

The Small and Medium Sized Business (Credit Information) Regulations 2015

Lead department	HM Treasury
Summary of measure	The measure introduced the Commercial Credit Data Sharing ('CCDS') scheme. The scheme's objective was to increase competition among SME credit providers, by reducing information asymmetry for alternative credit providers.
Submission type	Post-implementation review
Implementation date	01 January 2016
Department recommendation	Keep
RPC reference	RPC-HMT-5020(1)
Date of issue	18 December 2020

RPC opinion

Rating¹	RPC opinion
Fit for purpose	The IA is now fit for purpose after being revised in response to the initial review notice (IRN) issued by the Regulatory Policy Committee (RPC). The department has addressed the areas identified in the IRN.

¹ The RPC opinion rating is based on whether the evidence in the PIR is sufficiently robust to support the departmental recommendation, as set out in the [better regulation framework](#). The RPC rating will be fit for purpose or not fit for purpose.

RPC summary

Category	Quality	RPC comments
Recommendation	Green	The RPC notes that the department has identified and gathered evidence which supports a case to keep the regulations. The department has committed to further evaluation to inform any potential amendments to the regulations in the future.
Monitoring and implementation	Satisfactory	The PIR clearly outlines that, due to delays in the implementation of these regulations, there is limited evidence available from stakeholders on their effectiveness to date. The department has committed to continue monitoring as evidence becomes available. The RPC considers this to be sufficient at this time.
Evaluation	Satisfactory	The PIR has clearly outlined that the policy under review is still in its infancy, and a fuller evaluation would therefore be inappropriate at this time. On this basis, the RPC accepts the department's view that the regulations should be kept under evaluation to further develop the evidence base.

Response to the IRN

The RPC issued an IRN after reviewing the initial PIR noting that the recommendation to amend the existing regulations was not supported by sufficient evidence. However, the resubmitted PIR now recommends keeping the regulations in their current form, and continuing monitoring and evaluation.

The RPC now considers the PIR to be fit-for-purpose, and has green-rated the recommendation.

Recommendation

The PIR now recommends that the department keep the regulations in their current form, having previously recommended amendment. This recommendation is based on the fact that the regulations have been in force for a short time, and thus, whilst the regulations bed in, the department has only been able to collect limited evidence of the scheme's effectiveness. The department now makes it clear that engagement with stakeholders pointed to a number of changes to improve the regulations, but that such changes would not require any amendment.

The department commits to continue to monitor and evaluate the regulations as more evidence becomes available.

The RPC considers this approach to be satisfactory.

Evidence supporting estimates of actual impacts

The PIR notes that HM Treasury “...*UK Finance to source detailed feedback on the implementation of the Commercial Credit Data Sharing (CCDS) scheme - that is, the vehicle set up based on the Regulation - from their broad membership of lenders, including the designated banks and a representative sample of the alternative credit sector (i.e. the key beneficiaries under CCDS).*”

As the scheme came into effect later than anticipated and is still in its early stages, the department explains that limited evidence is available to support any changes within the regulations. The PIR states that the department has identified changes in the structure of the SME lending market since the regulations came into effect and therefore future amendment may be appropriate to ensure that the scheme remains relevant in the changed marketplace. However, based on the limited available evidence, and discussion with stakeholders, the department intends to leave the scheme in its current form for now.

The RPC consider this approach to be satisfactory in these circumstances.

Extent to which policy objectives have been achieved

The department outlines the limitations it has faced in assessing the extent to which the CCDS scheme has achieved the original policy objectives. As the department and stakeholders still perceive the scheme to be in its infancy, the PIR states that it is too early to judge the scheme's success.

As more data become available, the department should continue to evaluate the incidence of the costs and benefits of amending the scheme and how existing stakeholders might be affected by any proposed amendments.

For further information, please contact regulatoryenquiries@rpc.gov.uk.