Women and high cost credit:

a gender analysis of the home credit industry in the UK

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Introduction

Home credit, or commercial doorstep lending, is an industry, whose core business is offering small, short-term, unsecured cash loans using a network of agents to collect weekly repayments from customers' homes.

The industry has typically operated under a female-to-female lending model. Women account for 65% of the industry's customers (Collard et al., 2013). However, not only are women more likely to use home credit, but they are also more inclined to work for the industry as loan agents. In this market a highly female-oriented demand meets with a highly feminized agency workforce. Thus, in many respects, the industry is part of a women's economy involving highly gendered social networks (Rowlingson & Kempson, 1994, p. 4).

Home credit, is a long- established industry, which, although shrinking and under pressure from newer credit models, still represents one of the main sources of cash credit supply to low-income and high-risk borrowers (Ellison, Collard, & Forster, 2006). Doorstep lending has traditionally fulfilled the credit needs of these groups, and the characteristics of the service it provides have been highly appealing to women and the gender patterns of the working-class home (O'Connell, 2009). Customers, especially female customers, value its immediacy, the certainty of the cost (default fees are not charged), the flexibility over repayments, and the collection of payments from their home (Brooker & Whyley, 2005; Collard & Kempson, 2005; Rowlingson & Kempson, 1994). However, such personalised service comes at a high cost. This type of lending generally has much higher interest rates than mainstream credit forms (Westaway & McKay, 2007). While the industry regards this face to face relationship as a great strength of home credit, and customers value personal service over cost, it can also be viewed as potentially exploitative and a way to keep customers on low incomes borrowing (Kempson, Ellison, Whyley, & Jones, 2009).

Although women's higher probability to turn to doorstep lending has been acknowledged in academic and policy circles, little is known about whether the policy and regulatory framework governing home credit takes into account the female-oriented nature of the industry, and thus protects the rights and interests of women, the major users of this type of credit. To contribute to filling this gap, this research addresses two main questions: (1) To what extent is gender being integrated into the regulations and policies governing the UK home credit industry? (2) Does the UK financial services industry, especially the home credit industry, adhere to international principles to promote women's financial empowerment?

To determine the extent to which gender is being integrated into the regulations and policies governing the UK financial services industry, more specifically, the home credit industry, this research presents a comprehensive review of relevant existing research, industry reports and policy documents, with the aim of identifying measures adopted to empower women as financial consumers and to tackle their vulnerability to high cost credit. The review especially focuses on explicit policy objectives, quantitative targets, gender-disaggregated data collection and research, reforms to legal and regulatory frameworks, refined and strengthened financial consumer protection, and financial literacy and capability interventions.

To determine the extent to which the UK financial services industry adheres to international principles to promote women's financial empowerment, this research uses the G20-led women's financial inclusion agenda as a framework of analysis. The analysis focused on the following G20 priority actions to enhance women's financial empowerment:

- developing gender-sensitive legal and regulatory frameworks
- strengthening financial consumer protection
- supporting measures to improve women's financial literacy
- improving gender-disaggregated data collection and analysis, and
- encouraging financial institutions to adopt gender-sensitive policies and marketing strategies.

The findings of this study underline that although the regulator and other stakeholders of the UK financial services industry have taken initial steps to integrate gender into the regulatory and policy framework in which the home credit industry operates, there is still some work to be done to achieve gender equality in the sector. More specifically, policy interventions in the home credit market and the assessment of their impact have been generally developed, implemented and monitored in a gender-neutral fashion. This may explain the apparent mismatch between policy and the needs of women customers.

For instance, the remedy package imposed on the industry in 2007 focused heavily on measures aimed to facilitate customers shopping around before taking out a loan, when the evidence shows that women are less likely to shop around than men (Graham & Warren, 2001). Another example of a gender-neutral policy showing a similar mismatch is the UK Financial Capability Strategy, launched in 2015. Despite the fact that evidence shows that women are particularly vulnerable to financial hardship and low levels of financial literacy (Atkinson, McKay, Kempson, & Collard, 2006; Graham & Warren, 2001; The Money Advice Service, 2015a, 2015b), the strategy does not define women as a separate target group. This seems to indicate a serious disconnect between policy and the urgent need to address the financial literacy of women.

This research also reveals that, although not specific to the home credit industry, initial steps have been taken by the regulator to show compliance with the Public Sector Equality Duty (PSED), enacted in 2011. These efforts include publishing an annual diversity report, setting out an institutional equality agenda, and conducting an equality impact evaluation of its proposals for a price cap on high-cost short-term credit (HCSTC). In view of these initial endeavours, it thus seems fair to expect that, in compliance with the PSED, future regulatory interventions in the home credit market will take gender into account, and thus contribute to close the existing gap between policy and what we know about women's financial capability and behavior.

The remainder of this paper is structured as follows. Section one sets the industry scene for home credit. Section two provides an overview/ analysis of the feminisation of the home industry from a historical and market perspective. Section three presents a gender-based analysis of the policy and regulatory framework governing the home credit industry. Finally, Section four sets out conclusions and recommendations from this research.

1- Setting the industry scene for home credit

a) Size and nature of the market

Home credit, or commercial doorstep lending, is a long- established industry, whose core business is offering small, short-term, unsecured cash loans using a network of agents to collect weekly repayments from customers' homes. Although most doorstep lenders provide mainly cash loans, some also offer goods and gift vouchers on credit (Collard et al., 2013; Rowlingson & Kempson, 1994). The average length of these loans is usually between 26 and 52 weeks and loan values are typically between £250 and £760 (Collard et al., 2013). According to figures from the Financial Conduct Autority (FCA), in 2015, home credit was used by 2.3 million individuals, and reported just under £1.2 billion in loans outstanding (Financial Conduct Authority, 2017e). Home credit companies have traditionally ranged dramatically in size, from the largest providers, which employ over 8,000 agents to the very small ones, with one or two collectors (Rowlingson & Kempson, 1994).

Women's participation in the home credit market is higher than men's. Evidence indicates that both the demand and supply side of this market is strongly female-oriented. A piece of research published by the Department for Business Innovation and Skills estimates that women account for 65% of the industry's customers (Collard et al., 2013). However, not only are women more likely to use home credit, but they have also been more inclined to work for this industry as loan agents.

Research shows that female agents tend to have economic circumstances similar to those of their customers. Most of them work part-time, juggling employment with childcare and school hours, usually on a self-employed basis with most (85 per cent) of their commission depended on payments collection. Agents are critical to the home credit model. They build a relationship of familiarity and trust with, and personal commitment from, customers that translates into a commitment to pay. And without their persistent visits to borrowers who fall behind on their payments, a significant proportion of loans taken out would not be repaid (Kempson et al., 2009).

Research shows that in addition to women, single parents, council tenants, people living in families with children, and people living on low income or state benefits are more inclined to turn to doorstep lending (Collard et al., 2013; Hartfree & Collard, 2014; O'Connell, 2009; Rowlingson & Kempson, 1994). These groups represent a high proportion of the sub-prime segment of the consumer credit industry. They tend to be excluded from main stream credit due to their limited credit record or history of bad debt. Moreover, most of them use home credit to buy consumer goods, to smooth over the ups and downs of their variable income and paid for bills and essentials (Rowlingson & Kempson, 1994). In other words, doorstep loans are typically thought to be to make ends meet, rather than to facilitate a particular consumer purchase, and there is little evidence of any change in this dynamic over time (O'Connell, 2009).

Since home collected loans do not require security, credit checks are usually performed instantaneously (Provident Financial Group, 2017). Therefore, transactions are quick, informal, and conducted face-to-face in customers' home (Whyley & Brooker, 2004). However, such personalised service comes at a high cost. This type of lending has much higher interest rates, sometimes up to 20 times higher than mainstream credit forms (Westaway & McKay, 2007). A recent report based on the analysis of lender websites conducted by Citizens Advice found that the annual percentage rate (APR) associated with a £500 loan, the median loan size, varies between 104 and 340 per cent. However, the report notes that the interest rate on loans is variable and is generally higher for smaller loans or loans taken out over a shorter time period (Falconer & Lane, 2017). In light of this evidence, it is not surprising that home-collected credit is officially classified as high-cost credit, which includes other forms of non- standard lending such as payday loans, catalogue credit, some rent-to-own, pawn-broking, guarantor and logbook loans (Financial Conduct Authority, 2016).

b) Industry regulation

In 2014, the regulation of the consumer credit sector (including home credit) was passed from the Office of Fair Trading (OFT) to the Financial Conduct Authority (FCA). This new regulatory framework was implemented because it was argued that the FCA regulated by rules, as opposed to regulation by legislation (OFT). In other words, the FCA could be more flexible and responsive and deal with issues more quickly than the OFT which had to wait for legislation to change the law. Moreover, before the FCA took over the supervisory role, there was widespread agreement among critics that the industry was under regulated. To some critics, the regulatory effort started (and ended) with the granting of a licence by the OFT. The conditions of licensing were governed by the Consumer Credit Act 2006 which substantially updated the old 1974 Act (Edmonds, 2017). There are a number of trade bodies for home credit lenders, the main one being the Consumer Credit Association (CCA). CCA members must abide by its code of practice, as well as FCA regulation. If members do not comply with the code, the main sanction is that they risk expulsion from the trade association (Consumer Credit Association, 2017).

c) Characteristics of the industry

There are relatively few studies that have explored in detail how the UK home credit industry works. The most recent of these seems to be Kempson et al, 2009, on which this section draws heavily.

The home credit industry faces a high risk of adverse selection. Due to their often low and/or unstable incomes, home credit customers are generally more prone to have difficulty maintaining their repayment schedule, and therefore to have a high risk of loan default. This risk is sometimes exacerbated when companies place a high degree of importance on round density to profitability— "requiring high levels of customer recruitment in a small geographical area" (Kempson et al., 2009, p. 45).

The success of a doorstep lender relies heavily on "its ability to manage the risks of adverse selection among its customer base" (Kempson et al., 2009, p. 19). Recruitment as well as retention of good customers is key in achieving this goal. Customer recruitment and screening are inevitably expensive processes whose costs need to be recouped over a number of loans. Therefore, retaining customers through follow-on loans is a common practice. Indeed, in the home credit sector, retention means "actively selling new loans as existing agreements draw to a close"

(Kempson et al., 2009, p. 45). While repeat borrowing may benefit agents by maintaining or increasing their collection and therefore their commission levels, it can negatively affect customers' financial wellbeing by keeping them trapped in a spiral of debt. This is particularly the case for customers who fall behind their loan repayments. In some cases, loan agents pressure them to take out an additional loan to refinance their existing debt (Falconer & Lane, 2017).

Finding customers who can and will repay the money owed poses a major challenge to home credit providers. Companies are in a constant competition to attract quality customers, therefore, it is not altogether surprising that the number of customers switching providers tends to be high. "The level varies between companies but averages between 25 and 35 per cent of the customer base per year for larger lenders" (Kempson et al., 2009, p. 24). There is, therefore, a continuous need to recruit new customers. Agent and customer referrals are the main source of new business but both are decreasing. Consequently, other recruitment methods have to be used. The focus is increasingly on using indirect and remote recruitment channels including telephone and online advertising. Interestingly, however, customers recruited through remote channels "exhibit a higher incidence of collection problems and bad debt than those acquired on agent or customer recommendation" (Kempson et al., 2009, p. 25).

Commercial home credit lenders deal with a high degree of payment irregularity. Missed, late and partial payments are endemic among their customers. In this context, flexibility and forbearance with regard to payment and debt recovery is not only an essential ingredient and key to the appeal of home credit to its users, but also a strategic approach that helps lenders to maximize debt collection rates. Customers who are most likely to have payment problems are those 'credit hungry', that is, clients who are continually in the market for new loans, regardless of the lender. This group of clients is mainly composed of those who have not been recruited by an agent and, therefore, have not built up high levels of loyalty to their agent (Kempson et al., 2009, p. 20).

A 'quality' customer, who lenders are willing to re-serve, is defined, within the industry, as "someone who makes 60 per cent of their repayments on time" (Kempson et al., 2009, p. 24). Kempson et al. (2009), based on information from three largest lenders, find that around one third of all payments across the industry are missed each week, and across the full term of all loans, between 29 and 44 per cent of borrowers have more than half of payments missed. Using results from a consumer survey, the study also reveals high rates of loan default. Six in ten home credit customers admit to having missed or made late payments on loans. The main reasons they give for this are having insufficient income and facing unexpected demands.

A more recent study by Collard et al. (2013) unveils similar patterns. The study, based on data from business and consumer surveys, finds that a third of home credit customers miss at least one payment on their loans. This means that customers typically pay their loans back over a longer period of time than originally agreed. However, despite facing late payments, most lenders do not charge default fees, a characteristic of home credit that is especially appealing to low-income borrowers. According to the study, home credit customers who have a bad credit record and those with no mainstream credit are more prone to fall into arrears. Telephone calls, letters and visits from managers to non-paying customers are the most common practices used by home credit firms to manage arrears. Customer support managers (intermediaries that provide early assistance to debtors), internal debt recovery teams and partial write-offs (i.e. offering debtors a reduction if they settle their debt within a specific period of time) are also measures to collect unpaid debt, although they are used by a small number of firms.

Home credit agents

Home credit is a face to face business built on close personal relationships, with agents typically visiting borrowers in their homes on a weekly basis to collect payments. The home collection channel is an important component of risk management and a major part of the appeal of the model for consumers, many of whom value the agent service, albeit that it comes at a high cost (Rowlingson & Kempson, 1994). Their commission alone accounts for 30 per cent of the total cost of a loan (Kempson et al., 2009). Survey evidence indicates that customers turn to this form of credit in part because they find it easier to manage when their payments are collected (Collard et al., 2013). From a commercial lender's perspective, a large section of home credit customers can only be offered a loan if the risk of default is managed by the lender. This means retaining some control over repayments through home collection (Collard & Kempson, 2005).

Agents are critical to a successful home credit business, with lending quality, collection performance and, ultimately financial results dependent on them. They have historically been the best method of recruiting new customers and a key source of repeat business. And without their persistent visits to people in default a significant proportion of the money lent would not be collectable. Their detailed knowledge of their customers is an important input to lending decisions. Experienced agents are able to make effective judgements about customers' ability to repay their loans, and as a result, deliver significant profitable business. Recruiting agents with the right qualities is, consequently, challenging but essential. So, too, is retention of good agents as new agents and new rounds require subsidy. This is because new agents are more dependent on systems and controls, particularly for bad debt management (Kempson et al., 2009).

Recent developments in the home credit market

A viable home credit model depends on cross-subsidy, occurring both between customers and over an individual customer's life cycle. The central idea behind this approach is charging a high enough single price so that non-defaulter borrowers subsidy the defaulter ones. Moreover, since home credit borrowers exhibit a high degree of consumer loyalty, it is expected that a customer who has been cross-subsidised at one stage of the cycle will be cross-subsidising someone else at another stage of the cycle. However, the traditional home credit model is more difficult to sustain as the potential for cross-subsidy has become eroded due to a tougher business environment, including tighter regulation (see section 3). Many former users of home credit, especially better payers who are generally also better off, have migrated to other credit products in the UK's well-established sub-prime market, leaving home credit companies with a larger proportion of high-risk, low-profit customers. As a result, some firms have withdrawn from the supply of home credit by retreating from lower-value loans and ceasing to provide credit to the highest-risk borrowers. Smaller providers have shifted towards offering longer-term, lower-cost, higher-value loans, while the larger ones have diversified into new products involving electronic payments (secured lending, sub-prime credit cards, sub-prime mortgages, remote loans). Consequently, the number of home credit borrowers and the total amount of money lent in the form of doorstep loans have been in decline. However, as a consequence of the post-2008 credit crunch and tighter lending criteria in the mainstream credit market, this effect was to some extent moderated by the influx of credit-impaired borrowers turned down by mainstream and sub-prime lenders (Kempson et al., 2009).

More recently, Provident Financial, the UK's largest doorstep lender has initiated the transition of its home credit business to a new operating model, which centred around the restructuring of the company's field organisation and the deployment of handheld technology (lending and collections apps to report real time performance data and designed to enable better control of the company's agents and how new credit is issued). The new model serves customers through full time employed Customer Experience Managers rather than self-employed agents, as well as streamlining the field management structure with newly defined roles and ways of working. The company's 2016 Annual Report and Financial Statements indicates that the number of self-employed debt collection agents was reduced from over 10,000 to 4,500, and that over 2,500 new positions as Customer Experience Managers were created. From the company's point of view, this change was intended to enable the business to manage every aspect of the customer relationship, thereby improving the effectiveness of the field organisation and enhancing the customer experience (Provident Financial Group, 2017). However, the reorganization proved far more disruptive to the business than expected. A signficicant loss of experienced agents, a big drop in the rate of collection from 90 per cent of payments to 57 per cent, and a knock-on effect on weekly sales resulted in the resignation of senior staff and heavy financial losses (Murray Brown, 2017a).

Provident Financial's recent experience has reaffirmed some other lenders belief that a network of self-employed agents, a model that has stood the test of time, is the preferred structure for their home-collected credit business, and thus will continue to recruit this type of staff (Murray Brown, 2017b). For this group of companies, a face-to face relationship is critical to the assessment of affordability and forbearance measures, which can not be replicated through a remote lending relationship (Murray Brown, 2016).

2- Women and home credit

a) Feminisation of the home credit industry: a historical perspective

Credit on the doorstep is not a new business model. It has been around since the Victorian era, with itinerant pedlars, also known as tallymen, canvassing door to door for buyers willing to purchase goods on credit and pay by weekly instalments. Since its outset, doorstep lending has been a highly female-oriented sector (O'Connell, 2009; Rowlingson & Kempson, 1994). Victorian tallymen's clients were predominantly working-class housewives to whom tallymen provided the means by which to access cheap mass market merchandise in a period before the development of hire purchase. Female tally trader clients, in particular, were content to deal with what had become a familiar form of provisioning the family home and credit traders worked hard on establishing themselves as part of the housewife's weekly routine, who appreciated weekly collections and the discipline this imposed on tight budgets (O'Connell, 2009).

Tally-trade remained for centuries a major provider of consumer goods and credit within working-class communities. The industry was traditionally highly dependent on customary practice and personal association. Its business methods always stressed the importance of personal relationships and engendered much loyalty. This was translated into a great deal of intergenerational use of the industry' services by customers. However, the sector faced controversies that dogged it. At the heart of critiques was the belief that tallymen used high pressure sales to deceive working-class wives into costly credit deals behind their husbands' backs. The tallymen were widely envisaged in the popular imagination as predators, who provided costly and low-quality goods to customers living a hand to mouth existence. As a result, those involved in the business sought to divest themselves of the label, preferring credit draper in the nineteenth century and, from the 1920s, credit trader (O'Connell, 2009).

During the 1970s, tallymen, now regarded as credit traders, lost a significant number of their customers to new and less costly forms of credit, including mail order catalogues, credit cards, store cards, and bank loans. This was mainly related to the fact that, during this period, working-class users of credit traders became more affluent and thus had less requirement of the external discipline that the home-collected credit providers had imposed on their parents and grandparents. They also encountered more lending options, provided by an increasingly diverse and liberalized mainstream financial service industry. Although these factors contributed to changes in consumer preferences, the habits developed by working-class borrowers in their management of monetary resources were not immediately modified. Habit changed occurred between, rather than within, generational groups (O'Connell, 2009).

In response to the substantial challenges brought by the rapid growth of alternative forms of credit that resulted from the credit explosion of the 1970 and 1980s, credit traders developed a new niche market, doorstep moneylending. The sector’s shift from merchandising to moneylending caused great controversy amongst critics of this system and ensured doorstep lenders a continuing place at the epicentre of new debates about debt and low-income consumers. As with merchandise offered on credit by the tallymen, doorstep lending was, and continues to be, a popular choice among women. However, there was an important change in the sector’s business model that is also still prevalent nowadays, the feminization of agency workforces. The different transitions undergone by the doorstep credit industry seem to indicate that the operational model of Victorian tallymen, with the important exception of the feminization of agency workforces, continues to work for modern doorstep moneylenders and remains effective in providing credit to those who have limited or no access to the services provided by mainstream financial institutions (Laferté & O'Connell, 2015).

b) Demand side-analysis: How do women engage with home credit?

Despite widespread criticism of the high costs of the loans, doorstep lending attracts large numbers of customers, especially women. Why so? The reason for it is that doorstep lending has traditionally fulfilled the credit needs of low income groups, and the characteristics of the service it provides have been highly appealing to women and the gender patterns of the working-class home. Multiple studies have shown that home credit has many features that are highly valued by its users. Indeed, for many users, it is far from the last resort. Customers, especially female customers, value its immediacy, the certainty of the cost (default fees are not charged), the flexibility over repayments, and the collection of payments from their home (Brooker & Whyley, 2005; Collard & Kempson, 2005; Rowlingson & Kempson, 1994). For people on low income, affordability is often perceived to be more important than cost when it comes to repayments; and products are typically marketed in ways that emphasise affordability. Affordability, in this framework, is delivered by a costly and, from the lenders' point of view, a risky combination of home collection and forbearance towards payment problems. Borrowers' preference for affordable payments is confirmed by results from consumer surveys, which indicate that home credit customers strongly prefer to make weekly repayments over monthly ones, and to have their repayments collected by an agent at their home rather than paying them by direct debit. This preference for home collected payments seems to be unaffected by the length of time they have been a customer or whether they have faced payment difficulties (Kempson et al., 2009).

While customers widely agree that home credit costs more than other types of borrowing, they also acknowledge that without the weekly collection of repayments, they would struggle to manage their budgets. Most customers find it more convenient to repay a small sum weekly, rather than saving a larger sum to meet monthly payments as required by other lenders. Moreover, a weekly collection of repayments is usually arranged to coincide with the payment of wages or social security benefits. In this context, the industry argues that home credit plays a key role in ensuring that customers with these specific needs are not financially marginalised and have access to a specialist and personal service (Consumer Credit Association, 2017). For some borrowers, in a sense, borrowing from a doorstep moneylender is seen as an alternative to saving because—while it is almost always hard to put money aside each week—the knowledge that a loan agent would be collecting the payments at the door is seen as an inducement to make sure that the money is there (Rowlingson & Kempson, 1994).

Notwithstanding the high cost of credit, a flexible approach to payment difficulties is also crucial in making repayments affordable, especially for people on low incomes. The fact that missed or late payments do not incur a default charge or interest penalty is considered a major advantage over mainstream credit – but it can significantly prolong the borrowing period and serves to extend the agent-customer relationship. A high proportion of home credit customers rely on this flexibility to help them make ends meet and manage the peaks and troughs in their income. Survey evidence indicates that insufficient income to cover outgoings or unexpected expenses are the main reasons why home credit borrowers miss or make late payments on loans (Kempson et al., 2009). In this context, any additional charge would further disrupt already very tight budgets and could seriously jeopardise the likelihood of a loan being recovered. This evidence also calls into question the affordability of the initial loan, however.

Earlier research on home credit found that agents accepted that their customers would fall behind on their payments from time to time. They rarely said anything to a customer who missed a payment. And if someone repaid a loan over a longer period of time than originally agreed, no interest or late fees were added. If someone missed several payments, the firm would send a written notification and sometimes the manager would visit to further investigate the issue. Companies rarely took court action to recover debt because it was an expensive and time-consuming process. The main penalty against defaulters—generally a very effective one—was the threat of loss of confidence in their creditworthiness. The same research showed that some agents employed subtle methods to recover debt. They eulogised punctual payers and showed defaulters that they felt let down. So rather than being hostile, agents showed flexibility about late payments and continued to offer credit to people who missed payments. Lenders argued that as long as default is maintained at manageable levels, then customers should retain access to credit (Rowlingson & Kempson, 1994).

A trusted and reputable lender is another key factor driving the demand for home credit. Secondary analysis of in-depth interviews and other research on the topic conclude that in order for lenders to be familiar and deemed to be trustworthy, they have to be able to understand the needs and circumstances of their customers without being judgmental (Brooker & Whyley, 2005; Collard & Kempson, 2005; Rowlingson & Kempson, 1994). These conditions are necessary for customers to feel comfortable asking for loans and being honest about their ability to repay. They also enable agents to estimate, with a reasonable degree of confidence, a customer’s probability of default (Kempson et al., 2009). In this framework, the agent network, as representatives of the lender, is vital in establishing trust and familiarity. As loan and credit agreements usually take place at the customer’s own home, the industry argues that an individual discussion enables both the lender and the customer to agree a credit level which will be a benefit rather than a burden (Consumer Credit Association, 2017). While the industry regards this face to face relationship as a great strength of home credit, and some customers undoubtedly value the personal aspect of home credit, it can also be viewed as potentially exploitative and a way to keep customers on low incomes borrowing (Kempson et al., 2009).

Most home credit customers take out a new loan as soon as they finish paying their existing loan back, and the probability of this occurring raises with the length of time they have been a customer. Evidence indicates that the level of demand tends to be constant among established users of home credit, particularly those recruited by agents. It is important to note, however, that persistent demand for loans is highest among customers that frequently miss payments, who represent a high risk for lenders (Kempson et al., 2009). There are multiple reasons to explain why people get into a habit of borrowing again as soon as they come to the end of a current loan. For some, this is because they are comfortable with the service provided by their home credit agents. For others, this is because they are in a desperate need for money. However, whatever the consumer motivation, agents frequently employ different subtle tactics to encourage borrowing. For example, some agents try to identify needs that customers might have and persuade them to take out a loan to meet those needs. Commonly, lenders employ “a combination of charm and cheek to encourage further borrowing” (Rowlingson & Kempson, 1994, p. 3). Some lenders even manipulate customers to accept unsolicited loans, for example some agents were reported to tell their customers that their commission depended on sales. Customers generally have a good relationship with their agents and so want to give them a helping hand by borrowing (Rowlingson & Kempson, 1994).

Use of more than one home credit company at the same time is a common practice among home credit users. On the one hand, customers seem to be driven by a need to maximize their access to credit. Reasons for taking this approach include a need to borrow more than a single lender is prepared to advance, being refused further credit by an existing lender, and reluctance to ask for a further loan with the same lender. On the other hand, some borrowers appear to be motivated by more positive factors such as a desire for building up their credit history with other lenders, getting the best deal, and not letting any one company to know all their business. However, despite having a strong need to increase their sources of credit, home credit users are not as credit-constrained as might be expected. Indeed, most customers use home credit as part of a portfolio of credit options, which include a range of mainstream and sub-prime credit products, such as mail order, shopping vouchers, credit cards, Social Fund loans, hire purchase and pawnbrokers. Among these products, mail order is by far, the most common form of credit to be used alongside home credit (Kempson et al., 2009).

However, despite having access to a range of borrowing options, home credit users are less likely than users of other short-term loans to use mainstream credit. Collard et al. (2013) found that only 10 per cent of home credit customers were able to borrow from a mainstream lender, compared to 14 per cent of retail payday loan customers, 18 per cent of pawnbroking customers and 24 per cent of online payday loan customers. The study also found that even if home credit consumers have access to mainstream credit, it might not be considered a viable option. For instance, consumers could be at or over their credit limits on credit cards or overdrafts and therefore not have sufficient credit to cover the bills they need to pay, or they may want to borrow less than the amount of money offered by a commercial bank (pp. 17-26) .

c) Supply-side analysis: the role of female agents

Home credit has traditionally operated under a female-to-female lending model. In this market a highly female-oriented demand meets with a highly feminized agency workforce. In many respects, the industry is part of a women's economy, which involves highly gendered social networks (Rowlingson & Kempson, 1994, p. 4). In this framework, agents prove useful for credit control and in creating the obligation and reciprocity that maintain a continuous business relationship.

At least until recently, the majority of home credit agents have been women, who had economic circumstances similar to those of their female customers. Most of them work part-time, usually on a self-employed basis, trying to balance employment with childcare and school hours. They are generally employed on a commission-only basis, with most (85 per cent) of their commission depended on payments collection. Round density is a critical factor in determining both an agent's effectiveness and her remuneration. On average, they have 130 customers in their round; and to provide an adequate income they typically aim to serve between six and ten customers an hour. On the one hand, being remunerated in the form of commission works as an inherent incentive for the agent to lend responsibly and perform an effective repayment collection. On the other hand, working under this remuneration system implies that agents are not paid a wage that have elements of basic pay, including holiday and sick pay. This means that home credit companies take no responsibility for sickness or injury (Kempson et al., 2009).

Traditionally, agents were usually recruited through personal recommendation or advertising. The ideal candidate for the position is someone who fits into the community they serve, is self-motivated, professional with a maturity of outlook and numerate. Research indicates that the main reasons that attract women to work as home credit agents are the hours of work, the pay, the opportunities of self-employment and the interaction with people (Rowlingson & Kempson, 1994). Home credit providers, for their part, reap benefits from hiring female agents. They usually have an existing connection with their customers and are highly motivated by the social interactions that go with the job. Moreover, they possess budgeting knowledge and a native ability to appraise the creditworthiness of their customers (O'Connell, 2009).

3- Policy and regulatory framework: applying a gender lens to the home credit industry in the UK

At the international level, in its role as a member state of the G20, the UK is committed to the goal of universal financial inclusion (or universal access to mainstream financial products and services). Since 2010, the G20 has included financial inclusion as a key target of its Development Agenda, and has placed women's financial inclusion and literacy as main drivers of financial access around the globe (World Bank & OECD, 2013).

The G20 leaders have taken significant steps and made important commitments to improving access to financial services for women, including creating the Global Partnership for Financial Inclusion (GPFI), the main implementing mechanism of the G20 Financial Inclusion Action Plan endorsed at the Seoul Summit in 2010. In 2011, the GPFI prepared a report on the key trends, challenges, and opportunities for advancing access to finance for women entrepreneurs in developing countries. In the same year, the G20 endorsed the High-level Principles on Financial Consumer Protection, and successively in 2012, the High-Level Principles on National Strategies for Financial Education. These two sets of principles identify women as a prime target group (OECD, 2011, 2012b).

In 2013, the G20 leaders launched three additional gender-oriented initiatives: the Sub-Group on Financial Consumer Protection and Financial Literacy, the GPFI Women's Finance Hub and the G20's Financial Inclusion Data Portal. The first was established to address the needs of women and other vulnerable groups, in relation to financial education and financial consumer protection. The second was implemented through an online platform aimed at helping women, especially those with entrepreneurial interests, improve their access to financial products and services by disseminating information and research on key issues relevant to women's engagement with the financial market. The third was carried out to feature gender-disaggregated data on financial inclusion through a website powered by the World Bank's Data Group with the aim of providing indicators to track progress on women's access to finance (World Bank & OECD, 2013).

In the same year, the GPFI, along with two of its implementing partners, the Organisation for Economic Co-operation and Development (OECD) and the World Bank, prepared a progress report to the G20 on the state of affairs and principal obstacles to strengthening women's access to finance. The relevance of this report is that it outlined the G20-led women's financial inclusion agenda, whose principles later became part of the set of recommended policy measures for women's financial inclusion that are currently endorsed by the Alliance for Financial Inclusion (AFI), also a GPFI implementing partner (Alliance for Financial Inclusion, 2016).

While the G20's work on financial inclusion has mainly focused on developing countries, there are important and relevant lessons for the UK in terms of gender and finance. The analysis presented below is based on the above mentioned agenda, which provides a gender-sensitive structure to evaluate the policy and regulatory framework of the home credit industry in the UK. To determine the extent to which gender is being integrated in the design of policies and regulatory interventions for the provision of home credit, the analysis focuses on the following G20 priority actions to enhance women's financial empowerment:

- developing gender-sensitive legal and regulatory frameworks
- strengthening financial consumer protection
- supporting measures to improve women's financial literacy
- improving gender-disaggregated data collection and analysis, and
- encouraging financial institutions to adopt gender-sensitive policies and marketing strategies.

a) Developing gender-sensitive legal and regulatory frameworks

The G20 states that legal and regulatory frameworks in the financial sector must be gender-specific, with women a focus for financial inclusion interventions and strategies (World Bank & OECD, 2013). This priority action is based on the premise that nothing is gender neutral, as policy measures may have a different impact on women and men, even when such an effect was unintended (Alliance for Financial Inclusion, 2016; European Commission, 1998). In line with this principle, countries should pay more attention to the value proposition of women's financial inclusion by translating it into explicit policy objectives and quantitative targets. Moreover, policies that are particularly effective at expanding women's financial inclusion should be identified and, if necessary, fine-tuned to maximise their impact (Alliance for Financial Inclusion, 2016).

UK approach

Gender equality in access to financial services, although not explicitly required in the regulation governing the UK financial services industry, is set out as a specific requirement in the Public Sector Equality Duty (PSED). The PSED, created under the Equality Act 2010 and put into force in 2011, instructs public bodies to monitor and reflect equality considerations into the design of their internal and external policies, and the delivery of their services. In addition to gender, the PSED covers other protected characteristics, including age, disability, race, sexual orientation, religion or belief, and pregnancy and maternity.

The Financial Conduct Authorithy (FCA), the public body in charge of regulating the UK financial services industry, including the home credit industry, must abide by the PSED. Within the FCA, an Executive Diversity Committee is responsible for taking strategic decisions on issues affecting equality, diversity and inclusion. Moreover, a number of Staff Network Groups, including a group aimed at supporting women in their career development, aims to shape and deliver the organisation's diversity and inclusion objectives (Financial Conduct Authority, 2017b).

To show compliance with the PSED, the FCA is required to publish equality information on an annual basis. This includes information about policies implemented to address equality concerns and the effect of these policies on people with different protected characteristics, including employees and service users. In addition, at least every four years, the FCA must set and publish an equality agenda, which should include specific and measurable goals designed to further the aims of the PSED. These goals and the progress made towards them are an important piece of evidence to demonstrate compliance with the PSED and to help the public assess the equality performance of the institution (Financial Conduct Authority, 2017b).

According to its 2016/17 Annual Diversity Report, the current FCA's equality agenda sets out four main goals: being a destination employer, having an inclusive culture, having consumer insight and influencing positive change in the financial services sector. While the first two goals reflect internal actions, the remaining two look externally at the FCA's role in the wider financial services industry.

To show its support for an inclusive workplace culture in terms of gender diversity and equality, in 2016, the FCA became a signatory to the Women in Finance Charter. The Charter is a government initiative aiming at achieving gender parity at all levels across financial services firms by committing them to supporting women's career advancement, especially into senior positions. By endorsing the Charter, the FCA pledged to ensure that 45% of its senior leadership team will identify as female by 2020, and 50% by 2025. Moreover, external speaking engagements made by executive staff, such as the Women in Finance Summit 2017, serve as a platform to discuss the importance of promoting effective corporate strategies for creating gender diversity at all levels of leadership (Financial Conduct Authority, 2017b).

In obtaining consumer insight, the FCA has carried out some actions to gain a better understanding of issues regarding consumer access to financial services. For example, in 2016, it published an Occasional Paper exploring the barriers faced by different consumer groups in accessing financial products and services (although this did not focus particularly on gender or gender identity). The Occasional Paper has informed the FCA's approach to regulation, as set out in its Mission (Financial Conduct Authority, 2017d).

In the same year, the FCA launched the Financial Lives Survey, a tracking study aimed at collecting information about the financial products consumers use and their attitudes to managing their money. According to the regulator, the results from the survey are particularly intended to help increase knowledge and understanding of the issues affecting consumers and to target consumer protection interventions more effectively. In 2017, the FCA published a report on the results from the first wave of the survey. The survey results show that 50% of UK adults (25.6 million) display characteristics of potential vulnerability, that is, a high risk of being unable to engage with their finances or with financial services if things go wrong. Interestingly, the survey also reveals that women (53%), especially those who are unbanked or unemployed, account for the largest number of those with these characteristics (compared with 46% of men) (Financial Conduct Authority, 2017f).

Although the report provides some insights into how men and women use financial products and services, it mainly looks at the survey results from an age group perspective. According to the report, providing results principally by age is only one way of interpreting the survey data, and further analysis and insights from the survey will be published in the future (Financial Conduct Authority, 2017f). In addition to conducting further analysis of the Financial Lives Survey, the FCA plans to publish an overarching consumer strategy, 'Approach to Consumers', which is intended to set financial access and consumer protection goals, with special focus on vulnerable consumers (Financial Conduct Authority, 2017b). Given that women are more likely to exhibit characteristics of potential vulnerability as a result of serious events in their life (such as redundancy, bereavement or divorce), this forthcoming strategy offers the ideal setting to integrate gender into the regulatory and policy framework governing the financial services industry. An approach that is particularly missing from debates about consumer protection in financial services. Moreover, the fact that the FCA is committed to conducting further data analysis in the future offers the opportunity to carry out a comprehensive gender-based analysis that allows both policymakers and regulators to assess and, most importantly, track changes in the gender gap in financial vulnerability, and thus be able to suggest adequate policy responses to address the urgent need to improve women's financial empowerment.

b) Supporting measures to improve women's financial literacy

In most countries, both developed and developing ones, women are reported to have less financial knowledge and lower access to mainstream financial products than men (OECD, 2013a). For this reason, financial literacy is widely acknowledged as a critical factor in achieving women's financial empowerment. Research shows that exposure to financial literacy training has the potential of increasing awareness of financial products among women, helping them make informed and responsible decisions with regard to the uptake of these products (Alliance for Financial Inclusion, 2016).

The Women and Finance Progress Report to the G20 recommends that in designing and developing financial education initiatives, policy makers should take into account gender disparities in financial knowledge by identifying specific and/or additional financial literacy needs that women may have. This could be achieved by targeting subgroups among women, tailoring teaching methods based on specific learning contexts (e.g., schools, the workplace, communities, women's networks, and self-help groups), and promoting the involvement and coordination among relevant stakeholders with an interest in gender issues and financial literacy. Depending on country circumstances, the report also indicates, it is important to identify and address barriers that may prevent women from accessing financial education, including social, cultural and legal norms that reduce women's opportunities to acquire essential financial knowledge and skills. Finally, the report highlights the importance of systematically monitoring and evaluating financial education programmes, as a way to help identify differences in financial literacy performance between male and female participants (World Bank & OECD, 2013).

The OECD /INFE Policy Guidance on Addressing Women's and Girls' Needs for Financial Awareness and Education, a document endorsed by the G20, acknowledges the introduction of financial education into schools as a policy priority for achieving gender equality in financial literacy. The guidance states that integrating financial education in school subjects can give both girls and boys equal opportunities to gain basic financial skills before social or cultural factors may restrict their opportunities to do so. Such initiatives, the guidance notes, should take into account girls' different ways of learning and gender differences in particular competencies (e.g. girls' better performance in reading and worse in mathematics than boys) (OECD, 2013b). Similarly, the OECD/INFE Guidelines on Financial Education in Schools remarks that integrating financial literacy into the official school curriculum is one of the most efficient and fair ways to financially educate an entire generation on a broad scale. Since the curriculum covers several years and can start as early as preschool, it represents a unique channel to instill a strong financial culture among future adults (OECD, 2012a).

UK approach

Low levels of financial knowledge among women in the UK are well documented. A seminal study by the Financial Services Authority (FSA) on women and personal finance found that:

- women were less likely than men to shop around before buying financial products, less likely to feel comfortable using the Internet for banking and less likely to keep up to date with financial matters.
- having an existing relationship with a financial institution, rather than the characteristics of the products offered, was the most important factor when purchasing financial products among women.
- women had a stronger preference for buying products face-to-face. More than half of women stated this as their preferred method of taking out a financial product with just two-fifths of men. Men for their part, tended to favour a combination of remote and face-to-face channels.
- women tended to be more loyal consumers of financial products than men. The gender difference was more pronounced in relation to savings accounts than it was for any other financial product (Graham & Warren, 2001).

The study also revealed that women were less inclined to read about financial products and services in newspapers. While a third of men reported they regularly read the financial pages of a newspaper, just under a fifth of women did. While the study found that women tended to be less comfortable with using the internet for banking (Graham & Warren, 2001), recent statistics show that the gap between men and women's internet use is closing (ONS, 2017b) and there is little gender difference in internet use by type of activity (including online banking) (ONS, 2017a). The largest differences in internet use are seen among the older age groups –among people aged 75+ for example nearly half (47%) of men report recently using the internet, compared with just 35% of women; and there is still a higher proportion of women who report they have never used the internet (10.5% of women, compared with 7.8% of men) (ONS, 2017b).

A nationally representative baseline survey on financial capability, conducted in 2005, shows that on average women perform less well than men on choosing financial products, comparing prices across financial institutions and reading products' terms and conditions. According to the survey results, women also score low on knowledge of financial products, specifically on understanding the effects of inflation on savings and calculating return on investments (Atkinson et al., 2006). Similarly, the 2015 UK Financial Capability Survey showed that on average, women do less well on skills and knowledge questions, including being able to read a bank statement, understanding the effect of inflation on the real value of savings, and performing basic calculations such as adding interest earned to a savings balance (The Money Advice Service, 2015a).

To improve the nation's levels of financial literacy, the UK government has implemented two main initiatives: the introduction of financial education in secondary schools in England[1] and the development of a national strategy for the promotion of financial capability.

Financial education in schools in England

In 2014, financial education became a statutory part of the secondary school curriculum in England. The new curriculum embeds financial education in two subjects, citizenship and mathematics. The contents integrated into citizenship are aimed at equipping students with the necessary skills to manage their finances and plan for the future. For instance, students in key stage 3 (aged 11 to 14 years) receive lessons in the importance of budgeting and risk management, and students in key stage 4 (aged 14 to 16 years) are taught about income, expenditure, and financial products and services (e.g., credit, insurance, savings, and pensions). Moreover, the renew emphasis placed on mathematics, especially financial mathematics, is intended to ensure that young people leave school with a solid understanding of numeracy, a skill needed to manage personal financial affairs (Long & Foster, 2014).

A report on the impact and effectiveness of financial education in schools, published in 2016, by the All Party Parliamentary Group (APPG) on Financial Education for Young People states that, although financial education is widely acknowledged by both the academic and policy-making communities as vital to young people's financial future, the delivery of this topic in schools is still inconsistent and varying in effectiveness (APPG on Financial Education for Young People, 2016, p. 5).

To address these issues, the report recommends that statutory financial education be strengthened in mathematics and citizenship at secondary level to better focus on real-life

[1] Education is a devolved power so there are different arrangements for financial education in Wales, Scotland and Northern Ireland.

contexts, such as reading bank statements and paying taxes. The report also states that there is a real need to ensure that teachers, especially those entering the profession, understand the importance of financial education and how to teach it well. To achieve this goal, the report recommends embedding financial concepts into the Initial Teacher Training frame. Finally, the report advises that a long-term study on the effectiveness of financial education interventions be commissioned to help policymakers direct teaching efforts towards the most effective initiatives (APPG on Financial Education for Young People, 2016).

Although not recommended by the report, the OECD recommends that all financial education programmes should be systematically monitored and evaluated, checking for possible gender biases and/or differential gender impact. The idea is to support the identification of any divergence in expectations, confidence, learning preferences and styles between boys and girls; as well as gender differences in outcomes (OECD, 2013b). This approach is, however, mainly lacking within existing impact assessments of financial education in schools in the UK.

In this context, analysing financial education through a gender lens is important to determine whether the inclusion of this topic within mathematics and citizenship has had any impact on outcomes for girls. This is especially relevant as evidence from a variety of sources, including historical exam records for England, Foundation Stage and Key Stage results, and international evidence, shows that the gender gap is narrower in Maths, with, on average, girls performing better than boys. Evidence also shows, however, that there are contrasting gender differences in measures of motivation, with girls expressing significantly less interest in Maths (Department for Education and Skills, 2007) and higher levels of mathematics anxiety, a state of discomfort associated with performing mathematical tasks (Devine, Fawcett, Szűcs, & Dowker, 2012).

In regard to citizenship education, a number of commentators have highlighted its potential to offer young people a radical critique of society and a forum for contesting gendered power relations and their differential effect on young men and women from different class and ethnic groups (Brooks, 2009). Given that citizenship provides a platform to encourage students to take a critical stance towards the world around them by placing particular emphasis on the structure of gender relations, knowing whether this learning context is translated into higher levels of financial awareness among students, especially girls, would help to determine the effectiveness of using the subject to deliver financial education.

National strategy for financial capability

The Financial Capability Strategy for the UK, launched in 2015, aims at developing financial skills and knowledge among different population segments. The Strategy focuses on different life stages and financial challenges (children and young people, young adults, working age people, older people, savings, retirement planning, and people in financial difficulties). The Strategy Document states that this approach was taken on the basis that financial difficulties can be experienced at all life stages, and may be either an ongoing feature of a person's life or only a passing phase (The Money Advice Service, 2015b).

The Strategy takes a gender-neutral approach. It does not define women as a separate target group. This, despite the fact that it itself acknowledges that women are particularly vulnerable to financial hardship (The Money Advice Service, 2015b, p. 68), and numerous surveys show that low levels of financial literacy are widespread and particularly severe among women (Atkinson et al., 2006; Graham & Warren, 2001; The Money Advice Service, 2015a). Thus, there seems to be a serious mismatch between policy and the urgent need to address the financial literacy of women.

The two key concepts around which the strategy is built, cross-sector coordination and testing and learning, however, seem to offer an opportunity to address this discrepancy between policy and reality. The first concept implies the participation of organisations from a range of sectors, including government departments, regulators, research bodies, voluntary entities, trade associations, consumer groups and financial services firms. Participating organisations become members of one of the Strategy's Steering Groups and provide insight and evidence around the progress of the Strategy, with the aim of identifying priority activities to maximise collective impact. So Steering Groups membership could be extended to representatives from consumer and advocacy groups that focus on gender (and gender identity).

The second concept means increasing the use of evidence and robust evaluation to ensure that the resources devoted to building financial capability are focused on interventions that are proven to work. The idea is helping implementing organisations evaluate their interventions against a set of impact principles and outcome measures, and identify where and how resources should be targeted to maximise impact (The Money Advice Service, 2015b). There is an opportunity here to assess the evidence through a gender lens.

c) Strengthening financial consumer protection

The G20 states that financial consumer protection regulations should be strengthened to address issues of concern to women customers, keeping a balance between protection and expanded outreach (Alliance for Financial Inclusion, 2016). The approach for developing a gender-sensitive consumer protection framework should focus around three main actions:

- developing adequate disclosure requirements for financial products
- ensuring fair and sound business practices, and
- setting up redress mechanisms to address consumer complaints (World Bank & OECD, 2013).

Research conducted in both developed and developing countries indicates that women tend to be more vulnerable to abuse and aggressive commercial practices in the financial market (Alesina, Lotti, & Mistrulli, 2013; Alliance for Financial Inclusion, 2016, 2017; Hertz, 2011; Llussá, 2009). Weak consumer protection and poor financial literacy can put women at risk for unfair treatment. For instance, lack of understanding about financial products, along with inadequate redress mechanisms and information asymmetries increase women's vulnerability to fall victim to abusive practices from financial service providers. Moreover, in some cases, laws and policies on financial consumer protection, if they do exist, are not always observed by financial institutions, a situation that is made worse by lower levels of financial knowledge among women, which can prevent them from being aware of their rights and responsibilities as financial services clients (Alliance for Financial Inclusion, 2017).

UK approach

Home credit has often been under the critical gaze of the judiciary, parliamentarians, the media, anti-poverty campaigners and consumer organisations. Much of the criticism has centred on the high interest rates and some companies' predatory dealings with customers in terms of seeking new orders or enforcing repayment. In a similar manner, those using home-collected credit have faced strong criticism from the same groups. They have traditionally been portrayed as feckless or dupes (O'Connell, 2009). O' Connel (2009) argues that, to some extent, such critical remarks owe much to the gendered nature of the industry, which has been typically linked to the money concerns of female household managers.

In this context, given the strong female-oriented nature of the home credit industry, it is crucial to analyse the extent to which gender has been taken into consideration when formulating regulation to increase competition and improve consumer protection in the industry. There is little evidence to suggest that this has been taken on board by regulatory bodies. For instance, in 2004, the Competition Commission (CC) initiated and inquiry into the industry that resulted in a package of remedies to address competition issues. The remedies were subsequently implemented through an enforcement order made in 2007. They included requirements on lenders to: share data on their existing customers' payment records through credit reference agencies (this applies only to providers with over 60 agents or £2 million in annual turnover), publish information on the price and other terms of their cash loans on a website, provide at least one free statement per quarter or one per loan and offer better early repayment terms. In addition, the enforcement order dealt with a range of further information requirements which home credit lenders have to act upon—in their advertisements, in the payment books given to their borrowers and in dealing with specific requests for information (Competition Commission, 2006)

In 2013, the CC published a report assessing the effect of the remedies. While the evaluation was mainly focused on measuring the overall impact of the remedy package on the industry and finding out whether each measure in the package was successfully implemented, the effect that the remedies had on women, the primary users of doorstep lending, was not considered within the analysis. This limitation was somewhat acknowledged in the report, which notes that the wider social, economic and financial context in which the home credit market exists, including financial exclusion and weaknesses in financial capability of consumers, was not part of the CC's remit and was therefore not part of the assessment (Competition Commission, 2013, p. 21).

The fact that the CC conducted a gender neutral analysis of the effect of the remedies has not made it possible to determine whether those measures have been likely to work well for women home credit users. Given women's generally lower levels of financial awaraness, especially their lower probability to shop around, read product's terms and conditions and understand financial concepts (Atkinson et al., 2006; Graham & Warren, 2001; The Money Advice Service, 2015a); it might be very well the case that policies aimed at improving consumer protection through disclosure and transparency, such as setting up websites to compare rates and terms of doorstep loans or requiring home credit companies to issue free loan statements, have not had the effect of increasing women's consumer protection in the home credit market. To put it differently, there seems to be a mismatch between these regulatory interventions and what we know about women's financial capability and behavior. For instance, the home credit remedies focused heavily on shopping around when the evidence shows that women are less likely to shop around than men.

In 2014, the FCA published a report with the results of an initial impact assessment of its proposals for a price cap on high-cost short-term credit (HCSTC). The cap came into force one year later, and although it did not apply to home credit, the results of the assessment were relevant to the industry as they provided evidence to help determine whether regulatory interventions such as a price cap should be extended to this form of credit.

The report includes an equality impact assessment. This analysis was carried out by the FCA to show compliance with the Equality Act 2010, under which the regulator is required to consider whether its proposals could have a potentially discriminatory impact on groups with protected characteristics, including women. The report also includes a brief analysis of the potential effect of the FCA's proposals on protected groups and the steps taken by the regulator to minimize any detrimental effect of the price cap on these population segments (Financial Conduct Authority, 2014).

The main outcomes of the FCA's initial equality assessment were that the proposals did not result in direct discrimination for any group with protected characteristics. However, the report acknowledges that some people, especially those with lower credit scores, may no longer be offered a HCSTC loan and that the impact might be more substantial for users of high-street stores, a larger proportion of whom are women and those from Black and Minority Ethnic (BME) groups. The report also points out that the FCA sees equality assessments as an ongoing process, which is reflected in the regulator's willingness to further investigate and establish the extent of any potential impacts of its proposals. This includes seeking additional input from different stakeholders to help identify any equality and diversity issues that might arise from its proposals (Financial Conduct Authority, 2014).

In 2016, the FCA announced a call for input with the goal of reviewing the price cap and the state of the high-cost credit market more generally. The findings of this review were published in a Feedback Statement in July 2017. As part of this investigation, the FCA assessed whether there was evidence that suggested that the cap should be changed, and saw if there was any evidence of consumers turning to illegal money lenders directly as a result of being excluded from high cost credit because of the price cap. In addition, the FCA looked across other high-cost products, including home credit, to build a full picture of how these are used, and to determine whether they cause detriment and, if so, to which consumers.

In the Feedback Statement, the FCA sets out its decision to maintain the HCSTC price cap at its current level, with a commitment to review it within 3 years to ensure that it remains effective as the market develops. According to the regulator, that decision was made based on evidence showing that current consumers are paying less for loans and are more able to repay them on time, and that consumers who have been turned down for HCSTC products have not generally turned to other forms of high-cost credit or illegal money lending (Financial Conduct Authority, 2017c).

The Feedback Statement also states that the FCA has found a consistent pattern of high-cost credit consumers' credit ratings getting worse over time as they use high-cost credit products. On the basis of this evidence, the regulator has committed to investigate why this happens and what steps it can take to protect consumers from any harm that use of high-cost credit may cause, including vulnerability to fall within long-term cycles of high-cost debt. To achieve this goal, according to the Statement, the FCA plans to focus on home-collected credit, catalogue credit and rent-to-own services in its future work on high-cost credit. These are all forms of credit that are used mainly by women (Boelman, Kitcher, & Heales, 2016; Collard et al., 2013) and where their business models rely heavily on personal relationships, which is deemed important to women in their choice of financial services (Graham & Warren, 2001). In the specific case of home credit, the FCA plans to focus on particular features of the business model which may incentivise consumers' long-term indebtedness, and explore options for potential action to protect consumers. These could include, for example, introducing restrictions on refinancing and rollovers, imposing time gaps between borrowing, or establishing time limits on the total duration of borrowing (Financial Conduct Authority, 2017c). There is an opportunity here for the FCA's analysis and recommendations to take account of gender in a way that it previously has not.

d) Improving gender-disaggregated data collection and analysis

The G20 states that gender-disaggregated data is vital to help financial service providers better understand women clients and their potential and, thus, design adequate products and policies to effectively reach the women's market (Alliance for Financial Inclusion, 2016). This type of data is also a source of help for governments and regulatory authorities as it provides them with information to set adequate legal and regulatory frameworks in support of women's financial inclusion. Finally, the availability of such data can help fill gaps in research, especially policy research, allowing countries to unveil the gender dimensions of access to finance and, thus, helping them to develop gender-sensitive strategies, indicators and targets that can be tracked over time (World Bank & OECD, 2013)

UK approach

Regulated financial services firms, including firms undertaking home-collected credit, are required to report information to the FCA on a regular basis. Regulatory reporting is a key component of the FCA's approach to supervision. Firms not fulfilling their reporting requirements are subject to administrative fees or enforcement action, and ultimately, it could result in a firm losing its authorization. The information reported by financial institutions is used to identify trends and emerging risks, and to help the supervisory authority to monitor compliance. Required information mostly comprises financial information and information about transaction volumes, and needs to be submitted through an online reporting system. For instance, home collected credit firms are asked to submit product sales data on the loans that they make on a quarterly basis. In addition, they need to send information about the number of complaints they have received, and, when required by the supervisory body, personal data about their employees or their clients (Financial Conduct Authority, 2015).

In the UK, capturing personal data, including data on gender, is a common business practice that is well supported and controlled by legislation. In the case of the FCA, the collection of personal data, is conducted among other reasons, to support the development of regulatory rules, protect the interests of consumers, and monitor and investigate the activities of regulated and unregulated persons (Financial Conduct Authority, 2017a). On the one hand, this FCA's function is regulated by the Data Protection Act 1998, which establishes a set of principles to protect personal data that is collected and processed by public bodies. For instance, the Act stipulates that the use of personal data, including data on gender, for research purposes must not support measures or decisions with respect to particular individuals, and that any resulting statistics should not be made available in a form which identifies any data subject. On the other hand, the collection of personal data by the FCA is supported by the Public Sector Equality Duty (PSED), a piece of legislation that instructs public entities to publish equality information, including information broken down by gender, on policies implemented to address equality concerns and the effect of these policies on service users and employees. In addition, the PSED compels public institutions to set and publish an equality agenda, which should include specific and measurable goals designed to further the aims of the PSED among different population groups, including women.

Moreover, important demand-side data collection efforts have been undertaken by the regulatory body. In 2011, the FSA, the then regulator of the financial services industry, published a comprehensive report on women and personal finance. The report, based on a consumer survey carried out by an independent market research agency, focuses on the needs of women as financial consumers, and looks at patterns of consumption of financial products by gender (Graham & Warren, 2001). In addition, more recently, the FCA has included data collection through surveys as part of its regulatory role. In 2016, the regulator launched the Financial Lives Survey to continually gather information about the experiences of people as holders of financial products and clients of financial institutions (Financial Conduct Authority, 2017b) . Although gender was not a primary focus of the first Financial Lives Survey report (published in October 2017), this initiative seems to offer the ideal setting to track levels of access to financial products and services, including doorstep lending, among men and women.

e) Encouraging financial institutions to adopt gender-sensitive policies and marketing strategies

The G20 states that financial institutions should be encouraged to integrate a gender-sensitive approach in their business models and other relevant operational policies. For instance, when designing financial products and delivery channels, providers should take into account women's specific financial needs and the ways in which women engage with financial products, and in some contexts, make an effort to hire female sales staff. These efforts should be complemented by gender-based training to sales staff, and financial education and networking events designed for women clients. Moreover, marketing strategies should be optimized to effectively reach women clients. This can be achieved by using context-specific tools to deliver messages that emphasize product attributes and benefits that matter to women (World Bank & OECD, 2013).

UK approach

Much of the dynamism of the doorstep lending sector has been centred on a female-to-female lending model. Both the demand and supply side of this market have traditionally been strongly female-oriented. This feminized industry has typically rested on highly personalized and 'somewhat anachronistic' forms of business, which involve gendered social networks with elements of friendship and emotional ties. The industry has strongly relied on informal credit assessments, carried out primarily by female agents living in the same neighborhood as their customers. Such high levels of sociability between customers and agents have proved useful for credit control, and in creating the obligation and reciprocity that maintain the business relationship (O'Connell, 2009).

However, it can be argued that companies are able to exploit this gender knowledge for profit by putting pressure on women customers to borrow because of the personal relationship they can develop with agents, thus putting them at risk of escalating debts. Indeed, a recent study conducted by the charity Citizens Advised reveals that some doorstep lenders are taking advantage of their position and causing serious harm to (mainly women) borrowers by turning up unannounced or putting clients under pressure to repay or take on more debt. To address such exploitative practices, the charity recommends that the FCA must take the following actions: extend its cap on payday loan interest rates and fees across the market to protect consumers, strengthen its affordability guidance into rules to ensure responsible lending across the market, develop new rules placing a limit on the number of times a doorstep loan can be refinanced, review the methods doorstep lenders use to collect repayments, impose a ban on cold call selling, and require doorstep lenders to disclose the commission they make on collecting repayments so borrowers understand what is driving lenders action (Falconer & Lane, 2017) .

4- Conclusions and recommendations

The main objective of this report was to determine the extent to which gender is being integrated into the regulations and policies governing the UK financial services industry, more specifically, the home credit industry.

The analysis presented in this report was based on a comprehensive review of relevant existing research, complemented by an evaluation of the extent to which international principles such as the G20-led women's financial inclusion agenda, are embodied in the policy and regulatory framework for the provision of home collected credit. The analysis focused on the following G20 priority actions to enhance women's financial empowerment:

- developing gender-sensitive legal and regulatory frameworks
- strengthening financial consumer protection
- supporting measures to improve women's financial literacy
- improving gender-disaggregated data collection and analysis, and
- encouraging financial institutions to adopt gender-sensitive policies and marketing strategies.

While the G20's work on financial inclusion has mainly focused on developing countries, this report found that there are important and relevant lessons for the UK in terms of gender and financial services.

The FCA, the regulator of the home credit industry, has a critical role to play in ensuring that women, as well as groups with other protected characteristics, are protected against abusive market practices. Although the regulator has taken initial steps to integrate gender into the regulatory and policy framework governing the industry, there is still some work to be done to achieve gender equality in the sector. More specifically, interventions in the home credit market and the assessment of their impact, have been generally developed, implemented and monitored in a gender-neutral fashion. This may explain the apparent mismatch between policy and the needs of women customers. For example, the remedy package imposed on the industry in 2007 focused heavily on measures aimed to facilitate customers shopping around before taking out a loan, when the evidence shows that women are less likely to shop around than men.

It is, however, important to note that the remedy package was implemented prior to the enactment of the Public Sector Equality Duty (PSED), in 2011. The PSED, places a positive duty on the FCA to ensure that regulatory interventions promote gender equality; and, especially urges the regulator to collect, report and publish gender-disagregated data on its policies and their effect on financial consumers. The regulator should make efforts to collect this type of data, not just to show compliance with the PSED; but to facilitate the development of gender-sensitive strategies, indicators and targets that can be tracked over time, and thus be able to make decisions in support of women's financial inclusion. More generally, the regulator has an opportunity to improve our knowledge of gender issues in financial services through future analysis of its Financial Lives Survey.

Although not specific to the home credit industry, initial steps have been taken by the regulator to show compliance with the PSED, including publishing an annual diversity report, setting out an institutional equality agenda and conducting an equality impact evaluation of its proposals for a price cap on high-cost short-term credit (HCSTC). In view of these initial efforts, it thus seems fair to expect that, in compliance with the PSED, future regulatory interventions in the home credit market will take gender into account, and thus contribute to close the existing gap between policy and what we know about women's financial capability and behavior.

Third sector actors, including not-for-profit organisations working on areas related to financial inclusion and capability should gender-proof their activities to check that they are serving women and men equally. They should also keep in mind gender issues, especially when developing, designing and monitoring interventions. These principles should be used as a framework for reorienting gender-neutral national policies such as the UK Financial Capability Strategy. Despite the fact that evidence shows that women are particularly vulnerable to financial hardship and low levels of financial literacy, the Strategy, although comprehensively covering different population groups and life stages, does not define women as a separate target group. This suggests a serious mismatch between policy and the urgent need to address the financial literacy of women, for example by applying a gender lens to the membership of the financial capability Steering Groups and to the research and analysis that supports the financial capability strategy.

Financial service providers should do more to demonstrate how they take women into account when conducting their businesses and developing new business models. It is well known that much of the dynamism of the doorstep lending industry has been centred on a female-to-female lending model that rests on strong personal relationships, and that the characteristics of its services have been traditionally highly appealing to women. However, research shows that some companies are exploiting this gender knowledge for profit by exerting pressure on women customers to borrow because of the personal relationship they can develop with agents, putting them at risk of escalating debts. In view of this, boards at financial firms have an important part to play in protecting women customers. They should require that consumer insight and market research in their firms is undertaken using a gender-based approach. They should take this approach not just to determine gender differences in risk of over-indebtedness, but also to take action to challenge abusive practices against women customers.

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