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INTERMEDIARY MORTGAGE LENDERS ASSOCIATION

Regulatory layering: assessing the cumulative impact of new financial regulations

June 2015

Executive summary

- **Unprecedented increase in market regulation**

The financial crisis has provoked an unprecedented increase in regulation in the financial services sector. Regulators have responded at a global, EU and national level. Changes in the UK have included an overhaul of the architecture of the regulatory system, a raft of new prudential rules and, in the mortgage market, far reaching changes to conduct rules. Regulatory change was aimed at addressing the perceived causes of the crisis: too much leverage in the financial system; the circumvention of capital rules through a 'shadow banking' system; and too little control over the supply of credit to consumers.

- **UK has pushed ahead unilaterally with some policies**

The response has not always been co-ordinated with local regulators feeling obliged to act ahead of international agreement in some cases. The UK stands out as perhaps the country most determined to push ahead with reform unilaterally, for example introducing the Mortgage Market Review (MMR) rule changes ahead of the introduction of the EU Mortgage Credit Directive and retail bank ring fencing ahead of any international agreement on this approach.

- **The result has been a degree of regulatory layering**

While much of the new regulation constitutes an appropriate response to the weaknesses exposed by the financial crisis, the sheer volume of new rules has inevitably created a degree of 'regulatory layering' where a range of new rules have targeted the same or at least similar objectives.

- **Insufficient research has been conducted on the cumulative impact of new regulations**

Insufficient research has been conducted by the authorities on the cumulative impact of the new regulations in terms of cost, impact on the efficiency of the financial system and the impact on the wider economy. Where research has been undertaken it is not always clear that the methodological framework adopted provides a meaningful cost benefit analysis of the rule changes. There is certainly a case for more detailed work to be undertaken in this important area.

- **A regulatory overhaul was needed with an inevitable cost**

Regulators and the financial services industry agree that the regulatory system needed overhauling to improve the safety of the global (including UK) banking sector and to prevent a repeat of the financial crisis. Everyone also accepts that this had to come at a cost. For example the IMF states: "Financial reform comes at a price. Higher safety margins, particularly in terms of greater capital and liquidity, do add operating costs for lenders."

- **Now we need to ensure we have got the right balance between safety and an efficient market that delivers for consumers**

Going forward, the debate will be about where the balance lies between safety on the one hand and efficiency and consumer choice on the other. Fortunately, regulators and lenders do have a common objective: both want a sustainable market. Both also want to give the market mechanism enough room to deliver positive outcomes for consumers who need access to credit to achieve vital personal objectives such as the purchase of a house or car.

However, the industry does have two underlying concerns: First, that regulatory bodies have a natural tendency to seek to expand their role and, second, that in the post financial crisis environment there is a natural 'bias toward action' on the part of regulators who may perceive a high cost to them from being seen to be too permissive but little cost to them for being more restrictive. We believe that the Financial Policy Committee (FPC) decision last June regarding interest rate stresses and high loan-to-income (LTI) lending was an example of this tendency towards action.

- **The Bank of England needs to maintain oversight of the totality of new rules with a view to removing any unnecessary regulatory layering it identifies**

The Bank of England needs to maintain an on-going review of the new framework to see if there are opportunities to reduce unnecessary regulatory layering and regulatory costs. One solution would be a joint Bank of England industry panel specifically focusing on identifying areas where regulations are unnecessarily complex or duplicative.

Preface

This paper has been prepared by the secretariat of the Intermediary Mortgage Lenders Association (IMLA) as a contribution to the on-going debate on the case for and against further regulatory intervention in the UK housing and mortgage markets.

IMLA is a long established specialist mortgage lender trade body focused upon the efficient and effective functioning of the intermediated mortgage market, where lenders sell their mortgage products via intermediaries/mortgage brokers. IMLA currently has 29 full members drawn from banks, building societies and specialist lenders and 13 associate members (see www.imla.org.uk for details).

This is the second in a continuing series of research reports issued by IMLA in 2015. The reports do not represent the specific views of individual members or associates but are provided as a collective contribution to the key issues of the day. IMLA draws on this material as part of its on-going debate and dialogue with government and regulators.

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Section 1 – Introduction

The level of financial regulation in the UK has been increasing since the 1980s. But the pace and scale of expansion and change in the overall regulatory landscape has dramatically accelerated since the financial crisis. This is unsurprising given the authorities' need to be seen to be addressing the issues that gave rise to the crisis.

But with regulation already set within a complex framework of international, European and national rules, and with regulatory bodies at each level feeling the need to initiate their own reforms, concerns have grown that recent regulatory changes have been too complex, too burdensome and have been introduced without sufficient co-ordination, leading to confusion and unnecessary expense for lenders.

The UK authorities have been especially active in driving forward new rules. They have not waited for wider European or international agreement in areas such as mortgage regulation and retail bank ring fencing. This has created concerns about the burden of implementation for example where the Mortgage Market Review (MMR), introduced in April 2014, is now to be followed by the implementation of the EU Mortgage Credit Directive.

There has also been insufficient assessment of the combined effects of these regulatory changes or what has become known as 'regulatory layering' – the imposition of several layers of new regulation to achieve the same objectives. Using the analogy of a patient administered a series of drugs to meet various ailments, a separate assessment of each individual drug will not be sufficient to understand the possible effects of the full cocktail the patient is taking. So in financial services the question is: what is the full impact of the cocktail of measures either in place now or soon to be in place?

It is accepted that it is hard to analyse the effect of a series of diverse measures and harder still to produce a meaningful cost benefit framework to determine whether they are or are not excessive. But what we probably can say is that the efficiency of the financial system at intermediating the flow of funds from savers to borrowers will be reduced and that borrowers will be more constrained in their choices.

However, this does not in itself mean that the regulatory changes are in aggregate inappropriate because there are trade-offs between the efficiency of the financial system and its safety and between the liberalism of lending markets and sensible controls on borrower behaviour. The safety of the financial system and the curtailment of poor borrowing/lending decisions are important policy objectives.

Going forward, the key to the success of recent regulatory changes will be whether the right balance has been struck between the need to ensure a safe and responsible financial system and the ability of the lending industry to meet the needs of customers for whom access to credit is a vital element in fulfilling key objectives in their lives. The ability to adjust regulations to balance these competing interests should be incorporated into the system.

Section 2 – The regulatory response

This section details the list of the main regulatory changes that have been introduced in the UK since the financial crisis. It is not meant to be an exhaustive list. These changes can be grouped under three main headings as follows: i) changes in the architecture of the regulatory system, ii) changes in prudential measures; those designed to improve the safety of the financial system and iii) changes to conduct measures; those designed to protect financial services consumers.

2.1 New regulatory architecture

Separation of prudential and conduct regulation

The Financial Services Act 2012 ushered in a new architecture for the regulation of UK financial services. It replaced a single UK regulator, the Financial Service Authority (FSA) which was set up by the previous Labour government, with the so-called ‘twin peaks’ model of separate prudential and conduct regulatory bodies under the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA).

Under this system the PRA is tasked with overseeing the safety of the financial system and of individual financial institutions and the FCA is tasked with ensuring that consumers are treated fairly within a framework that controls the offerings available to them, although the two bodies obviously do maintain a close dialogue.

Financial Policy Committee (FPC) and macro-prudential toolkit

The Financial Services Act 2012 also created the FPC of the Bank of England, mirroring the structure of the Monetary Policy Committee (MPC) but charged with identifying risks to financial stability.

The FPC can require banks and building societies to increase the capital they hold against specific asset classes such as residential mortgages. Alternatively, it can take a more targeted approach and require higher capital to be set against specific categories of mortgage lending such as high LTI or high LTV. It now has the power to impose absolute caps on lenders’ LTVs and LTIs.

In June 2014 the FPC acted to cool what it saw as an overheating housing market, capping the proportion of new mortgage lending banks could make to customers borrowing 4.5 times income or more to 15% of total new lending and requiring lenders to assess borrower affordability on the basis that Bank Rate is 3% above its current level. It saw this as part of its remit of leading rather than responding to the market.

2.2 Prudential measures

Basel III (CRD IV)

Under the first Basel accord banks internationally were required to hold minimum levels of capital relative to their assets adjusted for risk, based on broad asset categories such as commercial loans or residential mortgages.

Basel II, which was introduced as the financial crisis got underway, took a far more granular and complex approach to assessing risk weights, allowing more sophisticated lenders to use their own risk models to calculate the riskiness of some of their assets. It also gave a key role to rating agency credit ratings in the determination of risk weights.

Basel III – enshrined in the EU in the Capital Requirements Directive (CRD) IV – was a response to the financial crisis. It built on Basel II but added a range of additional rules. It substantially boosted minimum capital requirements and improved the quality of capital by mandating higher levels of equity. It also introduced a minimum leverage ratio and minimum liquidity requirements and a range of other requirements.

Leverage ratio

The leverage ratio requires that a bank's Tier 1 (core) capital is at least 3% of its total consolidated assets on a non-risk adjusted basis. This is designed to prevent excessive leverage but affects lenders with the safest loan books.

Liquidity requirements

There are two elements to the liquidity requirements. The liquidity coverage ratio requires banks to hold enough highly liquid assets (e.g. government bonds) to cover 30 days of prospective cash outflows and the net stable funding ratio requires that lenders have sufficient stable long term funding to cover long term lending commitments.

Securitisation retention requirement

Securitisation was seen to play a key role in the financial crisis because it facilitated the spread of credit losses to banks across the globe and because it reduced loan originators' interest in the quality of the loans they originated.

Basel III contains a range of revisions to the rules on securitisation including the broadening of the floor on risk weights. But more significantly, the EU acted independently, introducing a requirement that EU credit institutions can only invest in securitised assets where the issuer has committed to retain at least 5% of the exposure, to ensure that the issuers of these securities have a sufficient stake in the performance of the loans underpinning them.

Non-bank lenders

The Basel accord applies only to deposit taking institutions. But given the significant role that other financial intermediaries played in the financial crisis, regulators have considered whether they too should be subject to similar requirements. In the UK, the PRA has consulted on changes to the regulation of non-bank lenders, proposing that they should be subject to elements of the CRD, including its capital requirements.

Consultation on changes to the standardised approach

In March 2015 the Bank of International Settlements (BIS), which oversees the Basel regime, issued a consultation on proposed changes to the Basel standardised approach. It proposed more granular risk weights for residential mortgages and a reduced reliance on external credit ratings. This re-emphasised the extent to which changes to the Basel regime remain an on-going process.

Bank resolution

The resolution of failing financial institutions has been another area where the authorities have sought to overhaul existing arrangements. Here the charge has been led by the Financial Stability Board (FSB), a body set up by the G20 to co-ordinate regulatory responses to the financial crisis. But given the differences in legal frameworks between countries changes to resolution regimes will inevitably be driven to a large extent by national governments.

Bail-in

Under bail-in proposals that are being considered at an international, EU and UK level, banks will be required to issue bonds that convert into equity in the event that a bank faces insolvency or depleted capital levels to ensure that bank creditors rather than tax payers meet the cost of bank failures.

Ring fencing

In one key respect, the UK authorities have decided to act independently of international agreement on bank regulation and push ahead with ring fencing retail banking operations from the broader activities of the banks. The logic behind this move is to ensure that retail deposits, which the UK government guarantees up to £85,000, are only used to fund traditional bank lending rather than being used to finance riskier investment banking activities.

2.3 Conduct measures

Mortgage Market Review (MMR)

The MMR came into force in April 2014. The most significant aspect of the new rules relates to affordability checks. Lenders are required to verify borrower income and satisfy themselves that the loan will be affordable on a capital repayment basis taking account of the borrower's other outgoings against their net income. Allowance must be made for possible future interest rate increases with a five year stress test.

EU Mortgage Credit Directive

The final text of the Mortgage Credit Directive was published on 28 February 2014. Member states have just over two years from that date to implement the directive, meaning UK legislation needs to be amended by March 2016.

The new directive goes further than the MMR by extending strict new affordability tests to those who are remortgaging unless they stay with their current lender. The directive also includes a slightly different definition of buy-to-let than that used in the UK, requiring lenders to redefine the boundary between regulated and non-regulated lending.

Section 3 – Assessing the impact of regulatory changes

3.1 Ways in which new regulation has affected the market

What kind of impact have the regulatory changes had? We would highlight the following:

- They have increased the cost of compliance on lenders both directly through the cost of meeting new requirements and indirectly through the increased cost of the regulators themselves, which for domestic regulators is borne by a levy on financial services firms.
- As at least part, if not all, of these costs will be passed on to consumers, the financial system is made less cost effective at intermediating funds from savers to borrowers. Some new regulatory requirements, such as the requirement that lenders hold more liquid assets, also directly reduce the efficiency of financial intermediation.
- They have narrowed consumer choices in financial services. The availability of some lending products has been constrained (in part an unintended consequence). For example, interest only mortgages are harder to obtain following the MMR changes to conduct regulation.
- During the transitional period of implementation they have reduced the capacity of the lending industry to lend. For example, to meet higher capital requirements the banks have had to raise new equity, shrink their assets or expand capital through retained earnings to meet the new capital targets. In this difficult post crisis period the cost of raising new equity capital has been high and many lenders have suffered from low profitability. As a result some banks have felt the need to shrink their loan books to help meet higher capital requirements.
- The shrinkage of the banking sector has constrained borrowers' access to credit which in turn has been a factor behind the sluggish economic recovery recorded both globally and in the UK since 2009.
- The new rules have induced a greater sense of caution on the part of lenders, with lenders less inclined to innovate or to be seen to be pushing close to any real or perceived regulatory barriers.

Of course it must be remembered that none of these effects in themselves invalidate the changes that have been enacted. The financial crisis demonstrated weaknesses in the regulatory landscape that needed to be addressed. The question is where the balance should lie between improving the safety of the financial system and ensuring that it is able to meet the needs of consumers in an efficient manner.

It ought to be possible to obtain some sense of whether the right balance has been struck through a thorough analysis of the collective impact of the new rules with a detailed cost benefit analysis. And several studies have attempted to assess the impact of new regulations.

3.2 Quantifying the impact of new regulations

Of the attempts to provide quantitative estimates of the impact of new regulation, the most notable are from the Organisation for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF) and from the industry's perspective, from the Institute of International Finance (IIF). None cover the full spectrum of new rules and all focus on the main prudential changes, led by Basel III.

OECD estimates

In February 2011 the OECD published the paper 'The Macroeconomic Impact of Basel III'. It concluded that "The estimated medium-term impact of Basel III implementation on GDP growth is in the range of -0.05 to -0.15 percentage point per annum."

It further concluded that "Economic output is mainly affected by an increase in bank lending spreads as banks pass a rise in bank funding costs, due to higher capital requirements, to their customers. The capital requirements effective as of 2019 (7% for the common equity ratio, 8.5% for the Tier 1 capital ratio) could increase bank lending spreads by about 50 basis points".

IMF paper

In September 2012 the IMF published a paper "Estimating the Costs of Financial Regulation." The paper, which focuses on the impact on lending rates, states:

"Financial reform comes at a price. Higher safety margins, particularly in terms of greater capital and liquidity, do add operating costs for lenders. Those costs will be passed on, at least partially, to the wider economy. Lending rates appear likely to rise 17 bps in Europe… according to the base case. There is considerable uncertainty about the true cost levels, but the sensitivity analysis demonstrates that reasonable changes in assumptions would not dramatically alter the conclusions".

But the scale of the task of modelling the impact of the totality of new regulations is highlighted in the report, which acknowledges its shortcomings:

"There are some important limitations to the analysis presented here. Transition costs are not examined, a number of regulatory reforms are not modelled, judgment has been required in making many of the estimates, the overall modelling approach is relatively simple, and regulatory implementation is assumed to be appropriate, not creating unnecessary costs".

The IMF report suggests that benefits of regulation might outweigh the costs but admits that this view is not based on a quantitative analysis:

"The relatively low levels of economic costs found here strongly suggest that the benefits in terms of less frequent and less costly financial crises would indeed outweigh the costs of regulatory reforms in the long run, although this study does not attempt to estimate the economic benefits of the regulatory changes".

Institute of International Finance (IIF) paper

In September 2011 the IIF, which represents the global financial services industry, published "The Cumulative Impact on the Global Economy of Changes in the Financial Regulatory Framework."

Peter Sands, then Chairman of the IIF Special Committee on Effective Regulation is quoted as saying "the IIF study shows there is an acute danger that the pursuit of financial stability imposes too great a cost on economic growth and job creation at a fragile time for the world economy."

The report estimates that "by 2015 the level of real GDP could be 2.7% less than what would otherwise be the case for the United States, while the changes are estimated at Euro-Area -3%, Japan -4%, UK -5.5% and in Switzerland -3.7%."

Assessments of the MMR proposals on responsible lending

Turning to the new regulations specifically aimed at the mortgage market, the FSA was required to commission a formal impact assessment which was undertaken by consultants Oxera. Based on this assessment the FSA acknowledged that some borrowers would be excluded by the new affordability requirements, stating that:

"Using two scenarios for the impacts of the proposals, we estimate that between 0.1% and 4.1% of borrowers would have been excluded from the mortgage market had the proposals been in place from 2005 to 2009, and that between 13% and 17% of borrowers would have had to reduce the amount borrowed to pass the affordability tests and obtain a mortgage. The total value of lending would have decreased by between 3.4% and 9.6%."

The cost benefit analysis concluded that: "this would have generated benefits to consumers in the region of between £475m and £520m for the four year period. This translates into a benefit per mortgage sale of between £60 and £70. This is largely a transfer from other parties, from firms through lost arrears revenue, and from those who would otherwise profit from sales of repossessed properties."

In 2010 the Council of Mortgage Lenders (CML) published a review of the then draft MMR proposals on responsible lending from an industry perspective which included a quantitative assessment of the likely impact on lending volumes.

The CML concluded that the combined impact of the basic affordability requirements assuming a 35% mortgage payment to income ratio (a proxy for lenders' assessment of the maximum allowable payment burden) coupled with affordability being assessed on a capital and interest basis on a 25 year term and adding a 20% income buffer for those applications where the borrower had impaired credit history would mean some 32% of mortgages completed between Q2 2005 and Q1 2009 might not have been granted. Adding a 2% interest rate stress test (above the initial rate), the report found this proportion rose to 51% of total loans.

Although this exercise was conducted on the basis of the draft MMR affordability proposals, the elements it included were part of the final rules other than a specified mortgage term and a buffer for borrowers with impaired credit histories. However, it can be questioned for coming up with an estimate which few lenders would now agree is a fair reflection of the proportion of customers who have actually seen their borrowing constrained since the MMR came into force. So although the CML report is arguably the most methodologically robust of the studies reviewed here, even it would appear to be a weak guide to the real impact and obviously does not examine the effects of the wider regulatory changes.

Broad conclusions from the research

The research concludes that regulatory changes have had an adverse impact on lending volumes and economic growth but that it is difficult to provide accurate quantitative estimates. In practice it is hard to isolate the size of the effect on margins from other factors, such as lenders' heightened aversion to risk following the financial crisis. It is also hard to isolate the impact on economic activity given the other factors at play, such as changes in monetary policy. None of the studies present a cost benefit analysis of recent prudential measures, underlining the methodological difficulties of evaluating these regulatory changes.

A cost benefit analysis of regulation in the conduct sphere is equally difficult. For example, if a consumer is denied a mortgage loan because of the new rules how would you measure the cost or benefit? Ideally such regulatory change would prevent loans being granted to those at most risk of future default while allowing loans to be made to those with a low probability of future default. But how would you ascertain the risk of default and what probability of default would be deemed to be acceptable? How do you measure the benefits of homeowners to the consumer? It appears that the FSA's impact assessment of the MMR affordability requirements was clearer on the savings of excluding borrowers who might subsequently default than it was on the costs to those excluded from homeownership.

One concern that has not been directly addressed in the research is the risk that new regulation has raised the barriers for borrowers trying to access credit in a way that is potentially socially divisive, creating a two tier system of those with access to credit and those without. An example often cited in the UK is between relatively affluent landlords, who have the equity to access credit and first time buyers, who often struggle to get credit. This division may not reduce GDP but it undermines one of the main purposes of the lending industry: to enable ordinary people to achieve key objectives such as homeownership.

3.3 Are we faced with regulatory creep and a bias towards action?

Some academics have highlighted the risk of ‘regulatory creep’ – the process by which a regulator will have a natural tendency to attempt to expand its operations in some fashion. The history of the Basel regime seems to support this theory, with an initially simple set of rules made substantially more complex under Basel II. In response to the financial crisis, regulators have added still more complexity under Basel III.

Andy Haldane, now Chief Economist of the Bank of England, argued in 2012 for simpler regulation claiming that the “complex regulation developed over recent decades might not just be costly and cumbersome but sub-optimal for crisis control”.

Another concern is that, after being seen to have failed to prevent the 2008-9 financial crisis, the world’s regulators might be expected to exhibit a ‘bias toward action’ because they may perceive a high cost to themselves from being seen to be too permissive but little cost from being more restrictive.

We believe that the FPC’s decisions of last June may have been a case in point. The FPC directed lenders to assess mortgage affordability using an interest rate stress test based on Bank Rate being 3% higher and to ensure that no more than 15% of their new mortgage loans were at LTI ratios of 4.5 or more. Given that the effect of the MMR on the market was still unclear, having only been introduced in April, the FPC’s move at that time could be interpreted as precipitate.

The FPC is a valuable addition to the regulatory arsenal, being designed to consider the broader picture, identify pressures building up in the financial system and find ways to contain them. There will no doubt be times in the future when its actions are emphatically required and clearly its judgements will always be difficult ones. But acting on the fledgling recovery of 2014 gave the impression that the authorities perceived a normal market to be a significantly smaller one than that which prevailed before the financial crisis. The subsequent downturn in the mortgage market despite government support measures like Help to Buy suggests that we are still far from a normal, healthy market.

Section 4 - Conclusion

The scale of the global financial crisis demonstrated the shortcomings of the existing regulatory regime and the need for substantial reform. The key planks of reform that have been put in place since (higher levels of capital and more liquidity in the banking system; more control over the non-bank or shadow banking sector and greater control over borrowers' access to credit) are all valid responses, addressing the most substantial deficiencies exposed by the crisis.

The over-riding concern has been to protect taxpayers from the cost of maintaining the solvency of deposit taking institutions and to protect consumers from taking on unmanageable levels of debt. These are vital objectives which have the support of the financial services industry.

However, a regulatory system that was already complex has been made significantly more so. And the financial burden of regulation, both in the cost of regulatory bodies and the compliance costs paid directly by firms, has risen a great deal. These costs are ultimately borne by the consumer so it is important to ensure that they are proportionate.

Of particular concern is the degree of regulatory layering we have seen in the UK. Regulatory bodies have not always felt the need to wait for co-ordinated international action. Rather they have felt the need to demonstrate that they are proactively addressing past shortcomings. Examples can be seen in the MMR coming into effect before the implementation of the EU Mortgage Credit Directive, and the UK's decision to implement retail bank ring fencing ahead of decisions at an international level.

Insufficient attention has been paid to the cumulative impact of the raft of regulatory changes that have come in. Where official bodies have attempted to quantify the combined impacts they have not been able to devise an appropriate cost benefit analysis, leaving no clear guide as to where the boundary of new regulation should be drawn.

However, the scale of government intervention we have seen in the UK to stimulate additional mortgage borrowing through schemes such as HomeBuy Direct, FirstBuy, NewBuy and Help to Buy suggests that the government itself is concerned that the financial sector is unable to properly fulfil its role of supplying credit to some key categories of borrower. It is a little ironic that government is taking risk on through these schemes in the wake of regulatory changes designed to reduce the risk of taxpayer support.

It remains to be seen whether we have the balance right between protecting the safety of the financial system and facilitating consumers' legitimate borrowing needs. But we believe that the Bank of England should stand ready to act should it become clear that the pendulum has swung too far in the direction of regulation or that an unnecessary number of regulations are in place to achieve the same results.

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About IMLA

IMLA is the specialist trade body representing the interests of mortgage lenders who market their products through brokers, rather than solely direct or through a branch network. Its directors and members are drawn from the senior ranks of mainstream banks, building societies, 'challenger' banks and specialist lenders.

IMLA provides a unique opportunity for senior industry professionals to meet on a regular basis to discuss key current initiatives and contribute actively through IMLA and other industry forums.

IMLA was formed in 1988 as the Association of Mortgage Lenders and was instrumental in the creation of the Council of Mortgage Lenders (CML). It changed its name to IMLA in 1995. Subsequently IMLA helped bring the Association of Mortgage Intermediaries (AMI) into being and was instrumental in bringing the mortgage advisers qualification CeMAP to fruition. For more information, please visit www.imla.org.uk

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Rob Thomas is Director of Business Development and Research at Instinctif Partners, now incorporating The Wriglesworth Consultancy. He previously served as an economist at the Bank of England (1989-1994), a high profile analyst at the investment bank UBS (1994-2001) and as senior policy adviser to the Council of Mortgage Lenders (2005-12). He was also the project originator and manager at the European Mortgage Finance Agency project (2001-05) and created the blueprint for the government's NewBuy mortgage scheme.