

John Glen MP
Economic Secretary to the Treasury
HM Treasury
1 Horse Guards Road
LONDON
SW1A 2HQ

28 January 2021

Dear John,

Woolard Review into Change and Innovation in the Unsecured Credit Market

At its meeting earlier today, the FCA Board discussed the Review by Christopher Woolard CBE into Change and Innovation in the Unsecured Credit Market. The Board welcomed the Review, which is a timely and thoughtful examination of this important and rapidly changing market, and supported the recommendations directed to the FCA. The economic fallout from the pandemic and its impact on consumers make it essential for us to continue to make sustainable credit a key business priority and we will build the necessary actions for 2021/22 and beyond into our business planning process.

We will publish the review and our response next week, but I wanted to write to you without delay about the regulation of Buy Now Pay Later (BNPL), since that issue is likely to continue to be raised in the context of the passage of the Financial Services Bill. The Review highlights the rapid growth of BNPL as a form of unsecured credit and sets out the considerable potential for harm to consumers using BNPL. It concludes, therefore, that BNPL should be brought within regulation. The FCA Board agrees with the Review's analysis of BNPL and agrees that there is a strong and pressing case for regulation of BNPL business.

FCA officials stand ready to work at pace with your officials to design appropriately targeted regulation of BNPL business and to develop the necessary plan and timetable to operationalise this regulation effectively.

Yours sincerely,



Charles Randell