



BCAP Review of TV Ads for High-Cost Short-Term Credit, Including Payday Loans

Supplementary Terms of Reference

Background

The use of high-cost short-term credit has increased since the onset of the economic downturn.

Concerns about the impact of these loans, in particular on the financially vulnerable, have led to calls for further regulatory oversight of the sector, including around its advertising. This has included calls for a ban on payday loan ads appearing around TV programmes aimed at children, the introduction of a 9pm TV watershed ban and additional content restrictions.

In the context of these concerns in July 2014 BCAP announced a review into TV ads for high-cost short-term credit products, including TV payday loan advertising. The aim of this review has been to ensure that the rules are sufficiently comprehensive to prevent payday loan advertisements from exploiting the vulnerable - particularly families who are facing difficult financial circumstances - and to assess their potential to appeal irresponsibly to children, including by encouraging so-called 'pester power'. This review is ongoing.

In light of Ofcom's findings about children's limited exposure to TV advertising for payday loans, and in the absence of research or analysis linking children's exposure to payday loan advertising to evidence of harm, BCAP did not consider it proportionate, when its review was launched, to consider the appropriateness of the scheduling of high-cost short-term credit products, including payday loans, on TV. Consequently, BCAP confined its review to examining the effectiveness of its content rules but welcomed any submissions of relevant evidence to the contrary which it committed to consider.

Since the commencement of its review, BCAP has been made aware of research carried out by the Children's Society into the effects of payday loan advertising. It has, consequently, been asked whether it might extend the scope of its review to consider fully the scheduling of payday loan advertising in the context of this and any other relevant pieces of evidence.

BCAP will now do so, and calls for submissions of any further new evidence to help it assess whether there is a need for restrictions on how TV payday loans ads are scheduled.

This document sets out supplementary terms to those of the [original review](#) and should be read in conjunction with them.

Legal, decent, honest and truthful

Chairman James Best Secretary Shahriar Coupal

Scope

- The BCAP Code is designed to provide protection for children and young people in two ways: through content rules and, where appropriate, scheduling restrictions. Scheduling restrictions allow BCAP to limit the exposure of children and young people to advertising for products that are inappropriate to be directed at them e.g. ads for products like alcohol and medicines that are age-restricted for sale and that are relatively easily accessible, including around the home. Scheduling rules are designed to limit, but cannot entirely eliminate, exposure of children and young people to advertising for products that should not be targeted at them. They are complemented by strict content rules to ensure that the advertising that children and young people do see is not of particular appeal to them and will not cause them harm. In this way, BCAP seeks to balance the need to protect children and young people from harm with the rights of advertisers to market their products responsibly and of adult viewers to see advertising for products of relevance and interest to them.
- No financial product is presently covered by an age-related scheduling restriction in the BCAP Code. The only financial products that presently attract scheduling restrictions are spread betting services and contracts for difference, which may only be advertised to a more financially knowledgeable audience on specialised financial channels, stations or programming because of the products' higher risk and greater complexity. At the start of the review, no evidence had been submitted to BCAP in support of the need to exclude advertising for a financial product from programmes commissioned for, principally directed at or likely to appeal particularly to audiences below the age of 18.
- BCAP is aware of Ofcom's 2013 audience research into payday loans advertising on television. That research primarily focused on the frequency, volume and reach of payday loan advertising to adult audiences, including different socio-economic groups; however it also provided useful and authoritative data on children's exposure to that advertising. Ofcom's research found that payday loans ads comprised a relatively small 0.6% of TV ads seen by children aged four to fifteen during the period under analysis. Payday loan ads aired on children's channels amounted to an average of 2 impacts per child in one year. In total, children on average see around 1.3 payday loan ads on television per week.
- BCAP's advertising regulatory responsibilities extend to all products and sectors. It is committed to targeting its regulatory resources at those issues that most merit regulatory enquiry and, as necessary, regulatory intervention; for example, where evidence suggests there is significant potential for advertising to exploit the vulnerabilities of particular groups. In light of Ofcom's findings about children's limited exposure to TV advertising for payday loans, and in the absence of research and analysis linking children's current level of exposure to payday loan advertising to evidence of harm, BCAP considered it was not proportionate, at the start of the

review, to consider whether the current scheduling rules should be extended to cover payday loan ads.

- However, since the start of the review, the Children's Society has published its ['Playday not payday: Protecting children from irresponsible payday loan advertising' report](#) which examines the effect of payday loans TV advertising on children.

Approach

- BCAP will carry out its review in line with its established approach to evidence based policy making.
- As part of the review, BCAP calls on any interested parties to provide evidence to help it consider whether scheduling restrictions for high-cost short-term credit products, including payday loans, are necessary and proportionate to protect children.
- The review will examine the general policy rationale that prevents TV advertisements for, for example, alcohol, gambling, medicines, age-restricted films and video games from being scheduled around programmes of particular appeal to children and young people below the ages of 16 or 18 (as determined, for many channels, through BARB audience indexing), but does not so restrict other products that are effectively restricted for sale by age; for example, mortgages, insurance, holidays, flights and cars.
- The review will assess the findings of the Children's Society report.
- The review will assess any further evidence that BCAP receives or identifies through desk research.
- Taking into account the evidence and policy rationale, the review will assess whether scheduling restrictions are necessary and proportionate to protect children from advertising for high-cost short-term credit products, in line with BCAP's regulatory objectives.

The extended review will be complete and the outcome communicated publicly in spring 2015.