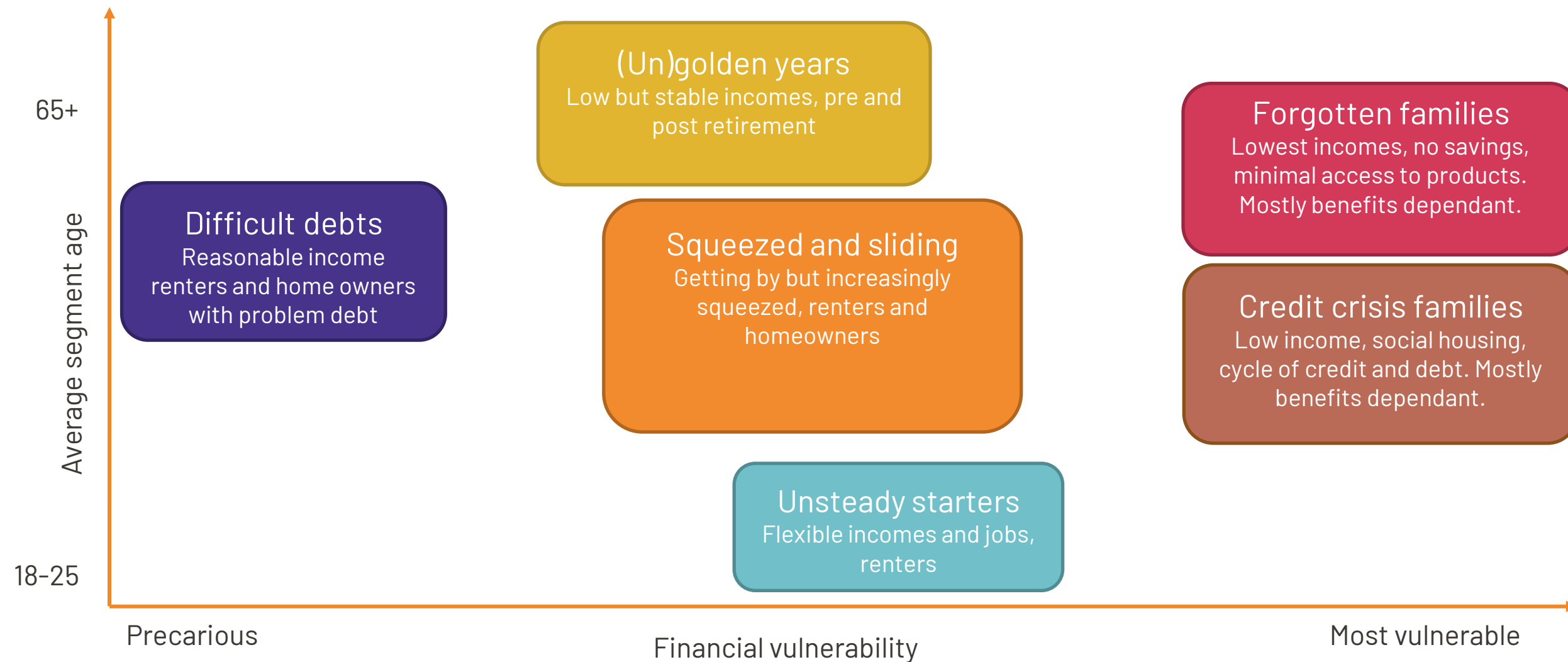


# Who are we serving?

# Segments by age and vulnerability

Our full Fair4All Finance segmentation model shows the breadth of financial vulnerability across our six segments – the size of the box represents the size of the cohort



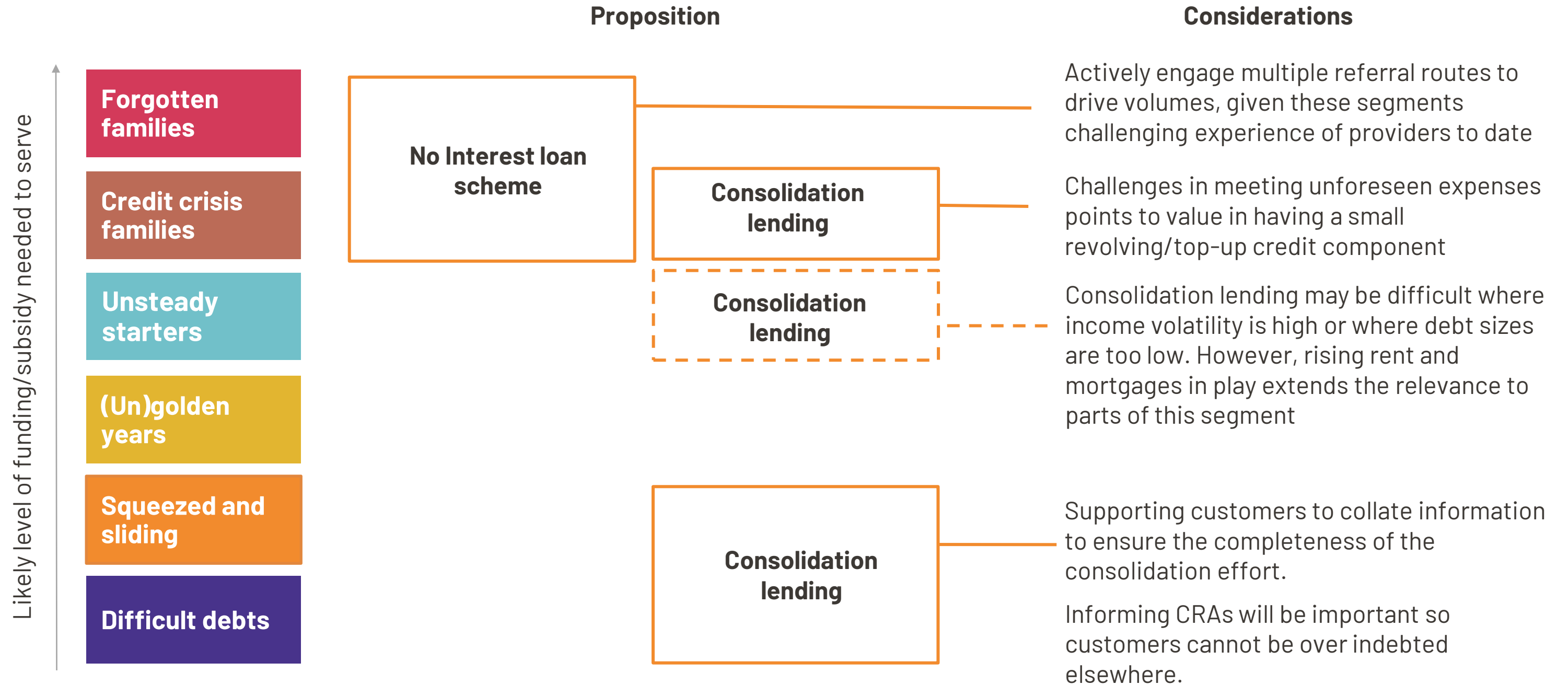
Segmentation of people in financially vulnerable circumstances

# Segment overview

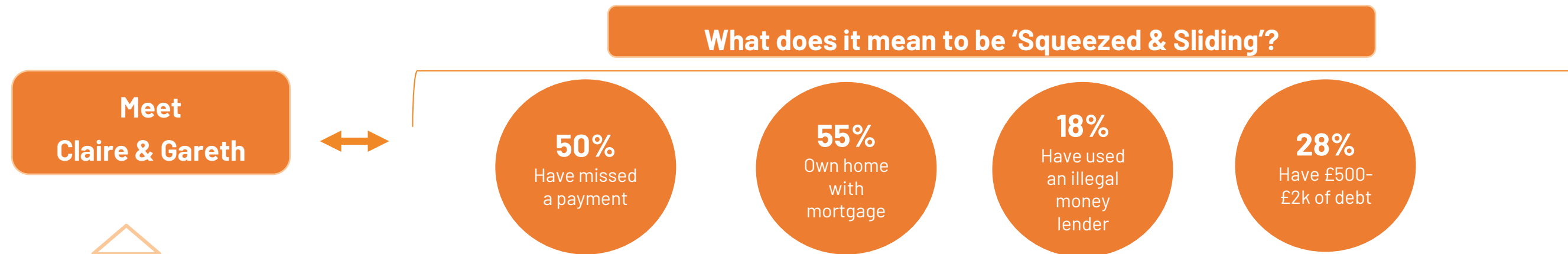
	1.3m people	3.9m people	3.5m people	2.2m people	3.6m people	3m people
	<b>1 Unsteady starters</b>	<b>2 Squeezed and sliding</b>	<b>3 Credit crisis families</b>	<b>4 Difficult debts</b>	<b>5 Forgotten families</b>	<b>6 (Un)golden years</b>
<b>Defining variables</b>	Zero hours contracts Payday loans/short term credit usage	Using savings as income	Short term loans Food bank usage Struggling to repay debt	Struggling to repay debt Higher Income	Food bank usage Lack of credit usage	Worried about money Lack of credit usage
<b>Describing variables</b>	18-34 HH income £25k+ Renting (private or from friends/family) Less likely to have children at home, but still present Multiple debts, regular borrowers at small amounts	25-44 HH income £30k+, incl. £50k+ Mortgaged and renting families Mixed levels of savings and debt - debt increased in last year High credit card usage	25-44 HH income <£25k, mostly from benefits and some part time or zero hours work Social housing Higher mental health issues 5+ debt sources - BNPL, payday, loans, credit card	35-44 HH income £25-£50k Private renters and home owners Highest debt levels, with some missing payments and multiple debt sources Savings <£5k, and infrequently	25-54 HH income <£20k, many <£10k Social housing Reliant on benefits, some carers High health issues	45-65+ HH income <30k - state pension (some private pension), some still in work Social housing, some homeowners High physical health issues
<b>Mortgage or private rents</b>	Debts £500 - £5k <b>65%</b>	Currently using more mainstream providers <b>76%</b>	No savings Debts <£1k-£10k	Debt levels £2k-£20k <b>78%</b>	Where there is debt it's likely due to arrears on bills/services No savings	Mixed savings - many not able to increase savings Lowest debt levels

# How our cost of living propositions align to our segments

Propositions will be relevant to people across the segments, but we foresee them to largely overlay as below:



# The Problem Statements



Claire and Gareth own their own home, which they bought 5 years ago. Having just re-mortgaged at the end of their fixed deal, they are struggling to make ends meet. They are exhausted, not only from their 18 month old, but the constant juggling of finance. They have six short term credit lines open, two loans they took for home improvements, two BNPL accounts, which have accrued multiple late fees, an overdraft and a credit card for which they hadn't worried about the high interest rate at the time – they hadn't expected they were only going to be just clearing the monthly minimums.

They have been rejected from a zero interest balance transfer credit card. They weren't surprised from their credit history, and a friend recommended to look into a consolidation loan. Gareth thinks it is a good idea, but Claire is worried "If we just get a large lump sum, how do I know what to pay off first? Will most be eaten from our overdraft which we already have arranged? It is only a few months until Christmas, will I be tempted to use some for that? What if we are rejected again?"

## Insights



Customers feeling **overwhelmed** need an option that feels **seamless** and **safe**. Settling on behalf of the customer reduces their effort to tackle the order of repayments and even **temptation**. It is not just about offering simplicity; it is about reaching customers **who** really need support, **changing the trajectory of compounded late fees**.

# The Problem Statements

What does it mean to be in a credit crisis family?

Meet  
Christine

19%

Have used  
an illegal  
money  
lender

31%

Borrowing  
from friends  
and family

56%

Rejected  
for a loan  
when  
applying

73%

Can't afford  
emergency  
bill of £850

Christine's car she needs for work recently broke down, causing another emergency bill she doesn't know how she can cover. She borrows from her mum and aunt, not for the first time, when she knows they can't really afford to help out. Her mum says it is on the condition she makes more of an effort to sort her finances.

Christine calls her bank to see what they do to help but is told to look at a link to another organization – one she has never heard of on their website. She can't find the link and so trying to do her own research, she thinks just one big loan which she could pay regularly could help her repay her mum and aunt quickly and be the answer for other debts. When talking to a new bank on a potential loan, she knows the monthly repayments will be hard to manage, but with her best efforts and getting more shifts at work, it must be the best way to show her mum she is changing. Christine didn't have a crystal ball that the washing machine would break so soon too.

## Insights



Customers get **frustrated** on being passed around when trying to get **help**. Getting resolution quickly can feel more important when aware of familial reliance. Making the most of when a customer reaches out so they **clearly** understand **all options** from debt professionals, can help them make a better **choice for the longer term**.

# The Problem Statements

## What does it mean to have 'Difficult Debts'?

Meet  
Ahmed

50%  
Privately  
renting

1 in 3  
Sold  
something  
to balance  
the books

Mean £7k  
debt level

Ahmed used to boast about the number of credit cards he held, he enjoyed the different rewards and extra status. Recently though they have felt more burdensome than full of perks. His health has impacted him working full time and his sales commissions have been low for most of the year, so he has not always been able to repay in full and his outstanding balance of debt has risen fast.

Priding himself on being savvy about money he searches around for the best consolidation loans. If he can reduce the interest rate across all the credit cards he will be able to repay the balance faster and get back to a better footing. Less stress will help his health too. He is absolutely shocked when he is rejected from his first choice provider. He can't understand why, he has barely missed a payment on his cards, and is extremely confused when he is told it is because he can't afford a new loan, when he is already managing the existing minimum repayments

### Insights



Customers circumstances can change **quickly** making it challenging to **reduce outstanding debts across multiple credit lines**. Adding in consolidation loans to the total affordability of a customer, when it can **displace the existing commitments with the right settlement**, excludes those who can benefit.

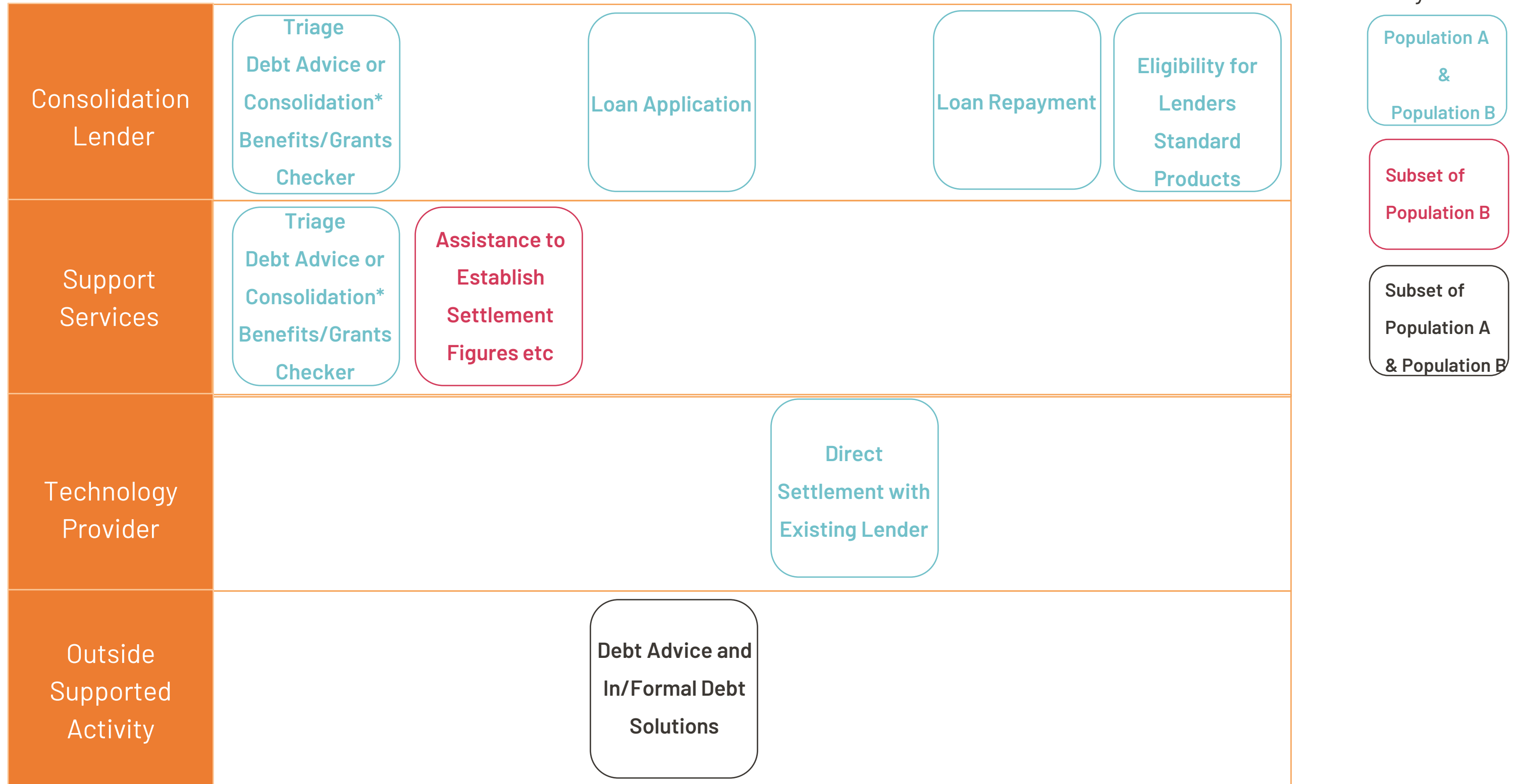
# Customer Journey

It is crucial that customers are offered the best solution for their specific circumstances whether that be a lending product or a debt product and our customer journeys begin with a triage and benefits/grants checker step to ensure that the full circumstances of the customer are clear before the appropriateness of a lending product or debt product is determined,

- We are open to a range of appropriate customer journeys which may start with a lender or debt advice support service (where appropriate credit broking permissions are in place)
- We anticipate that there will be a subset of Population B customers who will require support to obtain settlement figures, account details, reference numbers etc to enable them to establish the extent of their existing debts. Open Banking will be vital to support this.
- Lenders may not have the appropriate skills or capacity to help customers in this subset of population. Customers may need support to complete a comprehensive income and expenditure review, to surface their debts and prepare a budget. Services to complete this and a more intensive triaging of solutions could potentially be "white labelled" and integrated into the lending operation – with a warm handover to debt advice if a consolidation loan is not appropriate
- We're keen to see proposals where external 3<sup>rd</sup> parties support lenders with these challenges with technology and customer services offerings



# Indicative Consolidation Customer Journey



\*Debt Advice or Consolidation route must always be determined by the best solution for the customer