

‘Is the prohibition of the joint sales of lending with payment protection insurance and lending justified? An examination of the UK unsecured loan and mortgage markets.’

SBE Research Seminar
Wednesday 25 May 2011, 1pm
(Buffet provided from 12:30pm)

Dr John Ashton
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Venue: School of Business and Economics, BE0.53

Book your place: For catering please email [Julie Collett](mailto:Julie.Collett@bangor.ac.uk) to book your place.

Abstract:

The seminar will consider the findings from two on-going studies examining whether the recent UK regulatory decision to introduce a blanket ban on the joint provision of lending and credit or payment protection insurance was justified. This case has wide regulatory implications following international concerns that the sale of payment protection credit insurance has been detrimental to customers due to overpriced insurance and a possible cross subsidy from insurance to lending. The seminar will examine these concerns of cross-subsidy and over priced payment protection insurance for the UK unsecured lending and mortgage markets respectively. It is reported that while the cross-subsidy from payment protection insurance to unsecured lending is theoretically plausible this behaviour is not a universal practice across all suppliers and at all times. When examining mortgage payment protection insurance it is reported that these policies are over-priced when sold jointly with, rather than independently from mortgages. The distinct policy implications of prohibition of joint sales of payment protection insurance with lending in these two markets are discussed.

Biographical information:

John Ashton is a senior lecturer in banking at Bangor University teaching corporate governance, economic regulation and financial services marketing. John has published in a wide range of journals in economics, finance and marketing including, but not exclusively the *Journal of Banking and Finance*, *Small Business Economics*, *Regional Studies*, *The Journal of Public Policy and Marketing*, *Industrial Marketing Management* and *Corporate Governance* on topics including competition policy and financial regulation, market definition, branding and the financing of small firms. Lastly, John has been interviewed for the financial, scientific and national press, international, national and local radio and has had his research work reported in a diverse assortment of publications, ranging from the Financial Times to the Daily Star.