



Embargoed until 00:01 hrs, Wednesday 6th April

New financial service launched to provide a fair deal to communities in London's East End

A new social business has been launched in Stepney this week offering fairly priced loans to financially excluded communities in Hackney, Newham and Tower Hamlets

Research shows that up to 25% of residents in these Boroughs have no access to basic banking services, and are often paying upwards of 300% for finance from unfair lenders, often without realising it.

Fair Finance is a pioneering ethical and socially responsible lending company, which aims to challenge those who profit from poverty and offer a fair and regulated service to people that need it the most. It will offer loans at 20%- 75 times less than the highest recorded rates (1564%) and the loans will be unsecured.

Faisal Rahman, managing director of Fair Finance said: "Unfair interest rates are keeping people in poverty and irresponsible lending is keeping them in debt. We want to change this. Fair Finance is committed to challenging the poverty business by being a responsible lender and giving our customers the ability to manage their budgets, make informed decisions and be more in control of their money."

Ocean NDC Enterprise Manager Nassar Miah said: "The Ocean has high levels of informal borrowing, high levels of debt, widespread exclusion and little access to business finance and banking facilities. We welcome Fair Finance efforts in addressing this issue here."

Created through a partnership of community organisations, housing associations and private sector partners including NatWest, the Royal Bank of Scotland and Barclays Bank Plc, the scheme is being supported by Stephen Timms MP, Financial Secretary to The Treasury and the Ocean NDC.

With help from Ocean Estate NDC, Fair Finance has opened its first office in Stepney on 4th April for tenants and residents of Tower Hamlets, Hackney and Newham.

Customers will have access to four different services:

1. Personal loans to help with emergencies and essentials, and offer an alternative to moneylenders
2. Business loans for existing and new businesses wanting small amounts of money to grow or for working capital
3. Money and financial advice – including debt and budgeting services to help people work through what they have.
4. We will work with Credit Unions and Banks to make sure that everyone has access to and is able to open a bank account

Fair Finance opened its doors on April 4th. It can be visited at 47 Ben Jonson Rd, London E1 4SA or contacted on 0207 780 1777 or info@fairfinance.org.uk

Notes to editors

For further information please contact Helen (mobile no.) and Faisal (07968852470)

1. Fair Finance rates have been assessed to ensure customers have a real alternative to typical lending rates.

Lender	Average APR
CLC	1564%
Morses Ltd	365%
Provident Financial	164%
London & Scottish Provident	158%

(Profiting from Poverty New Economic Foundation 2001)

2. Fair Finance builds and expands on the pioneering work done by The Environment Trust on debt advice and microcredit through the Money Matters Project and East End Microcredit Consortium – these projects have been recognised as excellence and best practice in their field by the National Strategy for Neighbourhood Renewal, the Bank of England, Royal Town Planning Institute, and the Development Trust's Association
3. The organisation that have created Fair Finance represents a partnership of over 20 local bodies – private, public and voluntary sector- including Banks, Housing Associations and Credit Unions. These agencies have been working together as the East End Reinvestment Trust steering group
4. Main funders of Fair Finance are Banks (Natwest the Royal Bank of Scotland and Barclays Bank Plc), Government (New Deal for Communities, Phoenix Fund) Europe (ERDF), a number of charitable trusts (Esmee Fairbarin and the Tudor Trust), and housing associations (BGVP HA).
5. NatWest/RBS has supported this initiative since 2000 and continue to their commitment to this programme as part of their community banking commitments.
6. Barclays is providing funding over two years as part of its work to promote financial inclusion. The bank seeks to achieve this through products and services, and by supporting organisations like Fair Finance Ltd that provide alternatives for those who cannot access mainstream financial services. For more information please see www.barclays.co.uk/financialinclusion
7. Fair Finance is an Industrial & Provident Society set up as a CDFI (Community Development Finance Institution) - a new financial tool for social, economic and physical renewal in under-invested communities. They lend and invest in deprived areas and underserved markets that cannot access mainstream finance. They are sustainable, independent organisations that provide financial services with two aims: to generate social and financial returns more details on the www.cdfa.org.uk website
8. Figures compiled on savings for the poor from data in the Church Action on Poverty report on Provident Financial – ‘Case for an Interest Cap?’ and represents the difference in interest charged by sub prime lenders and mainstream banks.
9. The Ocean NDC is a £56 million government funded, resident led regeneration programme that will complete its work by 2010
10. Research funded by the Ocean NDC revealed that up to 60% of local residents borrowed from informal sources, often with no idea of the interest rates they we're paying. The ONDC has decided to support Fair Finance to offer another option for tenants who may be getting unfair deals from moneylenders and loan sharks.