending
 - 300 million-plus credit transactions
5. Our experience has allowed us to build an unrivalled store of unfiltered data documenting borrowing in the high cost credit market. This has allowed us to provide empirical evidence to governments to ensure their policies are fit for purpose. Whilst there are differences between the UK and US markets many of the operators, the business models and product features are the same regardless of the jurisdiction.
6. Visit our UK website at <http://www.veritecs.co.uk/>
7. For further information please contact Katherine.Morgan@interelgroup.com or Anna.jobling@interelgroup.com