

Update

Exec Summary

[Click here to read the full Summer Update](#)

As the cost of living bites there's no surprise that it's at the forefront of our minds – for customers and providers alike.

What will also be no surprise to you is that the situation of many of the people we're trying to help is worsening. And we know many providers are struggling too with concerns over affordability of lending to customers in vulnerable circumstances, the increase in risk and potential for more defaults.

Demand for financially inclusive products and services is rising at a time when responsible and legal routes to short term finance outside of the community finance sector are diminishing.

We wanted to know more about the impact of the Cost of Living squeeze on the community finance sector so we funded research with the University of Salford. We'll be holding a Cost of Living and Community Finance webinar on 13 September to discuss findings. [You can register to attend here.](#)

Through collaboration with many of you our work is having an impact on the communities who need it most, right across the country. It's vital this work continues.

Headlines:

We've achieved a lot over the last six months and there's lots more to do. Highlights include:

- **Further investments from our Affordable Credit Scale Up Programme** with over 80% of available funds now deployed to community finance providers
- **Proof of concept for our no interest loan scheme pilot** up and running ahead of the wider pilot rollout in the autumn
- **Progressed several key pieces of research and sector support tools** with findings and outputs ready to be shared over the coming month
- **Dormant Assets Scheme consultation** is open. If you agree that continuing to fund financial inclusion is incredibly important then please [respond to the consultation](#) in support of this cause

On the next page you'll find a whistlestop look at what we've been up to and what we're working on – if you have the time please take a look at the full update as it's packed with lots of information and great work.

We've also pulled out some of the key opportunities for collaboration at the end of this update – and we'd love the chance to work with you to deliver for those who need it most.

Expanding access to affordable Credit:

- We recently announced a [new 1.63m investment into Bristol based Great Western Credit Union](#) who work across the South West region which will allow their team to grow and help more people
- **We're working with benefit calculator providers** and the community finance sector to raise awareness of these tools, feature them on websites and integrate them in key customer journeys.
- Working on your feedback, we're developing **practical resources including a Financial Reporting Tool and a Strategic Business Planning template** as well as exploring Digital Learning tools. We'll update you on the progress of these soon
- Our **Customer Segmentation** work will help you tailor products and services to the right customers as well as build understanding of people in vulnerable circumstances across the whole sector
- We're investing **£5 million to develop new tech solutions** for the sector – we're prioritising Loan Management Systems to help community finance providers better manage their customer data

Partnering with mainstream finance

- Work continues to bring together mainstream finance, community finance and social providers together to identify short and long term opportunities for investment in the sector.
- We're working to **establish best practice in reporting Financial Inclusion as part of the wider Environmental, Social and Corporate Governance (ESG)** dialogue across the banking sector
- **We're working with benefit calculator providers** and the community finance sector to raise awareness of these tools, feature them on websites and integrate them in key customer journeys.
- Did you know **1 in 4 households have no insurance**? We're working closely with Aviva to set up a 'Financial Inclusion in Insurance' action group to improve availability of fair insurance products

Addressing market gaps

- There's a lot to say about our **No Interest Loan Scheme (NILS) pilot**. Here's what we've learned so far from our proof of concept with South Manchester Credit Union. Read more in our full update
- We're speeding ahead with plans to pilot **affordable consolidation lending**. We have an extra £4m funding from Dormant Assets to use in this area. We're designing a partial bad debt guarantee to be piloted and we'd like to work with lenders on the delivery

Research

Soon we'll publish findings of our **Covid-19 banking best practice research** which explores what banks did well to help vulnerable customers and how this can be applied to the cost of living squeeze.

We finished the first part of our **increasing financial inclusion of people from BAME communities** research and are convening a practitioner group from the sector to form recommendations. We're exploring the scale and nature of **illegal money lending** in the UK to identify this type of lending.

Finally we're working with the Financial Inclusion Centre on **payroll/benefit repayments**, and the impact this type of model has on customers and lenders.

Let's work together

Innovation thrives in collaboration - we're always looking for opportunities work with partners from across the sector. We'd love for you to be involved.

Mainstream finance and banking: Diana@fair4allfinance.org.uk



If you work in mainstream banking and would like to **work with us** on any of the projects described in the update, have an idea on a new way we could work together, or simply would like **to know more about the work we're doing** to tackle financial exclusion then please get in touch with Diana.

Dormant Assets Scheme – Consultation response: Fionn@fair4allfinance.org.uk



If you agree that continuing to fund financial inclusion is incredibly important then please [respond to the consultation](#) in support of this cause. If you need more information or have any questions about the consultation, please contact Fionn.

Expanding our No Interest Loan Scheme (NILS) Pilot: Kate@fair4allfinance.org.uk



We've had lots of interest in our NILS pilot since the publicity recently on [Moneybox](#) and other channels. There is scope for us to **extend the pilot** and if you're interested in delivering NILS as a pilot partner please get in touch with Kate.

Technology and Loan Management Systems: Jonathan@fair4allfinance.org.uk



We're still looking for **expressions of interest** and **pitch decks from Loan Management Systems providers** up until the autumn. If you're interested you can find an expression of interest form [here](#). Let Jonathan know if you've got any questions or need more information.

Other projects:

- **Maximising the income of our customers** (Senthan@fair4allfinance.org.uk): We're working with benefit calculator providers and the community finance sector to help make sure vulnerable customers are getting everything they're entitled to. You can help by featuring this on your website. Interested? Let Senthan know and we'll be able to tailor support to your organisation
- **Consolidation Loans Pilot** (Vince@fair4allfinance.org.uk): We're designing a partial bad debt guarantee pilot to help more consolidation lending (and have £4m from Dormant Assets to use in this area). If you're interested in contributing to the design or want to get involved, let Vince know
- **RESEARCH: Covid-19 banking best practice & BAME financial inclusion** (Ayesha@fair4allfinance.org.uk): If you're interested in contributing to any of the research above, please email Ayesha
- **RESEARCH: Illegal money lending** (Niall@fair4allfinance.org.uk): If you want to get involved in our work on illegal money lending then please let Niall know

[That's all for our exec summary of our progress, we hope you found it useful. There's more detail in our full Summer Update. Please let us know if you found this useful, and what more you'd like to see here.](#)