

## Glossary

<b>Act</b>	See <b>The Act</b> .
<b>Agent</b>	An individual who, on behalf of a <b>home credit</b> supplier, collects payments. Agents usually also have a role in obtaining new business from current and existing customers. The expression also covers a <b>sole trader</b> who performs these functions on his own behalf. Different firms give them different names including 'representative' and 'collector'. These names sometimes indicate that their responsibilities are different (eg <b>LSB</b> 'collectors' make collections but do not issue loans).
<b>AMO</b>	Agency mail order.
<b>Amount of credit</b>	The amount of the credit to be provided under a credit agreement, including a <b>home credit</b> agreement. See also <b>TCC</b> and <b>TAP</b> .
<b>APR</b>	Annual percentage rate of the <b>TCC</b> . The method for calculating the APR is set out in the Consumer Credit (Total Charge for Credit) Regulations 1980 as amended.
<b>Canvassing</b>	See paragraph 2.41 and <b>permission to call</b> .
<b>Capital One</b>	Capital One Bank (Europe) plc.
<b>Cattles</b>	Cattles plc. As the context requires, 'Cattles' should be read as a reference to Cattles plc and its subsidiaries collectively or one or more of those companies. Cattles plc has a subsidiary which carries on a <b>home credit</b> business under the name Shopacheck Financial Services. See also <b>SFS</b> .
<b>Cheque cashing</b>	A form of lending where a lender advances money against the customer's own cheque for a fee. The cheque is made out for the date of the transactions but is not cashed for 30 days.
<b>CC</b>	Competition Commission.
<b>CCA</b>	The Consumer Credit Association, the trade association representing <b>home credit</b> providers.
<b>Consumer credit agreement</b>	A personal credit agreement. In <b>the 1974 Act</b> , the expression is limited to cases where the credit does not exceed £25,000 (to be changed under <b>the 2006 Act</b> ). Some provisions of <b>the 1974 Act</b> apply only to consumer credit agreements that fall within the definition of 'regulated agreement'. However, these limitations and distinctions are not relevant for present purposes.
<b>Credit card</b>	A credit card provides access to a revolving line of credit. Credit cards are usable in a wide range of retailing and other outlets in the UK and internationally through a well-established market of merchant acquiring services.
<b>CRA</b>	Credit reference agency. A company carrying on a business comprising the furnishing of persons with information relevant to

the financial standing of individuals, being information collected by the agency for that purpose. See section 145(8) of **the 1974 Act**. There are three credit references agencies, namely: Callcredit plc, Equifax plc and Experian Limited.

<b>Current account</b>	An account on which a customer may draw cheques up to the amounts of the credit balance in the account, or beyond it to an agree overdraft limit.
<b>DooD</b>	Debt on our Doorstep. A national network of organizations campaigning to relieve the burden of debt on low-income households and to promote solutions to financial exclusion in the UK.
<b>DMO</b>	Direct mail order.
<b>DTI</b>	Department of Trade and Industry.
<b>Effective interest rate</b>	The interest rate which is actually incurred by the customer, calculated in the same way as an <b>APR</b> but on an ex post basis (and therefore not an <b>APR</b> ), taking into account the actual timing of repayments and including both interest and fees and charges paid.
<b>ERP</b>	Equity risk premium.
<b>ESR</b>	Early settlement rebate. A sum paid by a creditor to a debtor when the indebtedness is discharged before the time fixed by the agreement.
<b>ESR regulations</b>	The Consumer Credit (Early Settlement) Regulations 2004.
<b>Financial exclusion</b>	The outcome of processes that prevent disadvantaged social groups from gaining access to the financial system.
<b>Firm</b>	An individual, a partnership, a company or any other organization carrying on a business.
<b>FSA</b>	Financial Services Authority.
<b>FTE</b>	Full-time equivalent.
<b>GPC</b>	Greenwood Personal Credit Limited, a <b>home credit</b> subsidiary of <b>Provident Financial plc</b> .
<b>HMT</b>	Her Majesty's Treasury.
<b>Home credit</b>	The provision of credit, typically small sum loans, the repayments for which are collected in instalments (often weekly or fortnightly) by <b>agents</b> who call for that purpose at the customer's home. See also terms of reference (Appendix 1.1).
<b>Illegal lender</b>	An individual, partnership, company or other organization that unlawfully carries on a consumer credit business without a licence under <b>the 1974 Act</b> . See <b>licensed lender</b> .

<b>IRR</b>	Internal rate of return.
<b>Large firm/lender/provider</b>	<b>Home credit</b> provider with 100 or more <b>agents</b> .
<b>Licensed lender</b>	A <b>firm</b> holding a licence under <b>the 1974 Act</b> to carry on a consumer credit business.
<b>LSB</b>	London Scottish Bank plc. As the context requires, LSB should be read as a reference to London Scottish Bank plc and its subsidiaries collectively, or one or more of those companies. London Scottish Bank plc has a <b>home credit</b> subsidiary called London Scottish Finance Limited.
<b>Mainstream credit</b>	Credit products that are commonly used by the majority of the population, eg <b>credit cards</b> , overdrafts and personal loans.
<b>MBNA</b>	MBNA Europe Bank Limited.
<b>Medium firm/lender/provider</b>	<b>Home credit</b> provider with between 10 to 99 <b>agents</b> .
<b>Multiple loans</b>	Where a customer has loans from more than one <b>home credit</b> provider at the same time.
<b>Mutual</b>	Mutual Clothing & Supply Company Limited.
<b>NCC</b>	National Consumer Council.
<b>NPV</b>	Net present value.
<b>OFT</b>	Office of Fair Trading.
<b>Parallel loan</b>	A <b>home credit</b> loan agreement made between a <b>home credit</b> supplier and a customer at a time when there is in existence at least one outstanding <b>home credit</b> loan agreement between the same parties and which does not affect the customer's obligations under any existing home loan agreement. See also <b>renewal loan</b> .
<b>Park</b>	Park Group plc. As the context requires, 'Park' should be read as a reference to Park Group plc or to one of its subsidiaries (usually Park Direct Credit Ltd) or to Park Direct, which is the trading name of the home credit business operated by Park Direct Credit Ltd.
<b>Permission to call</b>	A request under section 49 of <b>the 1974 Act</b> . Section 49 imposes a restriction on the canvassing of loan agreements unless the visit is made in response to a request in writing signed by the person making it. See also <b>canvassing</b> .
<b>Provident</b>	Provident Financial plc. As the context requires, 'Provident' should be read as a reference to Provident Financial plc and its subsidiaries collectively or any one or more of those companies. Provident Financial plc has two <b>home credit</b> subsidiaries that operate in the UK, namely <b>GPC</b> and <b>PPC</b> .

<b>PPC</b>	Provident Personal Credit Limited, a <b>home credit</b> subsidiary of <b>Provident Financial plc</b> .
<b>Rebate</b>	Such sum as a creditor is required to pay to customer who settles early.
<b>Renewal loan</b>	A loan which a <b>home credit</b> customer takes out before he/she has paid off a previous loan from the same supplier and which is used: (a) to settle the balance of the previous loan (either gross or net of any <b>rebate</b> payable for early settlement); and (b) as a further cash advance.
<b>ROCE</b>	Return on capital employed.
<b>ROE</b>	Return on equity.
<b>Round</b>	A geographical area allocated to an <b>agent</b> in which he or she obtains business and collects payments.
<b>S&amp;U</b>	S&U plc.
<b>SEL</b>	System enhanced lending. An internal <b>Provident</b> IT-enabled system which uses the customer's payment and issue history to help determine whether the customer is sufficiently creditworthy to be granted further credit.
<b>SFS</b>	Shopacheck Financial Services, a trade name used by a subsidiary of Cattles plc. See <b>Cattles</b> .
<b>Small firm/lender/provider</b>	<b>Home credit</b> provider with fewer than ten <b>agents</b> .
<b>Sole trader</b>	An individual who (or a one-person company which) carries on the business of supplying <b>home credit</b> without employing, or engaging on a self-employed basis, any <b>agent</b> and is the sole owner of that business.
<b>Step-up loan</b>	An initial loan, often of £100 or less, taken out from a <b>home credit</b> provider such that the borrower's creditworthiness, and hence her/his eligibility for a larger loan, will depend on her/his repayment record.
<b>Sub-prime</b>	Adults of a working age whose credit applications stand to be systematically rejected by mainstream lenders, irrespective of the nature and size of their application.
<b>TAP</b>	Total amount payable. The sum of the <b>amount of credit</b> and the <b>TCC</b> under a credit agreement, including a <b>home credit</b> agreement. The <b>amount of credit</b> , the <b>TCC</b> and the <b>TAP</b> have to be set out in all <b>home credit</b> agreements.
<b>TCC</b>	Total charge for credit. The cost to the debtor of the credit provided under a credit agreement, including a <b>home credit</b> agreement, determined in accordance with the Consumer Credit (Total Charge for Credit) Regulations 1980 as amended. The regulations set out items to be excluded and the items to be included.

An example of excluded items are charges payable on failure to comply with the agreement. Examples of items to be included are interest and other charges, not specifically excluded. See also **amount of credit** and **TAP**.

<b>The Act</b>	The Enterprise Act 2002.
<b>The 1974 Act</b>	The Consumer Credit Act 1974 as amended.
<b>The 2006 Act</b>	The Consumer Credit Act 2006.
<b>TIRR</b>	Truncated <b>IRR</b> . It is the discount rate at which the present value of a stream of cash flows over a period of years, plus the discounted value of the closing assets at the end of that period of years, equals the opening value of the assets.
<b>Underwriter</b>	An individual in a credit business who authorizes the issue of a loan to a customer.
<b>Vouchers</b>	Documents which are supplied wholly or partly on credit and which can be exchanged for goods or services from one or more suppliers that have agreed to honour them. Subject to context, when we refer to vouchers we are referring to vouchers in respect of which repayments of the credit are collected in instalments by <b>agents</b> who call for that purpose at the customer's home.