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Accessing customer data

GDPR, connected cars, and you

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Election bubble, toil and trouble

One of the things I'm consistently told is that businesses don't like uncertainty. Well, after an independence referendum in Scotland in 2014, a General Election in 2015, a referendum on EU membership in 2016 and another General Election this year, are things any more certain today than they were in 2013?

I would argue no, but I'm sure we're going to see pages of detailed analysis over the coming weeks as to what the potential new look Tory-Democratic Ulster Party (DUP) coalition Government is going to look like, how it'll work, and what it'll mean for the wider economy and for Brexit. One thing I suspect there will be a degree of uniformity on is the perception that this wasn't exactly the result Theresa May was looking for, but beyond that there are all sorts of questions that will be asked.

This uncertainty is reflected in the lack of press releases I've received so far. Writing the afternoon after the election, I've so far only received one release commenting on the result – which itself was mostly talking about uncertainty. In contrast, normally after a national event I receive dozens of comments and opinions, explaining how the author thinks such and such event is going to affect the industry. Clearly people are still trying to decide what it means – which again points to a lack of certainty.

What it means

What all this means for the motor and motor finance industry is hard to say. The fact it looks like the Conservative party will hold onto power via a coalition suggests we're less likely to see an about shift in policy compared to if, say, a Labour led coalition had won the day. This probably means the Financial Conduct Authority (FCA) will continue to operate as it has, Senior Managers Regime and all. Bills like the draft Air Quality Plan are likely to continue to progress through the houses, and we'll likely see continued government support for the uptake of electric vehicles and autonomous technology research.

But beyond that, it's hard to escape the feeling that these remain uncertain times. Brexit is the perfect example of this. Under the Tory majority, it was looking increasingly likely we'd be facing a hard Brexit, however the DUP – with an eye on the Irish border – has campaigned for a softer version. Which version will win out is anyone's guess at this point.

Even beyond that, this coalition boasts a majority of just two. This means it would take just two MPs to vote against a piece of legislation to potentially derail it. In these

circumstances, how can business be confident of the future?

All of which leads to the potential for another election sooner rather than later, or perhaps even another referendum on leaving the EU in the future.

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VERDICT

Richard Jones named FLA chair

Richard Jones, managing director of Black Horse, has been named as the new chair of the Finance & Leasing Association (FLA).

Jones was already a board director at the FLA, and replaces outgoing chair Nigel Clibbens, whose term has ended.

The appointment was announced on 16 May at the FLA's annual general meeting at Saddlers Hall, London by director general Stephen Sklaroff, who also updated attendees on the FLA's progress.

Sklaroff said: "Richard is taking over as chairman of the FLA at a particularly important time for the industry, with the prospect of a new government and the start of detailed negotiations on the UK's exit from the EU.

"Richard's experience – including on the FLA's Board – will be invaluable as we continue to make the industry's case to politicians, our regulators and our many stakeholders. I look forward very much to working with him."

Jones said: "It is a privilege to become chairman in the FLA's 25th anniversary year. In a period of increasing change and uncertainty, the FLA will continue to play a lead role in developing the markets it represents for the benefit of consumers and businesses across the UK." ■

RSM urges dealers to prepare for GDPR

Accounting firm RSM has urged dealers to prepare for the EU General Data Protection Regulation (GDPR).

The regulations are due to come into force on 25 May 2018, and RSM has advised dealers to prepare themselves to prevent financial losses and risks to their reputation resulting from non-compliance.

GDPR will require data processors and third-party contractors to protect individuals' data, an extension from the EU's 1995 data protection regulation which placed liability on the data controllers alone.

Failure to comply could see businesses face fines of up to €20m, or 4% of annual global turnover, whichever is greater.

RSM said dealers must ensure their data processes protect individuals' data rights, and advised that they adopt an organised data protection programme that records all data activities.

Steve Snaith, technology risk assurance partner at RSM, cited the recent WannaCry ransomware attack, and said more safeguards were needed. He added that GDPR would drastically affect the future of storing personal data, and warned of business disruption.

Snaith said: "It's increasingly important to make sure clear processes and safeguards are put in place to protect both clients and companies.

"Businesses must make sure they are ready for what lies ahead and not get caught out, as the financial and reputational risk could be significant."

Pentana Solutions: GDPR 'positive' for dealers

Automotive software company Pentana Solutions has said that it believes GDPR could be a catalyst for positive change in the automotive industry.

Pentana claimed GDPR could enhance dealer performance, with Mike Gadd, vice-president and UK general manager, calling for dealers not to see it as an inconvenience.

Gadd said adopting GDPR would allow dealers to make marketing and customer-retention activities more effective, and said dealers should avoid delaying action or seeking ways to work around the change.

He said: "Right now, there is a huge push to get GDPR ready in the industry. I am pleased to see this because we have been championing a positive approach to GDPR for some time."

Gadd claimed that the mixed quality of data had caused ineffective marketing, and adhering to GDPR could improve dealers' approach to data, and, as a reulst, their performance.

Gadd added: "GDPR and its associated time and cost implications can be the catalyst for a richer approach to data, its capture, maintenance, and development in sales and aftersales. Get it right and they can help their customers and their bottom line." ■

Oodle and Carsnip sign partnership

Motor finance provider Oodle Finance has agreed a partnership with car search engine Carsnip to match car buyers with dealers, and support financing transactions in real time.

Carsnip will add an optional 'finance now' button to search results, linking prospective buyers to Oodle Finance. Dealers will be paid commission on all cars financed by Oodle.

Oodle chief executive Jonathan Clayton said the deal could shorten the process of financing used cars.

Clayton said: "Both Oodle and Carsnip believe technology can bring car buyers and car dealers closer together, for a more seamless and effective experience.

"This exciting partnership was the logical next step in our collective desire to optimise this process and make life easier for car dealers and borrowers."

Alastair Campbell, chief executive officer of Carsnip, said the deal would prevent online finance companies from receiving car dealers' commission.

Campbell said: "This new partnership promises to deliver a much simpler way to finance a car by linking search with finance, while protecting dealers' finance commission." ■

Paragon launches caravan finance

Paragon Car Finance has launched a caravan finance offering, after introducing a hire purchase product for motor homes in June last year.

The West Midlands-based motor finance provider said it aims to bring greater choice to the caravan market, and will provide finance for terms up to 10 years.

Paragon Car Finance said it intends to replicate the formula for its motor home finance product, which was extended to cover terms of up to 10 years in August.

Paragon Car Finance head Julian Rance said extending into caravan finance was a "natural next step" for the lender, and claimed there was demand for the product.

Rance said: "We are confident that our bespoke underwriting, competitive rates and the direct access we offer to our underwriting team will ensure we replicate the success we've had in the motor home market with this new product.

"We also feel now is the right time to bring more choice to the caravan finance market, allowing customers a greater range of options," Rance added. ■

Management buyout at Aston Barclay

L-R: Glenn Scarborough, Neil Hodson, Oliver Jones, Aston Barclay

Aston Barclay has gone through a management buyout (MBO), with support from a multi-million pound investment from Rutland Partners.

The MBO was led by new chief executive officer Neil Hodson, who joined the company after stints at HPI, Manheim and Experian. Glenn and David Scarborough, formerly group managing director and commercial director respectively, will both remain company shareholders as non-executive directors.

Hodson is among a number of new senior staff at the company. Laurence Vaughan has joined the board as non-executive chair. Vaughan is also non-executive chair of Sytner Group, having previously been chief executive officer there.

Martin Potter has joined the board as well, and will operate as group operation director, to be supported by national operations manager Brett Henderson. Stewart Ford has also joined the company from cap hpi as group IT director, as the company looks to invest in its digital strategy following the Rutlands investment.

Hodson said: "Aston Barclay is a great business and Rutland Partners' multi-million pound investment across all areas will help further develop our service offering for both buyers and vendors.

"Our aim is to be at the forefront of shaping the remarketing industry, reinforcing our position as the leading independent provider in the market."

Glenn Scarborough said: "We are pleased to welcome Neil and his management team as investors in Aston Barclay, supported by Rutland Partners.

"These are exciting times for the remarketing industry and we are confident the support and the investment will enable Aston Barclay to exploit the opportunities for growth that the market has to offer."

Among the more immediate impacts of the MBO and investment will be a new 18-acre site at Donington Park, which Aston Barclay announced at the same time as the MBO.

The site will be based in the park's Engine Room exhibition space, and will serve as Aston Barclay's central hub for all remarketing operations, as well as being the home to a new buyer services and account management team. It will be large enough to house up to 400 cars under one roof.

The Donington Park site will be open in the fourth quarter of 2017, with further network expansions planned. ■

ALD Automotive to launch IPO

French banking group Société Générale has announced the initial public offering (IPO) of ALD Automotive, its fleet leasing subsidiary, on the regulated market Euronext Paris.

SocGen initially announced the decision to list in the "middle of 2017" in February, after announcing ALD Automotive's full-year results for 2016.

SocGen is expected to sell a 20% stake in ALD, amounting to 80.8m shares, with the potential to list 23% of its shares. The offer period for France will last from 5 to 14 June, while the international offer will close on 15 June.

Prices for both domestic and international offerings will range between €14.20 (£12.37) and €17.40 per share, with pricing of the global offering expected on 15 June. According to estimates, the sale of a 20% stake could yield up to €1.4bn, although the figure could reach €1.62bn if the option of overallotment is exercised, valuing the French fleet lessor at between €5.74bn and €7.04bn.

SocGen says the IPO is "intended to enable the group to gain visibility and reputation in the mobility ecosystem."

The parent company said it expected ALD shares to start trading on Euronext Paris on 16 June, with the settlement and delivery of both the French and international offerings to be scheduled on 19 June.

Frédéric Oudéa, chief executive officer of Société Générale, said: "The IPO confirms the strategic nature of ALD within the Société Générale group.

"It will allow ALD to accelerate its development and become a leader in a rapidly changing mobility space." ■

Toyota eyes Irish finance arm

Toyota Financial Services is planning to extend its lending capabilities to the Irish market, *Motor Finance* has learned.

Reports initially began to emerge in the *Irish Independent* that the company was planning a launch in the Republic of Ireland, where Toyota enjoys a strong market presence. Although the paper did not reveal its sources, it did note that manufacturers have been stepping up low-interest financing deals to combat recent declines in sales.

According to the Society of the Irish Motor Industry (SIMI), new car registrations in April were down by 7,865 (24%) in April 2017, compared to April 2016, with year-to-date figures down 10% year on year.

Commenting on the figures, SIMI director Alan Nolan said: "From our recent *SIMI/DoneDeal Quarterly Review*, we commented that 2017 was proving to be unpredictable for the motor industry, and the month of April appears to be reflecting this statement.

"Vehicle registrations for April show a decline in all sectors and across nearly all counties. While the economy continues to strengthen, consumers appears to have remained somewhat more cautious to date.

"That said, the industry is continuing to entice consumers with very strong offers, to the degree that even with lower sterling values as a result of Brexit, virtually no new cars have been imported because of the value available here," Nolan added.

Toyota was the best-selling brand over the first four months of 2017, with 8,329 passenger cars sold in the period, and was also the best-selling brand in 2016.

When asked to comment, Toyota told *Motor Finance*: "Toyota Financial Services has plans to expand its worldwide operations into the Irish market at some point in the near future, but at this stage there is no fixed date for the start of business as plans are at a very early stage." ■

US DoJ accuses FCA of cheating emissions tests

The US Department of Justice (DoJ) has filed a civil complaint in a Detroit federal court against Fiat Chrysler Automobiles (FCA) US, alleging that the manufacturer had cheated in emissions tests.

The DoJ said it had filed the complaint on behalf of the Environmental Protection Agency (EPA). Specifically, the DoJ said nearly 104,000 light-duty diesel vehicles containing 3.0 litre EcoDiesel engines were equipped with software functions not disclosed to regulators during the certification application process, and that the vehicles contain 'defeat devices'.

The complaint alleged that the undisclosed software functions cause the vehicles' emission control systems to perform differently, and less effectively, during certain normal driving conditions than on federal emission tests, resulting in increased emissions of harmful air pollutants.

The vehicles in question were the Ram 1500 and Jeep Grand Cherokee models sold between 2014 and 2016 in the US, which the DoJ said contained "at least eight software-based features that were not disclosed in FCA's applications for certificates of conformity and that affect the vehicles' emission control systems."

The civil complaint filed seeks injunctive relief and the assessment of civil penalties. Responding to the complaint, FCA US said it had been working with the EPA and the California Air Resources Board (CARB) for many months, including extensive testing of the vehicles, to clarify issues related to the company's emissions control technology in the 2014-2016 Jeep Grand Cherokee and Ram 1500 diesel vehicles.

It said: "FCA US is currently reviewing the complaint, but is disappointed that the DOJ has chosen to file this lawsuit.

"The company intends to defend itself vigorously, particularly against any claims that the company engaged in any deliberate scheme to install defeat devices to cheat US emissions tests."

In addition, the company revealed that it had developed updated emissions software calibrations that it believes address the EPA's concerns, and has now formally filed for diesel vehicle emissions certification with the regulators for its 2017 model Jeep Grand Cherokee and Ram 1500 diesel vehicles.

Subject to permission from the EPA and CARB, FCA US said it intended to install the same modified emissions software in 2014-2016 Jeep Grand Cherokee and Ram 1500 diesel vehicles. FCA US believes this will address the agencies' concerns over emissions software calibration in the vehicles.

So-called 'defeat devices' and diesel emissions have been under the microscope since Volkswagen admitted using them in the US in 2015. ■

FCA FLEET SERVICES UK LAUNCHES PCH OFFER

FCA Fleet Services has launched a personal contract hire (PCH) product for Fiat, Alfa Romeo and Jeep models. The package includes maintenance, servicing and even tyre replacement.

The lender has branded the PCH offer Be-Free, and also includes a fund licence for the contract duration, breakdown cover and roadside assistance in the UK and Europe, and free GAP waiver, which covers any early termination cost in the event of a write-off.

It has been made available for the Fiat Tipo Hatchback, Tipo Wagon and 500X, the Alfa Romeo Giulia and the Jeep Renegade, Cherokee and Grand Cherokee models. Terms include 24-60-month terms, 3-24-month initial rental, and up to 150,000 miles covered over the contract duration.

Franck Gaillard, rental and fleet director at FCA FS, said: "Personal contract hire is designed to be simple and hassle-free, and that is exactly what we have achieved with our new Be-Free product. I am delighted with this new offer which will provide complete cover across a large number of our model ranges."

PCH remains a relatively small product in the UK, however, according to cap hpi, many dealers expect it to continue to gain market share throughout 2017.

FCA Fleet Services is part of FCA Automotive Services UK, which specialises in financial services for the purchase and contract hire of Fiat Chrysler Automobiles vehicles. It is part of FCA Bank, a financial joint venture established by Fiat Chrysler Automobiles and French banking group Crédit Agricole. ■

Uber sacks former self-driving chief after Google scandal

Ride-hailing company Uber has fired the former head of its self-driving car programme, months after he was accused of stealing secrets from Google's self-driving car programme.

Anthony Levandowski joined the embattled company in August last year, when Uber acquired self-driving startup Otto, where he was a co-founder. Before founding Otto, Levandowski worked at Google's self-driving car project, known as Waymo. It is alleged that he stole more than 14,000 internal documents from the project and took them to Uber.

Waymo sued Uber in February 2017, and was granted a preliminary injunction against the company in May. The case hinges around light-detection and ranging (lidar) technology, which allows autonomous vehicles to analyse the environment around them. Waymo alleges that Levandowski knowingly stole the technology to start Otto, and then took it to Uber once acquired. The injunction required Levandowski to be taken off any lidar-related projects, and ordered the return of Waymo documents.

Levandowski was removed from his post at the end of April, although remained employed by the ride-hailing company until this point. In his termination letter, which has been obtained by several publications, Uber general counsel Salle Yoo claimed Levandowski had impeded both the lawsuit and Uber's own internal investigations.

Levandowski opted not to provide testimony or hand over evidence regarding his use of documents at Google during the court proceedings.

The letter, dated 26 May, says Levandowski was sent letters asking to comply with requests for co-operation on 20 April and 15 May, and that Levandowski had not complied with either.

It also stated that he had breached his employment terms by failing to return or destroy documents from Waymo.

The letter gave Levandowski until 15 June to comply and prevent the termination from coming into force.

Uber continues its legal battles this year, which have so far seen it ordered to pay tens of millions of dollars for underpaying its drivers in New York, a lawsuit by rival Lyft which accuses it of monitoring its drivers, and numerous claims of harassment.

The case between Uber and Waymo goes to trial in October of this year. ■

PEOPLE ON THE MOVE

BVRLA appoints Dyer as chair

Matt Dyer, BVRLA

Matt Dyer has been named chair of the British Vehicle Rental and Leasing Association (BVRLA). He has taken over from Hitachi Capital Corporation's Simon Oliphant, who has stepped down to the position of vice-chair after completing a two-year term.

Dyer has been with LeasePlan for over 20 years including roles with LeasePlan Corporation and LeasePlan International. He joined the BVRLA's Committee of Management in August 2014, and was appointed to the position of vice-chair in May 2016.

Dyer said: "I am looking forward to helping the association and our members. We will be at the heart of the discussion on the big issues of the day – and whatever's on the horizon, from the challenges surrounding air quality and emissions to the opportunities surrounding connected data. Informing our members and helping them to understand the positive impact the sector can have underpins everything we do."

His role as chair was made official following the BVRLA's AGM, where Ian Tillbrook, fleet director at VW Financial Services, was named chair of the BVRLA's Leasing & Fleet Management Committee.

Elsewhere in the BVRLA, Spencer Blake of Wessex Fleet has replaced Fleetdrive's Mike Potter as chair of the association's Leasing Broker Committee.

Ignition appoints O'Connor as head of own-book lending

Asset and motor finance provider Ignition has appointed three people to its team, including Alan O'Connor to head its own-book lending portfolio.

O'Connor has spent over 20 years in the finance industry, and has previously held trade finance and risk management positions at Jaguar Land Rover and Aston Martin.

Steve Haysom has been appointed business development manager, joining from Lombard where he served as a relationship manager. He will be tasked with strengthening Ignition's offering in the South West region.

Stuart Berry has been appointed broker manager, joining from Shire Leasing where he worked in broker management. Berry will be based in Manchester, and will focus on Ignition's broker relationships in the North.

CLM appoints Short as commercial director

Fleet manager CLM has appointed Andy Short as commercial director, with responsibility for client services and supplier relationships with vehicle lessors and manufacturers.

Short has over 20 years' experience in the UK fleet and automotive sectors, and this role will see him lead the 13-strong client services team.

He said: "In my new role, I shall be looking after all business development activities for existing customers. One of my initial priorities is to explore wider fleet service possibilities with existing customers in order to deliver greater value to them."

CLM Fleet Management was acquired by the Maxxia Group in 2013, and manages more than 14,000 vehicles. Short said being part of a larger group brought additional benefits for CLM's fleet customers.

RateSetter hires ex-GE Capital UK CRO Wright

Peer-to-peer lender RateSetter has appointed Joanna Wright, former chief risk officer, UK at GE Capital, to head its own risk department, filling a position that had been vacant for almost six months.

Wright led a team of over 200 risk professionals at GE Capital, chaired the enterprise risk management committee, and was a member of the executive board. She has also worked at NatWest Markets, where she was manager of acquisition finance. She replaces Cyrille Sallé de Chou, who left to join HSBC in December 2016.

The move comes during a period of change for RateSetter, following the acquisition of motor finance providers Vehicle Stocking and Vehicle Credit, and the end of its wholesale funding proposition.

As chief risk officer, Wright will be tasked with overseeing and managing credit risk across consumer and commercial lending businesses, and supervising operational and conduct risk at RateSetter. From September, Wright will be a member of the executive team, and sit on the board risk committee.

White Clarke Group appoints VP

David Slider, White Clarke Group

Automotive technology provider White Clarke Group has appointed David Slider as group executive vice-president.

The company said Slider had been brought in to execute strategic acquisitions and partnerships, and solidify the company's global expansion into target markets including North America, Asia and South America.

Slider's 30-year career has generally been in the US automotive industry. Most recently, he was managing director, automotive finance for a global loan origination and servicing software company. Before this he held a number of executive roles.

Slider said: "My goal is to further the market's awareness that we are primed to serve the transformational needs of lenders today with solutions that are engineered with the future built in. Lenders no longer need to settle for less-than-agile, open, digital-ready end-to-end systems that can successfully manage the complex competitive and regulatory landscape." ■

Ford appoints Hackett as chief executive officer

Ford Motor Corporation has named Jim Hackett president and chief executive officer, replacing Mark Fields, and appointed many others in an operational restructure.

Hackett joins Ford from office furniture company Steelcase, and served on Ford's board from 2013 until 2016. He has led Ford Smart Mobility since March 2016.

Hackett will lead Ford's worldwide operations, reporting to executive chairman Bill Ford. He and Ford will focus on modernisation, improving operational execution, and transformation.

Commenting on his appointment, Hackett said: "I have developed a deep appreciation for Ford's people, values and heritage during the past four years as part of the company, and look forward to working together with everyone tied to Ford during this transformative period."

Ford has also appointed three leaders, reporting to Hackett, following a restructure of its operations.

Jim Farley has been appointed as executive vice-president and president, global markets. Joe Hinrichs has become executive vice-president and president, global operations, while Marcy Klevorn has been named as executive vice-president and president, mobility. The three appointments are effective from 1 June, with successors to their previous roles to be announced.

Ford also appointed Mark Truby as vice-president, communications with immediate effect, reporting to Bill Ford, and Paul Ballew as global chief data and analytics officer, reporting to Klevorn. ■

MOTOR FINANCE OPINION: FORD'S APPOINTMENT

It seems Fields paid the price after sluggish stock performance in recent years from the US car manufacturer, which has resulted in upstart electric car company Tesla overtaking it by value, if not by sales.

The decline in Ford's share value and the departure of Fields came despite Ford actually posting healthy profits in 2015 and 2016 – the company recorded a $10.4bn (£8.06bn) pre-tax profit in 2016, which was more than Tesla's entire revenue for the year ($7bn).

The problem Ford has had, however, has been transitioning – or at least being perceived to be transitioning – from a traditional car manufacturer into a so-called mobility provider. Commenting on the 2016 results, Fields described Ford as "an auto and a mobility" company.

By replacing him with Hackett — who previously led Ford's Mobility team — the company has categorically stated on which side of the auto-mobility coin it sees its future. Bill Ford said as much when announcing the appointment: "We're moving from a position of strength to transform Ford for the future. Hackett is the right CEO to lead Ford during this transformative period for the auto industry and the broader mobility space.

"He's a true visionary who brings a unique, human-centered leadership approach to our culture, products and services that will unlock the potential of our people and our business."

Hackett's history reinforces the idea Ford is going to be pushing further away from viewing itself as a traditional car company. Whereas Fields joined Ford in the late 1980s and worked his way up, Hackett only joined Ford a few years ago. Instead, his background includes time as CEO of office furniture company Steelcase, and as interim athletic director at the University of Michigan.

According to Ford, Hackett has three initial priorities:

- Sharpening operational execution while decisively addressing underperforming parts of the business.
- Modernising Ford's business using the likes of big data, artificial intelligence (AI), advanced robotics, 3D printing and more.
- Transforming the company to meet future challenges by ensuring the company has the right culture, talent, strategic processes and nimbleness to succeed as society's needs and consumer behaviour change over time.

In these three priorities, the words 'car' and 'automobile' do not appear. Instead, the priorities for Hackett include AI and big data, two areas that people traditionally associate with technology companies such as Google, Microsoft and even Tesla.

Notably Hackett has also been tasked with transforming the company. Clearly it is not the company it wants to be.

However, this is not to say Ford will suddenly stop producing cars. Cars are the manufacturer's route to market, its bread and butter, and will continue to be absolutely vital to its future.

The difference now is that Ford sees the production and sale of cars as part of a wider mobility cycle, of which the vehicle is just one element.

The appointment is a bold statement of where Ford sees its future: as a mobility provider, of which the car is just one element. ■

Continental and Baidu form 'technical alliance'

German automotive manufacturer Continental has entered into a "technical alliance" with Chinese internet giant Baidu, to help develop intelligent mobility based around connected and autonomous cars.

The agreement was signed on Wednesday 31 May in Berlin by Frank Jourdan, member of the executive board of Continental and president of the chassis and safety division, and Qi Lu, group president and chief operating officer of Baidu. The alliance will see Continental and Baidu share resources and technology from their respective sectors to move towards solutions for autonomous driving, connected vehicles, and intelligent mobility services.

Elmar Degenhart, chair of Continental's executive board, said the collaboration could "take intelligent mobility an important step further."

The companies will explore technology such as sensors, driver assistance systems, and data collection and analysis for autonomous driving.

Qi Lu said the deal would see the two companies make use of artificial intelligence (AI).

He added: "AI has great potential to drive social development, and one of its biggest opportunities is intelligent vehicles.

"By joining with Continental, we are striving to upgrade intelligence in the automobile industry and develop a new ecosystem of intelligent mobility and automated driving, thus empowering existing industries and new ones." ■

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Promoting further debate: the FCA and financial promotions

In April the FCA published Occasional Paper 26, encouraging debate on financial promotions and pointing to 'rigorous evidence' in support of the existing financial promotions regime. Is this a hint of things to come, or does it simply consolidate existing FCA rules? asks Shoosmiths' **Dan Bennett**

Occasional Paper 26, titled *From advert to action: behavioural insights into advertising of financial products*, is divided into three stages – See, Interpret and Act – which together present a framework for understanding how consumers process information in financial promotions.

We set out below what we feel are the key lessons to be learnt from each section in turn.

See

The Financial Conduct Authority (FCA) has noted that people notice things that are salient – that is, objects which stand out from their environments because they differ from them in colour, size or because of other attributes.

This means it is important to take into account the relative salience of different items in a financial promotion when considering what a consumer will likely take away from it.

The FCA has noted that framing – the presentation of information in a way that encourages a particular interpretation, the presentation of numbers and using implication as opposed to statements of fact – affects consumer understanding.

This creates the potential for consumers to misunderstand and for advertisers to mislead.

Act

The FCA has noted that a consumer may be influenced to purchase a product through appeals to emotion, the use of principles of influence such as scarcity or the use of rules of thumb, and that these techniques may not be noticed by a consumer, nor factor consciously in a consumer's decision.

Key questions

The FCA acknowledges that problems can occur at every stage of a consumer's information processing, and accepts that a risk of confusion or misunderstanding can never be removed entirely.

However, the FCA encourages advertisers to think about a financial promotion from the point of view of a consumer in order to fairly assess the appropriateness of a financial promotion before it is published. The FCA indicates that the following questions might be a useful place to start:

- Will a consumer understand the financial promotion?
- Will the financial promotion give a consumer a balanced impression of the product or service on offer?
- What techniques does the financial promotion use to encourage a certain interpretation? Are these techniques fair, justified and proportionate?

It is important to note that this paper has no effect on a firm's obligations to comply with existing rules in respect of financial promotions, including Chapter 3 of the FCA's Consumer Credit sourcebook. However, it does provide a useful steer as to the FCA's current focus, and what "clear, fair and not misleading" should look like in practice.

The paper also hints of what the financial promotions regime might look like in the future. If psychology, sociology and economics are going to be relevant considerations, a more consumer centric, flexible and holistic financial promotions regime may be just around the corner. ■

FCA observations	Lessons to be learned
See	
The consumer's attention is not necessarily attracted by the brightest or most detailed elements of an image. Instead, a consumer is attracted by objects which are most different from their background.	There should always be sufficient contrast between the text of key information and its background to ensure that a consumer's attention is drawn to it.
A consumer rarely pays full attention to the small print in a financial promotion.	If the FCA is acknowledging this issue, it is reasonable to assume that it will work to address this in the future. This could see a general shift away from reliance on small print at the bottom/end of a financial promotion. The more one can do to place key messages in the main text or headline of a financial promotion, the more prepared one will be for the possible small-print-free world of the future.
A consumer will typically view a financial promotion in an F-shaped pattern, with objects on the top-left locations tending to be viewed before, or more frequently, than objects on the right or lower locations.	Placing small print at the bottom of a financial promotion is counter-intuitive, and potentially misleading. Efforts should be made to place small print where a consumer is going to see it: in the top or middle sections of a financial promotion. Again, it looks like the days of small print in the footer of a financial promotion are numbered.
Interpret	
FCA observations	**Lessons to be learned**
Information needs to be presented for long enough, and with sufficient clarity, that consumers can process it beyond just noticing it.	With this in mind, digital financial promotions should (ideally) present text on screen at the same time as it is read by an announcer, should disperse key messages throughout the advertising content, and should keep critical messages short at all times. All these techniques help messages to be interpreted correctly.
Consumers are highly likely to make errors when processing numbers, and advertisers often assume unrealistic levels of financial literacy. For example, many experiments report a low level of consumer understanding of financial terms like 'annual percentage rate'.	Care should always be taken to present financial information in the clearest terms possible, while remaining within the remit of the FCA's *Consumer Credit Sourcebook* (*CONC*). Notwithstanding the prescriptive requirements currently set out in Chapter 3 of *CONC*, it may well be time for a shift away from financial terms and numbers in financial advertising. It will be interesting to see how Chapter 3 of *CONC* develops in the future to cater for this shift.
Common techniques like framing (discussed earlier), drip pricing (presenting an initial cost and then adding additional or optional costs later) and anchoring (placing favourable outcomes at the start of a financial promotion even when the likelihood of achieving said outcomes is low) should only be used in a fair and proportionate manner and with potential detriment borne in mind.	Advertising techniques like framing or drip pricing should not be used where a potential to mislead exists. For example, framing costs over a shorter period of time or relying on language like 'zero' or '0%' in a misleading manner should be avoided', and falls short of the FCA's "clear, fair and not misleading" ideal.
Act	
FCA observations	**Lessons to be learned**
While it is a central premise of advertising that an advertiser can influence a consumer through unconscious processes, including by appealing to instinctive reactions, advertising on the basis of emotion will not always be suitable.	Advertising on the basis of emotion will only be suitable in low-risk environments. In riskier areas reliance on emotive techniques, which encourage consumers to act without their overt and conscious consideration, could lead to misunderstanding and detriment.

The FCA review: What will the focus be?

Russell Kelsall, partner, and **Alanna Tregear**, solicitor, from UK law firm TLT, outline some of the areas they predict the FCA could focus on, and the potential impact to the market, including product selection, remuneration of sales staff, commission structures and responsibility for add-ons

The FCA is looking at the role of finance providers, dealers and consumers. But what could be its likely focus? And is it likely to significantly change the market?

Product selection

The FCA's rules for consumer credit are contained in the *Consumer Credit Sourcebook (CONC)*. It provides detailed rules and guidance which supplement the high-level *Principles for Businesses*, which includes treating customers fairly. *CONC* requires a dealer or broker to recommend a product which is not unsuitable to them. Unlike mortgage regulation, there is no 'best interest' rule. There are many reasons for this, including, most obviously, the process of securing a sizeable mortgage is an understandably slower process.

Sellers of credit finance also do not need to be certified, but mortgage advisers do. There is nothing inherently wrong with this: Different markets need different rules.

However, the FCA will probably want to understand why dealers and brokers suggest (or, where appropriate, recommend) certain products to customers. It will want to know the steps taken to qualify the customer for the product, and how it can be justified as being 'not unsuitable'. The sales process and documentation will play crucial roles in how well the FCA perceives the motor finance market to be working; the better the explanation, the lower the risk of action.

Remuneration of sales staff

There is a clear focus from the FCA around avoiding mis-selling. While the FCA has not banned certain remuneration structures, it has made it clear that firms which incentive sales must have clear policies and procedures, and regular audits, to avoid structures encouraging bad behaviours.

Many firms are already putting clear policies in place to reduce the element of remuneration driven by commission, and making sure remuneration is based on a number of factors and not just the sales.

Commission structures

Commission structures in the motor finance market continue to develop. This is both the way structures operate – with many lenders having different models – and includes disclosing the existence of commission to customers.

Disclosure to customers was introduced by the Office of Fair Trading's guidance issued in November 2011. The FCA made a specific rule broadly requiring the existence of commission to be disclosed in *CONC*.

However, the Courts have been very active in disputes on commission disclosure. The UK Supreme Court decided in *Plevin v Paragon Personal Finance (1) Ltd* [2014] UKSC 61 there could be an unfair relationship where commission was not disclosed, depending on its size. The Court of Appeal also unhelpfully awarded commissions to customers in *McWilliams v Norton Finance (UK) Ltd* [2015] EWCA Civ 186, where the existence but not the amount was disclosed, and *Nelmes v NRAM plc* [2016] EWCA Civ 491, where neither the existence nor the amount was disclosed.

But the position appears to be changing in favour of lenders, brokers and dealers, with the High Court's recent decision in *Commercial First Business Ltd v Pickup* [2017] CTLC 1. Time will tell whether full disclosure of the existence and amount is required by the FCA.

Responsibility for add-ons

Following an unhelpful Court of Appeal decision in *Forthright Finance Ltd v Ingate* [1997] 4 All ER 99, customers are arguing the mis-selling of any add-on, whether or not it is financed by a regulated credit agreement, was done as the lender's deemed agent. This is a potentially broad argument, but there are a number of points to say it is incorrect.

The customer's argument is that if they were mis-sold PPI or GAP at the point of sale, but this was not financed by the lender, the lender is still responsible for the mis-selling under the unfair relationship provisions. But there are a problems with this. For example, if a dealer sells a car seat which turns out to be unsatisfactory, does the customer have a claim against the lender where (a) the lender provided no finance to pay for it and (b) it was simply sold to the customer at the point of selling the credit? The answer must surely be no.

The FCA may, however, wish to look at the selling of add-ons and the extent to which (if any) the finance provider has any involvement in those sales, or is aware of those products.

The FCA review is expected to last over a year and complete in 2018 or 2019. We expect it to contact dealers, brokers and motor finance providers to ensure information is gathered on a formal and informal basis, but more regularly.

The FCA has said it will, following the review, assess whether and how to intervene in the market. Even if the FCA finds a well-functioning market, it will normally propose changes to the regulatory requirements – see, for example, the FCA's recent work in the credit card market.

There has never been a better time for lenders, brokers and dealers to review policies and procedures. Just because something has been done for a period of time does not mean the FCA will have no issues with it. The FCA is looking at the market with fresh eyes, and will want to ensure consumers are adequately protected. But there is also an opportunity for the industry to put forward arguments about what can be done to make the market work better. Is the customer journey as good as it should be? It is certainly the case a customer receives a lot of paperwork, but is it all really necessary?

The FCA may see this review, combined with Brexit, as an opportunity to simplify the sales process and ensure consumers are given more accessible information. For example, the strict form of the SECCI could be removed after Brexit, allowing lenders to communicate in a more interactive way.

The FCA may also look again at creditworthiness and affordability. So far, the FCA has been clear it is very much a matter for each lender to introduce compliant processes on creditworthiness and affordability. But motor finance is different from other markets. For example, the borrower is tied into an agreement for a shorter period than a mortgage, the rate of interest is normally fixed, and (for PCP) the vehicle's value is guaranteed at the end.

But is there any real need for change in the motor finance market? The issue is probably best summarised by Adrian Dally, head of motor finance at the FLA, who said: "The motor finance industry is committed to responsible lending and to high standards of customer service. We will continue to work closely with the FCA to ensure they have a good understanding of this highly competitive and diverse market."

But whatever views the FCA comes to, it must bear in mind the importance of this industry to UK consumers. ■

Preparing for life after the FCA's exploratory work

The FCA has been extremely active in its work to better understand the consumer credit sector, and the recently published *FCA 2017-18 Business Plan* is essential reading for market participants and wider interested parties, according to Addleshaw Goddard's **Neville Cotton** and **Sarah Herbert**

Since assuming responsibility for regulating consumer credit in 2014, the Financial Conduct Authority (FCA) has been extremely active in its work to better understand the consumer credit sector.

This has been demonstrated by a myriad of consultations, calls for input, thematic reviews and market studies which have been undertaken, covering a diverse range of consumer credit products and business practices.

The recently published *FCA 2017-18 Business Plan*, which sets the regulatory agenda for the year ahead, is essential reading for market participants and wider interested parties.

One of the standout areas of focus for the regulator in respect of the consumer credit sector is that of motor finance, and in particular, whether that area of the market is working well for consumers.

So, what are the implications for motor finance providers in the wake of the FCA's plan to conduct an "exploratory piece of work" in the motor finance sector?

The FCA does not make such statements lightly, and we understand that a significant amount of work has already been conducted through the use of the multi-firm reviews.

As such it would appear that the groundwork for this "exploratory piece of work" may have already been completed. However, we are left at this stage to second-guess the likely direction of travel, and how the findings of this activity will be presented back to the industry.

Taking the FCA's recent form into account, one would envisage a market study or thematic review to be the delivery mechanism – and the focus? Conduct.

In consideration of how such a regulatory review may land, it is important to recognise that this is far from a homogenised sector. That said, the market can be broadly divided into two captive finance houses which solely support the distribution of vehicles by their manufacturing partner or parent, and a host of large and small lenders supporting the rest of the market.

So what could the FCA's comments about the motor finance industry mean for these different finance providers?

Taking first the captive finance houses. It is likely that the FCA will seek to establish whether or not the influence of the manufacturer is leading to a conflict in respect of both motor finance product design and robust underwriting and affordability checks, with lending being waived through to support movement of vehicles.

> *"We are concerned that there may be a lack of transparency, potential conflicts of interest and irresponsible lending in the motor finance industry.*
>
> *"We will conduct an exploratory piece of work to identify who uses these products and assess the sales processes, whether the products cause harm and the due diligence that firms undertake before providing motor finance.*
>
> *"Following the review we will assess whether and how to intervene in the market."*
>
> FCA, 2017

In addition, focus can be expected in the use of both term and residual values (RV) in setting monthly payments, which while they meet affordability criteria, may lead to unrealistic RV and extended terms.

The issue of inflated RVs is also a concern for the Bank of England and therefore we can expect this to be an area that attracts further regulatory attention.

These lenders will need to demonstrate that they have considered these risks and mitigated against them to ensure good outcomes for consumers.

For the other type of motor finance providers in the market, which are subject to the same risks as already described above, they will have the added challenge of overseeing diverse distribution channels and

will need to ensure that they have robust oversight of the sales practices across a multitude of partners.

Both types of finance provider will also have the challenge of in-dealership sales practices that must demonstrate adherence to the FCA's conduct rules. Specifically, they must ensure that the customer is given adequate explanations of the product and be able to demonstrate that their sales process is compliant.

The FCA is also likely to consider whether sales processes or behaviours in play are reducing customer choice, particularly where barriers exist that may reduce the customers propensity to shop around for alternate funding options.

More holistically, one would assume that the FCA will also want to understand the movement from traditional loans toward PCP products that the consumer may not understand.

Given the penetration of PCP – particularly in the new car market where it accounts for 86% of the finance market – the FCA is likely to question whether it is possible for any single product to be suitable for such a wide demographic.

While there are many unknowns in terms of how this exercise will play out, what is clear is that the policies, procedures and controls – which formed the compliance frameworks set out in Regulatory Business Plans to the FCA – are now to be subjected to the 'implementation test': Have they been embedded into the business? And how is compliance with these being monitored and tested?

Motor finance firms should not only be asking themselves whether their compliance frameworks meet regulatory expectations, but also whether the output from control activities enables us to demonstrate the consistent and robust delivery of fair outcomes for customers. ■

PCP: the new PPI?

Both the FCA and the Bank of England have recently expressed concerns about PCP. Elsewhere, some elements of the press have painted the product as a scandal to rival PPI, and that a wall of litigation is on the horizon. Gateley's **Philip Alton** examines the issue's legal ramifications

Personal contract purchase (PCP) is a flexible finance arrangement for consumers wishing to finance a vehicle purchase.

While it loosely follows the form of a hire purchase agreement, it is structured so the payments just cover interest and depreciation during the period of the agreement. At the end of the agreed term the consumer has the option to:

- Pay the balloon payment and take title to the vehicle.
- Return the car.
- Enter into a new PCP agreement for a new car, carrying across any equity in the original vehicle.

The advantage to the consumer is that they can get a vehicle at a lower monthly cost than with HP. The monthly payments are often fixed, and can include servicing and insurance. At the end of the agreement the consumer can choose which option suits them best.

The regulators' concerns

PCP has been astonishingly successful in terms of its uptake by car buyers. Nine in ten new car sales are now financed by PCP, with a 54% increase in applications since 2014.

The Bank of England has stated that it wants to understand its impact on increased levels of consumer credit along with the risks associated with the product.

The Financial Conduct Authority (FCA) announced in its recently published *Business Plan* that it is concerned about "lack of transparency, potential conflicts of interest and irresponsible lending in the motor finance industry."

Given that the FCA's work is timetabled to take up to two years, funders should consider reviewing their PCP offerings now and identify any weaknesses in the areas highlighted by the FCA.

Risk areas

There is nothing inherently wrong with PCP as a product. When sold correctly, PCP derisks many aspects of vehicle ownership for the customer. In many ways the product can be viewed as payment for a service – the use of the car – rather than finance for its purchase. So, what are the risk areas that have caused the regulators to announce their investigations?

Lack of transparency is the first area of concern highlighted by the FCA. While it remains to be seen exactly what is driving the FCA's agenda, it is possible that it results from any or all of:

- Failures at the point of sale to properly explain the features of PCP.
- Failure to explore whether other products, such as hire purchase, are more suited to the customer's needs. This is likely to be the case if the customer wants to own the vehicle at the end of the term.
- Failure to explain the downsides associated with PCP. These include the fact that early settlement costs will be payable if the customer settles before paying one half of the payments. Repair charges made if the vehicle doesn't meet the return conditions when the customer decides to return it can be a surprise if not properly communicated.
- Failure to accurately assess the customer's annual mileage so expensive excess mileage charges are incurred.
- There being a mismatch between the monthly payments and the "guaranteed future value" of the vehicle.
- Use of confusing terminology, such as by indicating that the residual value of the vehicle is guaranteed.
- Risks to customers if they are slow in choosing their options at the end of the term – which will trigger the balloon payment and may mean that the right to hand back will be lost.

Conflicts of interest. The motor sector is highly competitive with manufacturers keen to maintain market share and dealers incentivised to hit sales targets. Manufacturers have various tools at their disposal to ensure that vehicles which have left the factory gates are registered as soon as possible.

Of itself, there is nothing inherently wrong with these techniques. However, funders need to be able to show that these incentives don't cause a dealer to put its own commercial interests ahead of those of its customer.

Irresponsible lending. CONC 5 of the FCA's *Consumer Credit Sourcebook* requires funders to assess a customer's creditworthiness before entering into any agreement. In doing this, funders must assess whether the commitments under the agreement could

potentially adversely impact the customer's financial situation. This must take into account the customer's ability to make the payments over the lifetime of the agreement.

While there is nothing fundamentally different in the way credit criteria need to be applied to PCP, care needs to be taken at the point of sale that the assessment of the cost does not simply focus on the size of the monthly payment. Funders should use their normal credit criteria when assessing any application for PCP finance.

What should funders be doing?

With the regulators having flagged their interest, funders should review how they handle PCP transactions. The two biggest risk areas are product mis-selling and affordability checks.

Training for sales staff and introducers will be key to showing that the correct messages are being given to customers. The customer's needs must be correctly and honestly assessed – it is not right to simply focus on the monthly cost of PCP.

The sales process should ensure that the customer is aware of the potential disadvantages of PCP – excess mileage charges, return conditions, early termination costs and the fact that PCP may not be the right product for a customer who wants to own the vehicle at the end of the term.

End-of-lease options should be communicated clearly and in sufficient time to allow the customer to make the right choice. Provided that these steps are taken there should be no reason for PCP to become the next PPI.

Properly sold, PCP is a great product which allows a customer to fund a vehicle in a flexible way which minimises their risk. ■

Affordability and car finance

Recent articles in the press have targeted car finance as the next potential economic timebomb. This may be the latest scaremongering from the papers, but affordability is key when lending in any environment, writes **Shaun Armstrong**, managing director at car finance provider Creditplus

Creditplus takes affordability and consumer confidence very seriously. It is at the heart of everything we do, and has helped us become one of the leading car finance providers in the UK.

A fundamental principle of car finance is how it allows consumers to spread the cost of a vehicle across the length of the agreement. By breaking the total cost down into monthly payments, it allows consumers to purchase a car that may be out of their price range if they had no choice but to save up a lump sum to buy the car.

This allows a consumer to purchase a better-quality car. This means that the consumer can choose a vehicle with better safety equipment, more economical engines, and better reliability. If forced to purchase a car with just their savings, the consumer could end up spending more on repairs and maintenance costs.

This does not mean that we at Creditplus do not conduct as many checks as we can when consumers apply for finance with us. It is in our best interest to ensure that our customers can afford the agreements they take out with us, not just financially but for our reputation. With tighter controls and much-improved consumer protection from the FCA, affordability is key when lending in any environment. We help over 80,000 applicants each year source the right car loan subject to their specific circumstances and a crucial part of that is affordability.

The car loans industry has for several years now seen the majority of lenders' loan books perform well, with reduced bad debt or payment performance from consumers. Interest rates have been at their lowest now for many years. Brexit, however, may change this with some increases to interest rates.

Creditplus was the first online car finance provider to conduct a soft credit search, allowing consumers to apply without affecting their credit rating. We also created a variety of online tools to allow consumers to get an idea of what their finance could cost before they even apply.

Ethical lending is a key component of our business ethos. We want consumers to feel confident that they are dealing with a provider they can trust. This is evidenced in the large number of repeat customers we have, and also the FCA authorisation we have been granted.

One target of the recent press reports has been personal contract purchase (PCP), mainly because it is ideal for purchasing newer cars.

PCP is a popular product because of the lower monthly payments and the three different options you have at the end of the agreement. It is also generally only available to those who have a good or excellent credit rating. This means that the consumers who qualify for PCP have a record of making payments on time, not getting into any difficulties, and generally managing their credit well.

PCP is an ideal funding product, allowing a fixed-cost, fixed-term agreement, regulated to give consumers a sound product.

Its popularity initially spread from dealers offering manufacturer finance programmes, where it could be argued the residual values set at the back end of the agreement were strong to support the vehicle being purchased.

Direct lenders, however, all set a residual value based on CAP or Glass's guides at 10% below the future anticipated sales price of the vehicle at the end of the agreement. This helps make the finance programme more realistic and, if a guaranteed future value is offered as the residual value, the consumer has options rather than concerns at the end of their agreement.

It is important, though, to remember that each lender has their own excess mileage and dehire damages policy, so a consumer should make sure they are aware of the returning conditions of the car at the end of the agreement.

All finance products come with an element of risk. Personal circumstances change and that can affect a consumer's ability to pay for their finance agreement; there is no controlling that. What we can control is the checks carried out at the start of the agreement, the way information is presented to our customers, and how we treat our customers throughout the process.

We have confidence that we provide our customers with all the information they need to make the right decision for them. That way they can get a better-quality car at a price they can afford with a finance provider they can trust. ■

FCA updates its position

A brief update by Locke Lord's **Jo Davis** and **Timothy Anson** on FCA limitations on debt permissions

After a rather low-key announcement back in March, the FCA has already revised its proposed changes to the limitations system in place for full permission credit brokerage firms with debt permissions.

For firms this means reviewing their activities, potentially again, and deciding whether their current permissions require one of the new limitations to be added.

The new limitations are:

- ***For firms involved in asset finance with permission for either Debt Adjusting or Debt Counselling, limited to the sale of goods*** – this permission is limited to firms engaging in debt adjusting and/or debt counselling provided in connection with the whole or partial settlement of credit agreements in relation to the sale of goods.
- ***For firms involved in vehicle finance, limited to the settlement of vehicle finance*** – this permission is limited to firms that are engaging in debt adjusting and/or debt counselling that is provided in connection with the whole or partial settlement of credit agreements for vehicle finance.
- ***For firms not involved in asset or vehicle finance, limited to no debt management plans*** – this is a generic limitation is for firms engaging in debt adjusting and/or debt counselling that are not providing debt management plans and are not covered by either of the other two limitations.

Firms should review whether one of the new limitations is applicable and, if so, contact the FCA to request a change to their limitation(s), which they can do by email.

A full variation of permission will not be required, and the FCA has advised that there will be no charge for the alteration. ■

Statistics and city driving

The city of London has long been unfriendly to motorised transport – for about a century. But new research by the NACFB on vehicle finance requests could indicate that the capital has now reached something of a tipping point, according to **Robin Skuse**, press and marketing officer at the NACFB

During the first quarter of 2017 the NACFB took 425 enquiries after vehicle finance, of which the average sum requested was £23,374.

There was a real mix of enquiries here as you would expect; taxi drivers wanting to get out of £15,000-per-year loans, large businesses looking for company cars, beauticians who need to drive to see their customers, even a Lincolnshire doctor needing a new motorbike to travel between hospitals. Now that is how I would like my doctor to arrive – astride a well-laden Norton.

With a little rounding up thrown in, how the mean average values break down by region are shown in the **table** below.

We have run these graphs for a lot of the different finance types we survey, but I am not at all used to seeing London so far down the list. The city is rarely off the top two steps of the podium.

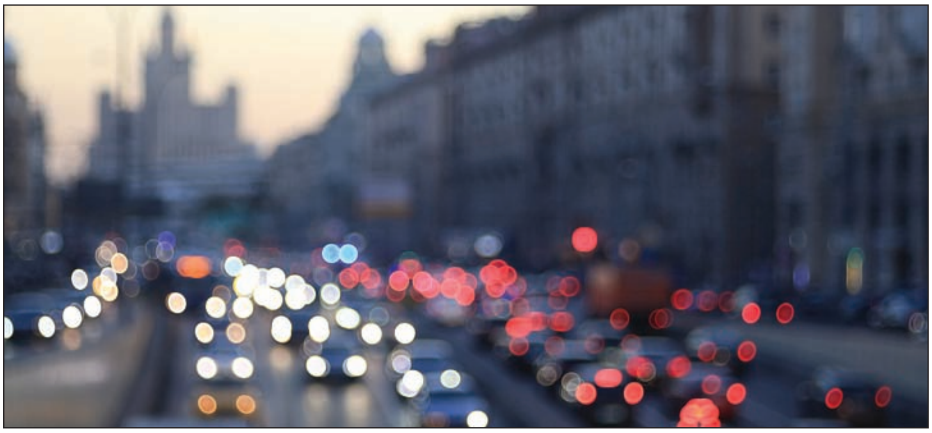
Of course, the city has long been unfriendly to motorised transport, for about a century. But I wonder if the data indicates the capital has now reached something of a tipping point.

It is not just the 10mph average speeds; it is also the cost of entering, the bait-and-switch approach to junctions, the pop-up cycle paths that cross roads with live traffic, the parking, and the general sense that you are travelling in a giant Lego set, hemmed in by repositionable bricks, down roads that will not be in the same place, or running in the same direction, or even there at all, the next time you come this way. The two recent terrorist incidents just make it even more likely that the drivers of private vehicles will be increasingly hemmed in or shut out.

Vehicle finance requests by region

Region	Average value
South-East	£46,700
North-West	£28,200
Scotland	£23,200
London	£20,800
Midlands	£16,400
South-West	£16,100
Wales	£11,600
East Anglia	£11,500
North-East	£8,100

Source: NACFB



I should mention that the sample size for Northern Ireland was too small for inclusion; I could use all-of-2017 data fairly reliably, but not from the first quarter, so let us wait until January to see where that country fits into the overall picture.

What the mean average value gives us is a through-a-keyhole view of the nature of the businesses involved. Where the value is high, the money is likely to be for refrigerated trailer units or high-end personal transport; where it is low, you are mainly looking at the smallest small businesses, repair work or short commercial vehicles.

I think the scale of the North-East/North-West divide is the most unexpected result here. But there is also an element of long-term commitment, or lack of it, that gets mixed into these trends. If you do not know whether your business will be running in two years' time, you are more likely to get a vehicle repaired to keep it on the road, rather than invest in a shiny new one on a long lease.

While I would normally question the validity of forecasts based on opinions and gut feeling, there is one occasion when I think such forecasts are worth listening to, and that is when the people stating the opinion actually have an influence into whether the forecasts come true or not.

If your opinion is that a product is no longer suitable for your clients, then you will not recommend it to those clients, and the forecast becomes reality.

That is how it is with diesel sales. Paragon Car Finance published survey results that demonstrate how brokers expect diesel sales in the UK to decline – and they are the ones in the position to make this happen.

The same applies to these brokers' expectations that hybrid sales and pure electric sales will surge forwards. These will often turn out to be self-fulfilling predictions, because in some cases the client will say: "I know what I want," and in other cases the broker will say: "I know what you want."

Don't forget that the recent tax changes have ramped up pressure on vehicles to be not just low-emission, but zero emission. Car makers acquired tremendous skills under the old tax system. So many cars ducked comfortably under 121g/km – Band D, the first that incurred a significant tax charge – that as many as a quarter of all new cars registered in the UK in 2016 paid no road tax at all.

This clearly did not please the tax man. Every time Porsche sneaked a supercar into the same category as a supermini, HMRC probably felt like someone was playing tennis with an oversize racket.

By the way, did any *Motor Finance* readers try out the driverless bus that was running around Greenwich in April? No pedals, no steering wheel, just a stop button like you find on escalators, and a person whose sole job was to press the stop button if things started getting a little bit too *Robocop*.

It did not move much faster than an escalator either, so it did not really represent a slice of the future in any useful, meaningful sense. Having "a stop button overseen by a trained operator", as a *Huffington Post* journalist described it with tongue firmly in cheek, will not be enough.

The last thing we want in a city environment is a bunch of trained stop-button operatives earning their salary by pressing the stop button. If traffic jams are what we want, then we might as well just stick with the current system – all the frustration, available right now. ■

Residual values: Are fleets at risk?

When completing lease agreements, the future residual values of the assets on offer are always on the minds of fleet lessors. **Saad Ahmed** speaks to Fleet Europe's Carlos Montero and Grant Thornton's Richard Parkin about current residual value trends in the automotive industry

Many factors can influence residual values and how they are calculated. The risk of actual residual values differing from their initial projections is real, and may result in considerable financial loss to the original lessor. Following the global financial crisis, residual values in the automotive industry plummeted.

Carlos Montero, chief executive officer at Fleet Europe, tells *Motor Finance*: "Residual values can be the biggest cost to fleets, with some vehicles depreciating quicker than others depending on what they are and how many of them are in the marketplace."

Montero adds that the dynamics of the used market have the greatest effect on residual values. "Vehicle specifications, market auction prices and historical data influence where prices are set," he explains. "Ultimately it comes down to what the used car market wants."

Counting the cost

"The largest fleets tend to have quite detailed models that take in all sorts of statistical correlations with GDP, fuel price, [and others] that they apply to get a view," Richard Parkin, associate director, strategy group, advisory at Grant Thornton tells *Motor Finance*.

Focusing on fleet lessors, he says inflation on new vehicles is a dominant factor affecting the calculation of residual values. "In terms of residual values, the main factor in play is new price inflation, which is partly driven by OEMs, but also by foreign exchange [rates], typically with the euro," Parkin explains.

The reason exchange rates can have such an impact on residual values is that international trade makes up the majority of the market, and therefore fluctuating exchange rates can have a large impact on vehicle prices.

Since the UK voted to leave the EU in 2016, the value of the pound relative to the euro has fallen sharply, from just under €1.30 the day before the referendum to €1.15 at the time of writing.

Parkin, however, says that with currency hedging by manufacturers continuing into the plate change, the pound's devaluation has not yet had a significant effect on residual values.

The fuel factor

In terms of asset class, diesel vehicles have seen some movement in residual values. This year the UK government announced plans to reduce diesel emissions. Some measures, such as the increase in Vehicle Excise Duty (VED) on vehicles that do not meet emissions standards, make some models more expensive to run.

However, rather than cause downward pressure, a last-minute surge in sales just before the VED increase came into effect led to a rise in diesel vehicle values on the secondary market.

"There was actually a scramble and a little uplift [in diesel sales] just before the change so people could buy certain types of vehicle," Parkin says.

"If you're the right side of the change, sometimes that can be beneficial because the tax is always going to be the same, and people bought those vehicles for a reason."

Montero says electric vehicles (EVs) have seen their residual values rise, as their abundance and availability on the secondary market increase. "Residual values on electric vehicles are strengthening, and will continue to strengthen as more people continue to become more educated in the way they view electric vehicles and how they perform," he notes.

Hybrids, rather than suffering from EVs entering the secondary market, have actually benefited. Providing a stepping stone to full electric vehicles, hybrids have successfully hitched a ride on the EV wave, and residual values are rising as a result.

"We've seen registrations of [plug-in petrol-electric hybrids] go through the roof, percentage wise," Montero says.

"Hybrids have strengthened as well, in line with electric vehicles – if anything just as a stepping stone to an electric vehicle."

Future values

While residual values involve many calculations, there is no guarantee that these numbers will hold true in the future. Following the global financial crisis in 2007, residual values cratered across a variety of asset classes. As late as 2009, residual values continued to fall across the board, and lessors felt the impact.

Parkin says residual values on vehicles collapsed due to oversupply. Fewer new cars were being sold, and they essentially went directly to the secondary market. The result was a price collapse.

"After the recession in 2009, we saw some very odd behaviour in residuals," he says. "They cratered in 2009 because people just stopped buying new, and there were all these new vehicles still being churned out."

Parkin adds that the Brexit vote, rather than depress residual values, led to price inflation. "If something now costs 20% more new, then people will stop buying new and buying nearly-news," he says. "It shifts demand down. The effect is to inflate residual values down the curve."

Montero believes EVs will not affect the residual values of hybrids in the near future. "There probably needs to be a lot more EV registrations to have more of an effect on the residual value of [hybrids]," Montero explains, noting that EVs had only recently begun to enter the secondary market.

He claims, however, that residual values of more established hybrids may fall as competition rises. "The brands with more established lifecycles, such as the Outlander, may see some residual values dip because they've taken a bit of a head in the market at the moment," he says.

Parkin does not expect London's toxicity charge for diesel vehicles to have a significant effect on residual values for diesel cars.

"The change isn't expected to happen until 2019," he says. "My experience of the automotive market is it tends to react at the last minute. It's really not going to apply to a bunch of people; it is, relatively speaking, a small area." ■

Whose data is it anyway?

The General Data Protection Regulations (GDPR) will come into effect in May 2018, fundamentally changing the way customer data is stored, used and passed on. **Saad Ahmed** speaks to Sofico, RSM, Pentana Solutions and Addleshaw Goddard about the changes, and their effect on motor finance

"It's the biggest change in data protection law in 20 years," Toni Vitale, legal director, data and information team at Addleshaw Goddard, tells *Motor Finance*. The EU has put the issue of data firmly back on the agenda with the General Data Protection Regulation (GDPR). Adopted in April 2016, the GDPR is the biggest overhaul in data protection law since the 1990s.

With the rules due to come into force on 25 May 2018, *Motor Finance* investigates the GDPR, unpicking what has changed from the old system, and how the updated regulations may affect the motor finance industry and its use of data.

Free movement of data

"We always talk about free movement of people, free movement of jobs, and free movement of capital. One thing that the GDPR helps to establish, by harmonising the laws everywhere, is free movement of data," Vitale says.

A major driver behind the introduction of the GDPR by the European Commission is the development of what the institution calls the Digital Single Market. The aim is to harmonise policy around the storage and use of data throughout the EU, and allow both individuals and businesses to carry data across borders. The GDPR will apply to all businesses operating in the European single market, including those based in other jurisdictions.

The last piece of EU data legislation, the 1995 EU Data Protection Directive, was not as direct as next year's GDPR regulations. Vitale says that unlike the GDPR, the previous legislation was given to states to implement in their own time, and, largely, in their own way. The UK's domestic regulation in line with the rules was introduced in 1998, in the form of the Data Protection Act.

"[The instruction was], more or less, 'implement these principles into your legislation'. Countries took several years to introduce that. We didn't pass our data protection law in the UK until 1998 – three years later," Vitale says.

He stresses that the more lenient nature of the previous directive led to differences in interpretation of what constituted certain types of data. This prevented the 1995-based wave of domestic regulations from offering the same protections and standards across European borders.

"For example, in Italy personal data about companies is personal data, whereas everywhere else in Europe it's personal data about individuals only. So there are some quite big differences," he explains.

Vitale adds that the GDPR went through many years of consultations and drafts before being set for a May 2018 implementation in 2016. "It started off five years ago with early drafts being passed between the Council of Europe and the member states, and the [European] Commission. And then, four years of drafts developed until it came into force in 2016, but with a two-year implementation period. So it has already been in statute books since May last year," he says.

The major difference between the GDPR and previous regulation lies in who holds liability if data breaches occur. The new regulations place responsibility on data processors, as well as data collectors, to ensure that their practices are in line and data is collected with consent.

"The key of the GDPR is fair, lawful and transparent processing. It's all about telling people what you're going to do with their data, and doing nothing else with it," says Bram Wallach, product manager at Sofico.

Bram Wallach, Sofico

Industry body Leaseurope held a policy lunch in Brussels in May with a variety of European vehicle advocacy groups. In the session, Leaseurope and the coalition of groups called for a common telematics policy across Europe, to allow "useful" data to be shared. The group claimed that telematics data was only shared with vehicle manufacturers, which limited the quality of data in the industry. It called for EU regulation to allow this information to enrich the common data pool.

Asked if the GDPR would help or hinder this ambition, Wallach says car manufacturers are currently able to claim data protection as a reason for failing to make connected car data more freely available across Europe in the industry.

"It's a very interesting debate, because the car manufacturers are hiding behind a number of arguments – some true, some false – in order to not make the data available," he says. "[One] argument is data protection and privacy, where all of a sudden car manufacturers seem to be the guardian angels of your privacy."

Wallach adds that while he believes that there will be a push towards more open data sharing between companies and across the continent, the GDPR will create stricter requirements for what is considered personal data: "Even a combination of data that would indirectly allow for identifying an individual – even location could be an indirect disclosure of personal data."

Dealing with it

The effect of the GDPR on dealers is likely to be severe. Accountancy business RSM has urged dealer clients to prepare for the upcoming regulations, warning that financial health and reputations could be at stake.

Steve Snaith, head of technology risk assurance and partner at RSM, tells *Motor Finance* that the first step for dealers is to ensure they know where their information is being held.

"They've got to make sure they know what information they have, where it's held, and where it's coming from – and if you're transferring data out, where it's going to," he says. "After that, they can do some checks, [seeing] if they've got the right controls to protect that information, and being compliant of the future GDPR requirements."

Mike Gadd, vice-president and UK general manager of Pentana Solutions, says dealers must seek advice from industry bodies. He adds that dealers must adjust contracts to gain explicit consent for data usage and sharing, in line with the upcoming regulation.

Gadd advises dealers to assess their current data collection procedure, and see where it may fall short of GDPR rules. "A natural starting point is to map current data collection and usage to identify gaps within the current compliance against the GDPR. This will enable the business to create a plan to meet the GDPR standards.

"More than this, it will help the dealer to collect customer data accurately and completely and gain their positive consent to ongoing contact," Gadd notes.

Focusing on online dealers, Snaith raises the issue of allowing would-be customers to opt in to sharing data, in contrast to many current models which prompt people to tick a box to opt out of their information being shared to third parties.

"There's got to be an opt-in for a potential customer to confirm if they're happy for their data to be captured and stored. Dealers generally have lots of personal information from customers, so you need a framework to ensure that the controls are there to protect that information, and that they have a good process to capture consent," Snaith says.

He adds that dealers must rethink how they approach data retention, and mentions third-party data processors, to which the GDPR has extended liability.

"How long are they keeping customer information for? There are three guidelines in terms of how long data should be kept, and there's more of an onus in terms of responsibility of data protection," Snaith tells *Motor Finance*.

"It's all about what information they have. How long have they had it? Have they got consent to hold it? And is it adequately secured? If they're dealing with third parties, are there contractual data-confidentiality agreements?" Snaith adds.

Fleet data

The implementation of GDPR will have an impact on the way vehicle fleets use data. Wallach says Sofico has designed a two-step process to help clients comply with the upcoming regulation. "First you remove data from operational use, and leave them in an access-restricted archive. The second step – and that could be after 10 years for instance – is removing it from that particular archive," he says.

Wallach states that data in the access-

Steve Snaith, RSM

restricted archive would remain available for legal or audit reasons, if the data is needed to identify an individual or their record. Once the second step is implemented, and the data is removed from the archive, the process is irreversible, and "there is no way to identify the individual any more."

Wallach adds that there is a conflict between data privacy and the need to keep data for legal reasons. "That is just our take on data retention, because we know there's a conflict between privacy on one hand, and legal retention periods on the other.

"I happen to know that most companies take it the legal way, and just make an argument for the longest retention periods as legally needed," he says.

He suggests that fleet operators may have to retain some individual driver information due to contractual agreements. "As soon as the contract has ended, and all financial settlements have been made, you could argue there's no reason any more to still know who that driver was," he says.

This reveals an issue with the GDPR, which many of those interviewed identify. The regulations – despite having added more specific terms and widened liability, and even providing examples – remain vague in many areas. The basic notions of what constitutes excessive data collection, and when this data is no longer needed, remain significant grey areas.

"The European Commission – and more broadly the GDPR – does not actually specify a lot of things in detail," Wallach says. "They stick to the principles – data minimisation and storage limitation – saying you are not supposed to capture any more data than strictly needed and you should not hold onto that data any longer than needed."

Wallach adds that the GDPR puts the onus on businesses to prove that they still require the data, rather than placing a set limit on the number of years for which data can be kept. "As a business you have to make an argument as to why you need the data. If you can't make that argument any more, then the data is supposedly obsolete or redundant," he explains.

At what cost?

When the GDPR comes into force in 2018, the regulations will have a profound impact on the way the automotive industry operates. Fleets operators will be forced to anonymise individual data, in a move which could hinder the development of more tailored solutions for drivers and customers. The potential sources of data that this may include may prove to be much wider than at present, which may cause operational issues for fleet lessors.

"A license plate is also to be considered personal data; a fleet might not think that's really personal data. The GDPR's summary says that when there's a reasonable chance that somebody could use that piece of data to identify an individual, then it's considered personal data," Wallach says.

"That reasonable opportunity might well be a friend working with the police for instance, who has got access to that type of database."

For companies such as Sofico that operate fleet software, contractual agreements between all who handle the data must be devised. "That means that data controllers – so our customers in this case, the fleet operators, fleet companies and leasing companies – need clear contractual relationships with any of their data processors, including hosting companies," Wallach says.

It is not inconceivable that the increased legal hurdles may, for many companies, impact prices for the end user. "It's certainly not going to reduce costs, but there may be some value in properly specifying data capture, processing, retention and disposal," Wallach says, adding that while the contractual nature of the industry may prevent costs rising, online companies in other areas may see increased hurdles.

"Free services on the internet will probably suffer the most, because where they were able in the past to compensate for the cost by using all kinds of advertising and profiling, that's going to be a lot more difficult in the future," he says.

Speed of service is one factor which may necessarily suffer as possessing demonstrable GDPR compliance is required. "It's going to add some time to that," says Wallach.

"The GDPR has inverted the reasoning: All of a sudden, the controller and the processor are now supposed to demonstrate compliance, under the accountability principle of GDPR Article 5," Wallach adds.

"When they come knocking at the door and you cannot demonstrate your compliance, you're likely to get into trouble with the data protection authority and you could ultimately be fined." ■

Connected cars: opportunities and threats for motor finance lenders

While connected cars present clear revenue opportunities for OEMs, motor lenders are searching for ways to leverage the trend. Motor Finance examines the potential to monetise data from connected cars, while improving service and creating more innovative and transparent finance products

By 2020, research firm Gartner predicts that the number of connected cars produced annually will reach 61m. That compares to just 12.4m in 2016. Not only is the production of connected cars increasing globally, the revenue opportunities associated with them are also growing.

According to KPMG's 2017 *Global Automotive Executive Study*, 76% of respondents believe that one connected car can generate more revenue streams than 10 conventional cars, largely thanks to the data they provide. In fact, 80% of executives agree that data will be the fuel for future business models, and 83% believe they will make money from that data.

The key word here, though, is 'believe'. The connected car industry is very much in its infancy. As such, it can be challenging to see precisely where the opportunities lie and to gauge quite how large they might be, especially from a motor finance lender's perspective.

As Tom Stinton, head of product at Intelligent Environments, explains: "I would say the connected car is currently similar to the iPhone within a year or two of its launch. People were just starting to get a real inkling of what a smartphone could do, but not everyone had one. Likewise, the providers of apps and services were only just learning what the capabilities were," he notes.

Looking at the current state of play for connected cars, Stinton says many new vehicles have screens built into their dashboards and "infotainment" systems that offer wireless connectivity, so the technology is "getting there". The challenge, however, is that "no one has really figured out the best way of using it yet."

This notion of early-stage tech that requires a more concrete value proposition is echoed by Spencer Halil, managing director of Alphera. Aside from insurers using telematics to tailor premiums and investigate accidents, he says one of the most interesting connected car innovations right now is the Citroen C3, which can take photographs and send them back to social media platforms.

"Examples like this show that technology is just on the brink of doing something really interesting," he comments. "But we're not entirely sure how we fit into that yet."

Lauren Pamma, head of fleet consultancy at Lex Autolease, agrees that connected car technologies – and their benefits – still require some development. She says: "On a scale of one to 10, we're at two or three at the moment. Cars can connect to the radio, or to a smartphone, and they can send data back to the OEM, but they're not yet at the stage where they're talking to other cars, or sending traffic information, for instance."

Of course, some manufacturers are starting to push the boundaries. "Jaguar's cars now talk to Shell petrol stations, for example," says Pamma. Yet the vast majority of connected cars still have much greater potential to achieve.

According to Jean-Louis Labauge, managing director of RCI Financial Services, connected cars are a "foundation brick" for the move away from car ownership towards usership, and the general trend towards providing mobility solutions or services.

This is something Labauge sees as developing rapidly, and notes: "We are not talking of fiction, we are not talking of something that will happen in 30 years; we are preparing ourselves to be ready for that."

Before connected cars are able to truly flourish, though, Allan Cummings, digital channel manager at Moneybarn, believes network speeds must be improved. "Lack of access to high-speed networks is an Achilles' heel in the connected car development path – at least for the immediate future," he says. "Access to 4G and 5G networks will therefore provide a step change within the connected car market."

Revenue drivers

Against this backdrop of challenging network speeds and the very nature of the nascent connected car industry, Cummings believes it is too early to speculate on what direct opportunities are exploitable within that market. There are too many uncertainties to take into account, including the fact that "not all connected cars or services are equal; they vary significantly according to the OEM's level of adoption and implementation," he says.

What is certain, however, is that connected cars are more expensive than conventional vehicles. Chris Bosworth, director of strategy at Close Brothers Motor Finance, explains that the tech being incorporated into connected cars is already translating into an increase of around 30% in automotive revenue pools. For motor finance lenders, he says the higher ticket value is a double positive, "not just because we're lending more money, but the higher loan size is also good from the point of view of operational costs, since it's more efficient to process bigger loans."

Another positive Bosworth sees from connected cars is that the renewals cycle may accelerate. "Just as people want to change their mobile phones more often, people may want to change their cars more frequently as well. We're already seeing that to some extent. Where people used to buy a new car every five years, that has now shortened to every three years; but it could come down to every two years if people want the cutting-edge connectivity services that come with these high-tech cars. That will provide another boost to the motor finance industry."

There is a far more significant opportunity coming down the line, however. Today, data is a digital currency in its own right – and connected cars, together with the Internet of Things (IoT), are bringing about a paradigm shift in how much data can be collected from vehicles.

According to Cummings, connected data falls broadly into three categories: vehicle OEM service and accident related data, enhanced user experience data streaming from third party services and OEM service partners, and incidental data from associated technologies, such as car-to-car and street-to-car data interactions. Each will have its own use, and together they will create a fully connected car. For lenders, this presents numerous opportunities, ranging from better customer service to new financing propositions and strategic marketing windows.

"From a finance company's point of view, the real opportunities are going to come when we create apps that allow the customer to interact with their car," states Halil. "Those apps will then become the platform the customer uses for interacting with their finance company and their manufacturer. For instance, the driver might use the same app that they use to interact with their car to check figures in their finance contract, like mileage. It's an opportunity for motor finance lenders to become a valuable part of the connected car ecosystem."

New finance products

Becoming "valuable" is about much more than having an app presence, though. Adjusting business models to fit with the new ecosystem will also be critical. As Bosworth notes: "Motor finance lenders need to start thinking about financing mobility rather than financing cars. At the moment, if you take a PCP agreement, we ask people to predict what mileage they're likely to do, and then we assess the car's wear-and-tear at the end of the agreement. In a connected car, you could do that dynamically on a pay-per-mile basis – rather like a smart meter does for electricity."

The customer would still be charged a regular amount every month, he stresses, but


Spencer Halil, Alphera

they would be able to see whether they are in debit or credit, based on their mileage or the wear on the car. "That would be a much more transparent finance product than a PCP where the driver essentially guesses their mileage at the beginning and says they'll take really good care of the car, and then three or four years later when they hand it back, they've done twice as many miles and twice as much damage, leaving them with a big bill to pay."

Labauge says the rise of connected cars means finance houses have the opportunity to develop new services beyond traditional financing. An example at RCI is the new Micra, which comes with a car-sharing solution provided by RCI Financial Services.

Lex Autolease's Pamma, meanwhile, sees safety benefits and added-value opportunities in gathering data around mileage and speed. "Using telematics, it would be possible to send alerts to the customer letting them know that the way they drive is costing them £10 extra in fuel each month and suggesting ways to save on their fuel, including driving tips and alerts for petrol stations with cheap prices nearby.

"The tech could also alert customers – and insurers – to instances where they are braking or accelerating too quickly, or cases of speeding, as well as letting them know if they've been driving for too long without a break," she explains.

Elsewhere, location data could be used to make the life of customers and finance providers that much easier. As Stinton notes: "If you've got an agreement that says the driver must notify you when you're going abroad, then having the car do that on the driver's behalf off the back of its geolocation, with the driver just confirming the details from the dashboard, means the finance provider gets the information they need on a timely basis, and it's one less thing for the customer to worry about."

An additional benefit of location tracking, especially for lenders in the subprime market, is that there is "even more security over the asset, because you know where it is at all times and you'll be able to go out and recover it if the worst comes to worst," says Pamma. Nevertheless, Karl Werner, divisional CEO of motor finance at MotoNovo, says that whether you are tied into an OEM or are an independent finance provider, "tracking cars isn't really the priority."

He raises the question of whether tracking is a breach of treating-customers-fairly rules, adding that "agreeing to lend based on the ability to track a car, rather than affordability or other assessments, is probably not the wisest thing to do."

Werner would far rather look at the opportunities without any of the "boring, traditional perspective around recovering an asset." Instead, he advocates thinking about what connected cars and data mining could do for the customer, as well as the lender's product mix.

Thinking big

With that in mind, it is important to remember that the potential of connected cars goes far beyond existing propositions. There is scope, in the future, for lenders to extend their offerings into exciting new territories, like payments from the dashboard of a connected car.

Stinton says: "If you're a car finance company, you've already got some form of direct debit or financial connection with the driver. Using that direct debit, or by asking the customer to register their debit or credit card details, all of a sudden you can talk about using the dashboard screen, speakers and microphone as a means for people to make payments."

These payments, he elaborates, could be for goods at a petrol station or drive-through. They could be used at tolls or car parks, and there could potentially be a link with the congestion charge in London, for example.

"If you're the finance provider, and you're enabling people to make those payments securely, safely, and easily, then that gives you an opportunity to source even more data on the driver," he adds.

While Pamma says this is a "long way off" she agrees that the car becoming a customer's payment system would allow lenders to access data around payment behaviour. In turn, this should enable motor finance companies to better understand how the customer spends their money, and what their future financing needs may be.

Finance houses are in many ways better positioned to deliver these services than parent manufacturers, according to Labauge, because they are already used to regularly interacting with the end customer.


Karl Werner, MotoNovo

Payment options built into connected cars also offer more brand exposure, Stinton continues. "One of the biggest challenges for car finance companies, if they're not with the OEM, is that people tend to forget the details of who is providing the finance.

"If you've got some connected car applications which are branded from a finance perspective, you're helping to keep your brand front of mind, ready for when the driver is thinking about upgrading their car."

Another future opportunity for lenders to consider is the communication between different connected cars on the road. "This will enable real-time traffic flow information, real-time reporting of incidents and accidents, and even potentially real-time weather information, based on the temperature the car is reading, or the speed of the windscreen wipers, for instance," explains Halil.

All this data gives rise to significant monetisation opportunities, and Halil believes that in the not-too-distant future, "the car will be far less important than the data-driven opportunities in terms of total value to an organisation like BMW." At that point, "the price that cars are sold for becomes far less important. Getting them out on the road in a huge quantity, would be more vital," he muses.

This leads on to the concept of the "zero -dollar car" whereby data from a connected car can be sold off to third parties, meaning that a customer can run their car for free.

Pamma says: "You can sell the traffic data off to the highways agency, sell data about the weather off to the weather channel and so on. Then it doesn't cost you anything to run your car because you've sold your data.

"Whether people will be happy to do that and sign away their privacy is another matter, though."

Data ownership

Pamma's point gets to the heart of two of the toughest questions in the connected car market today: Who owns the data – and what are the privacy rights around that data?

There are no straightforward answers, although Labauge notes that all players will have to behave in a customer-centric manner, and get to know their customer much better than they have in the past.

The consensus is that more legal work needs to be done in this area, and soon. "As an OEM, and even a lender, you've got to get your approach to data gathering and data privacy right," says Halil. "The implications if you get it wrong are really quite significant. The last thing you want to do is burn customer confidence by doing it incorrectly or being too heavy-handed around your messaging."

Furthermore, driver data gathered in one channel cannot necessarily be used in another, or for promotional purposes.

"We can use the customer data that we capture to provide a service to our customers, such as sending their annual statement, but that doesn't give us permission to also send them a marketing message," says Halil.

"They have to let us know that they're happy for us to do that. It's not even the case that data captured via one channel, like email, allows us to communicate across another, like SMS. That's a big question that is going to be fundamental to how the whole connected car space evolves."

Labauge describes the use of data as a balancing act: Customers want to know their data is being protected, but at the same time will expect the OEM to remember what deal they have with the finance company, what type of car they've got, the car's colour, and so on. "This is where we have to be innovative, and where we have to be in a position to overcome the difficulty rising from this contradictory customer expectation," he adds.

MotoNovo's Werner, meanwhile, feels that OEMs should be less inclined to tread on eggshells, and that data gathering is an accepted part of modern society. "The connected car data will end up being a condition of usage. For example, you can't enter Disney World unless you give them permission to use your image and your data. You can't opt out, that's the end of it.

"That's not to say that the data should not be safeguarded and treated with great care, but if you buy a connected car, you're having your data taken and used by that manufacturer, end of story. If you don't like it, you should go and buy another car."

Whichever view prevails, one thing is sure: Independent finance companies need to think about how they compete with OEM finance companies in terms of data gathering.


Jean-Louis Labauge, RCI

Halil says: "I think that the OEM finance companies are probably going to be better equipped to take advantage of the connected car technologies, when those data ownership and privacy issues are tackled. By definition, the data will be available to the OEM companies, and probably not available to the independents."

This is leading some independents to see a greater need for partnerships going forward. "The way that the finance company is going to be able to add value to the customer experience, is by being involved with the connected ecosphere that the OEMs create," comments Halil.

Similarly, Pamma believes more partnerships will be required in the years ahead, not just between OEMs and finance companies, but also with "third parties that spring up in between and link the manufacturers and the finance companies using that data."

This, says Bosworth, could lead to a "shared data model whereby the customer receives marketing disclaimers associated with the connected car. 'Are you happy to share your information with the dealer? Are you happy to share your information with the finance house? Tick to say no, and if you don't tick, it goes to whoever you didn't tick the box for.'"

Cummings agrees, saying that independent finance firms will probably "access connected car data via third-party relationships that are most likely legally available for lender use, where opt-in consent could match existing privacy laws and therefore a legal relationship could be established."

It is not just the OEMs that have direct access to driver data, however. The choice of operating system (OS) within a connected car could mean that the likes of Google and Apple have a monopoly over data.

"Manufacturers have a tough choice to make," says Stinton. "They have to decide whether they go with Apple or Android in-car OSs, whether they make their own, or whether they club together as car providers and do it themselves, without involving the big car companies."

The advantage of going with Apple or Android, he says, is that those companies "know what they're doing, and they provide a lot of services for free. It would enable an OEM to get off to a very fast start. And in the long term, one or both of those OSs will be an incumbent in the connected car space."

The downside, however, is that "if Android is in your car, Google can collect a whole raft of information about the driver and what they get up to. As such, car manufacturers need to be aware that if they decide to use an external OS rather than build their own, they may be giving away unique data opportunities."

An additional challenge is that customers are now waking up to the value of their data. For OEMs and lenders alike, this introduces an imperative to ensure the customer does not feel their data is being used for free. What's more, as Cummings notes, connected cars are not necessarily linked to a single individual or occupant but by Vehicle Identification Number, exposing drivers' data and behaviours without consent.

This, he says, will be impactful when connected cars are sold and test driven, "requiring access to driver data on a temporary basis, while still leaving a data footprint to be managed within the automotive sales cycle."

Used car challenges

In terms of what happens to data in the used car market, Werner believes that this has not yet been thought through properly. He asks: "When a car changes hands, how do they amend the database so they know they're tracking and marketing to someone entirely different?"

According to Bosworth, "Technically, when a customer gives their car back or sells it, the data is supposed to be wiped by the manufacturer and the next driver will start afresh. But who will actually be given access to that data on the next driver? Is it the finance house? Is it the dealer? Is it the manufacturer still, even though they weren't the retailer of the vehicle? It's quite uncertain at the moment."

Pamma also believes that it is hard to have all the answers just yet. She confirms, however that, "in theory, the manufacturer's system should be wiped completely when you reach the end of the first user. Then it should be pushed back into the used car again, via a system download, as a clean slate.

"Ultimately if the car is connected, you should just be able to remotely wipe everything that's in it, and refresh it. That's also how you make sure you've got the latest operating system in there."

This will be a challenge for the used car industry as a whole, she says, because the rate of change of technology is so fast that while customers might be happy with a three- or four-year-old car, they will not want technology that is three or four years old.

What's more, from a motor finance lender's perspective, technology – especially old technology – can significantly impact depreciation curves.

Bosworth comments: "At the moment, a car's useful life is around 15 years. When the value shifts away from the metal to the technology, the useful life might only be five years. So, even if someone is changing their car every year, you've only really got three or four owners of a vehicle before it is effectively worthless." Used car lenders must therefore keep "right on top of the valuation companies and make sure that they know how to assess the technology correctly."

Elsewhere, Bosworth says lenders in the used car market should expect to see more price negotiations with customers based on the value of data: "You might find that the customer will start say to the dealer, 'you can have access to my data, but I want XYZ discount on the car.' Or they might say to the finance house, 'you can have my data, but I want X% off the APR.'" Motor finance lenders therefore need to start thinking about new business models that offer flexibility in pricing based on the amount of data the customer is prepared to surrender.

Alongside this, lenders must also consider how to keep customer data safe. As Cummings points out: "Connected car technologies are still young and most vulnerable to cybercrime associated with fraud, data theft and infringements of privacy laws across international borders."

Since connected cars store and maintain data within a cloud server, this also extends vulnerability beyond the OEM onto a third party's security protocols, he says. Motor finance lenders must therefore make cybersecurity a priority, not least since data breaches could lead to significant reputational damage and loss of trust.

In turn, any loss of trust could open the door for new rivals to start taking business, and Labauge notes the importance of being vigilant against fintech companies and startups which might approach the market from a different angle: "If we only concentrate on our usual business, on the usual needs of the customers, we may forget about other needs or other value propositions that can come from different or unknown competitors."

Carpe diem!

It's not all doom and gloom, however. While the risks of connected car technologies may seem daunting, arguably the greatest threat for motor finance lenders is failure to embrace them.

After all, connected car technologies offer significant opportunities for motor finance lenders to improve the customer experience around their current propositions. Moreover, connected cars will lead to new business models that generate revenue through data and new finance products that give the customer what they truly want: transparency.

Finally, it is worth noting that today's connected car is tomorrow's autonomous car. By acting now to leverage the opportunities around connected cars, lenders will be in a stronger position to innovate successfully when the driverless car comes of age. ■

Divido and conquer

While finance is readily available at POS for the purchase of a vehicle, those looking to pay for a service in instalments are, as a general rule, not nearly as well served. **Jonathan Minter** speaks to Christer Holloman, CEO and co-founder of Divido, to find out how he is looking to change this

Divido offers the automotive world a simple-sounding product: the ability to offer finance on the aftersales requirements of consumers, such as repairs and services, at garages and dealerships.

Entering last year's BMW Innovation lab as an intermediary between its lending panel and retailers, Divido now operates at over 60 BMW retailers nationwide. *Motor Finance* spoke with chief executive officer and co-founder Christer Holloman to find out how this is progressing.

MF: Tell me a little about what you offer.
CH: We have one solution and platform that we offer to all our retailers, and there are three things that make that platform unique. Divido is omnichannel. The finance solution is not available just in a physical retail space, like a dealer; it also works on a website and on telesales. So regardless of where the customer chooses to interact with a car company, if they want to finance, we have a platform that allows the customer to apply and get credit.

Our second USP is we're a multi-lender. We have several lenders on our panel, which means they're all competing for business, which drives down the cost of the credit, and drives up the number of customers being accepted. That's something garages, dealers and retailers really like, and it's also something consumers really like.

You offer 0% finance in a lot of cases. Is there one lender that offers that?
We have curated a panel of multiple lenders. We work with the manufacturers and car dealers to understand what they'd like to offer, and based on what they're interested in – be it interest-free or interest-bearing – we'll get the best quote from the market place.

One thing to mention here is that some automotive companies will have their own financing arms. They can choose to be on the panel or choose to outsource the lending to the panel. So BMW may wish to test the market by letting other lenders lend to the customers in the pilot stage. And as and when they think this a big enough of an opportunity, they can become a lender on the panel. And they'll have the power to decide if they should be the only lender on the panel, or if they like the idea of having multiple lenders to drive up accept rates. It's completely flexible to the finance company.

What did you learn in the Innovation Lab?
This brings me onto the third unique point. Divido is multi-country. We integrate with dealers or retailers, and the solution will work in all the markets and countries they're in. BMW being a global brand has given us a fantastic experience to learn and work with a big multinational automotive manufacturer. That's been the single biggest takeaway. For a young, fast-growing business, the opportunity to learn how to navigate, network and build relationships with a big multinational has been tremendously rewarding.

How did operating in a dealership differ from operating in other markets?
The main difference is that garages and retail dealers produce quotes for customers. They say "you could spend £4,000 on all these things, or £3,500 on these", so very often the customer is presented with a shopping list of alternatives, and they are asked what they would like to go ahead and buy.

That's where finance works really well. Customers might think it's expensive to buy all of the recommended repairs, but when it becomes easy to spread the costs interest-free for 12 months, it becomes more palatable. Whereas in the traditional retail world, the customer comes in, says "that's what I want" and that's typically the end of that journey, with the finance offered for that product.

What are you financing in dealerships?
We started with financing services, but we're signing up to bodyworks and insurance excess fees. Accessories are also on the radar, but that's not something we're pushing at the moment.

Why has something like this not been offered by or for dealers before?
I think the importance of finance has always been focused around financing the vehicle. Increasingly there has been an awareness of customer perceptions, improving the experience and managing ownership of the lifetime of the vehicle. Businesses are becoming much more customer-centric. I think it's this increased customer-centricity which is driving this.

Also, with consumer confidence flatlining a little with everything going on in the world, anyone selling expensive things needs to work harder to make it easier for customers to spread costs and manage unexpected bills.


Christer Holloman, Divido

Another thing is that we're seeing an increase in used car sales, so there are going to be more older cars on the road, more cars coming into the service station, and therefore more quotes to be produced, probably. We need to be clever in how we increase the conversion from giving a quote and making the repair work. So increasing the utilisation of the workshop is kind of our goal.

What is the most popular product for you?
Around 90% of our orders are for interest-free, 0% APR. That's carried over to dealers as well. BMW do six and 12 months interest-free. That probably makes the most sense to the customer, and is the most convenient way for a customer to say yes to a quote.

You spoke about being an international company. How far along are you in international expansion?
Divido started trading 18 months ago in the UK, and this year we're launching in eight new countries across Europe. We've signed up for multinational exclusive contracts with brands like HTC, Lenovo and Motorola, so mostly consumer electronics so far. I can't comment on the stage we're at with BMW beyond the UK.

What other considerations are there?
There are three reasons our dealers use POS finance: It helps them attract more customers by broadening the addressable market; it greatly increases average order values; and it also improves conversion rates.

I think this will become a hygiene factor. When a critical mass of garages are offering finances, the others are going to have to offer that as well; it will become expected. ■

FLA motor finance statistics

Cars bought on finance by consumers through dealerships

	Apr 2017	% change on prev. year	3 months to Apr 2017	% change on prev. year	12 months to Apr 2017	% change on prev. year
New Cars						
Value of advances (£m)	1,174	-19	5,605	+3	18,320	+6
Number of cars	61,434	-28	305,190	-5	1,030,839	0
Used Cars						
Value of advances (£m)	1,204	+4	3,809	+8	14,006	+11
Number of cars	109,244	-1	342,797	+3	1,273,976	+7

Cars bought on finance by businesses

	Apr 2017	% change on prev. year	3 months to Apr 2017	% change on prev. year	12 months to Apr 2017	% change on prev. year
New Cars						
Number of cars	47,672	-7	138,382	-2	502,726	-2
Used Cars						
Number of cars	2,780	-8	11,005	+15	53,226	+42

Analysis

The new car market fell sharply year-on-year, roughly mirroring the fall in new car sales recorded in April.

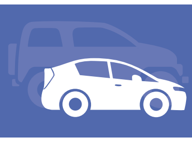
The used car sector experienced a slight decline by volume, but continued to increase by value.

FLA head of research and chief economist Geraldine Kilkelly said: "The fall in new business volumes reported by the POS consumer new car finance market is in line with recent trends in private new car sales. Many customers brought forward their car purchases ahead of changes to vehicle excise duty effective from 1 April.

"In the first four months of 2017, POS consumer car finance new business volumes were 1% higher than the same period last year. We expect broadly stable new business volumes in this market in 2017 as a whole."

86.2% Share of consumer car purchases financed at the dealership in past 12 months

-0.3 Percentage point change from previous month



Motor industry (stats from the SMMT)

New car registrations

	May 2017	May 2016	% change	Market share May 2017 (%)	Market share May 2016 (%)
Diesel	81,489	101,844	-20.0	43.7	50.0
Petrol	96,518	96,110	0.4	51.8	47.2
AFV	8,258	5,631	46.7	4.4	2.8
Private	76,554	89,054	-14.0	41.1	43.7
Fleet	103,657	109,489	-5.3	55.7	53.8
Business	6,054	5,042	20.1	3.3	2.5
Total	**186,265**	**203,585**	**-8.5**		

Market share of different brands

Brand	March sales	Trend	Market share May 2017 (%)	Market share Mary2016 (%)
Ford	20,514	▼	11.01	11.66
Volkswagen	15,656	▲	8.41	7.88
Mercedes-Benz	14,660	▲	7.87	6.74
Vauxhall	14,041	▼	7.54	8.01
Audi	13,764	▼	7.39	6.86
BMW	12,731	▼	6.83	7.58
Nissan	10,627	▼	5.71	5.37
Hyundai	7,321	▲	3.93	3.55
Toyota	6,720	▼	3.61	3.51
Skoda	6,713	▲	3.60	3.03

May best sellers

Fiesta	7,618
Golf	5,449
Qashqai	4,970
Focus	4,455
Polo	4,247
Astra	4,170
Corsa	4,056
C Class	4,046
Mini	3,535
A Class	3,367

Analysis

- **The new car market continued to fall in May, after a near 20% contraction in April.**
- **Diesel sales continued to lose marketshare.**
- **AFV sales grew by more than either petrol or diesel.**
- **SMMT chief executive Mike Hawes said: "We expected demand in the new car market to remain negative in May due to the pull-forward to March – which was an all-time record month – resulting from VED reform. Added to this, the general election was always likely to give many pause for thought and affect purchasing patterns in the short term. Although demand has fallen, it's important to remember that the market remains at a very high level and, with a raft of new models packed with the latest low emission and connected technology coming to market this summer, we expect the market to remain strong over the year."**

Used car values

Car product sold unit market performance – May 2017

	Up to 1 year old				1-3 years old				3-5 years old			
Body type	**Ave. age**	**Ave. sold (£)**	**% of CAP Clean**	**Price vs previous month (%)**	**Ave. age**	**Ave. sold (£)**	**% of CAP Clean**	**Price vs previous month (%)**	**Ave. age**	**Ave. sold (£)**	**% of CAP Clean**	**Price vs previous month (%)**
Saloon (2.0 or less)	8.70	20,360	99.21	106.71	25.36	15,034	99.25	99.91	44.16	10,431	99.39	100.08
Saloon (greater than 2.0)	7.28	29,245	98.00	94.80	25.76	19,022	97.75	100.97	43.96	13,400	99.74	97.00
Hatch (2.0 or less)	8.87	14,150	101.08	101.17	25.24	9,547	98.48	99.50	43.63	6,981	98.79	99.38
Hatch (greater than 2.0)	7.88	24,105	103.67	67.56	26.76	22,810	98.34	108.53	44.00	18,907	99.58	99.88
Mini MPV (2.0 or less)	8.89	17,896	102.54	93.92	24.22	10,018	97.25	100.40	42.81	7,379	94.86	98.09
Large MPV (greater than 2.0)	10.91	28,750	96.48	154.16	26.27	21,209	101.44	123.56	50.60	14,028	99.22	114.18
Estate	8.21	19,929	102.69	104.52	24.76	14,431	98.94	98.15	43.50	9,468	97.79	99.83
4x4	7.61	29,509	101.89	94.28	25.84	18,411	98.97	93.94	43.67	15,093	98.27	99.26
Coupés	8.94	23,449	101.40	105.66	26.02	17,653	98.68	95.45	43.47	12,611	100.88	101.97
Roadsters	7.68	40,805	108.04	95.76	27.63	19,294	102.52	114.97	44.23	13,670	102.58	98.93
Convertibles	7.95	24,179	103.92	98.09	25.44	18,175	100.27	111.84	44.95	11,815	101.66	96.59

OBSERVATIONS Tim Naylor, BCA

Average used car values remained at near record levels at BCA in May as professional buyers continued to bid strongly on a wide range of stock. However, with high volumes of stock continuing to reach the wholesale sector and a slight change in mix that saw greater numbers of dealer-PX cars reaching the market in May, the headline figure fell for the first time since December.

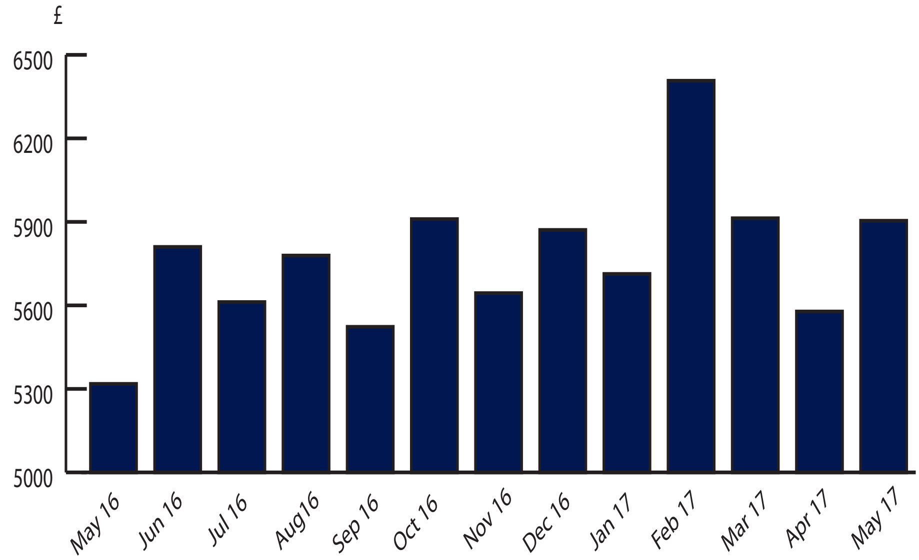
At £8,861, the headline figure in May fell by £229 (2.5%) from the record value of £9,090 achieved in April. Year-on-year, average values rose by exactly £600 (7.2%) – a result of ongoing steady levels of demand and BCA offering a richer mix of stock with a lower age and mileage profile.

For the third month running, average values in the fleet and lease sector remained at or near record levels. This sector saw values average £10,446 in May, a small month-on-month fall of just £27 from April's highpoint. Retained value against original MRP (Manufacturers Retail Price) fell slightly to 42.63%, while year-on-year values were up by £540 (5.4%), as both age and mileage continued to decline.

There was a similar small fall in the dealer part-exchange sector, where values averaged £4,658 in May, down just £18 on April's record figure of £4,676. Longer term values have been relatively stable, with year-on-year values ahead by £168 (3.7%), with average age and mileage little changed over the period. Values for nearly-new vehicle values rose by £318 in May to £18,346, equivalent to a 1.7% increase. Model mix has a significant effect in this sector.

May generally saw a very similar price performance across the board to April, with comparable conditions holding sway. Professional buyers remain very selective, often buying to order and focusing their attention very firmly on the ready-to-retail vehicles that can be churned quickly. The best presented and specified cars are selling quickly, and may well exceed guide expectations. The budget end of the market is relatively strong, providing the condition is good and vehicles are sensibly appraised and valued.

Car product sold unit market performance – May 2017



Source: Manheim Remarketing

> **"We saw strong selling prices in May, driven by a shift in stock profile, with a higher proportion of higher value, ex-fleet cars."**

74.8% UK employment rate

4.6% UK unemployment rate

2.6% UK CPI

3.5% UK RPI

–5 (▲2) May Consumer Confidence Index (source: Gfk NOP)

+9 (▲2) December Consumer Confidence Index (Large purchases) (source: GFK NOP)

BASE RATE 0.25%

Europe focus

Vehicle registrations from the largest EU countries by volume (data supplied by ACEA)

Country	Apr 2017	Apr 2016	% Change	Jan-Apr 2017	Jan-Apr 2016	% Change
Germany	290,697	315,921	-8.0	1,135,381	1,107,345	+2.5
UK	152,076	189,505	-19.8	972,092	961,285	+1.1
France	171,871	182,863	-6.0	712,925	699,245	+2.0
Italy	160,359	168,135	-4.6	743,321	688,497	+8.0
Spain	101,375	100,279	+1.1	409,286	385,773	+6.1
EU Total	1,191,034	1,274,685	-6.6	5,332,854	5,093,943	+4.7

Analysis

Motor Finance reviews the European car market

The number of passenger cars registered in the EU fell by 6.6% year-on-year in April, according to the European Automobile Manufacturers Association (ACEA).

Registrations were down to 1,191,034 units, which the ACEA attributed to Easter falling in April this year. Most of Europe's major markets experienced a decline in sales, with the UK experiencing a 19.8% fall in passenger car registrations.

Of the remaining 'big five' economies, German passenger car sales fell by 8%, France by 6%, and Italy by 4.6%, with only Spain seeing a slight increase of 1.1% in April. The 'EU-12' countries, those who joined the EU since 2004, posted an 8.2% year-on-year increase over the same period.

While the month saw the overall market shrink, a number of countries experienced strong year-on-year growth. Croatia, Bulgaria, Lithuania, Poland and Portugal all recorded double digit growth in the period.

From January to April 2017, passenger car sales increased in all of the major European markets. In the EU as a whole, registrations rose 4.7% to 5,322,854 units.

Italian sales increased by 8%, followed by a 6.1% increase in Spanish sales. Passenger car sales in German increased by 2.5%, France by 2%, and the UK by 1.1%, despite the sales declines in April.

Jun personal loan rates

Supplier	Interest rate	Comments
M&S Bank	2.8%	Applicants must have a minimum annual income of £10,000 to apply.
Sainsbury's Bank	2.8%	Customers can apply to take a two month payment break at the start of their loan.
TSB	2.8%	Customers can take a break with up to two one-month repayment holidays every year.
RateSetter	2.9%	Must be 21 or over, a UK resident for three years and have a regular source of income.
Cahoot	3.0%	Applicants must be a UK resident aged 21 or over.
Clydesdale Bank	3.0%	An early repayment charge may be applicable if loan is paid off early.
IKANO	3.0%	
Yorkshire Bank	3.0%	An early repayment charge may be applicable if loan is paid off early.
Zopa	3.0%	Must be over 20 years old with an annual income of at least £12,000.
Santander	3.1%	Must hold a 123 World product, or be a Santander Select customer to be eligible.

Rates apply to an £8,500 loan, repayable over four years
Source: moneysupermarket.com

FLA Vehicle Recovery Scheme (in association with HPI Crushwatch)

Top 5 marques recovered, May

Vehicle make	Quantity	Value
Vauxhall	142	£563,545
Ford	103	£560,245
BMW	82	£851,075
Audi	79	£875,655
Mercedes-Benz	73	£1,163,525

Top 5 recoveries, May

Vehicle make	Model	Police Force	Value
Bentley	Continental GT S V8	Greater Manchester Police	£111,400
Mercedes-Benz	G63 AMG Auto	Hampshire Constabulary	£82,500
Land Rover	Range Rover A-Biography T	Metropolitan Police	£55,400
Land Roverq	Range Rover Vogue TDV6 AU	Cheshire Constabulary	£55,300
BMW	M4 Competition Package S	Metropolitan Police	£46,700

Police force of the month

Metropolitan

Value of vehicles seized:

£1,928,140

May recovery update

Total HPI Crushwatch enquiries	9,892
Total finance hits	813
Value of finance hits	£6,456,795

HPI Crushwatch is an online service aimed at helping lenders reclaim vehicles with outstanding finance before they get crushed.