

Invitation to Tender

No Interest Loan Scheme and future innovative affordable finance solutions

Hi

Thank you for your interest in our tender for the No Interest Loan Scheme (NILS) pilot we're delivering in partnership with [Toynbee Hall](#) and [Fair By Design](#). We are now seeking bids from community finance providers and partners, in particular from the housing association and local authority sectors, to deliver the pilot. We are also seeking bids from all lenders to work with us on other affordable finance solutions.

Millions more people have found themselves in financially vulnerable circumstances during Covid-19. With your help the NILS pilot will play an important part in understanding how different products and services can make a difference.

The pilot will deliver support to people across the UK and will test the benefits to customers, society and the economy and show whether a permanent nationwide NILS can be delivered in a sustainable way.

We're extremely grateful for all your feedback during our market engagement over the last couple of months. Among others we've heard from not for profit and commercial lenders, funders, housing associations, local authorities, regulators and ombudsman services. It's really helped us shape the scheme and tender.

We've also been delighted with the support for this pilot we've had across the public, private and not for profit sectors. I've shared some of the reflections from relevant organisations over the page.

In this pack we've included:

- A log of the changes we've made to the pilot design following the market engagement
- Instructions for bidders to respond to the procurement
- The full tender information including the specification and bidder response templates

The funding for the pilot from HMT was provided to support the affordable credit sector as a way to help consumers in vulnerable circumstances, and we are therefore only able to work with not for profit, community finance providers for NILS at this time. However, we are delighted that wider financial services organisations have expressed an interest in partnering with us to design and deliver innovative financial products and services to improve the financial resilience and wellbeing of our customer group.

Therefore, a specific 'lot' has been created to enable us to appoint providers to pilot other innovative affordable finance solutions with us which is open to all providers.

These may include solutions aimed at tackling problem debt or appliance poverty. Or products such as revolving credit and buy now pay later. Other solutions may come from the pending changes to the regulatory environment for Credit Unions, which will allow them to deliver a wider variety of products.

All solutions will be specifically targeted at people in vulnerable circumstances and designed to improve the lives of those who are consistently excluded from mainstream markets.

What next?

We look forward to your bid responses both for the NILS tender and for the 'lot' we've specifically set up to enable us to also appoint providers to pilot other products with us.

If you have any clarification questions about the procurement process or tender documents, you can submit them through the 'Messages Tab' on the [procurement portal](#).

Many thanks

Sacha Romanovitch. OBE
CEO

Quotes from government and other organisations:

The NILS pilot is the first of its scale across the UK, with £3.8m in funding from HM Treasury and up to £1m of lending capital from each devolved administration, matched in England by Fair4All Finance.

The pilot aims to test the benefits to customers, society and the economy and show whether a permanent nationwide NILS can be delivered in a sustainable way.

John Glen, Economic Secretary to the Treasury said:

'Backed by a £3.8m boost at Budget 2021, our No-Interest Loans Scheme pilot is making good progress and it's excellent to have Fair4All Finance on board. I now want to see lenders and organisations committed to financial inclusion supporting this innovative new scheme, which could make a vital difference for people right across the UK who can't access or afford existing forms of credit.'

Nisha Arora, Director of Consumer and Retail Policy, FCA said:

'Consumer credit remains one of our key priorities. We want borrowers to have access to affordable products that meet their needs and don't lead them to become over-indebted. We continue to work with the Government to provide expertise on, and support for, its initiatives on alternatives to higher cost credit.'

'We also support Fair4All Finance's objective of providing support and funding for the affordable credit market. We provided technical input into the feasibility study for the Government's no interest loans scheme and are pleased to see that it has now progressed to pilot phase. We look forward to continuing to provide technical input as Fair4All Finance takes it forward. We encourage lenders to get involved.'

Nausicaa Delfas, Interim Chief Executive and Chief Ombudsman, Financial Ombudsman Service said:

'We welcome initiatives to expand consumer access to affordable credit. We will continue to engage with Fair4All Finance and product providers to share our insight and where possible prevent complaints from arising.'