

Investing in technology for community finance

Monday 28 February 2022

- We are recording the webinar, so we can share with those who can't make it
- Please keep your microphone on mute to reduce background noise – and feel free to turn your cameras off when we're recording
- At the end, please do ask questions (we won't share this part of the recording)
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Agenda today

- Welcome
- **Fair4All Finance**
- Investing in technology
- **Some market perspectives**
- Next steps
- **Q&A**

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Why we exist

Fair4All Finance has been founded to increase the financial wellbeing of the most vulnerable groups in society by increasing access to fair, affordable and appropriate financial products and services

Through increasing access to and the use of fair financial products and services we will help people in vulnerable circumstances to meet their day-to-day financial needs, absorb shocks and smooth incomes.

Our vision is of a society where the long-term financial wellbeing of all people is supported by a fair and accessible financial sector.

Our mission is to increase the financial resilience of people in vulnerable circumstances by providing access to fair, affordable and appropriate financial products and services.

Why are we investing in technology?

- Technology is a critical ingredient in financial inclusion
- Community finance has a vital role and needs multi-channel offerings
- People using community finance providers deserve a positive digital experience
- Most community finance providers need some degree of digital transformation
- The sector is under-served by technology suppliers
- We want to stimulate a vibrant competitive market of suppliers

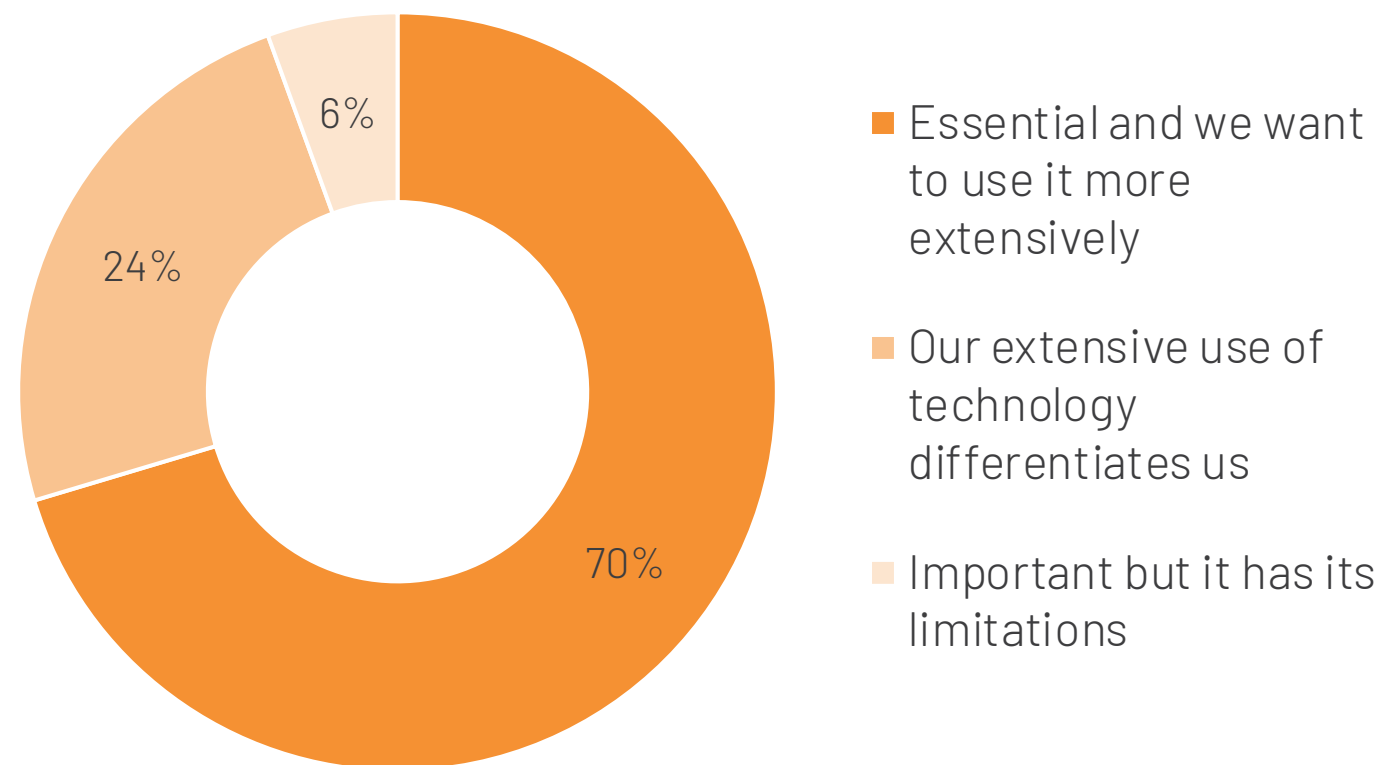
Our investments in technology will ultimately help people in financially vulnerable circumstances

Our 2020 survey gave us a clear direction

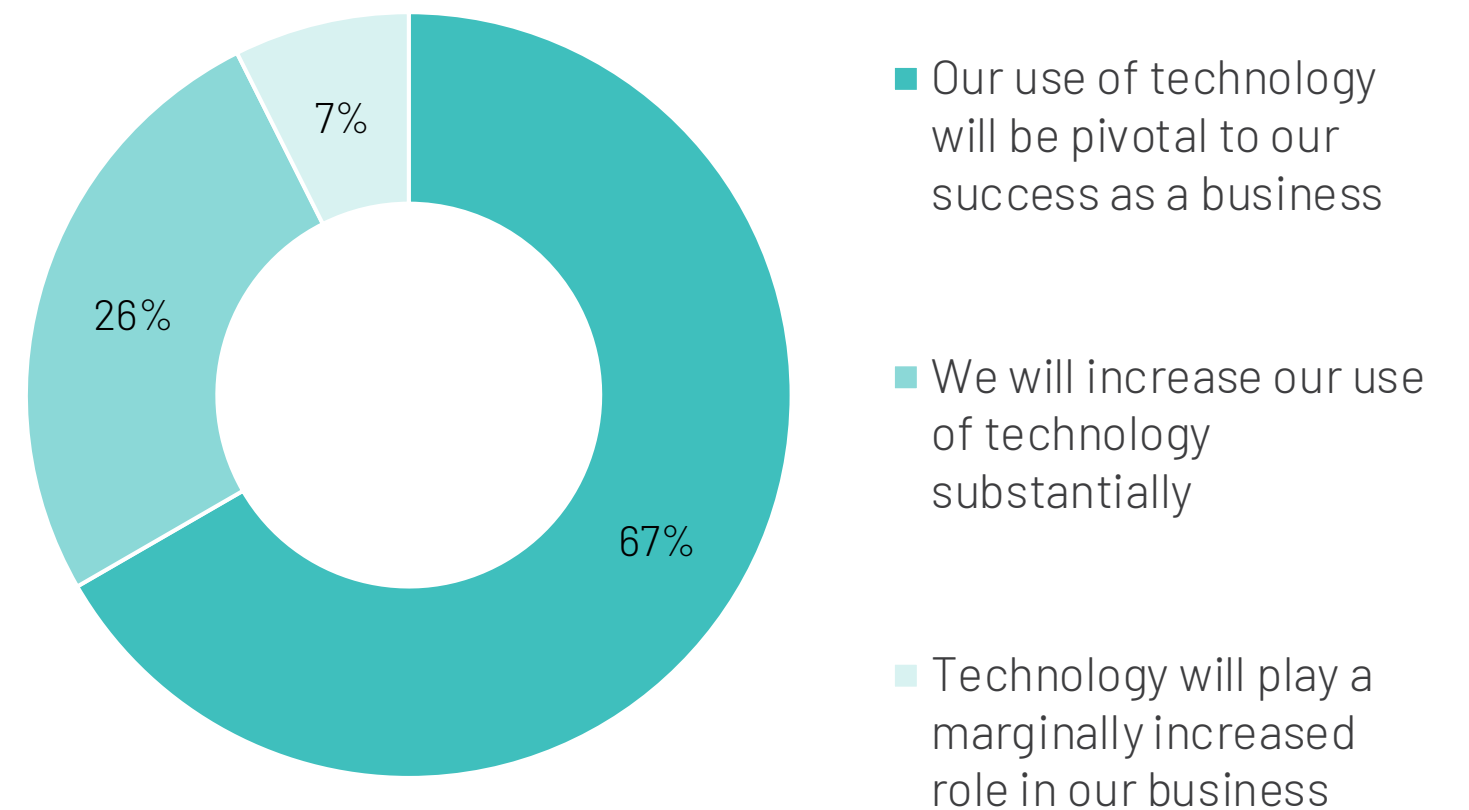
1. **Legacy technologies** are frustrating lenders' desire to innovate and grow
2. **Technology capability** is in short supply in the community finance sector
3. **Funding** for technology is tight and is cited as the main barrier to change

Leaders appreciate the increasing role of technology in their businesses

Attitude toward technology today

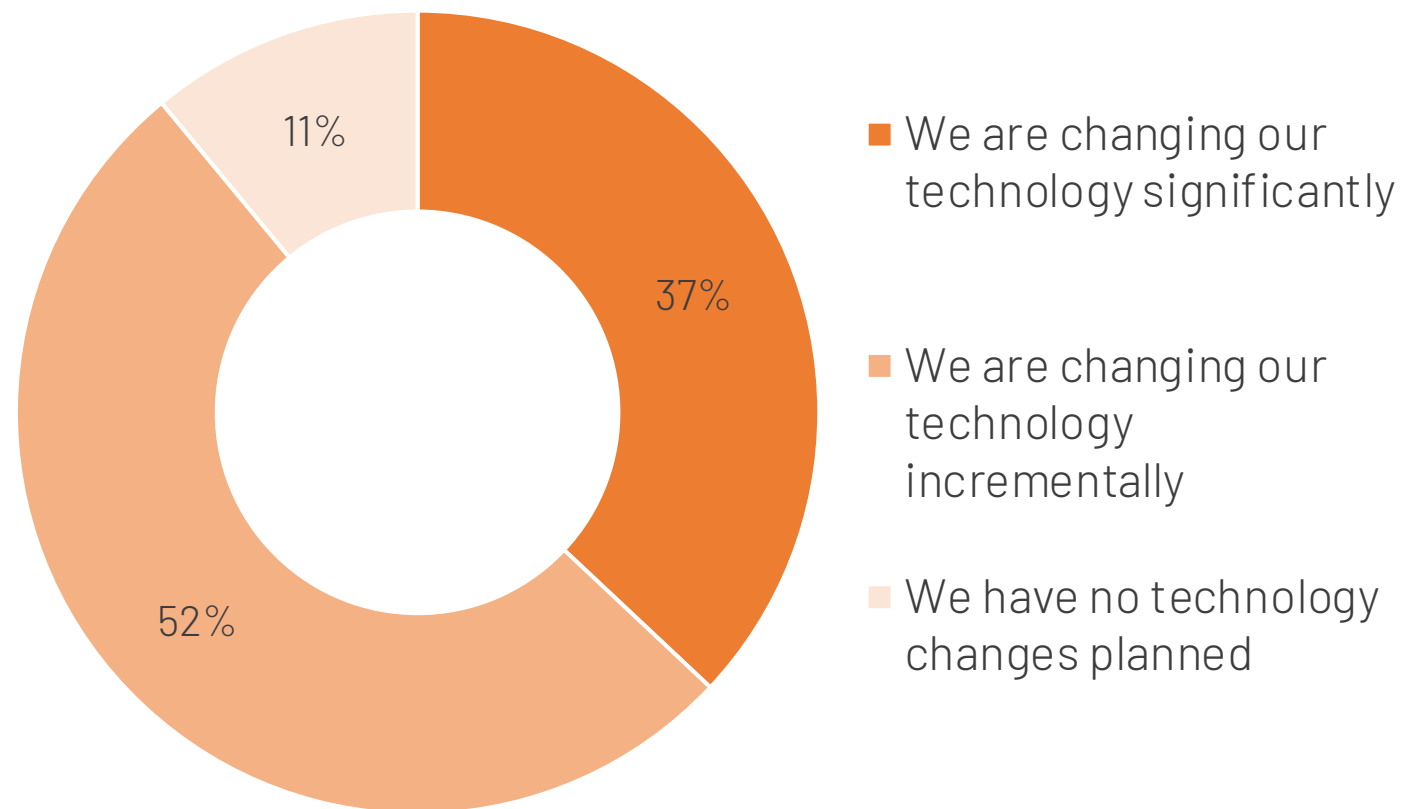


Outlook on the role of technology over the next five years

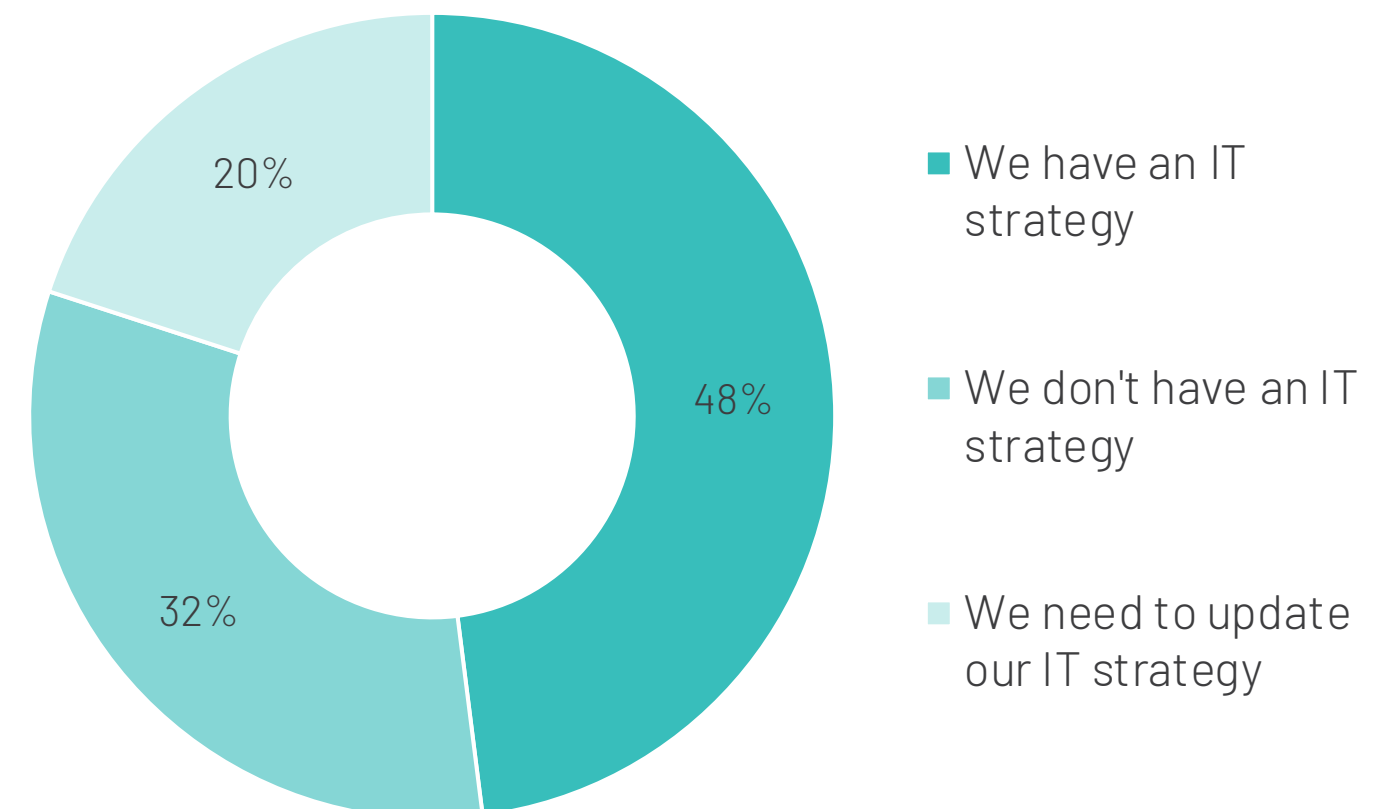


Over a third of lenders have significant plans for technology change in train

Imminent technology plans



Strategic technology planning



Lenders are most satisfied with their decisioning and consumer engagement software



We will initially focus our investments on loan management systems (LMS)

Why Loan Management Systems?

- Underserved by suppliers
- Lowest satisfaction levels
- Focus required for highest impact
- Foundational technology
- Market opportunity

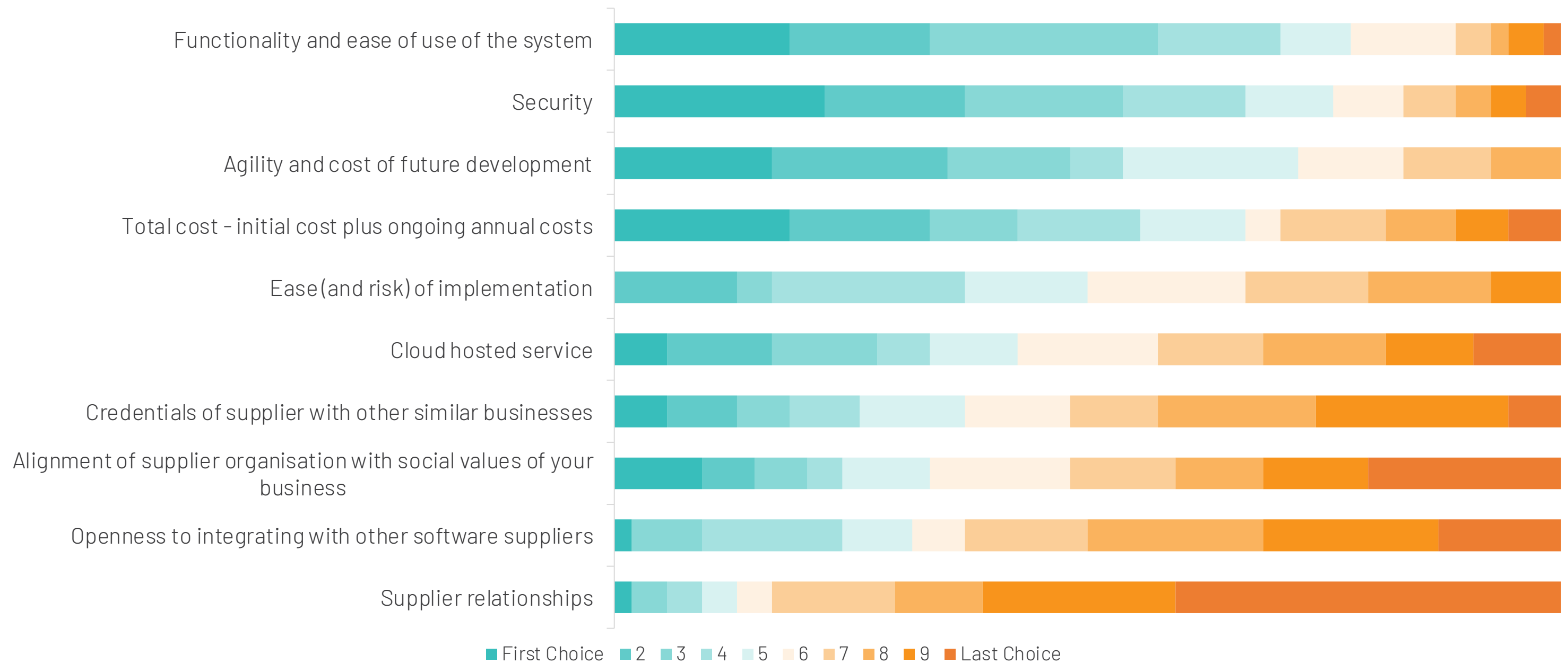
How do we define Loan Management Systems?

- Core system managing:
 - loan lifecycle
 - interest and fee calculations
 - statementing
 - database of record
 - regulatory and management reporting
 - integrations with services (eg payments, CRA, open banking)
 - (usually) CRM

We plan to explore niche technology products and services in future funding rounds

What do lenders prioritise when selecting technology?

Order of importance when selecting software



What features will we be looking for?

The LMS product or service

- Commercially viable for community lenders
- Functionally complete
- Provide efficiencies
- Positive end user experience
- Scalable
- Flexible
- Open
- Secure
- Resilient
- Low risk and effort of implementation

The supplier

- Aligned with social impact
- Sustainable
- Innovative
- Progressive
- Open
- Transparent
- Fair

How we plan to invest

- Initial allocation of £5m
- Open for expressions of interest from late March to late 2022
- Likely make equity investments
- Focus on companies serving the community finance sector in England
- Aim to support a competitive commercial market
 - Any service funded by our investment must be available to all community finance providers
 - We will support the number of organisations that we think will provide the best chance of success; ie single or multiple suppliers
- Extremely keen to work collaboratively with other impact investors
- Keep within provisions of Subsidy rules

What we will need from potential investees

- Please complete our Expression of Interest form
 - We will include this in a follow-up email afterwards – we will start reviewing in late March
 - We will ask you to upload a pitch deck to describe your business
- Following the initial reviews, we will begin more detailed due diligence
- We are open to expressions of interest for most of this year

In line with our mission to transform the provision of financial services to people in vulnerable circumstances we are always open to conversations with organisations whose products and services are aligned with our objectives and who are serving sectors including community finance

Get in touch

- If you're a technology company looking for investment, please fill out our [Expression of Interest](#) form
 - Jonathan, Shanaka, Holly or Nard will then get in touch on next steps (all of our emails are firstname@fair4allfinance.org.uk)
- If you're an investor, we'd love to discuss co-investment opportunities with you. Please contact **Nard** (nard@fair4allfinance.org.uk) to set up a conversation with Nard and Holly
- **Any questions?**