

**Price Comparison Website (PCW):
CashEuroNetUK, LLC (CEU)
Recommendations
September 2014**

1. Background
2. Proposed structure for PCW guidelines
 - A. Optimal method to drive HCSTC customers to PCW
 - B. Possible system rules
 - C. Benefits of structure
3. Proposed commission structure
4. Shortcomings in existing sites, proposed improvements & other recommended features
5. Mock-ups of possible price comparison site scenarios
 - A. £200 for 14 days
 - B. £200 for 3 months
 - C. £500 for 6 months

CMA Notion of Possible Remedies

“...creation of a comprehensive and trusted price comparison website for payday loans which would help customers to compare the cost of a loan for specific borrowing scenarios relevant to the customer’s requirement. The website would, for example, allow a customer to specify the value of the loan that they are seeking, the period over which they wish to pay the money back and the date on which they require the funds to be borrowed.”

CEU’s recommendation

CMA’s objective will be best achieved by creating standards/presentation guidelines that will apply to all HCSTC price comparison websites

Specifics of recommendation

1. Mandate specific guidelines for price comparison sites who wish to display HCSTC products.
 - A. Guidelines will provide comprehensive loan terms for consumers to compare
 - B. Guidelines have neutral impact in respect to size of lender; lender results based on price, not market share
 - C. PCW compensation based on flat fees, not bidding/auction
2. Use existing price comparison sites that are updated to CMA standards.
 - A. Will foster competition
 - B. Will provide high level of traffic
 - C. Can be implemented quickly

2. Proposed structure for price comparison site guidelines



Oversees entire process, responsible for codifying and communicating the standards for price comparison sites displaying HCSTC products to all relevant stakeholders as well as dealing with violations.

Comprised of:

- Consumer credit industry experts
- Consumer advocates
- Government representative (FCA?)

**Funded by
HCSTC
lenders**



Responsible for monitoring compliance and processing applications from comparison sites.

Comparison Site
#1

Comparison Site
#2

Comparison Site
#3

Comparison Site
#4

Comparison Site
#5

Etc.

Any comparison site providing HCSTC information must:

- Demonstrate adherence to a set of standards when presenting HCSTC info
- Apply to the price comparison board & manager for inclusion/authorisation to present HCSTC info
- Maintain compliance with Board rules to remain eligible

A commercially driven, multiple vendor process is optimal to ensure maximum number of consumers use PCW's.

1. High organic search profile of established PCW sites
2. Cross marketing – customer with positive past experience likely to use PCW for other products
3. Commercial incentive for PCW to drive traffic
4. Existing HCSTC customer base for existing PCW's
5. [REDACTED]

[REDACTED]

PCW rules can be created and updated by the board as needed. Some examples:

1. Lender can't offer PCW site but all other entities may, so long as the site is approved by the manager
2. Only HCSTC lenders can utilize site [REDACTED]
3. All HCSTC lenders authorised by FCA must participate on at least one site
4. Lenders can use as many PCW sites as they desire
5. PCW sites must pay their pro-rata share of the cost of board/manager
6. All additional revenue is kept by the PCW site
7. PCW site charges to lenders will not be determined by auction or bid
8. PCW homepage disclaimers are determined by the board
9. Rules for circumvention or 'gaming' can be updated as discovered

1. Future-proof/flexible
 - A. Adapts to changing market conditions
 - B. CMA does not have to establish highly prescriptive rules for PCW
 - C. Oversee manager compliance function
2. Looks out for the customer's best interest
3. Oversight for manager and rulebook
4. Reports non-compliance to FCA
5. In combination with existing PCW sites; faster implementation than starting from scratch

A. Equal Cost Per Funded (CPF) – lender reimburses price comparison site for consumer sent from a certain site to whom the lender issues a loan.

- i. Prevents lender paying for each lots of click traffic that doesn't convert into paying customers
- ii. Requires a lot of trust between the lender and the price comparison site

Most advantageous for lender

B. Equal Cost Per Click (CPC) – lender pays price comparison site for each customer who clicks through to its application site whether or not they actually apply or are approved for a loan

- i. Difficult to enforce and determine what the appropriate CPC is
- ii. Conditions ideal for click fraud (people clicking through to lender site to drive up amount lender must pay price comparison site)

Most advantageous for price comparison site

C. Equal Cost Per Loan Contract (CPL) – using pixels (cookie) unique to each price comparison site, the lender can track and reimburse for consumers from a certain site who reach contract stage of lender application.

- i. Price comparison site likely more comfortable with this structure
- ii. Lender NOT charged for lots of false clicks/browsing activity
- iii. Does not give PCW information on confidential lender conversion rates

Most reasonable for lender AND price comparison site

4. Shortcomings in existing sites, proposed improvements & other recommended features

Existing site shortcomings	Proposed improvements
Distracting banner ads	Disallow banner/take-over adverts
Difficult to differentiate between lenders and lead providers	Only allow actual lenders to be listed
Not all products presented are like for like in terms of amount, duration, etc.	Enable consumers to input desired attributes (amount, duration, etc.) and only show lenders' rates and fees for those instances
Table/presentation grid interrupted by full representative example	List representative example in details section and include terms in table
No option to select a few lenders to compare side by side	Allow option to select a few lenders to compare side by side
Order of lenders often based on commissions instead of most favorable loan terms	List lenders according to least expensive for a consumer's particular preferences

Other recommended features:

- Standardise logo size
- Enable consumers to filter/sort
- Add option for 'more' vs. 'less' details*

SHORT-TERM LOAN COMPARISON GUIDE

How much would you like to borrow?

£200

How long would you like to borrow?

14

Days

Months

Update Results Below

Warning: Late repayment can cause you serious money problems. For help, go to moneyadvice.service.org.uk

						Apply Now
	Loan Amount	Loan Term	Total Cost of Credit	Late Fee		Less Details
	£XXX – £XXX	X – X	£22.96	£XX		
	Funding Fee	Application Fee	Other Lender Features			
	£XX	£XX	• No fee for early repayment • 24/7 call centre			
Representative example: Borrow £1200 over 10 months. Interest 300% per annum. Total amount repayable £2,831.34. Total cost of credit £1,631.34, comprising solely of interest. 1362% APR Representative.						
						Apply Now
	Loan Amount	Loan Term	Total Cost of Credit	Late Fee		More Details
	£XXX – £XXX	X – X	£27.06	£XX		
						Apply Now
	Loan Amount	Loan Term	Total Cost of Credit	Late Fee		More Details
	£XXX-£XXX	X – X	£30.00	£XX		
						Apply Now
	Loan Amount	Loan Term	Total Cost of Credit	Late Fee		More Details
	£XXX – £XXX	X – X	£34.27	£XX		
						Apply Now
	Loan Amount	Loan Term	Total Cost of Credit	Late Fee		More Details
	£XXX – £XXX	X – X	£59.50	£XX		

'Less Details'
collapses list

'More Details'
expands view

SHORT-TERM LOAN COMPARISON GUIDE

How much would you like to borrow?

£200

How long would you like to borrow?

3

Days

Months

Update Results Below

Warning: Late repayment can cause you serious money problems. For help, go to moneyadviceservice.org.uk

						Apply Now
		Loan Amount	Loan Term	Total Cost of Credit	Late Fee	More Details
		£XXX-£XXX	X - X	£91.18	£XX	
						Apply Now
		Loan Amount	Loan Term	Total Cost of Credit	Late Fee	More Details
		£XXX - £XXX	X - X	£101.31	£XX	
						Apply Now
		Loan Amount	Loan Term	Total Cost of Credit	Late Fee	More Details
		£XXX - £XXX	X - X	£120.00	£XX	
						Apply Now
		Loan Amount	Loan Term	Total Cost of Credit	Late Fee	More Details
		£XXX - £XXX	X - X	£127.00	£XX	
						Apply Now
		Loan Amount	Loan Term	Total Cost of Credit	Late Fee	Less Details
		£XXX - £XXX	X - X	£174.00	£XX	
		Funding Fee	Application Fee	Other Lender Features		
		£XX	£XX	<ul style="list-style-type: none"> No fee for early repayment 24/7 call centre 		
<p>Representative example: Borrow £200 for 31 days. The total charge for credit is £59. Interest is fixed at a rate of £59 per £200 loan (347% per annum). The total repayable is £259. 1999% APR Representative.</p>						

SHORT-TERM LOAN COMPARISON GUIDE

How much would you like to borrow?

◀▶

£500

How long would you like to borrow?

6

Days

Months

↻

Update Results Below

Warning: Late repayment can cause you serious money problems. For help, go to moneyadviceservice.org.uk

						Apply Now
	Loan Amount	Loan Term	Total Cost of Credit	Late Fee		More Details
	£XXX - £XXX	X - X	£234.28	£XX		
						Apply Now
	Loan Amount	Loan Term	Total Cost of Credit	Late Fee		More Details
	£XXX-£XXX	X - X	£280.00	£XX		
						Apply Now
	Loan Amount	Loan Term	Total Cost of Credit	Late Fee		Less Details
	£XXX - £XXX	X - X	£346.78	£XX		
	Funding Fee	Application Fee	Other Lender Features			
	£XX	£XX	<ul style="list-style-type: none"> • No fee for early repayment • 24/7 call centre 			
<p>Representative Example: Borrow £500 and pay £79.09 per month for 12 months at a fixed interest rate of 140% per year. The total charge for credit is £449.01 (all interest). The Total Repayable is £949.01. 278% APR Representative.</p>						
						Apply Now
	Loan Amount	Loan Term	Total Cost of Credit	Late Fee		More Details
	£XXX - £XXX	X - X	£471.34	£XX		
						Apply Now
	Loan Amount	Loan Term	Total Cost of Credit	Late Fee		More Details
	£XXX - £XXX	X - X	£680.00	£XX		