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THE JOURNAL FOR THE CAR FINANCE INDUSTRY

Motor Finance

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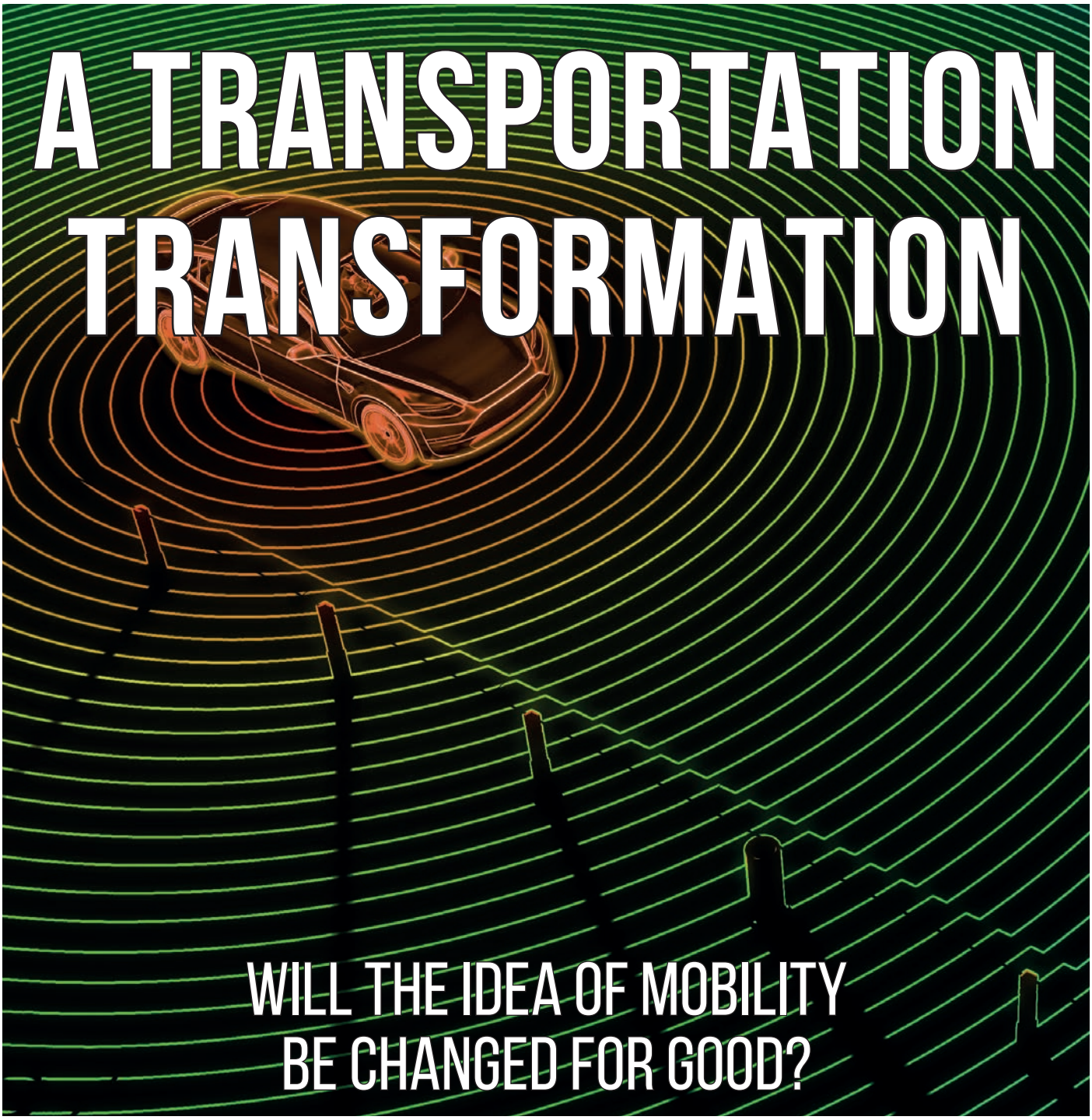


WILL THE IDEA OF MOBILITY BE CHANGED FOR GOOD?

COMMENT

To repossess or not to repossess

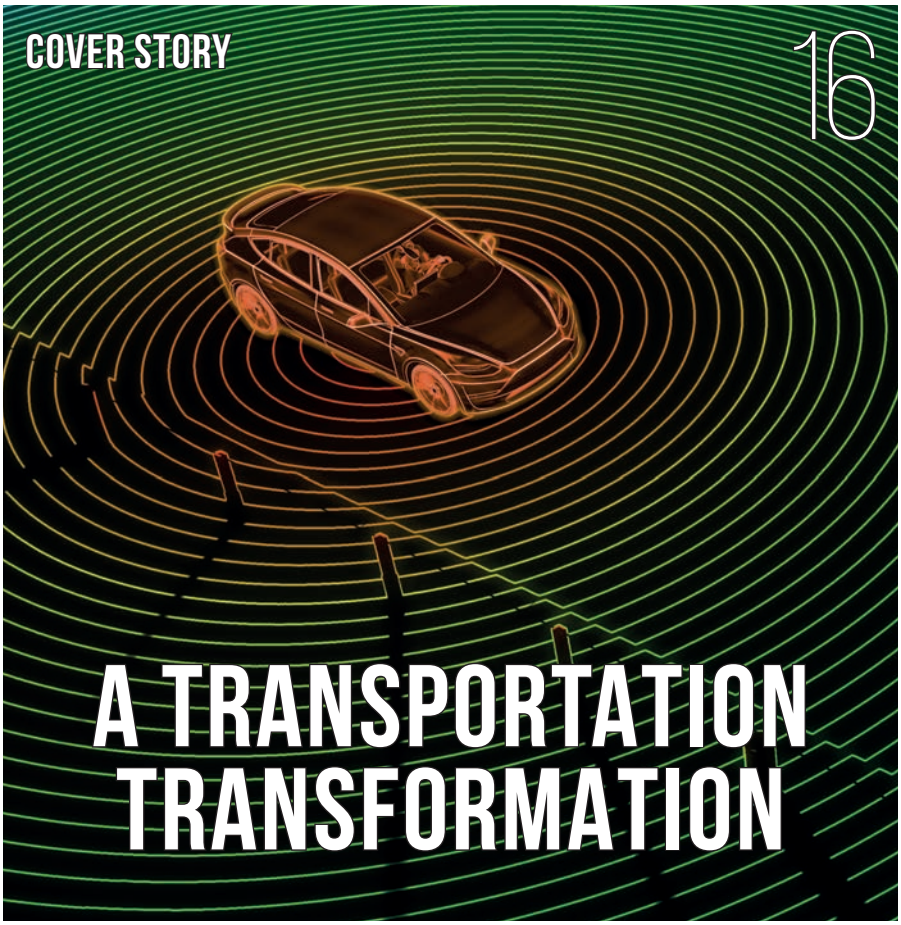
FEATURE

The growing range and Telematics technology

COMMENT

Scandinavia's growing appetite for auto finance

THIS MONTH



NEWS

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JANUARY 2021

COMMENT

Terje Kjos, Banqsoft

FEATURES

Rob Toon, Prompt Pay UK

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EDITOR'S LETTER
OFF TO A SLOW START

Chris Lemmon, Editor

Welcome to the first edition of the year. Although we're off to a pretty dire start to 2021, the escalation of the vaccine roll-out means there's hope that we can soon put the perils Covid-19 behind us and return to some form of normality later this year.

Unsurprisingly, the latest figures from the SMMT confirmed that 2020 was the worst year for new car sales in the UK since 1992. Looking ahead to 2021, we'd have to be realistic in assuming that the first quarter will see similar levels of year-on-year decline. Beyond that, a vaccine roll-out and changing consumer attitudes to car ownership may help to give the market it's much-needed rebound.

However, with redundancies currently at record levels as companies across the UK reel from the events of the last 12 months, a new car may fall down the list of priorities for a would-be buyer. This month, the FCA proposed a resumption of policy enabling consumer finance firms to repossess vehicles from 31 January 2021, adding that it will be "ensuring that firms repossess only as a last resort and also consider the impact of repossession action on those who are vulnerable."

While this is good news for lenders, it is important that the statement regarding vulnerable customers is taken into consideration before a decision is made to repossess.

Elsewhere, the regulation on DiC commission models in the motor finance industry has officially come into force. While it signals the end of what feels like a very long process, chances are this will just be the start of the FCA's stratagem to bring regulation in the motor finance space more in line with other financial services markets. I guess we'll have to wait and see.

An additional note to subscribers: Motor Finance will cease production of its print magazine from the end of the first quarter 2021. While it marks the end of an era for a magazine that has been in print since 1999, we are looking forward to the new possibilities afforded to us by an online-only proposition.

I hope you enjoy the issue and fingers crossed we'll be out of lockdown by the publication of the February edition! ■

GET IN TOUCH WITH THE EDITOR AT: **CHRIS.LEMMON@VERDICT.CO.UK**

NEWS DIGEST

Philip Nothard elected as chair of the VRA; Rupert Pontin deputy

Philip Nothard has been elected as the new chair of the Vehicle Remarketing Association (VRA), while Rupert Pontin has been elected deputy chair.

Nothard succeeds Sam Watkins, who has held the role for the last two years. With a 30 year career in the used car sector, Nothard is currently insight and strategy director at Cox Automotive, and has also held key positions at Cap HPI as well as other senior roles across the automotive sector.

He said: "My first job as chair is to thank Sam for the excellent work she has done over the last two years, helping to raise the profile of the VRA and guide it through what have been some unavoidably turbulent times.

"I will be looking to build on the work she has started. With the support of the board, my aim is to provide the help and advice that the remarketing sector needs as it deals with the effects of the pandemic, Brexit and a host of other issues.

"The VRA has been very proactive over the last nine months and our members have been extremely supportive of each other, freely sharing new information and best practice. This spirit of co-operation is very important."

Sam added: "I've very much enjoyed my tenure but this feels like the right moment to step down. My objectives were to grow the VRA membership through providing relevant and valuable content and support, as well as to increase our financial security, and much progress has been made in both of those areas.

"The VRA remains in very capable hands, with a new chair, vice chair and established board members who bring a great deal of positive energy and experience, and I also plan to continue to contribute as a board member."

Pontin brings a wealth of experience to the role, currently holding the position of director of insight at Cazana and has held senior roles at companies including Glass's, The Car Shop and British Car Auctions, as well as running his own motor retail business.

He said: "I'm very much looking forward to working with Philip and the board. This is a turbulent time for the remarketing sector and I believe that the VRA is more important than ever in its role supporting industry professionals." ■

CAMERAMATICS SECURES €4M IN SERIES A FUNDING ROUND

Vehicle and fleet safety solutions provider CameraMatics has secured €4m investment, including €2.4m from Puma Private Equity.

Established in 2016 by Mervyn O'Callaghan and Simon Murray, CameraMatics specialises in Internet of Things (IoT) fleet and vehicle safety technology, working across the UK, Ireland and the US. Its technology incorporates AI, machine learning, camera technology, vision systems and telematics to help fleet operators reduce risks and drive new safety standards across their fleet and drivers.

This investment will support further expansion of the US branch of CameraMatics and drive forward its recent entry into the mainland European market, in addition to further product development. CameraMatics expects to create more than 50 jobs over the next two to three years in Ireland along with other roles in the UK, US and mainland Europe.

CameraMatics has grown steadily since launch. In the past 12 months, it has seen 300% growth of recurring revenue despite the challenge of the Covid-19 pandemic and expects this new investment to further accelerate the business's growth.

Mervyn O'Callaghan, chief executive of CameraMatics, said: "We are delighted with the support we have received from Puma Private Equity, Sure Valley Ventures and Enterprise Ireland. The funds will enable us to further capitalise on our position as a leader in the fleet safety technology industry in Ireland, the UK, USA – and beyond.

"IoT is the future and with the automotive IoT market growing significantly year on year we are now extremely well-placed to continue to expand our business and develop our software solutions."

Jonathan Wyles, investment manager at Puma Private Equity, added: "We are extremely pleased to have closed this investment round for CameraMatics.

They are leading the way in fleet safety technology solutions and this funding will enable them to strengthen their position in the global market.

"With the adoption of IoT solutions by the telematics industry accelerating, this investment will position the company to capitalise on the growing market opportunities globally. We look forward to supporting Mervyn, Simon and the CameraMatics team." ■

STOREDOT UNVEILS FIVE-MINUTE CHARGE EV BATTERY

StoreDot has launched the first ever five-minute charge electric vehicle (EV) battery, representing a major milestone in the quest to overcome public range and charging anxiety.

The Israeli-based firm will target industry partners with their first production batch of sample cells, which were developed by StoreDot's strategic partner in China – EVE Energy Co.

The extreme fast charging (XFC) battery technology replaces the graphite in the cell's anode with metalloid nanoparticles and are designed to be produced on existing lithium ion production lines. This eliminates the need for further capital expenditure in bespoke manufacturing equipment.

The samples are compliant with UN 38.3, a global certification that ensures batteries pass all testing and safety requirements under the UN Manual of Tests and Criteria.

Doron Myersdorf, chief executive of StoreDot, explained the significance of the development for consumers: "Our team of top scientists has overcome inherent challenges of XFC such as safety, cycle life and swelling by harnessing innovative materials and cell design. Today's announcement marks an important milestone, moving XFC for the first time beyond innovation in the lab to a commercially-viable product that is scalable for mass production."

Demonstrating the commercial viability of the technology, the first-generation battery was used to demonstrate the full charge of a two-wheeled EV in five minutes.

Charging infrastructure currently represents a significant hurdle in widespread EV adoption. Indeed, research by the European Automobile Manufacturers Association exposed the inadequacy of EV charging infrastructure across the EU.

The annual study revealed that, while sales of EVs in the EU increased by 110% since 2017, the number of available charging points only grew by 58%.

However, in collaboration with its strategic partners, StoreDot is raising the stakes. Myersdorf continued: "We founded StoreDot to achieve what many said could never be done – develop batteries capable of delivering a full charge in just five minutes. We have shown that this level of XFC charging is possible – first in 2019 with an electric scooter and again six months ago with a commercial drone.

"We are proud to make these samples available, but today's milestone is just the beginning. We're on the cusp of achieving a revolution in the EV charging experience that will remove the critical barrier to mass adoption of EVs."

Referring to the firms plans to launch a

second-generation, silicon dominant anode prototype for EVs, Myersdorf concluded: "StoreDot continues to go from strength to strength as we get one step closer to making our vision of 5-minute charging of EVs a commercial reality." ■

The AA launches personal car leasing proposition

The AA has launched a personal car lease product in partnership with LeasePlan UK, which will initially be available to AA members.

Labelled Smart Lease, the service enables customers to see the total cost of driving a vehicle over the course of the agreement and includes fully comprehensive car insurance – provided the customer meets certain qualifying criteria. The product's monthly cost also covers servicing and maintenance, Vehicle Tax and VAT, and cars will be available on either a 24-month, 36-month or 48-month contract. Drivers do not need to make an upfront deposit in order to take out a lease, and the car will be delivered to customers' doors.

Should the customer's financial circumstances change, such as if they are made redundant or get divorced, the car can be returned without penalty.

If the car has driven more, or fewer, miles than planned during the course of the lease, the mileage plan can also be changed once, at any time during the contract period, with no admin fees.

When the lease ends, the car can be collected or swapped for a new one if the customer signs a new agreement, and any repair costs up to £500 for small scratches and superficial damage will be waived. Drivers can select from 12 different cars, including three electric models: the Vauxhall Corsa-E, Hyundai Kona and the Volkswagen ID.3. Smart Lease packages start from just £290 a month.

To lease a car, the applicant must be aged 25-75 and have held a full driving licence for more than two years. They must also have no driving convictions and meet the credit score criteria. James Fairclough, chief executive of AA Cars and AA Financial Services, said: "The car lease market is exciting new territory for our business, and we are thrilled to now announce the launch of our new product AA Smart Lease, in partnership with LeasePlan UK.

"We know the pandemic has been a huge challenge for many of our customers, and a car is a big financial commitment in uncertain economic times. That is why we are enabling drivers to return their car without penalty in certain circumstances, such as redundancy, offering vital peace of mind when many are experiencing uncertainty about their employment and finances." Alfonso Martinez, managing director of LeasePlan UK, added: "We are hugely excited to strengthen and enhance our partnership with the AA to bring greater flexibility and confidence to drivers across the UK.

"With a range of electric cars available to choose from, it's also an exciting opportunity for those looking to make the switch to EV for the first time. ■

AUTOPROTECT OFFERS ADVICE TO DEALERS AHEAD OF FCA COMMISSION BAN

With the Financial Conduct Authority (FCA) ban on discretionary question looming, AutoProtect Group have sought to provide greater clarity over several areas implicated in the regulatory changes.

The ban, which comes into place on 28 January, has raised particular confusion surrounding the potential for any limited discretion and 'rules' for lender selection that may be feasible.

Tara Williams, group chief risk and compliance officer at AutoProtect Group, sets the record straight: "The challenge for any discretionary pricing model is threefold: how could such a model be controlled acceptably to meet lender risk requirements? How would an acceptable level of discretion be established? And how could the FCA policies accommodate such a model? "I know the dialogue has been continuing on this issue, but I think it is right to question the risk/reward of such an approach."

According to the FCA's Final Rules, brokers would be able to decide or negotiate the rate with the customer, even if they are not rewarded for it. Open to interpretation, the clause has led to doubt amongst dealers.

Recognising that any flexibility is loaded with risk, Williams deemed the line as being most appropriate for special promotional schemes where all customers, subject to underwriting, get a special discounted rate on a particular car/model.

Turning to the issue of selecting a particular lender from a panel, Williams is explicit on the importance of prioritising customer needs, ahead of dealer commission: "The best finance product APR, which accounts for interest rate and fees, for the customer, based upon acceptance should guide lender selection from a dealer's panel, not commission/ financial consideration.

Williams continued: "The only discretion that might reasonably exist is where the customer's APR for the product is the same but the commission/financial consideration for the dealer is better. In this situation, there would be no customer detriment."

Despite the increasingly pervasive use of 'rate of risk' terms in the market, dealers should expect close scrutiny on the accuracy of the representative APR used in their financial promotions.

The Representative APR required for promotional purposes is the rate, at or below which, the dealer reasonably expects that credit would be provided under at least 51% of the credit agreements which will be entered into as a result of the promotion. ■

Alphabet GB rolls out dedicated online PCH platform

Alphabet GB has launched Alphabet Motion, a new platform for both personal contract hire (PCH) and credit sale agreement (CSA).

Visitors to the site will have access to offers across various makes and models, search filters and personalised quotes.

Alphabet said the platform was launched in response to a shift in demand for personal leasing over the past year, likely following the increase in benefit-in-kind (BIK) tax rates, which has seen corporate customers move away from company car leasing to cash alternatives.

Additionally, as home working has become the norm, drivers require more flexibility and shorter lease options, while a change in perception around monthly usage contracts has seen people become more comfortable with the idea of PCH.

Gavin Davies, general manager, customer account management at Alphabet, said: "Historically, we've focused on developing services primarily for businesses, so expanding into personal contract hire is a significant and exciting step for us.

We spotted the demand and gap in the marketplace for PCH at the start of 2020, and this has continued to grow throughout lockdown, making now the perfect time to launch Alphabet Motion.

"A customer has already described the new platform as a 'breath of fresh air'.

Alphabet Motion is another example of how we are continuing to adapt and innovate at Alphabet, to meet our customer demands and to support our ambitious business growth targets."

Last month, Alphabet announced that Spencer Halil will join the company as chief commercial officer.

Halil has headed up Alphera's UK business for the past five years and overseen a period of substantial growth, as well as innovations such as the accreditation partnership to improve industry standards with the Institute of Motor Industry (IMI) and the recent Alphera Zero carbon-offset finance product.

Halil previously led the business between 2008 and 2011.

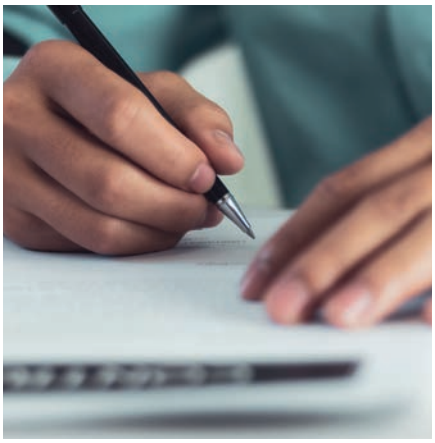
Halil said: "With any new opportunity, the most difficult part is always to move on from a successful, award-winning team, such as we've built at Alphera, as well as the first class partner network that I've been closely involved with during my two spells leading the business.". ■

STARTLINE REGISTERS BUSIEST SINGLE DAY FOR NEW PROPOSALS

Startline Motor Finance registers its busiest single day ever for new proposals, indicating consumer appetite for motor finance remains undeterred by new lockdown restrictions. Despite indication that the used car market continued to suffer, the quantity of business written so far this year is greater than that of the same period in 2020.

Paul Burgess, chief executive of Startline, said: "We are starting to see reports that the overall used car market is about 50% down but our experience is that different dealers are having very different experiences. Some are doing much better than others."

According to Burgess, there is a possibility that some deals being written are "being carried over from the pre-lockdown period". Anecdotally, however, Burgess believes a strong number of people are continuing to purchase used cars, capitalising on the click-and-collect processes put in place by many dealers since the start of the pandemic. Emphasising the importance of digitalisation across the sector, Burgess continued: "It's not a magic wand to have a strong online process but without one, it is next to impossible for most dealers to trade successfully at the moment. "Importantly, we believe that



the quality of the online journey being created is becoming more important. Once a customer has decided to buy a car, the entire purchasing process including motor finance has to be as painless as possible. No-one wants to spend hours filling in online forms. Everything needs to be fast and slick."

Looking forward, Burgess speculates over whether consumer demand for motor finance will continue on its current trajectory: "The question is whether consumer appetites for buying used cars will diminish and obviously the lockdown doesn't help but the effects of the pandemic on the finances of individuals have, so far, been extremely variable. Some have been hit hard, others not at all.

"It's important to make it as easy as possible for those people who have disposable income and a desire to buy a car to complete their purchase." ■

VRA: 'THIN' BREXIT DEAL LEAVES MANY QUESTIONS UNANSWERED

The Vehicle Remarketing Association (VRA) has warned that the new 'thin' Brexit deal has left many questions unanswered, leaving the UK automotive industry in a precarious position.

The trade organisation says that several key points surrounding the future of manufacturing and cross-border movement of vehicles remain vague or undefined.

Sam Watkins, chair at the VRA, said: "Let's be clear on this – any deal is good news because it avoids the kind of tariffs that would've been attached to no deal. It is something that should be a huge cause for relief.

"However, the deal that we now have raises as many questions as it answers. It is generally being described as 'thin' and that is accurate in that there are several areas where there is very little detail for the motor industry or remarketing. We are probably entering into a process now where those points are going to be worked through but it seems that some will be easier to resolve than others."

Watkins said that the hope was that the degree of certainty now present would enable near-term investments in manufacturing, such as the new Nissan Qashqai in Sunderland, to go ahead.

"The threat of motor manufacturing in the UK potentially unravelling overnight has been removed, and this should mean that there is no immediate question mark over UK factories and supply chains.

"However, looking ahead, substantial costs have been added in terms of the new customs arrangements, and the regulatory background against which car makers operate is unclear in several important areas.

"Presumably, these will be clarified in the coming months and years but it does perpetuate an effect that has been present ever since the Brexit referendum – that it is difficult to make plans and for investment decisions to be finalised without all of the facts available. There remains a lot of uncertainty."

Notably, there were special difficulties surrounding the rules of origin arrangements, Watkins added, that could have implications for EV manufacturing in the UK.

Essential remarketing services such as vehicle storage, logistics and services support will also be more critical than ever in the UK during 2021, said the VRA.

"The post-Brexit, coronavirus market is one in which the core functions of remarketing have become more important than ever. When it comes to sourcing the right vehicles at the right price, ensuring their condition, retailing them and then getting them to the customer, all in a secure fashion – then the expected standards in every single one of these areas are being forced upwards by market conditions.

"There is every reason to expect these trends to continue. Certainly, as a trade body, we see the next few months as one where our role is to guide and support our members through times that continue to be turbulent and which promise to remain so for some time." ■

MOTONOVO ANNOUNCES PASSING OF INDUSTRY STALWART PETER LANDERS

Statement from MotoNovo:
It is with great sadness that we announce the passing of motor finance and industry stalwart Peter Landers. After a three week battle with Covid-19, Peter succumbed to this dreadful virus in the early hours of New Year's Day.

Having worked at a senior level within The Associates, Capital Bank, Bank of Scotland, Lloyds Banking Group and Grant Thornton, Peter joined MotoNovo Finance in 2016, initially as Head of Strategy and most recently as Director of Strategic Partnerships.

A consummate professional Peter was well-known and respected across the banking, asset finance and motor finance industries and Advisory circles. His calm demeanour, in-depth industry insight, diligence and sense of humour earned him a broad circle of trusted friends and colleagues.

Mark Standish, chief executive of MotoNovo, reflects: "Peter was a gentleman and unflappable role model. As well as being a fantastic colleague during our time together at Bank of Scotland and MotoNovo, he was also a great friend over the last twenty-five years. Like I'm sure many, I will miss his wise counsel, unwavering support and expertise but above all else, his humility, caring nature and razor-sharp wit.


Peter Landers, MotoNovo

"Having battled back from serious ill-health in 2018/19, Peter was back to his best and looking forward to the future. It makes his passing so much harder to accept, but for those who knew and worked with him, his legacy will be the influence his wise words and example have had on us all."

Peter is survived by his two sons to whom he was incredibly close. Our thoughts, prayers and deep condolences are with them, his wider family, close friends and the many colleagues who worked closely with him.

Motor Finance sends its deepest condolences to Peter's family and everyone at MotoNovo. ■

FCA proposes resumption of vehicle finance repossessions

The Financial Conduct Authority (FCA) has proposed a resumption of policy enabling consumer finance firms to repossess vehicles from 31 January 2021.

The regulator's current guidance states that firms should not be able to terminate a regulated agreement or repossess vehicles under the agreement that the customer needs, except in exceptional circumstances.

The new guidance, the FCA said, should still only be as a last resort. Firms will be expected to consider the impact on customers who may be vulnerable, including because of the pandemic, when deciding whether repossession of goods or vehicles is appropriate.

A statement from the FCA said: "Our proposed approach reflects the different risks and harms that customers with goods or vehicles on credit are likely to face compared to those who are at risk of losing their home. "For customers who remain in payment difficulties under a relevant consumer credit agreement, continuing to restrict repossessions may not be in their interests.

The shorter terms and higher interest rates on these agreements, combined with the depreciating value of the goods or vehicles, means that they could end up owing more in the long term if repossessions are prevented. "Our approach, therefore, takes appropriate account of the risks to customers of further asset depreciation, whilst providing appropriate protections by ensuring that firms repossess only as a last resort and also consider the impact of repossession action on those who are vulnerable, as well as following relevant government public health guidelines and regulations when undertaking repossession action."

Adrian Dally, head of motor finance at the Finance and Leasing Association, welcomed the proposed change in guidance: "It allows lenders and consumers to decide together on the best outcomes. "If a customer still needs their vehicle due to vulnerability, lenders will of course take that into consideration, but where a customer's circumstances have changed so that they do not need their vehicle any longer and repossession is the best option, it is absolutely right that lenders can now offer that solution." ■

TO REPOSSESS OR NOT TO REPOSSESS, THAT IS THE QUESTION!

Motor finance lenders will all have been breathing a huge sigh of relief at reading the FCA's most recent draft guidance for motor finance. After a very long and turbulent period of Covid restrictions, the FCA has helpfully confirmed that motor finance companies may begin to repossess vehicles from customers affected by Covid-19 from 31 January 2021, provided only that this is a 'last resort'. At the time of writing this (24/01/21), the guidance hasn't been made final but we anticipate this change will be finalised before 31 January 2021

We welcome this decision from the FCA and its recognition that, "For customers who remain in payment difficulties under a relevant consumer credit agreement, continuing to restrict repossessions may not be in their interests. The shorter terms and higher interest rates on these agreements, combined with the depreciating value of the goods or vehicles, means that they could end up owing more in the long term if repossessions are prevented."

Despite the Payment Deferral Guidance only being applicable to customers who are in temporary payment difficulties as a result of circumstances arising out of coronavirus, many lenders have, out of an abundance of caution, suspended almost all non-consensual terminations and repossession activity on their book since April 2020.

This position was not sustainable for lenders. However, it is equally understood that as the months passed it became more and more difficult to precisely determine whether a customer's financial difficulties were as a result of Covid or not and to define 'temporary'. Lenders were in many cases erring on the side of extreme caution and as a result there will inevitably now be some huge backlogs for lenders to work through and a used car market which will be flooded with vehicles.

Motor finance lenders should note there are now two guidance notes which are potentially applicable. Where a customer indicates they are experiencing payment difficulties as a result of circumstances relating to coronavirus, a firm should treat them in accordance with the Payment Deferral Guidance and permit eligible customers to defer up to six monthly payments up to July 2021. The Tailored Support Guidance then applies to Covid affected customers who are not receiving payment deferrals or are no longer entitled to do so. Section 6 of that guidance (Repossession) applies more widely to all Covid affected customers whether they are receiving any support or not. When making plans for 31 January, lenders should consider the following practical considerations:

- Segment the book to approach the backlog in an orderly fashion. Consider prioritising the highest arrears, those customers who may not be Covid affected or who have not been in touch with you at all.
- Ensure that you can evidence and demonstrate that the termination and repossession is a "last resort". This is not a new concept and has always been the case, but lenders should consider final engagement attempts to include letters, emails, texts and calls. The FCA would not expect a termination to take place after several months of limited collection activity.
- Consider carefully which cases have paid over a third and consider a Voluntary Surrender strategy for those clients before starting Return of Goods (ROG) proceedings - noting the courts are likely to be very busy and there will be delays in obtaining orders. Ensure that you send out any ROG cases to your panel lawyers as soon as possible.
- The FCA expects firms to take extra care to identify and deal with vulnerable customers regardless of whether they are affected by Covid. Consider revised contact strategies for these customers and ensure you take steps to provide adequate modifications from normal collections practice. This should include allowing extra time for those customers to respond, and softer contact strategies with relevant signposting to try and encourage contact.
- Ensure your standing instructions to repossession agents are clear and documented. Ensure that you have referred agents to the FLA's best practice on conducting vehicle repossessions during the pandemic. Note that this guidance requires a two-stage process and lenders (or their agents) are encouraged to try and contact a customer to agree a consensual repossession in the first instance. It is important to note that hostile repossessions should not be carried out if it is not possible to complete the repossession in a Covid-secure manner, at a distance. ■


Mell Chell, Shoosmiths Law Firm

TELEMATICS EVOLVED

Telematics sounds like a single, all-encompassing solution, but as the sector grows it's diversifying into wildly different strands. *Motor Finance* reports

Telematics is a field that grew out of the growing interconnectivity of a wide array of different technology, ranging from GPS-based navigation systems and vehicle tracking to automated safety systems and insurance products. As an outgrowth of the "Internet of Things" and "4IR" revolutions, more and more technologies are becoming interconnected, and the ability to gather more data from users is becoming commonplace.

However as the technology provides more capabilities, telematics itself is diverging into new sectors of its own.

One such branch is the growing prevalence of camera technologies in the sector, as Simon Murray, co-founder of CameraMatics, points out: "In CameraMatics we wouldn't describe ourselves as a telematic business or a vehicle CCTV or a camera company. It's about fleet and driver risk management and safety. We're using these new technologies like camera vision and autonomous and AI technologies, combined with more the traditional features that telematics would deliver such as GPS tracking, vehicle data, and wrapping that all around one single solution to improve safety standards in any fleet management business."

At the other end of the scale, some telematics products are stripping back a lot of the networking and data gathering inherent in the telematic sector to create brand new functionality. Rob Toon is the sales director of PromptPay, the black box finance providers who are the largest supplier of telematics for the sub-prime finance sector in the UK, and the only such provider recognised by the FCA. "With telematics in the car finance sector, really you're looking at two things," Toon says. "One is the option of installing a GPS system in the vehicle, to client secure your vehicle in terms of tracking and tracing them should it go astray and payments be missed."

The trouble with systems like this, as Toon points out, is that providers are legally obliged to inform customers if they are installing tracking equipment on the car, and for any customer determined to defraud their dealer or financier, it's a simple matter to hunt down and remove the GPS systems themselves.

The other alternative, which PromptPay provides, is far more low-tech on the service, effectively turning a car loan into a pay-as-you-go service.

BLACK BOX TELEMATICS

"Our telematics is primarily aimed at the grey-prime marketplace. It's designed not to be punitive, but to encourage customers that have had some payment difficulty to make timely payments on a new agreement,


Simon Murray, CameraMatics

getting them back into the prime sector by audibly and visibly reminding them when a payment is due," Toon explains.

PromptPay's service comes into play when serving a customer who has credit that might preclude them from prime-level finance, but who has an income-expenditure report which shows they can make payments. In such a case, a deal is agreed where the customer will sign a disclaimer acknowledging the black box system is put in the car to help them make timely payments.

"The box is fitted to the car, and programmed with let's say, 36 unique six-digit codes for a 36-month repayment plan," Toon explains "At the end of the month the customer makes a payment and the system says 'Yes we've received the payment' and the six-digit code is sent out to the mo-bile phone user and they punch it into the device and the box is happy."

If the customer misses a payment, that's when the black box kicks in. The FCA is clear that due pro-cess is required in a situation where a customer isn't paying, and the lender must do what they can to help that customer get caught up on payments.

"This device gives due warning a payment is due, meaning the lender has followed due process. If the customer ignores that they will get three days warning that the vehicle is going to disable it-self, and then when that deadline is up it will disable itself as long as the car is not running. It phys-ically cannot disable itself while the car is running," Toon tells us. "So we then have a disabled car in the driveway. If the customer makes a payment, the vehicle can be brought back to life. We even give them an emergency code, so if they need to go to the hospital, for example, they get 24 hours usage out of the car." This technology is extremely relevant right now, as the sub-prime and grey-prime markets are growing sectors following the pandemic and the financial hardship that has come with it.

"You don't need a great deal of bad luck for the computer to say 'no' and a lot of these people are perfectly credit-worthy," Toon says. "They have income-expenditure reports, so this box underpins the underwriting decision and reminds the customer when a payment is due."

From a lenders' perspective, whether that is a finance house or a dealer with their own loan book, this technology has a number of benefits.

"It filters rogue customers, it's a phenomenal remarketing opportunity because customers who make these payments always go back to the dealer who helped them out, but from the lenders' perspective you also don't have that 60-90 day portfolio because the vehicle has been disabled and action has been taken," Toon explains. "It secures their vehicle and reduces repossessions and litigation. It reduces their search and finds, it reduces refurbishment, it reduces their cost of disposal through auctions and outbound call resources while benefiting cashflow."

GROWING CONNECTIVITY

PromptPay's Black Box Telematics is a solution designed to solve a single problem – keeping payments coming in regularly, and in line with FCA compliance. However, other areas of the sector face a multitude of intersecting challenges.

CameraMatics was established by Simon Murray and Mervyn O'Callaghan in 2016 as a leading Internet of Things (IoT) fleet and vehicle safety technology specialist. Its technology incorporates AI, machine learning, camera technology, vision systems and telematics to help fleet operators reduce risks and drive new safety standards across their fleet and drivers.

"There are hard intersects between the functionality that any telematics system can deliver, and the needs for compliance, accident management, and accident litigation," Murray says. "With CameraMatics you have the ability to get checklists and defect reporting, monitoring wear and tear and alerting you to preventative maintenance."

As Murray points out, the challenges fleet operators face have grown more complex than simply transporting goods from A to B. It's about managing risk and liability along the way. "Companies have increased challenges with rising insurance costs, with compliance, and duty of care with regards to safety and security. They need visibility on the fleet, a means of monitoring risk, and traditionally telematics would do this," Murray explains

However, while telematics can address these challenges, its output can often be in the form of dense data collection that requires interpretation to turn into useful information. This is where CameraMatics comes in.

"There needs to be a coming together of these solutions and the expectation is to remove that level of interpretation," Murray tells us. "This is where the new technology plays a key role with the cameras and viewable content which the market requires."

While the rapidly developing nature of the Internet of Things approach offers potential solutions to these problems, Murray cautions against hoping for a single, all-encompassing technological solution.

"There is a common desire to have a single utopian solution to deliver all of this functionality under one system, but there are so many different challenges," he says. "A system for driver safety checks, camera technology telematics, other internal

systems to manage training schedules and vehicle maintenance, even fuel management. There is such a wide scope of challenges. Each fleet type has its own needs.

Truck operators are running differently from utility companies or construction contractors for example."

Indeed, the rapid progression of technology can become a challenge in its own right, and a single unified system may be less useful than the ability to switch out and replace parts as the technology improves.

"What's new technology two or three years ago is not so new today," Murray points out. "So there needs to be an ability to integrate and be modular in terms of the solution."

DATA COSTS AND OPPORTUNITIES

One area where we're seeing a great deal of divergence in the telematics sector is in data, and how we should use it.

We have already covered the ways that telematics can help build a comprehensive data picture for finance companies, transforming the kind of long-term data gathering that would normally take finance companies year into an instant and ongoing stream of real-time updates.

And yet, perhaps surprisingly, Toon is keen to strictly limit the amount of data PromptPay's products collect.

"We don't gather data and there's a very good reason for that. There are questions to be raised about client confidentiality and GDPR," says Toon. He also points to practical concerns: "This tool does not operate on a GPS basis, because when you're talking about actually disabling a vehicle you don't want it connected to anything that works over the airways."

Toon has also noticed that while some of PromptPay's customers request that functionality, they rarely miss it.

"We do occasionally have customers who want a GPS built in as well and my response is 'I'm able to but try it without first because you'll find the efficacy outweighs the additional cost'," Toon says. "I've not yet had someone come back and want the GPS. We don't collect data and have no intention to. The only data that is recorded is the fact they have an agreement and are making that payment in a positive fashion."

Murray, on the other hand, believes that the data integrated telematics can collect can be a powerful tool for private car owners, as well as the dealers and finance companies that serve them. "Connectivity to the data means a private user could open that up and share that information with various parties, whether it's a dealership or an insurance company, to check in when a vehicle is over PPC or needs to have a service, or if it's coming towards the end of life," Murray says. "If there's a mechanism for sharing data with the motor industry, financiers and dealers from a personal level, that's a very powerful tool.

If there's an issue with the vehicle it can be reported through the CameraMatics platform where it could be shared with service providers."

FUTURE-PROOFING

Of course, introducing any new technology to market requires overcoming two key challenges. The first is developing and perfecting the technology itself so that it provides a positive user experience.

The second is acclimatising the customers themselves to a new concept so that they will be willing to adopt it.

PromptPay's technology has already shown proven results, but that is only part of the battle to persuading some financiers of its efficacy.

"There is still reticence from the larger financiers to use this technology because they have misconceptions about it," Toon says. "The fact is it can reduce the debt in their portfolio.

The uptake of used car sales has been good, and we are seeing consistent growth which is a good thing, and we're very selective about who we deal with."

But while those first steps may be difficult, the eventual spread and adoption of technology eventually becomes an inevitable process.

Which, by the same token, means that any technology you install has to be ready to adapt to the next round of breakthroughs.

"I think that as the CameraMatics technology spreads across all vehicles, in many cases it has to be independent or work as a standalone solution," Murray says.

"As we see the entry of electric and autonomous vehicles we're going to see that any technology needs to be future-proofed, but you're always going to need safety and compliance.

The key is ensuring the technology is compatible and an IT or OEM provider would have to work with the manufacturer to integrate that." ■


Rob Toon, Prompt Pay UK

ANALYSING THE IMMEDIATE IMPACT OF THE BREXIT TRADE DEAL

The immediate effects of the new Brexit trade deal on the motor industry and the used car sector in particular were the subject of a webinar held this month by the *Vehicle Remarketing Association*

It was part of a new series of online events for members of the trade organisation called The New Normal Briefings, designed to help them plan for the end of the pandemic as mass vaccination programmes progress.

Philip Nothard, chair at the VRA, explained: "Over the last year, remarketing experts have learnt quickly how to keep their businesses operating through the pandemic. The question is what comes next? These webinars, which will take place over the first half of 2021, are intended to answer that question."

Two expert speakers were involved - David Bailey, professor of business economics at the University of Birmingham's Business School and the UK in a Changing Europe Programme on the macro picture from a motor industry point of view, and Glyn Edwards, VAT director at MHA McIntyre Hudson, on initial tax and VAT issues.

Bailey told delegates: "The deal is better than no deal but it's still a very thin deal, and it means there's still going to be a considerable hit to the economy. It is welcome in terms of avoiding tariffs and quotas subject to conditions but, because of all the extra form filling and disruption to trade, there's going to be a further hit to the economy. Best estimates are that, by 2030, we'll lose another 5% hit to GDP on top of the 2% we have already lost by leaving the EU."

He reported that some of the immediate effects were now becoming apparent for motor manufacturers.

"There's many ways in which UK car manufacturing is deeply intertwined with the EU through very complex supply chains that cross borders many times. So, even with the deal, Brexit is going to create lots of additional costs for automakers.

"We're now starting to find out what they are – things like customs delays disrupting just-in-time delivery systems, customs declarations complying with Rules of Origin regulations, regulatory differences as we diverge from the EU and more."

While the impact probably wouldn't lead to plant closures or scaling down of production in the near future, Bailey explained, it was clear that there were threats to longer term investments.

"So, for example, Nissan has already invested £400m in preparing for production of the new Qashqai at Sunderland, and it has just been announced that is going ahead.

"However, there is less certainty at Ellesmere Port, where Stellantis, the recent merger of PSA and Fiat Chrysler, are deciding whether to produce a new car there to replace the Astra. We are seeing a situation where they are already actively highlighting the new disadvantages of continuing to build cars in the UK and, as a result, are looking for specific dispensations, such as extra flexibility in terms of the government's 2030 electrification target and the ability to keep selling hybrids beyond that date."

The most specific long-term threat, he added, came from the Rules of Origin that covered local content of car production that is included in the trade deal.

"There's some good news for the immediate future in that you can include both EU and UK parts together to reach the 55% threshold that means you can avoid tariffs. That's not to say this is not already having some negative effects. For example, we are already seeing tariff-driven price increases on cars that use content from Japan and North America, such as the Ford Fiesta ST, which has just gone up by £1,700.

"However, the real threat lies further down the line with electric vehicles where there is still much to be decided about how the agreement is applied to batteries, which will be by far the biggest item of content for EVs," added Bailey.

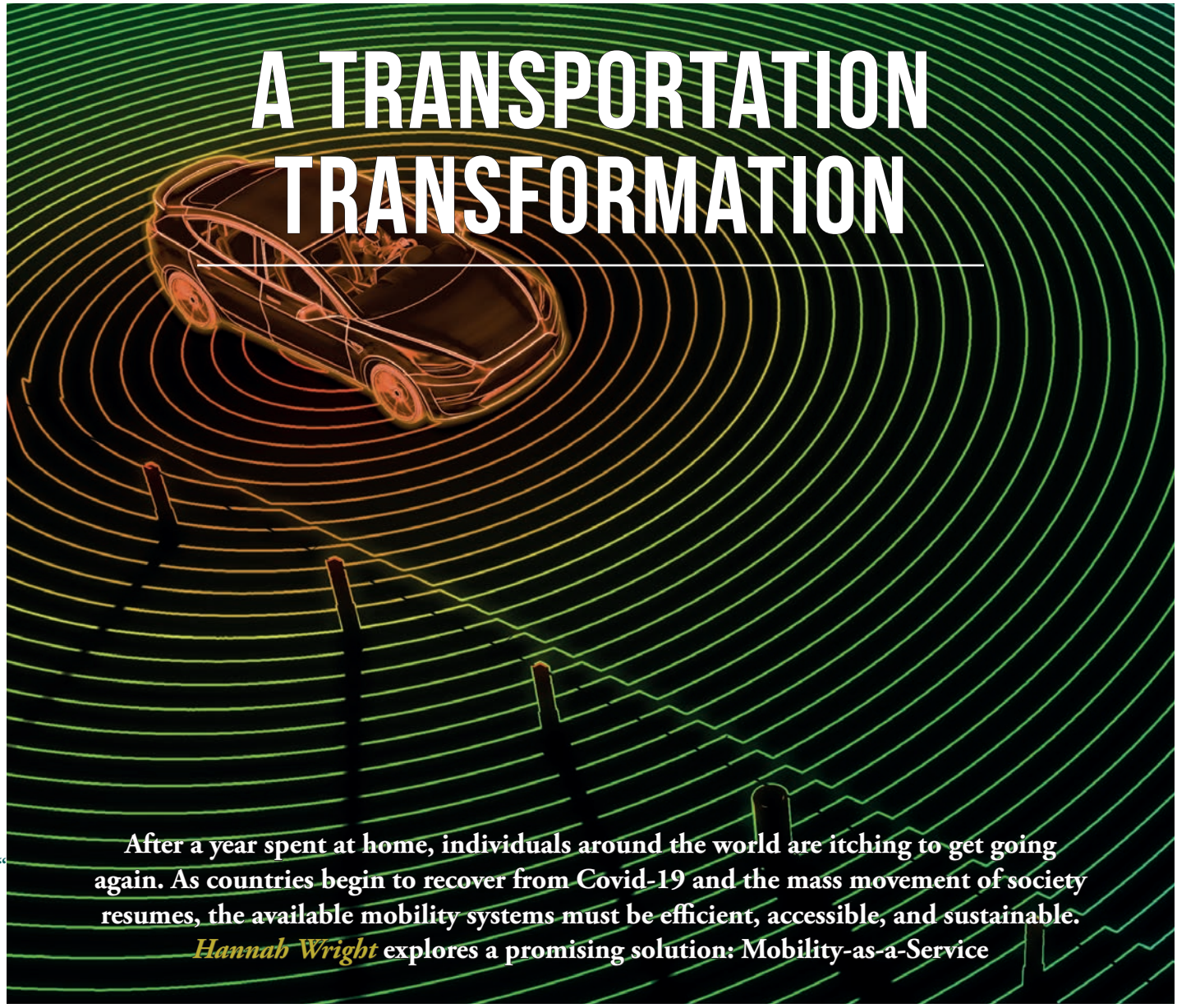
"At the moment, the UK doesn't have anything like the battery capacity needed to avoid tariffs if the rules are applied unfavourably. A lot is going to depend on the degree of flexibility and the timetable of phasing in, and the devil is very much going to be in the detail."

Glyn Edwards singled out the situation in Northern Ireland as an area in which Brexit was having an immediate and disruptive effect on tax and vehicle movements.

"There have been some issues around the application of the VAT margin scheme, which would've made vehicle movements between the mainland UK and Northern Ireland completely unsustainable for traders. When this became apparent before Christmas, there was an outcry and the government said that the margin scheme could still be applied to cars. That was good news but it actually appears to contravene what is in the trade deal.

"It's interesting that the government have been making some low-key noises about Northern Ireland, indicating that the situation is a bit of a mess, and that they're going to have to renegotiate because the current situation doesn't work. While nothing is likely to change overnight, I suspect it remains a fluid situation." ■

A TRANSPORTATION TRANSFORMATION



After a year spent at home, individuals around the world are itching to get going again. As countries begin to recover from Covid-19 and the mass movement of society resumes, the available mobility systems must be efficient, accessible, and sustainable. *Hannah Wright* explores a promising solution: Mobility-as-a-Service

Covid-19 was a harbinger of digital transformation in society. As entire industries were relocated to the confines of our own four walls, technological advancement was crucial for organisational survival. Elsewhere, individuals were forced to overcome a prolific reluctance towards the sharing of data, due to systems such as Test and Trace which are founded on the very concept. There is willingness to engage with digital services like never before.

Beyond data and digitalisation, another significant societal shift can be seen within individual and collective mobility. As individuals stayed at home, commuter populations plummeted, and employees opted for a morning stroll over the 8.15 to Victoria. Local high streets were revitalised, and the importance of having access to open green spaces, and a pleasant local environment became indisputable.

Perhaps controversially, residents across several cities awoke to find their central roads closed to motor vehicles, in an attempt to reduce growing traffic congestion and improve our urban environments. People want cities that are more liveable. For many, this involves making them less vehicle centric.

At the intersection of these two themes is Mobility-as-a-Service, or MaaS. MaaS involves the integration of various modes of transport along with information and payment functions into a single mobility service. The concept is expected to cause significant disruption in both automotive markets and the wider ecosystem. The shift towards MaaS has been ongoing in the automotive industry for several years, and by 2030 MaaS will represent 25% of new car sales.

According to Steve Jones, future fleet solutions director at LeasePlan, "the trend of integrating various forms of transport into a single, on-demand mobility service is expected to gather momentum over the coming years, as the urban population across the world continues to grow on an exponential scale."

Indeed, the UN predicts that by 2030, countries such as the US, Mexico, Canada, the UK and Spain, will see 80% of their populations residing in urban centres. While 2030 remains eight years away, Jones believes the transition to MaaS is already underway: "Those who can do without personally owned modes of transport, especially those living in urban areas, are now moving towards Mobility-as-a-Service over traditional ownership."

Explaining the changes, Jones adds: "Increasingly stringent environmental legislation has led to manufacturers designing and developing more sustainable and eco-friendly vehicles, while a change in consumer

demand has sparked a shift in the way vehicle ownership is viewed and offered."

USERSHIP VERSUS OWNERSHIP

MaaS is having a profound impact on the automotive industry, with car customers now demanding far greater levels of flexibility and convenience. Jones continues: "We are seeing a significant rise in popularity for Cars-as-a-Service, where drivers can gain immediate access to a vehicle on demand without the need for outright ownership. Increasingly, ownership of a car will mean ownership of a virtual object, instead of the current normality of owning a physical object.

"This isn't alien territory for today's consumers; many of them will already use online streaming services like Spotify and Netflix, which base their business models around experience rather than the accumulation of stuff.

"For urban dwellers, there are services which currently offer timeshare ownership of a car, but these don't solve some of the pains of motoring such as urban parking, congestion, or the need to drive the car. However, vehicle manufacturers and increasingly tech companies are looking at developing possible solutions."

The car share model presents a major opportunity for future mobility solutions. According to Jones: "For customers who currently have a leased car but feel that their limited usage means that it's not cost-effective, there's the option to allow others to use the vehicle and generate an income that would offset some of their costs. For those who own a car but have limited usage, or those without access to personal transport, there will be a growing number of mobility models to take advantage of. All of this will give drivers and fleets far greater flexibility, while challenging many car owners to consider how to transition to more environmentally friendly modes of transport such as EVs."


Steve Jones, LeasePlan

Jones adds that new attitudes towards non-traditional ownership of, and access to, vehicles looks set to open up a third option beyond purchase and leasing. "It should be the leasing company's role not just to provide cars, but to discover and even develop all the services that modern organisations need – and make them easily available."

As domestic car sales fall, many motor finance firms may face the risk of declining revenue. While the fall in demand could be partially offset by higher-value EV and autonomous models, a pivot in the company's business model to include more MaaS services could be the answer.

The rise of car subscriptions

The Future of Mobility 2030 report by KPMG anticipates three broad changes within the industry: the rise of fleet financing; diversification of customers and channels; and the development of new propositions. Although responses to such changes will vary between different market players, one proposition that may be particularly lucrative to motor finance firms is that of car subscriptions.

Car subscription services, already introduced by Jones, are a way for drivers to have access to a vehicle without having to own or lease one. Drivers sign up to a monthly plan for a particular car, pay-ing a monthly fee that typically covers insurance and maintenance.

Stephen Dawson, a partner at Shoosmiths, believes car subscriptions will play a key role in the mass movement of people in the future. "Transportation will centre on having access to a range of vehicles to suit individual living circumstances, and the green agenda," he says. In explaining the arrival of the concept, Dawson notes that consumers love bundling of products. "This isn't a new trend, but it is new in the automotive sector. It was slow to come to market, but it has started to gain moment and there are one or two players who offer car subscription services at the premium end of the market."


Stephen Dawson, Shoosmiths

Indeed, Jaguar Land Rover anticipates that subscription services will account for 10% of all car sales in the US and Europe by 2025 whilst Volvo expects its subscription service to account for 50% of all revenue by 2025.

> "AS DOMESTIC CAR SALES FALL, MANY MOTOR FINANCE FIRMS MAY FACE THE RISK OF DECLINING REVENUE.

However, there are several factors inhibiting uptake, according to Shoosmiths' Roger Potgieter. "It hasn't taken the world by storm yet, and I don't know that it will in a hurry. It is much more expensive than your typical hire purchase or lease payment. It is currently only available at the premium end of the market because that is where the current pricing supports uptake."

Perhaps the greatest barrier to mass adoption of subscription models is regulation, as Dawson points out: "Subscription is built on a hire model, and the rules for hire date back to 1983. That's really challenging to work with because the legislation isn't up to speed. Essentially, if you sign up on 1 January 2020 for two years, you're stuck until 31 December 2022 – there is very little you can do to get out of that." Dawson concludes: "It could be great, but not yet."

Automotive at the epicentre

While this may be true for car subscription models specifically, they only represent one ▸


Roger Potgieter, Shoosmiths


Justin Whitston, FleetOnDemand

particular strand of MaaS.

Justin Whitston, chief executive and founder of FleetOnDemand and Mobilleo, believes that the UK is on the cusp of "bringing MaaS to life" as evidenced by the progression of the British Future Mobility Zones (FMZ).

In 2019, before Covid-19, the government launched a competition for up to four new FMZ, channelling £90m of funding to the future of mobility within cities. The government specified that, within the bids, they wanted ideas which encouraged the sharing and harnessing of data, delivered more integrated transport services and improved connectivity. In other words – Mobility as a Service.

Yet, while Whitston believes the concept has exploded since the company's inception in 2015, it has created some confusion. "The concept of MaaS, which very few people were familiar with in 2016, has expanded into countless different strands. Often, it is being sold as a replacement for the car, but that is nonsense. "This misconception has caused confusion throughout the world of leasing and across corporate fleets. If you strip it back, MaaS just integrates transportation providers into a single piece of technology. It can be customised to suit the target model for the client, be it an individual or business. You've got to be able to tailor it based on that." Centring on MaaS within the B2B space, Whitston expands: "Car rental sits at the epicentre of B2B MaaS due to its cost effectiveness and flexibility. You build upon the rental element, customising the target MaaS model from there. It is not about replacing the car. That's never going to happen." Mobilleo is a MaaS platform for businesses of all sizes which works to help firms achieve their wider mobility objectives, from mobility budgets and enhanced employee benefit programmes, to the integration of their vehicle fleets and business travel. Working with five major leasing companies across Europe, you have to start small, Whitston explains.

> "A LOT OF PUBLIC TRANSPORT SERVICE PROVIDERS OPERATE ON LEGACY TECHNOLOGY SO IT WILL TAKE TIME TO INTEGRATE THEIR OPERATORS.

"Once a firm understands their mobility objectives then you can begin to scale-up your operations. Our product, at every single layer, can be customised to suit the mobility model of the client. That might involve reducing the car park footprint outside an office or improving the workforce commute. Whatever it is, we can customise and power these different models."

Also operating across the B2C space, Mobilleo partnered with Transport for Greater Manchester in 2019 to power the EU funded IMOVE project. Supported by TfGM, the project was established to create an integrated travel solution for the people of Manchester by improving the way that different modes of transport work together in the city. Launched in Manchester and three other "European Living Labs" – Berlin, Gothenburg, and Turin – the project aimed to reduce traffic congestion and encourage shared and active travel using a centralised platform.

When asked what is slowing the uptake, Whitston explains the difficulty in establishing the centralised platform: "Multimodality is a technically challenging thing to do. You've got different layers of subscriptions or memberships so it's a difficult technology to build.

"You need everything baked into the technology if MaaS is to operate effectively. Currently, public sector transport is hindering the progression of MaaS in the UK.

The data is there, but it is the ticketing, the payments and the rest of the back-end technology.

A lot of public transport service providers operate on legacy technology so it will take time to integrate their operators. It's coming slowly, but it's coming." ■

SCANDINAVIA: AUTO FINANCE DURING COVID-19

Coronavirus has shaken economies to the core, but in Scandinavia the appetite for automotive finance has grown, says *Terje Kjos*, chief executive of Banqsoft


Terje Kjos, Banqsoft

As news of the pandemic spread earlier this year, professionals in the auto finance industry were faced with several key questions.

Will the demand and expectations for social distancing create a demand for more cars as people shun public transport? Will technology continue to shift towards electric and hybrid cars at the same pace as before? Will the demand for road trips continue? Or, are we witnessing a historic decline in transportation and car sales more generally? One of the first effects of Covid-19 was the dramatic drop in sales of new cars and the temporary shutdown of car factories, but as countries have started to open up, we are seeing the need for transportation remains strong.

Earlier in the year, two of the largest finance companies in Norway saw a sudden sharp rise in the number of loan applications for used cars, even though we were in the middle of the Covid lockdown.

As the year has progressed, the auto leasing sector has seen demand for used car finance increase in Norway, while VW Financial Services has opened for business in Denmark and BNP Paribas Leasing has established itself broadly across the Nordic region this year with commercial operations in Sweden, Denmark and Norway.

FUTURE OF MOBILITY

Covid-19 is not over yet, but we strongly believe auto finance companies will play an even more significant role in the future of mobility. In times of uncertainty, consumers tend to shift towards buying options that will ensure stability, affordability and market value predictability. We have seen that, when times are unpredictable, leasing is much safer for consumers. With leasing, you have a predictable cost of the car, you do not have to tie up large amounts of capital and best of all you can avoid the risk of the residual value when you are going to sell it. If you were to buy an expensive car now, with the current financial outlook and the ongoing tech-nology shift, leasing is a good option to reduce risk. Most consumers want more predictability – especially in times of uncertainty. Consumers have the power to drive our financial and auto markets concerning how much they are willing to pay and invest to cover their mobility needs, and we expect the consumers to have less risk appetite on, for example, the residual value going forward. Convenience is another important aspect. Consumers prefer hassle-free and paper-free processes when buying or leasing cars. The financing part is often seen as a pain, and those who can offer a convenient process will be the winners. Added services are key to ensure convenience for the user of a car, and we also see that rental companies with flexible, all-inclusive offerings are growing, most likely because of the great flexibility and convenience for the consumer.

We consider that these may be some considerations to what is driving the leasing trend. Consumers today expect high-level digital experiences, to the extent that some businesses have created fully automated systems to take an application process from start to finish, from the comfort of the client's home. Carvana, an up-and-coming online used car dealer based in the US who brand themselves as a 'car vending machine', is a leading example of this, offering a fully automated application process for buying and financing used cars online, while also offering car delivery straight to your door. In other words, consumers want convenience. This fully digital example goes to show how quickly the industry is transforming. How will the auto leasing industry develop? We believe it is likely to do so based on consumer pri-orities. Will this rise in leasing lead to changing mobility trends? Could it lead to car-sharing and environmentally friendly transportation? According to a forecast by Industry Research in May 2020, the global car leasing market size is esti-mated to grow at a compound average growth rate of 15% in revenue between 2020-2024, while the year-on-year growth rate for 2020 is estimated at 12.4% by the end of 2024.

Reflecting on the growth of leasing in the past couple of year, we forecast that leasing will have a growing, promising future in the auto market. The financial outlook can also limit alternative ways of financing cars such as paying from them from a mortgage. With an increase in leasing, rental and lease-based mobility services, asset finance companies will play a significant role in the future. They will be the ones owning the assets and be able to development a strong relationship with the consumer.

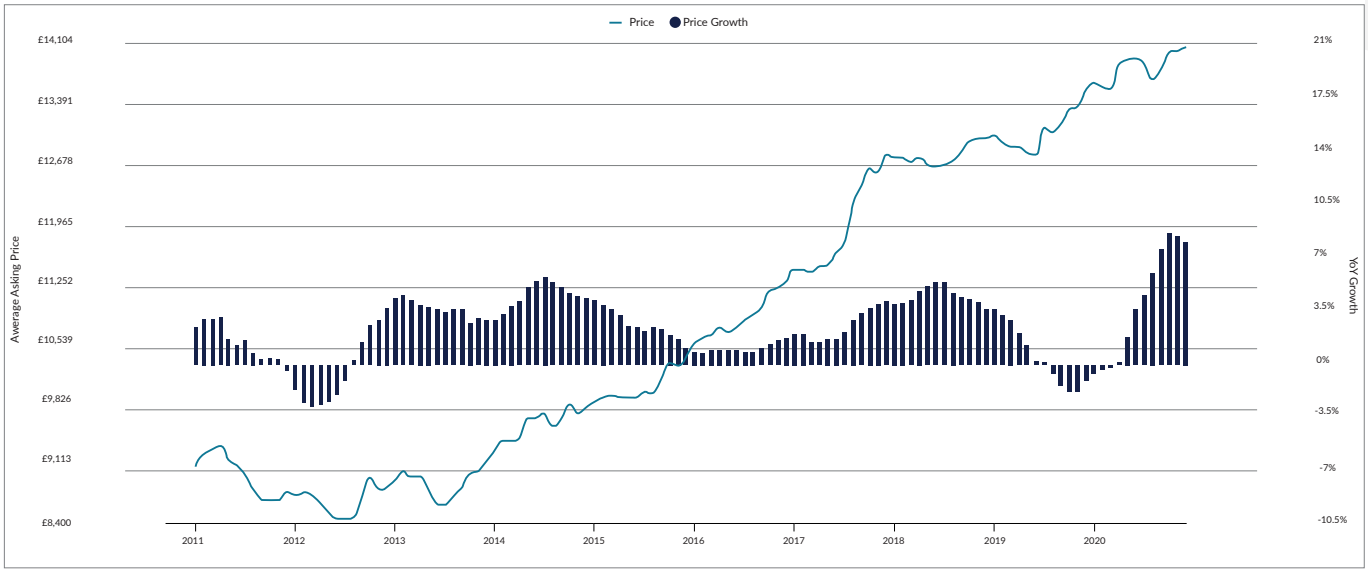
FLEET MANAGEMENT

Regarding the ownership of large fleets of cars, asset finance companies will also have access to data providing quality insights into developing new services.

The opportunities for them to create great mobility services with the available technology of the day will be more or less unlimited. While we cannot predict exactly how the market will develop in the future, what we do know is that technology will be key to be competitive. Convenience and simplification for the consumer means more complex and automated solutions for the financing company. ■

USED CAR VALUES

AUTO TRADER RETAIL PRICE INDEX – DECEMBER 2020



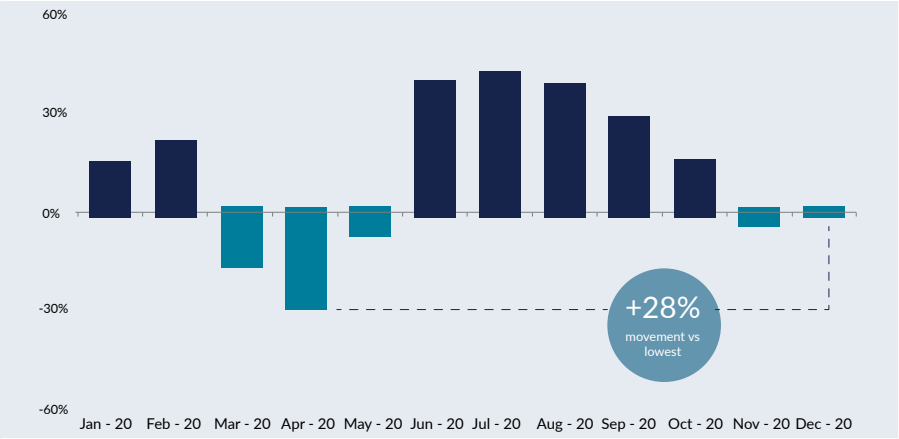
ANALYSIS

The average price of a used car in December was £14,085: a year-on-year and like-for-like increase of 8.1%. It marks the ninth consecutive month of growth and caps what has been a very strong year for second-hand car prices, which in total increased 4% YoY in 2020; a sharp increase on the 0.5% annual growth recorded in 2019.

Prices have been driven by both supply constraints in the market, and the strong levels of consumer demand, which despite the various lockdowns and restrictions imposed across the UK in 2020, remained robust throughout the year. On Auto Trader, 2020 saw over 673m visits to its marketplace, which is an 11% increase on 2019, and in December alone, visits increased 20% YoY.

Auto Trader's director of data and insight, Richard Walker, said: "Encouragingly, we can see that the tighter restrictions rolled out across the UK throughout December had little impact on the levels of consumer demand. Whilst sales capabilities were limited to click & collect and home delivery, we saw millions of consumers visiting our marketplace and engaging with our retailer partners, which suggests there was a healthy market available. Early signs suggest that January consumer demand will remain robust, despite the recent increase in restrictions.

AUTO TRADER USED CAR MARKET HEALTH (YEAR-ON-YEAR-GROWTH)



Source: Manheim Remarketing

> Dealer part-exchange values at BCA rose to record levels for the third month running during February 2020, increasing by £97 (1.8%) over the month.

75.2% UK employment rate	**4.9%** UK unemployment rate	**0.9%** UK CPI	**0.5%** UK RPI	Base rate **0.10%**
-27 (▲0) August Consumer Confidence Index (source: Gfk NOP)	**-25** (▲1) August Consumer Confidence Index (Large purchases) (source: GfK NOP)			

EUROPE FOCUS

VEHICLE REGISTRATIONS FROM THE LARGEST EUROPEAN COUNTRIES BY VOLUME (DATA SUPPLIED BY ACEA)

	November 2020	November 2019	%Change 20/19	Jan-Nov 2020	Jan-Nov 2019	%Change 20/19
FRANCE	126,047	172,731	-27.0	1,463,795	2,003,085	-26.9
GERMANY	290,150	299,127	-3.0	2,606,284	3,323,878	-21.6
ITALY	138,405	151,001	-8.3	1,261,802	1,776,501	-29.0
SPAIN	75,708	93,155	-18.7	745,369	1,152,395	-35.3
UNITED KINGDOM	113,781	156,621	-27.4	1,498,382	2,162,143	-30.7
TOTAL (EU + EFTA + UK)	1,047,409	1,211,545	-13.5	10,746,293	14,544,106	-26.1

AUGUST PERSONAL LOAN RATES

Supplier	APR	Special Conditions
Cahoot	2.80%	Customers must be aged 21 or over, permanent UK residents and hold a UK bank or building society account
TSB	2.80%	Customers must be aged 18 or over, UK residents with a UK bank or building society account
M&S Bank	2.90%	Customers must be aged 18 or over, UK residents with a minimum annual income of £10,000.
Sainsbury's	2.80%	Customers must be aged 18-80 at time of application,and have a permanent UK address
Tesco	3.00%	Customers must be aged 18-74, UK residents for three years with a UK bank or building society account.
Virgin Money	3.00%	Customers must be aged 18 or over with a permanent UK address and UK bank account.
Halifax	3.50%	Customers must be aged 18 or over, and live in the UK
RateSetter	3.90%	Customers must be aged 21 or over and UK residents for three years, with a bank or building society account.
be Savvi	16.90%	Customers must be aged 21 or over and must be a UK resident, and hold a UK bank or building society account
Admiral	7.90%	Customers must be aged between 18 and 74 and not be 75 or over at the end of the loan term.

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

FLA VEHICLE RECOVERY SCHEME (WITH HPI CRUSHWATCH)

TOP 5 MARQUES RECOVERED, SEPTEMBER

Make	Quantity	Value
Audi	144	£1,513,280
Vauxhall	143	£533,055
Mercedes-benz	142	£2,168,950
Bmw	140	£1,440,110
Ford	128	£777,310

MOST EXPENSIVE MODELS RECOVERED, SEPTEMBER

Make	Model	Police Force	Value
Lamborghini	Huracan	METROPOLITAN POLICE – Perivale	£156,200
Lamborghini	Urus	METROPOLITAN POLICE - Perivale	£142,500
Lamborghini	Urus	CITY OF LONDON POLICE	£129,700
Land Rover	Range Rover Sport	KENT POLICE	£96,100
Mercedes-benz	AMG	BEDS CAMBS AND HERTS CONSTABULARY	£88,400

POLICE FORCE OF THE MONTH

Metropolitan

VALUE OF VEHICLES SEIZED

£3,111,425

AUGUST RECOVERY UPDATE

Total HPI Crushwatch enquiries	12,050
Total finance hits	1,222
Value of finance hits	£12,478,995

HPI Crushwatch is an online service that aims to help lenders reclaim vehicles with outstanding finance before they are crushed.

MOTOR FINANCE STATISTICS (FLA)

CARS BOUGHT ON FINANCE BY CONSUMERS THROUGH THE POINT OF SALE

New Business	Nov 2020	% change on prev. year	3 months to Nov 2020	% change on prev. year	12 months to Nov 2020	% change on prev. year
NEW CARS						
Value of advances (£m)	1,058	-24	5,373	-2	15,789	-19
Number of cars	46,013	-27	238,061	-5	713,910	-23
USED CARS						
Value of advances (£m)	1,143	-18	4,668	1	16,263	-12
Number of cars	86,100	-23	354,811	-4	1,254,621	-16

CARS BOUGHT ON FINANCE BY BUSINESSES

New Business	Nov 2020	% change on prev. year	3 months to Nov 2020	% change on prev. year	12 months to Nov 2020	% change on prev. year
NEW CARS						
Number of cars	26,955	-7	83,676	-12	272,852	-37
USED CARS						
Number of cars	4,296	22	14,947	25	58,369	6

ANALYSIS

The UK new car market fell by almost a third (-29.4%) in 2020, with annual registrations dropping to 1,631,064 units, according to figures published today by the SMMT. A 10.9% decline in December wrapped up a turbulent 12 months, which saw demand fall by 680,076 units to the lowest level of registrations since 1992.

Mike Hawes, SMMT chief executive, said, "2020 will be seen as a 'lost year' for Automotive, with the sector under pandemic-enforced shutdown for much of the year and uncertainty over future trading conditions taking their toll. However, with the rollout of vaccines #and clarity over our new relationship with the EU, we must make 2021 a year of recovery. With manufacturers bringing record numbers of electrified vehicles to market over the coming months, we will work with government to encourage drivers to make the switch, while promoting investment in our globally-renowned manufacturing base – recharging the market, industry and economy."

94.1% Share of consumer car purchases financed at the dealership in the past 12 months

+3.0 Percentage point change from previous year

MOTOR INDUSTRY STATISTICS (SMMT)

NEW CAR REGISTRATIONS BY VEHICLE TYPE DECEMBER

	2020	2019	% Change	Market share 2020 (%)	Market share 2019 (%)
Diesel	15,813	33,294	-52.5	11.9	22.3
MHEV diesel	5,754	3,912	47.1	4.3	2.6
Petrol	58,494	92,902	-37.0	44.1	62.4
MHEV petrol	13,629	3,952	244.9	10.3	2.7
BEV	21,914	4,939	343.7	16.5	3.3
PHEV	9,108	4,481	103.3	6.9	3.0
HEV	7,970	5,517	44.5	6.0	3.7
Total	**132,682**	**148,997**	**-10.9**		

MARKET SHARES BY BRAND – TOP 10

Market Shares by Brand	Dec 2020	Trend	2020 % Market share	2019% Market share
Volkswagen	15,635	▲	11.78	9.86
Ford	11,479	▼	8.65	10.09
BMW	10,305	-	7.77	9.47
Mercedes-Benz	7,480	▲	5.64	6.46
Audi	7,435	▼	5.60	5.84
Vauxhall	7,283	▼	5.49	4.17
Nissan	7,124	-	5.37	3.56
Other Imports	6,400	▲	4.82	1.93
Toyota	5,711	▼	4.30	3.17
Peugeot	5,386	▼	4.06	3.84

DECEMBER BEST SELLING MODELS

Tesla Model 3	5,798
Golf	4,470
Fiesta	3,367
VW ID.3	3,188
Qashqai	3,109
Corsa	3,029
Volvo XC40	2,909
A-Class	2,761
Puma	2,600
MINI	2,532

ANALYSIS

The consumer new car finance market reported a fall in new business volumes of 4% in October 2020 compared with the same month in 2019.

In the ten months to October 2020, new business volumes in this market fell by 25% compared with the same period in the previous year. The consumer used car finance market reported a fall in new business volumes of 2% in October 2020 compared with the same month in 2019.

Geraldine Kilkelly, head of research and chief economist at the FLA, said: "The economic outlook has improved following the promised rollout of a vaccine before Christmas.

Based on this more positive outlook, our latest research suggests that consumer car finance new business by value is likely to grow by 18% in 2021, following a contraction of 20% in 2020 as whole."

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Banking & Payments at a glance

GlobalData's **Banking & Payments Intelligence Center** is the **leading information service** that helps our clients to predict **market, competitor, customer** and **disruptor** moves

MARKETS

How fast will the market evolve? Which segments offer the greatest potential?

COMPETITORS

What are your competitors doing differently? How successful are they?

CONSUMERS

What does tomorrow's consumer look like? Which products are they likely to try and adopt?

INNOVATION

What is the critical innovation in your sector? Who are the winners and losers in a disruptive market?

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