



Embargoed until 00:01 hrs, Wednesday 6th April

**BRITAIN'S POOREST PAY MORE THAN
£500 MILLION MORE FOR LOANS**

New service launched to provide a fair deal to financially excluded communities

Britain's poor are paying a premium of more than £1/2 billion each year from having to borrow money at exorbitant interest rates from sub-prime lenders. Britain is one of the only countries in the EU where there is no cap on interest rates. The result is that more than 4 million of Britain's poorest are paying upwards of 200% APR for the finance they need.

But today a new business will be launched to challenge those who profit from poverty and offer a fair and regulated service to those who need it most. Fair Finance is an ethical and socially responsible lending company, offering typical interest rates of 20%, 75 times less than the some of the highest recorded rates (1564%), and financial advice to those that need it.

Faisal Rahman, managing director of Fair Finance said: "Unfair interest rates are keeping people in poverty and irresponsible lending is keeping them in debt. 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."

It has been formed through a partnership of community organisations, housing associations and private sector partners including NatWest, the Royal Bank of Scotland and Barclays Bank Plc. It is being supported by Stephen Timms MP,

Financial Secretary to The Treasury and Anna Bradley from the Financial Services Authority (FSA) who will both be speaking at the launch event this evening in London.

Fair Finance will be pioneering new practices with credit unions and Housing Associations, as well a new set of FSA approved guidelines to regulate and protect investment into the community finance sector.

With help from Ocean Estate NDC, Fair Finance opened its first office in Stepney on 4th April for tenants and residents of Tower Hamlets, Hackney and Newham although the organisation plans to extend its reach across London and ultimately operate nationwide. 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

In order to offer its services to as many people as possible, Fair Finance is calling for investment from private individuals and organisations. To find out more about the investment opportunities and conditions, please contact Faisel Rahman at Fair Finance – 0207 780 1777 or on Faisel@fairfinance.org.uk

Notes to editors

For further information please contact Helen (mobile no.) and Faisel (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%
Fair Finance	20%

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 set this body up represents a partnership of over 20 local bodies – private, public and voluntary sector- including Banks, Housing Associations and Credit Unions
4. Main funders of Fair Finance are Banks (Natwest the Royal Bank of Scotland and Barclays), 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. 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
6. 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
7. 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.