WELCOME TO THE POVERTY BUSINESS
According to the FSA, Government and Financial Inclusion Taskforce

- 10% of the adult population without access to transactional bank accounts
- 7-10 million with limited access to financial services
- Up to 12 million people use non mainstream lenders in the UK
- 3-5m using doorstep lenders
- 1m+ using pay day lenders
- Bank branch closures a regular sight
<table>
<thead>
<tr>
<th>Lender</th>
<th>Average APR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provident</td>
<td>265%</td>
</tr>
<tr>
<td>Morses Ltd</td>
<td>365%</td>
</tr>
<tr>
<td>Rhodes Finance</td>
<td>1064%</td>
</tr>
<tr>
<td>CLC</td>
<td>1564%</td>
</tr>
<tr>
<td>Pay Day</td>
<td>4000%+</td>
</tr>
</tbody>
</table>
Why do people borrow from them?

1. Information
2. Self exclusion & Perception
3. Product design
4. Financial capability
Why do people borrow from them?

1. **Information**
2. Self exclusion & Perception
3. Product design
4. Financial capability
Information

1. Drivers license
2. Passport
3. Utility Bill

- Homeownership
- Employment
- Existing Credit
- THIN CREDIT FILES
Why do people borrow from them?

1. Information
2. Self exclusion & Perception
3. Product design
4. Financial capability
Self exclusion & Perception

1. Past personal experience
2. Family experience
3. Language
4. Community knowledge

“....they’re not for people like me....”
Why do people borrow from them?

1. Information
2. Self exclusion & Perception
3. Product design
4. Financial capability
Product Design

Financial product priorities?

1. Price
2. Security
3. Brand/marketing
4. New technology
5. Ethics
Product Design

Financial product priorities?

1. Accessibility
2. Flexibility
3. Respect
4. Speed of transaction
5. Honesty/simplicity
Why do people borrow from them?

1. Information
2. Self exclusion
3. Product design
4. Financial capability
Why do people borrow from them?

1. Information
2. Self exclusion
3. Product design
4. *Financial capability*?
No-one wants charity
They just want a fair chance
Welcome to Fair Finance
Ethical and socially responsible lender developing financial services for the excluded and exploited in London
combating illegal lenders
transforming communities
addressing social exclusion
trustingworthy & reliable
simiple & convenient
human impact
individual money management
a true local initiative
a real alternative
sustainable
breaking the cycle of poverty
part of the community
stimulating local enterprise
Launched in 2005

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost to client</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money and Debt Advice</td>
<td>Free</td>
</tr>
<tr>
<td>Access to bank accounts</td>
<td>Free</td>
</tr>
<tr>
<td>Microcredit Business Loans</td>
<td>19-12%</td>
</tr>
<tr>
<td>Personal Loans</td>
<td>35-28% + 5%admin</td>
</tr>
</tbody>
</table>
Fair Finance: process

Customer designed products
- Flexible and accessible products
- Appropriate and comparative

Integrated product design
- Capability training through the service
- Responsible lending & advice

Customer service priority
- Treating customers with respect and understanding their needs
- Long term relationships
Fair Finance: Impact

Financial Impact ....

- Disposable income
- Financial inclusion
- Asset development

Personal Impact ....

- Time
- Empowerment
- Quality of life
Learning’s

- ‘Social/ethical’ alternatives are too small, unsustainable and unclear in what or who they serve
- **Failure of vision**

- Poor are bankable – lack of credit history does not imply greater risk
- **Failure of service**

- Lack of innovation in product design to compete in this market
- **Failure of choice**

- The poor and excluded deserve better than this