



Friday 24th, March 2006

We've shown you ours now show us yours...

Fair Finance, the ethical and socially responsible lender, today continued its calls for all high street banks, lenders and community finance organisations to come clean about where they are lending. And its campaign for full disclosure is boosted by details of its entire loan portfolio by gender, ethnic minority and geography from April to December 31st 2005.

Faisal Rahman, Managing Director of Fair Finance said: *"The Government demanded disclosure of all lending by financial institutions in 2000, to date we are still the only one to release ALL of our lending data in an accessible format. Our first report helped us understand where we were lending and our second one helps us stay true to our commitment of tackling exclusion and offering financial services in the places that others have forgotten."*

Since its last report Fair Finance has shown rapid growth: nearly tripled the amount of loans it has made and more than doubled its portfolio. Many of its clients are women, and a large number come from minority communities; groups who have been suffering varying levels of financial exclusion.

The Social Investment Task Force demanded voluntary disclosure in 2000, and as yet only Barclays, NatWest/RBS and the Co-Op Bank have responded. Problematically the data is not comparable unless all Banks follow suit. The Financial Inclusion Taskforce set up by the Treasury in 2005 to look at financial exclusion has yet to make any disclosure demands.

"Banks and financial organisations will never be able to know what it is that they are doing in poor communities if they continue to hide their lending data, and Government will never get a clear picture of financial exclusion unless they get this data" says Fair Finance Chair, Jon Aldenton. *"We call on the Government to fulfil its promise to legislate for action and force lenders – banks, credit unions and CDFI's- to be transparent about their lending."*

In the USA banks have to prove that they are not excluding communities by publicly disclosing where they lend and how much they are charging people. By using this data and working with government and communities an estimated \$1.5 trillion has been invested into poor and excluded communities by the banking sector since 1977.

Andrew Robinson Head of Community Development Banking at Natwest/RBS, who have supported the development of Fair Finance since 2000, said: *"Behind the dry statistics of disclosures are real stories of people helped by Fair Finance. By and large these are individuals who the mainstream banks do not know. We need more institutions with a mission to reach-out and connect those on the margins with the products and services the rest of us take for granted. How we take such an initiative to scale is an on-going political, financial and business challenge. It also will require sustained and progressive innovation by policy makers."*

Fair Finance will be building on its success in the coming year as it opens a new branch in Hackney and pilots its web cam service in Newham. It will also be exploring options in Waltham Forest, source of more and more clients.

Its next disclosure report is due in November 06.

This and previous reports can be downloaded from www.fairfinance.org.uk

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For more information contact Faisal Rahman at 07968 852 470 or Jon Aldenton at 07970 265 966

1. Fair Finance is an ethical and socially responsible lending organisation, tackling financial exclusion and exploitation amongst poor communities in East London. It was launched on April 6th, 2005 by the FSA and Treasury as a fair alternative to the unfair lenders who profit from other peoples poverty. It is based in Stepney in the Ocean Estate.
2. Main funders of Fair Finance are Banks (Natwest and Barclays), Government (Ocean New Deal for Communities, Phoenix Fund) Europe (ERDF), a number of charitable trusts (Esmee Fairbairn and the Tudor Trust), and housing associations (BGVP HA, Newlon HA and Spitalfields HA).
3. 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
4. The idea of lending disclosure was first requested by the Treasury appointed Social Investment Taskforce, led by pioneering venture capitalist Sir Ronald Cohen, in 2000. They reiterated the need for disclosure to ensure that a true picture of financial access could be determined in 2005.
5. The USA has had mandatory disclosure since 1977 through Community Reinvestment Act (CRA), a piece of legislation that put the onus on banks to prove that they were not excluding anyone. At that time it was predominately African Americans communities who were being targeted or 'red lined', today it is Hispanic and other migrant communities.
6. Through the CRA banks are encouraged to developed partnerships with communities and invest in previously excluded areas. This has helped reinvest over \$1.3 trillion into poorer communities and ensured that in many communities loan sharking and usurious lending does not occur.
7. The only banks in the UK to reveal any of their lending data are Co-op Bank, NatWest Bank and Barclays Bank – this data is limited to just the 5% most deprived areas of the UK. Barclays Bank has worked with NEF to examine the case for disclosure in a report entitled "The Power of Information." However none of this data is comparable.
8. Fair Finance rates have been assessed to ensure customers have a real alternative to expensive sub prime lenders and doorstep lenders.

Typical lending rates.

Lender	Average APR
London & Scottish	158%
Provident Financial	164%
Morses Ltd	365%
CLC	1564%
Fair Finance	20%

- 10 Fair Finance is based at 47 Ben Jonson Rd, Stepney, London E1 4SA and can be contacted on 0207 780 1777 or visit the website: www.fairfinance.org.uk