

## **Fair4All Finance – No Interest Loans and Consolidation Lending project (the “Project”)**

### **Principles for contract for services (Technology)**

This document sets out the current key commercial terms on which Fair4All Finance anticipates contracting for the No Interest Loans and Consolidation Lending pilot where applicants agree with Fair4All Finance that some costs related to the provision of relevant technology or related technology support solution(s) will be covered. This document anticipates the key commercial terms that may relate to those covered costs. Where applicants are incurring additional costs not related to technology, we expect these to be covered in the contract for services for Consolidation Lending or for NILS rather than in this separate technology contract for services. These principles are not exhaustive and are not intended to be legally binding and are subject to the parties entering into fuller form documentation.

- We are intending to draw on the No Interest Loan Scheme (NILS) contract for services. Subject to bid responses, we will likely incorporate aspects of this agreement set out in that document with appropriate adaptations. The final agreement entered into will heavily depend on the nature of the bid made into the subsidy scheme for the cost of living consolidation lending pilot. For example:
  - We are likely to retain (non exhaustive list) equivalent clauses on: subsidy control, termination, exit planning, data protection and the privacy notice, evaluation, assignment and transfer.
  - We would anticipate customising specific (non exhaustive list) equivalent clauses on: product definition, intellectual property, the arrangements for costs not related to lending capital and bad debt
  - Following our due diligence review we would also anticipate appropriate technology related KPIs in the agreement and arrangements for data security and resilience
- Fair4All Finance may (in its sole discretion) agree to provide funding for the applicant to develop an implementation plan and to prepare for the roll-out of the solution. This may relate to preparations to integrate an existing 3<sup>rd</sup> party technology solution or develop a minimum viable product with planned functionality enhancements and/or enhance an existing product including but not limited to modifications to specifically address issues faced by the target customer cohorts and other preparatory costs. Examples (non exhaustive) could include:
  - On-boarding lenders into digital marketplaces with appropriate integrations on the lender and technology applicant side;
  - the evolution of existing technology to meet new use cases eg a stand alone instance of a loan decisioning tool to enable its utilisation by lenders delivering different customer journeys to that which it was intended for;
  - lender setup, integration and utilisation of technologies that enable the direct settlement of consolidation debts to the borrower’s creditors

- integration of existing solutions which enable a richer customer experience or the inclusion of outsourced specialist advice to customers eg seamless integration of debt advisor resources
- The implementation plan would set out (as a minimum)
  - key developments necessary to enable the issues faced by the target customer cohorts to be addressed on the basis that the arrangements to serve these customers, which are currently not supported by the applicant, requires additional functionality
  - key preparatory steps necessary to enable the applicant to implement the solution
  - deliverables to be achieved by the applicant including volumes of incremental loans enabled by the technology solution and timetable for delivery
  - Fair4All Finance may provide support to the applicant to tailor products to the underlying borrowers and in the promotion of the product with responsible lenders
- Subject to the nature of the bid into the subsidy scheme Fair4All Finance may also agree to cover some or all of applicants' costs on:
  - The integration of benefits calculators and grants checkers into all customer journeys and incremental costs to deliver these calculations to target customers
  - Third party costs to support any of the examples above or related costs
- Profit share
  - Where the changes this funding secures creates new opportunities for the applicants concerned, a profit/revenue sharing mechanism will be an integral part of the commercial arrangements between Fair4All Finance and the applicant. We envisage a similar model to that for the consolidation lending profit share where profit at a portfolio level, which is enabled through this funding, would trigger a small share of profit back to Fair4All Finance where the applicant can nominate the level of profit they are willing to share.
  - e.g. If funding from Fair4All Finance enabled a Technology solution applicant to onboard 10 additional lenders to its solution those lenders will have a split of business flowing through the solution inside the scope of this initiative targeting our populations (say 5%) and outside (say 95%). Fair4All Finance funding has therefore enabled this out of scope revenue/profit which does not contribute to addressing the issues and ambitions highlighted in the briefing pack and the Technology solution applicant will share a proportion of that incremental out of scope revenue/profit from those 10 lenders (as well as a proportion of the incremental in scope revenue/profit) with Fair4All Finance to address this.