

FINANCIAL SERVICES

Pawnshop polishes image for a new age

The modern broker is anxious to remove any lingering stigma

By Sophie Brodie

PAWNBROKERS are moving into the 21st century, offering new services such as car-hire and debt consolidation.

As high street banks tighten lending practices after a slew of bad loans, consumers are turning to other outlets.

One is the British pawnbroker. Once thought of as an embarrassing fall-back, people have begun using pawnbrokers as a means of short-term cash flow.

Nathan Finch, assistant general secretary of the National Pawnbrokers Association, said: "The stigma attached to pawnbroking is definitely going. We live in a credit society. People don't save any more and this is just another way of borrowing money."

In the past five years, the number of NPA members has risen from 330 to 470. The industry has a loan book of £400m to £500m.

While this is tiny compared with banks (only 5pc of UK adults have ever considered using a pawnbroker, according to the NPA), the sector is gathering momentum.

Those who need cash quickly without explanation, or find it difficult to get credit elsewhere, can borrow any amount from a pawnbroker, provided they have security.

Most often this is jewellery because it is portable, appreciates in value, is a "can do without" item and has an established second-hand market.

However, a new breed of pawnbroker is emerging: national high street chains that offer security on a range of goods as well as other financial services such as sub prime lending and debt consolidation.

The UK's two largest pawnbrokers, Albemarle & Bond and Harvey & Thompson, both listed on the UK market, have about 150 stores between them.

They have recently expanded into on-line valuations, cheque-cashing and pay-day advances that are fast becoming mainstays of their business.

Since Albemarle & Bond listed in the 1990s it has seen its share price quadruple. In May this year, H&T began trading on the AIM market, raising £18m to pay off its own debt. The company is now worth £60m. H&T has 69 pawnbroking shops around the UK, and is planning to open 30 more branches over the next three years.

Mr Finch says we should expect to see more branded pawnbrokers taking over from what has traditionally been a family-run business. He says: "These companies need to have a large presence



Update: Jim Tannahill has introduced a car-hire scheme as part of his bid to move Suttons and Robertson into the 21st century

to justify making small loans."

Those looking to build brands include Fish Brothers and Herbert Brown & Son, each more than a century old.

As the industry becomes more competitive, smaller

outfits are consolidating. Suttons has merged with another pawnbroker jeweller called Robertson. The company has a combined loan book of £4m.

Suttons was founded in 1770 and has handled

everything from mink coats to royal jewels. Managing director Jim Tannahill plans to open more stores, may float the business and has already introduced a new service: car hire.

Customers can pawn their

cars but continue to drive them until the loan expires. Then they have to pay the money back or lose their car. Suttons has no car park for vehicles that are not redeemed. Fortunately, so far it has not needed one.