



Expression of Interest – Affordable Credit Providers Pilot Capacity Building and Scale up programme

Fair4All Finance invites affordable credit providers to submit expressions of interest to participate in a pilot scale up programme during the summer of 2019.

Participants in the programme will benefit from:

- A diagnostic report, developed with you and our consultants, to set out what your organisation needs to build capacity and scale your impact
- Input from expert consultants to prioritise key areas for investment to accelerate building capacity and scale
- Development of a specific support programme across all aspects of your operations
- Subject to financial diligence, a blended funding proposal which is likely to include a combination of equity or an equity equivalent instrument, debt and grant. This proposal will incorporate review and alignment of existing funding and investment arrangements
- Ongoing development support in delivery of the support programme

Based on the Expressions of Interest we will select 4-6 organisations to work with over the summer of 2019. Participation will require you to give us access, on a confidential basis, to your business and data and for your leadership team to spend some time with us to discuss your organisation and help us to design our programme of support.

In this initial pilot we are looking to work with established organisations with a track record of serving the sector. We would like to work with organisations who:

- are focused on serving the most vulnerable groups in society (we define these as those in the bottom income quintile, with minimal savings and an inability to access mainstream credit)
- share our ambition to grow the affordable credit sector
- are prepared to commit the time and resources to engage fully in a scale up programme
- are committed to a partnership-based approach to do this
- are committed to demonstrating the social impact of their work both through their in-house behaviour to their team (living wage employer, fair salary ratios) and the range of impacts on communities of place and communities of interest who benefit from their loans or other interventions

About Fair4All Finance

Fair4All Finance has been set up to support the most vulnerable groups in our society with fair and affordable financial products and services. An important part of this is to build a well-functioning consumer credit market, which is able to offer an affordable and sustainable interest rate and a fair service to customers whether approved or declined for credit to beneficial gateway services (e.g. home contents insurance, free debt or money advice, linked savings products etc) regardless of their background or credit history. The organisations that serve these needs are sometimes called affordable credit providers, mid-market credit providers, or alternatives to high cost credit.

We want to work with these organisations to help them scale to serve many more vulnerable people in a sustainable way.

We are working in collaboration with investors and funders in this sector

This initial programme has been developed with input from:

- Esmée Fairbairn Foundation
- Carnegie Trust
- Social Invest Scotland (SIS)

Expression of interest

Name			
Position			
Organisation			
Email			
Summary description of business model			
High level growth plan and ambition for the future			
In which areas do you believe you need support to be able to achieve your ambition?			
Customer demographics now – please identify the range of indicators you use including factors known to be indicative of financial vulnerability			
Who you serve	Number of customers	Average loan size	Total loan book
Customer demographics future – summarise the scale you would target			
Who you serve	Number of customers	Average loan size	Total loan book
Current funding structure			
Lender	Amount	Interest	Repayment terms

Please submit your expression of interest to Hello@fair4allfinance.org.uk along with your latest financial statements and business plan by 5pm on Friday 5 July 2019

Outline Affordable Credit Scale Up programme process

Context

Currently some £3.2 billion of high cost credit is advanced each year through high cost credit, home credit and rent to own providers with an average loan size of £540. The average additional cost that the most vulnerable pay in using high cost credit compared to fair alternatives is £580. We are aware that additionally many will be going to unregulated providers of finance and subject to wider pressures that have a detrimental impact on their health and wider society.

Aim of pilot programme

The aim of this initial pilot programme is to identify and put in place support to enable providers of affordable credit to scale their businesses to significantly increase the availability of affordable credit for the most vulnerable in society. The programme will:

- put in place tailored support programmes for those participating, backed by appropriate funding
- identify sector opportunities to develop platforms to support wider scalable development of a sustainable affordable credit sector to address the £3.2bn market
- identify opportunities for regulatory change that could accelerate the development of an affordable credit sector

Approach

The programme will be designed to work with the participating organisations in a **diagnostic due diligence**. The programme will have three phases:

- assessment of current state: markets, customers, operations, people, finance identifying core strengths and areas for development
- development of future state and recommended actions to deliver this, drawing on both insights from the participating organisations and input from specialists
- development of a proposal for support, setting out proposed areas for investment, potential solutions/providers and a blended funding proposal

The process is intended to allow leadership and the diagnostic team to conduct a full assessment of what is possible to enable capacity building and deliver sustainable scale up of the organisation. It will also capture existing and potential constraints in delivering on the ambition.

Timing

5 July	Deadline for submissions for participation in this initial programme
12 July	Confirm who has been selected to participate in this programme
July/Aug/Sep	Diagnostic due diligence conducted and development of support programmes
October	Proposals for individual support programmes approved