



Institute of Credit Management

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Dear Mr Dent

**RESPONSE OF THE INSTITUTE OF CREDIT MANAGEMENT TO: BANK OF ENGLAND – SHOULD THE AVAILABILITY OF UK CREDIT DATA BE IMPROVED?**

The Institute of Credit Management is the largest professional credit management organisation in Europe. Its members hold important, credit-related appointments throughout industry and commerce, and we feel it appropriate to comment on this consultation.

Our responses to the questions we have chosen to answer are as follows, and feature in section 7 of the Discussion Paper:

**• Do respondents believe that there are significant problems with information availability in markets other than CRE and SME lending in the United Kingdom?**

The Institute does not consider there to be any problems with information availability in markets other than CRE and SME lending. The UK's existing multiple CRA model is recognised as one of the best in the world and it has a proven track record of ensuring lenders are able to share and access data to the benefit of consumers.

Despite this, as markets evolve and system participants' needs change it is critical to ensure that the current model is fit for purpose and remains robust. This should include keeping individual process, industry governance and data shared under review to ensure that the UK's CRAs are able to respond to market developments, emerging services and that they remain able to meet the needs of consumers.

**• Would establishing a comprehensive business register in the United Kingdom benefit the provision of credit?**

The Institute believes that the UK's CRAs already provide a highly developed and effective medium for the sharing and use of consumer data to support responsible lending among a range of other functions. However, a business register could enhance and build upon what is already available.

The sharing of this business data on a similar scale, and being able to provide easy access to it, would have comparable benefits, not least in enhancing the ability of lenders to assess risk and assist in opening up credit to SMEs across the country.

A central business register is one viable route to making such data available to lenders on this scale. The Institute believes that this approach would deliver a number of benefits, not least that of addressing existing difficulties in establishing and verifying the identities of businesses, in particular small incorporated businesses.

However, if introduced, we would have concerns about the likely burden this would place on small and micro businesses, in particular, as well as the potential loss of the varying assessments of this data which are provided by a number of competing providers.

In addition, there are also a number of further considerations that would need to be taken into account, including the administrative and financial burden of establishing and running a database of this scale.

To facilitate the setting up of such a register, we believe that the existing work to make VAT register and SME income data available through the CRAs should be allowed to take their course. It is considered that both these proposals alone will significantly increase the availability of SME data and, as stated, they should be allowed to take their course before further measures are considered.

**• What are respondents' views on our assessment of the key information required for SME lending?**

The Institute generally agrees with the assessment by the Bank of England's Discussion Paper.

Currently, business current account data, in particular, is rarely shared. It is typically limited to details showing no more than the existence of an account and the date it was opened. There is currently no industry wide initiative which shares business current account credit turnover data with multiple CRAs.

It is pleasing to see that the Government has recognised the importance of a more integrated system of data sharing, particularly in relation to business current account turnover data and other lending information in the Small Business, Enterprise and Employment Bill. The Institute believes that access to this data will support improved lending levels to SMEs by providing a more comprehensive view of a borrower's creditworthiness.

**• What are respondents' views on our assessment of the availability and importance of information in the UK SME lending market?**

The Institute broadly agrees with the Bank of England's assessment in its Discussion Paper.

SMEs remain a critical part of the UK's economy and the discussion paper recognises the important role that increased data sharing can play in enhancing lending to SMEs. Additionally, this data can help to build our understanding of developing trends and the requirements of the SME market which, in turn, will help to support future policy making.

The availability of cogent up to date data would also enable the lending institutions to take a balanced view when assessing lending proposals and would enable them to realistically price applications both with regard to margin and required security.

**• What are respondents' views on whether improving and widening access to credit data could deliver the benefits suggested for the origination of credit? Are there any other types of data that, if made available, could support the provision of credit?**

The Institute agrees with the broad principles presented in the Discussion Paper, in particular the benefits of improving and widening access to credit data in the provision of credit to the SME sector.

The Institute also believes that the CRAs' ability to assess the creditworthiness of SME borrowers would be improved further if they had additional access to public sector data sources, including amongst others, business identification data for non-limited businesses, HM Revenue & Customs and Ministry of Justice data detailing court activity.

If we can help in any further way please do not hesitate to contact us.

Yours sincerely

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**Chair of Technical Committee**

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