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SECOND
INTERVIEW

Credit Strategy (CS): You're sitting on the panel at the Digital Banking Club for Collections Live Debate. What drew you to be involved and what are you most looking forward to at the event?

Chris Fitch (CF): The people who will be in the room – it is simple as that. Aside from my brilliant fellow panellists, I know that I'll learn a huge amount from everyone there. Debates around digital are often a mix of really inspiring insight and practical guidance, but with some hyperbole and ambiguity in there as well. However, I know the DBC have a great reputation for being short on the obvious, and long on the practical, so that's why I'm really looking forward to this.

CS: How do you define vulnerability?

CF: Without putting people to sleep? That's a challenge. Let's do it in three parts. First, I'd start by asking exactly what customers are vulnerable to? It's a question that's not considered enough, but you need to consider not just if someone is vulnerable, but exactly what detriment they are likely to experience. If you can identify that, then you're a third of the way there.

Second, I'd then acknowledge that vulnerable situations are what we're talking about, not 'vulnerable people'. These vulnerable situations are created by a trinity of three factors, which are all intertwined with one another: individual factors (which include customer illnesses), wider circumstances (such as life events, income shocks etc), and the (in)action the creditor (basically what steps creditors do, and do not take). Together, these all create vulnerable situations, and consequently need to be considered together.

Third, we have to remember the different levels of vulnerability – these are customers who are in potentially vulnerable situations (i.e. all of us, until something happens to change this), currently vulnerable situations (i.e. those experiencing detriment), and particularly vulnerable situations (i.e. where there is acute and urgent need for support, such as customers experiencing difficulties due to mental capacity limitations, or

some forms of mental health problem). The idea here is – a bit like traffic lights – to keep people in the 'potentially vulnerable' category, or to move them back from particularly, to currently, to potentially vulnerable. This is quite a long answer (bet you wish you never asked now) – but our guides on vulnerability explain this in more detail – *www.pfrc.bris.ac.uk*

CS: At what point does forbearance go too far?

CF: In terms of vulnerability, this happens when it isn't based on an accurate and informed assessment of the customer's vulnerable situation, and what detriment they are likely to face. In other words, when we haven't had a decent and engaged conversation with the customer, and where we don't have a good understanding of what they're saying they've been through.

CS: What is the potential of digital technology in helping, and spotting, vulnerable consumers?

CF: Before it innovates in identifying customers in vulnerable situations, digital technology firstly has to get the basics in place – in other words, we have to make sure that we are taking the fundamental actions on identifying and supporting customers in vulnerable situations, just as we would in other voice or face-to-face channels. There is some good practical guidance on doing this out there, and it is down to us to identify what can (and can't) be translated to a digital channel. This includes the FCA CONC framework in relation to mental capacity and arrears/collections/lending.

CS: What do you believe has been the most visible changes in the industry over the last year?

CF: People have moved away from talking about the reasons why they can't address vulnerability in a digital space, to thinking about the benefits of doing this. However, there is still a long way to go – we now need to start sandboxing and testing the approaches that are being muted, and for that to happen we need support from the regulator.

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