

The Issue

- Millions financially excluded

3.1
Million

use high cost credit

1.1
Million

use high cost credit to
cover day-to-day living costs

13
Million

lack buffer for drop in income

- High cost credit users pay
premium of up to £540 annually



Reduced disposable income
& spending in local economy



CDFIs – part of solution

- Community-based organisations offering
affordable loans & budgeting support

- Gateway to financial inclusion



serving most excluded



no savings requirement

- Serves tiny part high cost credit market
£20m to 37,000 customers



The Desired Outcome

- Expanded access affordable credit for
high cost credit users leading to:



More planned approach
to borrowing



Lower borrowing costs



Increased disposable income
& spending in local economy



The Objective

- Study funded by Carnegie UK to identify



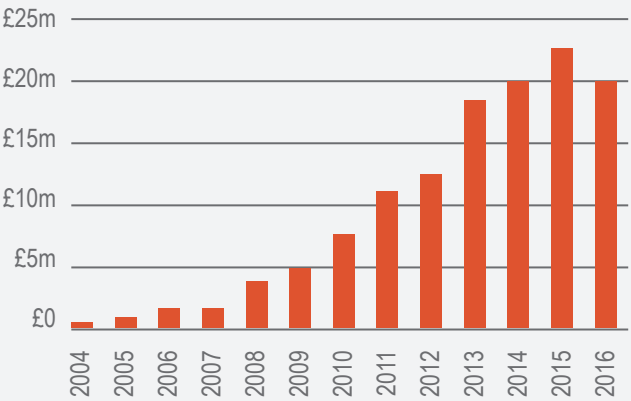
realistic pathway for tenfold
growth CDFI sector next 10 yrs



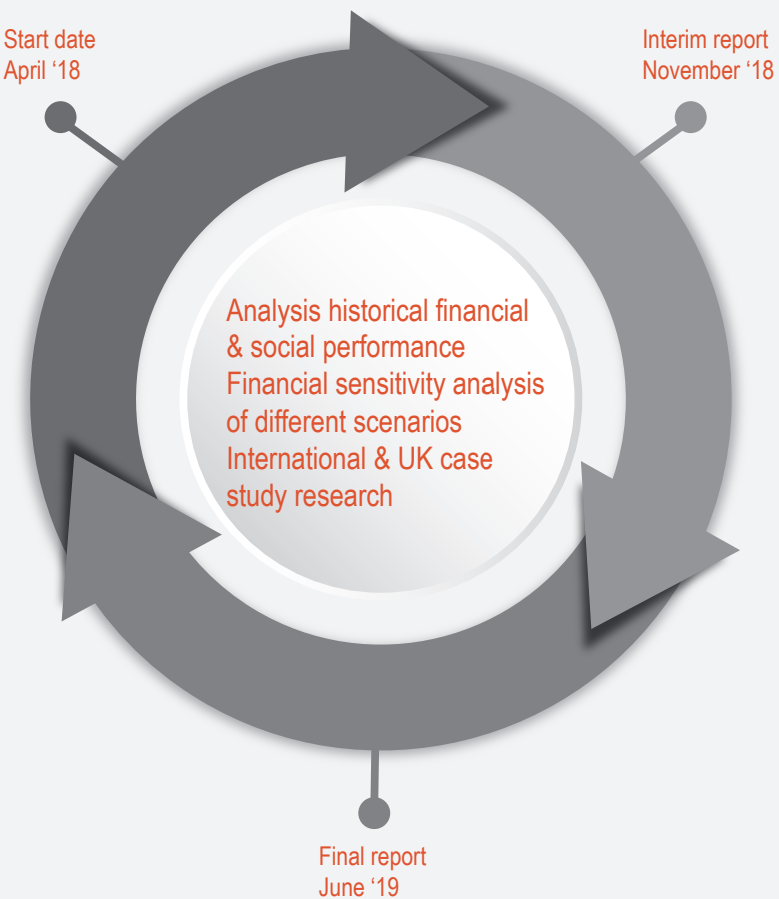
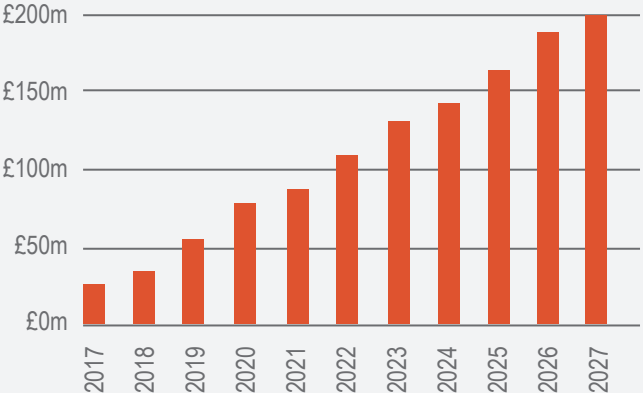
most cost-effective public &
private sector levers

Personal lending CDFIs: Reflecting on success and creating a step change to £200m of operationally sustainable lending by 2027

Past Performance



Targeted Growth



Levers of Growth

- Technological**
 - Fintech
 - Peer to peer
 - Automated lending
- Public Policy**
 - Banking regulation (CRA)
 - CITR (widening)
 - CDFI funds & support
- CDFI efficiency and capacity**
 - M&As
 - Shared back-office
 - Tech transfer
 - Governance & management structures

Success could reach 400,000 underserved customers