

The Frontline Interview

with Graham O'Malley



In this edition, Graham O'Malley talks to Muna Yassin, Managing Director of Fair Money Advice @ Fair Finance.

Q. Please tell us a little bit about your background and how you became involved with Fair Money Advice?

A. I joined what was then called the Money Matters Project straight after completing my degree in Politics and International Relations. The project was one of the original pilots for the creation of Fair Finance and focused on testing interventions for housing association residents who were facing multiple debt issues. I'd previously done voluntary advice work for a Somali community organisation, whilst studying, and was already interested in the sector; however, my key interest in the Money Matters Project was the ABC approach (Access to Advice, Banking and Credit) which underpinned the pilots we were running and ultimately led to the creation of an organisation that viewed finances in a responsible and ethical way: Fair Finance. The Money Matters Project was incorporated as the subsidiary charity of Fair Finance in 2010 and rebranded as Fair Money Advice; it continues to undertake all advice and education services for Fair Finance.

Q. How and where does Fair Money Advice operate?

A. Fair Money Advice provides debt advice and financial capability services across London via the branch network of Fair Finance – we currently have offices in Hackney, Tower Hamlets, Newham and Southwark. We also provide services

from Trust Thamesmead offices in Thamesmead. In addition, Fair Money Advice is funded by the Money Advice Service (MAS) to deliver debt advice specifically in the boroughs of Barking and Dagenham, Hackney and Bexley. These services are delivered via outreach sessions with partner organisations. All Fair Money Advice debt advice services can be accessed face to face or through our dedicated telephone advice sessions. Our financial capability sessions are delivered in-house and on-site for partner organisations which buy in the service for staff or service users.

Q. Fair Money Advice is under the Fair Finance umbrella; how does the charity fit with the wider business strategy of an ethical financial services provider?

A. Fair Finance's main objective is to reduce financial exclusion and increase financial resilience for our clients. Access to affordable loans is one element of this strategy via Fair Personal Loans – but so is access to free and timely debt advice and financial education via Fair Money Advice. As is access to finance for small businesses to boost local economies and increase employment via Fair Business Loans. In addition, all Fair Finance subsidiaries provide a basic bank account opening service – acting as trusted intermediaries – to ensure our clients have access to mainstream banking services and can improve their credit rating/score and ultimately move back into

mainstream financial services in a more financially resilient position.

Q. What is the biggest success of Fair Money Advice do you think?

A. Our pioneering work with housing associations (HAs), whereby housing associations recognised they had a financial, as well as a moral reason to pay for debt advice services for their residents. When we began the work back in 2001 not many HAs had financial inclusion on the agenda. They mainly funded welfare benefits projects and hadn't really explored the concept that financially resilient residents cost the organisation less in the long term. Our model of delivery and cost benefit analysis work in this field contributed to a huge culture shift in these organisations, with most, if not all, HAs now implementing financial inclusion strategies into their core business objectives.

Q. How would you like to see the Charity developing in future?

A. We'd like to further explore the opportunities advances in technology bring – how do we adapt services to meet future needs. Can FinTech help us deliver advice in a more efficient and scalable way. Can we change behaviours and build solutions that replicate that one-to-one relationship which is crucial to building trust and tends to yield longer term results and behavioural changes.



Q. Do you think the UK is doing enough to tackle illegal money lending?

A. I think a lot of good has been done over the last few years. The set up of the Illegal Money Lending Team and the high profile prosecutions and convictions (over 300 since 2004) have all contributed to the long overdue national conversation about illegal money lending. Illegal money lenders, or loan sharks, like to operate in the dark and require a culture of silence to operate effectively. The more their activities are brought out into the open, the more victims will feel empowered to seek help. So that has been positive. Unfortunately, the recent announcement that the England Illegal Money Lending Team could possibly lose up to a third of its funding risks undoing all of this progress and potentially provides loan sharks with an environment to thrive again.

Q. Do you believe the Financial Conduct Authority's approach to payday lending risks creating a bigger market for illegal lenders?

A. No, I think the FCA approach to payday lending is much needed considering some of the bad practices already exposed in the industry. I think illegal lenders will actually benefit from a bigger market due to the cuts mentioned above and funding cuts to other services where victims can seek help and gain the courage to pursue the necessary steps to shut such practices down. I also think support for alternative lenders such as CDFIs – like Fair Finance – and credit unions can help.

Q. We have a very adaptive sub-prime market – for example, payday loans reduce but guarantor lending increases, still characterised by poor

lending decisions. How does Fair Finance make lending decisions?

A. All lending decisions are made on an affordability basis at Fair Finance. Loan officers will interview clients face to face to understand their needs, complete an income and expenditure exercise to ensure that they are not in need of debt advice, and assess their affordability to determine if they have enough surplus income to service a loan. In addition, Fair Finance does not normally lend for debt consolidation – an exception being if a client is in a high interest loan situation, for example, they have a payday loan that has become unsustainable and they need to stabilise and secure their income for essential items. More often than not, clients will be offered less than they asked for based on the affordability checks and Fair Finance's commitment to ensure they do not over commit their monthly finances.

Q. How does Fair Finance guide those it will not lend to?

A. Clients who are declined for a loan on the basis of overindebtedness will be offered a referral to a debt advice agency – Fair Money Advice in the first instance or an external provider if they prefer independence. Other clients will be offered a review based on their circumstances and provided with clear guidance on the areas that need to be addressed to qualify for a loan; they may have to reduce some expenditure, provide us with more information regarding their income and commitments, or evidence that they have repayment arrangements in place for any existing debts. Lastly, some clients will be referred to their bank or a credit union as they may be able to access a loan at a cheaper rate due to their credit scoring or circumstances.

Q. Fair Finance must deal with many budding entrepreneurs seeking start-up help. We all realise the need for consumer education but is there enough education and support for small businesses?

A. Our Fair Business Loans Team work with existing businesses that need finance to consolidate their business, scale up to expand to a new market, or launch a new product. The team work in a very similar way to the personal loans team in that they assess affordability and business sustainability. They will often visit the business to understand their needs and see how a loan could help achieve the stated goals – ie what plans are in place to help this happen? As they are not in the start up space, they tend to be working with small businesses that have received some support in the past. However, they also work with a lot of partner agencies to ensure that education and support is available. Recent partnerships include sessions with Barclays and Metro Bank to facilitate advice, networking and support forums. This is a prime example of the additional work the team undertake to address the lack of support for existing businesses – they also continue to explore innovative solutions to address the lack of accessible support.

Q. Something we ask all of our interviewees - when you're not at work what do you like doing?

A. My role at Fair Money Advice and Fair Finance is pretty demanding, but I have a strong interest in the financial independence of women. Specifically, BME women as finances can often be used as a tool of oppression and/or subjection. I'm on the Board of Women Advancing Microfinance UK (WAMUK) and I enjoy contributing to improving financial opportunities for women across the UK.