

2015/2016

Social Impact Report

streetUK
the affordable finance company

A word from the CEO

You might think it's a funny kind of charity that puts people into debt in the name of alleviating poverty. Almost twenty years ago we began the development work on Street UK with the objective of creating a self-sustaining, permanent, institution with the objective of providing reliable and continuing access to affordable credit. Our social justice agenda was driven by a desire to displace the abuses of high cost, predatory, lenders and in the belief that with properly structured credits we would be able to demonstrate that even the least well off and vulnerable members of our community could be shown to be credit worthy. The approach was to help as many people as possible albeit in a small way with reduced borrowing costs and, frankly, limited advisory support in the belief that the sum of these small interactions, at scale, would deliver a powerful outcome.

Nobody should underestimate the challenge that providing very small loans to some of the most difficult to serve populations presents. It has taken many years to develop and refine our systems processes and procedures and our continuing growth and success is a testament to the extraordinary commitment and hard work of the whole of the Street UK team.

The results reported here demonstrate the significant value our clients attach to our offer and a social impact way beyond the (significant) cost savings of a Street UK loan relative to our clients available alternatives.

I am delighted to introduce this report which confirms the far reaching social impact of our work. But we have to acknowledge that we are still only scratching the surface of the problem of delivering fair and affordable finance. The launch of our online offering earlier this year provides the opportunity to extend our scale and reach significantly. I hope that this report will go some way to persuading those that can help us (and the whole community finance sector) achieve our objectives to weigh in with their support.

Martin Hockly
CEO

Executive Summary

The purpose of this report is to examine the extent to which Street UK is achieving its goal of creating greater financial inclusion. The report was compiled using our own client data, surveys and case studies in addition to comparing the demographics of our clients with the UK population. Our research has found that;

- Financial support is not restricted to having a solely financial impact in the borrower's life. 79% of our surveyed clients agree that getting a loan from Street UK had more than just a financial impact. These include improvements to their level of stress, overall health, self-esteem and relationships with family and/or friends
- An individual's previous credit history will not always be an accurate reflection of their ability to repay future loans. Over 70% of the people we lend to have a past default on their credit file, but over 90% of the loans we advance are repaid
- Many people are struggling to meet the everyday costs that those on higher incomes can take for granted. Our loans are most commonly used for home improvements, Christmas and holiday expenditure
- Short-term loans do not have to be expensive. They can be provided both online and on the high street for reasonable interest rates that cover the costs and associated risk of lending. Our online APR of 201% and our in-branch APR of 95% continue to undercut other high-cost lenders
- Ethical lending can be sustainable if additional services are offered by finance companies. Our back office services business contribute to the Street UK Group's overall sustainability by helping deliver scale economies and subsidising the cost of senior management, back office administration and our IT infrastructure
- Given these findings, it is necessary to protect those who are most vulnerable in society and to provide low income households with access to affordable finance without the risk of them falling into unmanageable volumes of debt

Who we help



72% of our clients are women

45% are single parents



52% are unemployed

60% live in social housing



70% have one or more defaults on credit file

What we do to help

In 2015/16, Street UK advanced more than

£2.3 million

Saving our clients over

£1.5 million*

How that helps**

79%

say Street UK had more than just a financial impact.



1 in 4

state that Street UK helped with employment/self-employment

72%

say Street UK's advice and support helped manage finances better



*When compared to Provident. Comparison based on average loan amount of £369.22, Street UK APR: 95%. Provident APR: 399.77%. Loan paid over 52 weeks. Comparison rates correct as of 04/08/2016, source www.providentpersonalcredit.com

**survey results

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Who is Street UK

Our Vision Statement

We want a society where all those in financial difficulty can access affordable credit through the existence of sustainable ethical lenders operating in the short-term loans market.

Our Mission Statement

Our mission is to offer an affordable alternative to high cost providers of credit on a sustainable basis. We offer a competitive APR compared to other short-term lenders at 95% for our high street clients and 201% for our online clients.

Furthermore, by not compounding the interest we charge on loans our clients are less likely to spiral into unmanageable volumes of debt. We are committed to finding the best solution for our clients; whether that be by providing a loan or offering alternative advice on how best to deal with their current financial situation.

Having only recently entered the online lending market, the higher APR for online loans is designed to cover the cost of launching the platform. Over the first 5 years, this rate should be gradually reduced to match the retail operations APR of 95%.

The purpose of our Social Impact Report

After 16 years of Street UK's operations we have witnessed countless instances where the work we do has had a real impact on the lives of ordinary people. We have advanced more than £15 million making over 31,000 loans since our inception in 2000. Focussing on the last ten years in particular we have succeeded in substantially increasing both the number and volume of loans advanced. Last year alone we advanced 6473 loans for an average amount of £369.22.

As a not-for-profit organisation we offer a variety of other services in order to make social lending of this kind possible. Thus our report is aimed at providing information for four main groups:

1. Ourselves

To enable us to learn, evolve and continue to offer our services as efficiently and effectively as possible

2. Investors and potential investors

To share more information with those who are interested in contributing to the work we do

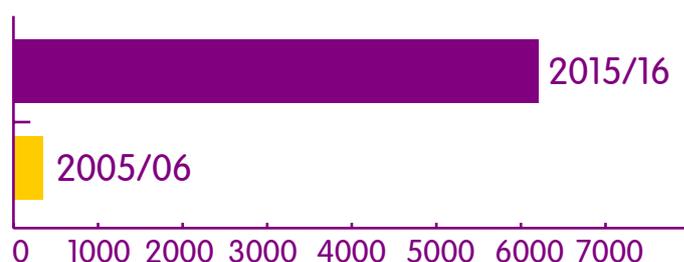
3. Business partners

To create greater communication within the social enterprise sector and allow closer relationships to form between similar organisations to ourselves

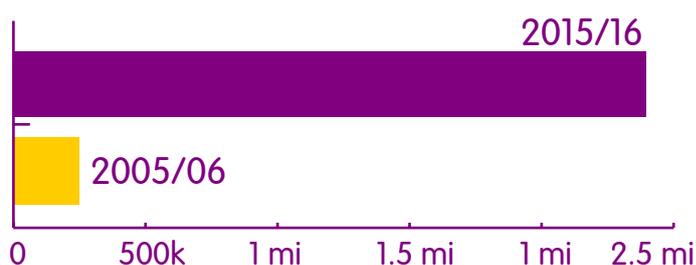
4. Beneficiaries

To reassure those who feel socially excluded from the financial sector that Street UK is a source of affordable credit

Number of Loans



Value of Loans (£)



Why we're needed

Our customer survey shows...

 **61%**

of our clients felt like they couldn't cope with their debt in the past

 **68%**

have felt intimidated by loan providers in the past

 **53%**

of our clients would have gone to a high cost lender if Street UK did not exist

Nationwide data shows...

 **1 in 3**

households in the UK were in/on the verge of financial problems in 2015¹

 **53%**

of the population cut back on basic needs to make ends meet in 2015²

 **22%**

of the population said they would need to borrow money to meet a £200 unexpected expense³

Case study

"Street UK helped when I really needed it"

You never know what is around the corner. When a family emergency happened abroad, Suzan* didn't know what to do. She knew she had to go, but she didn't have the money to do it. That's when she remembered a bright yellow poster she had seen on the bus. It was for Street UK.

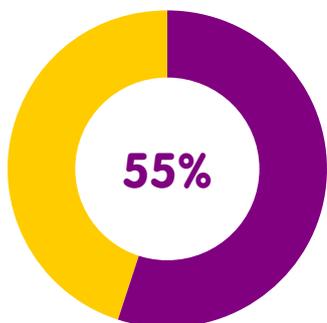
She booked an appointment and came into our Dale End branch. Being on an existing debt management plan, she was apprehensive no one would give her credit, but at Street UK, she found the help she needed, "I felt like Street UK went that extra mile to help me as I was on a debt management plan. I was ever so grateful. Street UK helped when I really needed it."

Besides getting the credit she needed, Suzan also received guidance on all aspects of her finances by her advisor Matthew, and she knows we're here to help whenever she needs us, Suzan quotes "I have never since gone to any other lending company, the staff are so friendly and approachable."

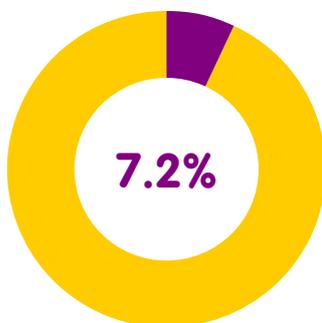
Compared to the UK general population, Street UK clients are more likely to...

...be on benefits.

Street UK:



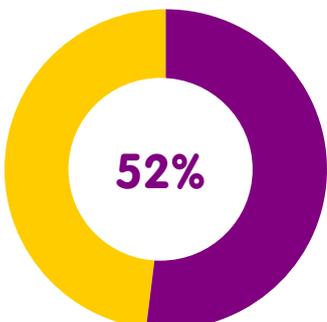
UK⁴:



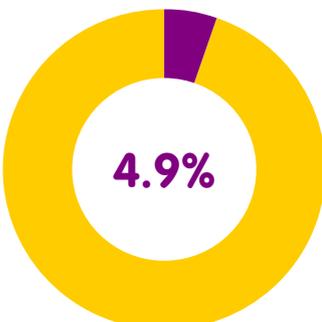
According to DWP statistics, as of January 2016, 4.7 million people were claiming benefits in the UK⁴, representing around 7.2% of the population⁷. The number of benefits claimants among Street UK clients accounts for 55% of the total. Data shows that means-tested benefits provide just 57% of the income needed for an acceptable standard of living for a lone parent with one child and this falls to just 40%⁸ for a single person out of work. Figures such as these put into context why 53% of the population felt they had to cut back on spending in 2015 - 1 in 10 chose to cut back on heating⁹ and 1 in 20 on basic food items.

...be unemployed.

Street UK:



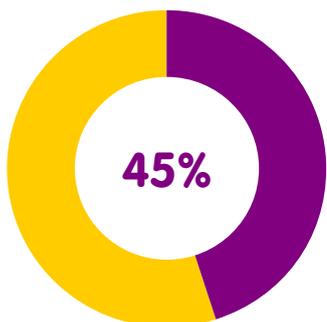
UK⁵:



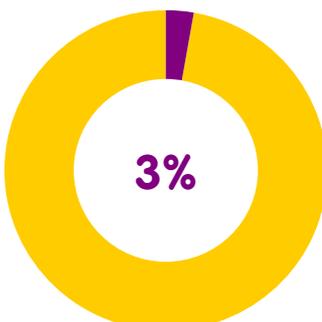
With 1 in 3 households in or on the verge of financial problems¹⁰ the need for financial lenders that offer affordable interest rates is greater than ever before, and when you are unemployed gaining access to finance becomes particularly challenging. Some creditors choose not to accept unemployment benefit as a form of regular income and so refuse an unemployed loan applicant altogether. Furthermore, even when unemployed applicants are successful many creditors will offer them a loan at a higher rate of interest.

...be a single parent.

Street UK:



UK⁶:



At Street UK, however, we are proud that 52% of the people we lend to are unemployed. For individuals who do not have the option of getting a loan from a bank or credit union, Street UK offers an affordable solution compared to high-cost lenders. We don't penalise those in relatively weaker financial positions, but instead we offer our clients the comparatively lower interest rates with flexible repayment options.

Who we help

The client demographic profile:

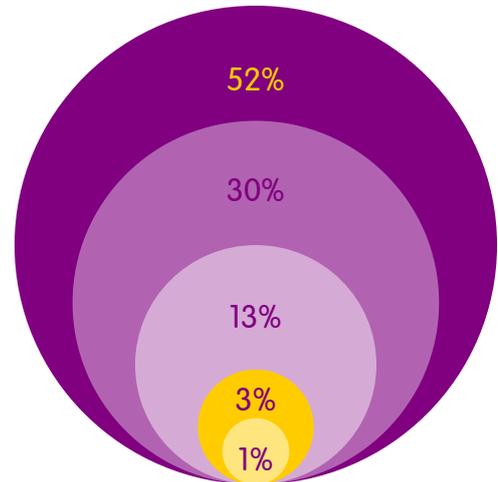
Women accounted for

72%

of the total number of loans advanced by Street UK in 2015.

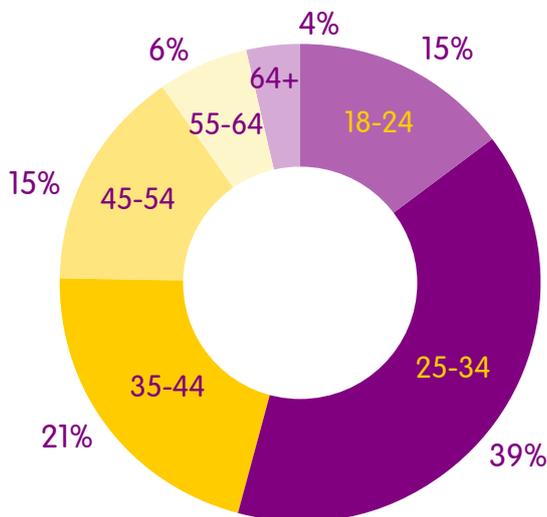


30% of our clients are employed full-time.



■ Unemployed ■ Employed FT ■ Employed PT
■ Retired ■ Student

75% of our loans were to those aged 18-44.



45% of our clients are single parents.



■ 45% Single, with children
■ 30% Single, no children
■ 17% Married/Partner with children
■ 7% Married/Partner no children

60% of our clients live in Social Housing.

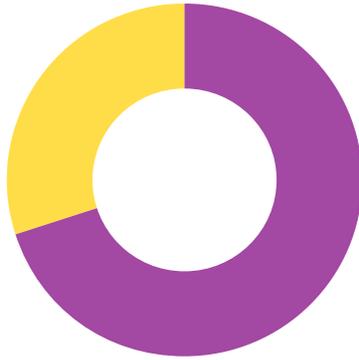


■ 60% Social Housing ■ 26% Private Landlord
■ 9% Family/Friends ■ 3% Owner Occupier

The client financial profile:

70%

of the people we lend to have a past default on their credit file.



The Payday Lending Market Investigation conducted by the Competition and Markets Authority found that 38% of all payday loan clients had experienced a bad credit rating and 35% had made arrangements with creditors to pay off arrears¹¹.

Yet at Street UK the majority of our clients have a background of struggling to manage their finances. Over 1 in 4 (27%) of our clients had a previous loan with a high-cost lender, 61.8% of our surveyed clients said they felt like they could not cope with their debt in the past and 73.6% of the people we lend to have a past default on their credit file. Our data suggests that many of our clients would be likely to be considered too “risky” by other credit providers and refused a loan.



Average debt¹² for clients at our high street branches is just over

£1000

1 in 4

of our clients had at least one previous loan with a high-cost lender



Case study

“Street UK is not just a loan company”

Before coming to Street UK, Laura* had had previous loans from other lenders, but she decided to try Street after walking past one of our branches. Since that first loan five years ago, she has had six additional loans - the majority of which have contributed towards holidays. “I don’t see the bad side of Street UK - apart from the long paperwork. I always pay on time because it goes out by direct debit. I always come back to see Will. I remind him that, despite my bad credit history, I’ve shown that I can repay my loans and he does what he can to help me.”

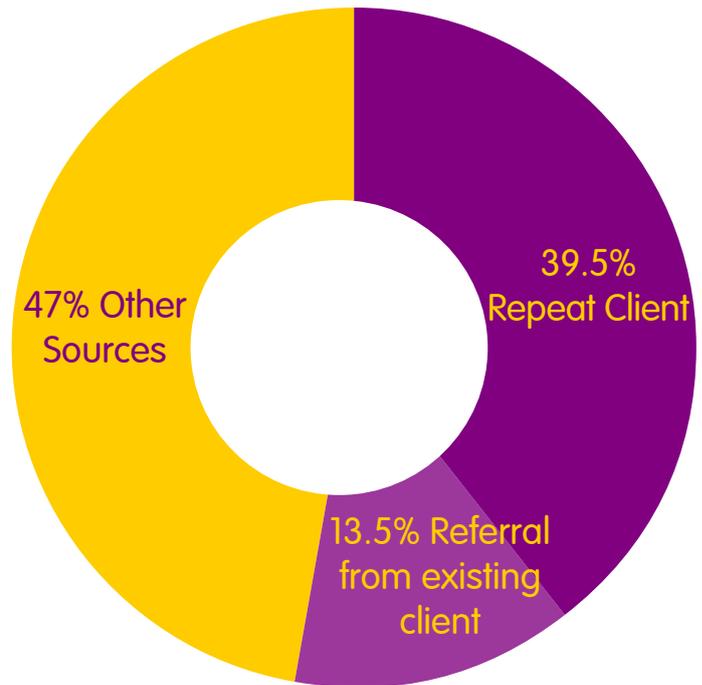
Laura continued to say, “Street UK has shown me things that I’ve ignored.” During her application process she realised that she had debt she’d forgotten about. When asked if Street UK has had more than a financial impact on her life Laura replied, “Yes, a positive one. It’s not a just a loan company. I’m not really a saver, but I pay £12 a week towards my loan and get a little bit back when I need it.”

*Name was changed for privacy

The client and us:

Street UK attracts a variety of applicants and this is shown by the diversity in our customer base. With over 90% of the loans we advance being repaid, it is evident that we recognise the need for understanding each client and their personal circumstances. Despite the majority of our clients struggling to repay their credit commitments in the past, our repayment rate continues to be higher than that for the payday lending sector as a whole – 86% of all payday loans issued in 2012 were repaid¹³.

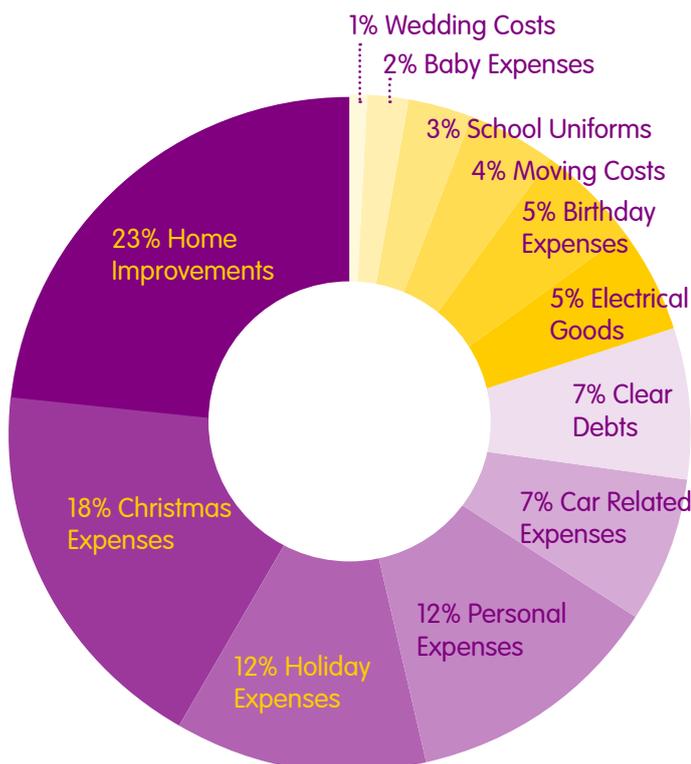
Our repayment rate is a reflection of how our flexibility accommodates for the changing financial circumstances of our clients. We take pride in our ability to form lasting relationships with our clients as we become a loan provider they can trust. That is why 39.5% of enquires made to Street UK come from repeat clients and 13.5% are the result of those who have been referred by an existing client.



96% of our clients agree that Street UK's loan repayment flexibility makes it easier for them to repay their loan.

Loan purposes:

What do clients take loans for:



Giving our clients more financial support means they can use their loan for a variety of purposes; from birthdays to buying school uniform or even clearing previous debt.

Our loans are most commonly used for home improvements, Christmas and holiday expenditure with each accounting for 23%, 18% and 12% of our loans respectively. It is clear that everyday expenses are becoming more difficult to meet and short-term loans are seen as the solution. Payday loan users throughout the UK were asked why they had needed to take out a payday loan - 52% said the loan was linked to an unexpected increase in expenses or outgoings and 19% said the need was due to an unexpected decrease in income.

Over half of our clients said they would have to go to another payday lender if Street UK didn't exist.

How much do we save our clients

How do we compare?

Provident, doorstep lender:

Based on a loan of £369.22 payable over 52 weeks, this is how we compare to Provident*:

	Street UK	Provident
APR	95%	399.77%
Loan Amount	£369.22	£369.22
Weekly Payment	£9.79	£14.49
Cost of Credit	£139.86	£384.26

We have continued to show that short-term loans do not have to be extortionately expensive and Street UK clients save a considerable amount by choosing to borrow from us.

Our clients don't just save more by coming to Street UK, they also get more. The average loan we advanced in 2015 was £369.22 which was more than double the average high-street payday loan of £180¹⁴.

"I have never found anyone so helpful and positive in the financial industry."

Client Review on Feefo

Peachy, online lender:

Based on a loan of £369.22 payable over 12 months, this is how we compare to Peachy*:

	Street UK	Peachy
APR	95%	1255.66%
Loan Amount	£369.22	£369.22
Monthly Payment	£43.36	£96.71
Cost of Credit	£151.10	£791.30

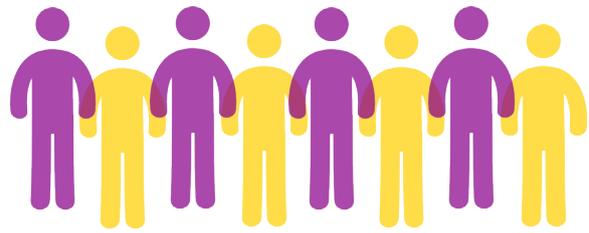
Summing it up...

In 2015, Street UK provided

6473

loans, advancing more than

£2,3mi.



An overall saving of over

£1,5 mi

when compared to Provident. That means

£245

for each client.



More than the average UK household spend on food and drinks in

a month¹⁵

Or a saving of

£4,2 mi

when compared to Peachy.



£640

for each client.



Over half

of the average monthly income of Street UK clients¹⁶

How does that help

As the majority of our clients are on low incomes and/or are vulnerable people, we have taken various measures to ensure they are protected.

Our clients have a history of struggling to manage their credit commitments so, through the creation of the Street UK Blog and the Change Account, we are attempting to help them break this cycle. Our blog is updated weekly with tips on how to save money and budget, common themes include 'How to enjoy your summer within your budget', and the Change Account has particular features designed to help our clients organise their finances. In addition, our flexible repayment options are intended to make loan repayments easier. Low income families are often highly sensitive to income changes and loan providers have a responsibility to show awareness of this. The Flex Loan¹⁷ is available to Street UK clients and once they clear half their balance, it allows them to top up their loan - it may be for an unexpected expense or simply making ends meet that month.

Our clients also have the liberty of choosing their repayment schedule – for example, a client on benefits can make their repayments align with this income¹⁸. These measures prevent clients from missing payments and falling into arrears, and instead give our clients the chance to work at improving their credit score.

Finally, our 95% APR in-branch is what makes us 'the affordable finance company'. Many high-street and doorstep lenders offer unaffordable APRs that result in unmanageable repayment amounts. Our aim is to offer interest rates that we know are manageable to low income families in financial difficulty.

While the impact of our activities may seem coherent in theory, it is necessary to measure their effectiveness in practice. We use our key performance indicators to determine if our activities are worthwhile and helping to achieve our long-term goals of greater financial inclusion and more ethical lenders in the short-term loans market.

Case study

"I improved my home and my credit file"

Jenna* heard about Street UK through a friend. "Provident are horrendous, but it's been good here [Street UK] so far. If I didn't come here then I'd have to go back to Provident", she says, describing how she ended up repaying Provident more than twice the amount of her initial loan.

Jenna used her loan for home improvements, but they were also a great way to improve her credit score. Her credit file has been good for the past two years with no arrears and all credit being repaid on time. She said some of this improvement could be attributed to Street UK's support, "They [Street UK] have been really helpful - I couldn't even get a catalogue before."

78%

of our surveyed clients say that getting a loan from Street UK had more than just a financial impact.

Key Performance Indicators

(based on our customer survey):

1. Signs of financial re-education:

- i. 1 in 2 (56%) clients finds our blog useful
- ii. 1 in 4 (27%) clients has the Change Account and finds it useful
- iii. 80% of our clients align their loan repayment with the receipt of their income
- iv. Over 90% of the loans we advance are repaid.

2. Sensitivity to individual client circumstances:

- i. 1 in 2 clients uses the flex loan¹⁹ with the majority (58%) of these clients using it more than once. The flex loan is used within 3.5 months (107 days) of the initial loan on average
- ii. Other companies levy charges for late repayment
 - Quick Quid: up to £15*
 - Peachy: up to £15*
 - Wonga: up to £15*
 - Pounds to Pocket: up to £15*

3. Affordable interest rates for low income households:

When compared to other lenders, the interest²⁰ we charge makes our loans more affordable for low income households.

- Street UK: 95% APR*
- Cash Converters: 99.7% APR*
- Provident: 399.7% APR*
- The Money Shop: 709% APR*
- Doorstep Loans UK: 1261% APR*

 **1 in 2**

clients agree that getting a loan from Street UK improved their overall health (51%)

 **1 in 2**

agree that getting a loan from Street UK improved their self-esteem (49%)

 **1 in 3**

clients agree that getting a loan from Street UK improved their relationship with family and/or friends (39%)

 **89%**

of our clients agree that getting a loan from Street UK reduced their level of stress

 **53%**

agree that their loan from Street UK helped them with employment/self-employment

 **73%**

of clients agree that Street UK's advice and support helped them to manage their finances better

Growth and reach:

In addition to our key performance indicators, the growth of our organisation during the last two years has been significant as people become more familiar with our business.

2015/2016 2014/2015

Number of applicants:



Number of loans:



Volume of loans:



Average loan amount:



Client debt as % annual income:



Applicants with disability:



Clients with past default:



What do these numbers mean to us:

Over the past 10 years we have extended our reach to include more of the most vulnerable and financially excluded in the West Midlands. The figures above indicate that in just two years we have increased the number of loans we give by 58%. We believe the increase in the proportion of loans going to clients who have a default on their credit file and the rise in the average percentage of debt to annual income of our clients confirm that these loans are reaching those who would have

the greatest difficulty accessing finance elsewhere. Furthermore, the 2011 – 2012 Family Resources Survey found that nearly 1 in 5²¹ individuals in families with at least one disabled member live in relative income poverty²². The seven fold increase in the proportion of our applicants who have a registered disability gives further evidence that we are continuing to reach those most in need.

What our employees say:

It is the loyalty of our staff and our clients that makes Street UK successful.

Our retail staff witness the impact of our work first-hand and they each play a significant role in shaping our clients' experience. Staff who engage with our mission and objectives are necessary to ensure we provide a high quality service and consistently act in the best interest of our clients.

“More than offering finance we can offer helpful and impartial advice that our clients can trust.”

Member of staff on Staff Survey



- 97% of our employees understand Street UK's mission and objectives
- 95% of our employees know what they should do to help the company meet its mission and objectives
- 92% of our employees see a clear link between their work and the company's mission and objectives
- 84% of our employees agree that the work they do has a positive financial impact on people
- 79% of our employees agree that the work they do has a positive social impact on people
- 72% of our employees agree that Street UK is successful at promoting social and financial inclusion

Case study

Helping a client overcome debt

With over ten years experience on the job, John is one of Street UK's longest serving employees. He's had the opportunity to watch Street UK grow as well as form real friendships with our clients – some even treat him to an annual Christmas present or two. "I've been here a good time. I had time off last year and I had clients who would wait until I got back."

Patryk* came into the branch to increase his loan for a trip back home. During the application process he became aware of past debt with high-cost lenders that he had forgotten about. John was able to give advice on how to improve his credit file as well as a leaflet about Step Change who could actively help him tackle his debt. By the end of the application, John had also changed the type of loan Patryk had in order to make it easier and cheaper for him to access extra money in the future. "If he didn't come here he'd end up going to other lender who would charge him six times more."

Patryk has had bad experiences with high cost lenders in the past. "The credit file only shows my dark side; my payment for Street UK is good. I paid £100 off and the other lender tells me I still owe the same – I don't understand. With Street UK it is quick; I'll be back for Christmas."

How much does it cost

Total cost of retail operations in 2015/2016:

£769,715

Total amount of loans
(excluding flex advances):

6473

Total amount of advances
(including flex advances):

9135

Cost per loan:

£119

Cost per advance:

£84

Our charges are designed to cover the cost of delivering the services. Most of this cost is related to staff salaries, premises, and the cost of capital.

Considering the total costs and the amount of loans, the cost per loan is £119. When the advances made through our flex loan are included, the cost falls to £84, making our operations more sustainable and enabling us to help more people.

A sneak peek into the future

Street UK's launch in April of Britain's first on-line social enterprise lending service was a significant moment for St Martin's. We had spent two and a half years working towards it.

It is only 3 years since the social finance sector, civil society, faith groups and government were struggling to respond to the rapid and apparently unstoppable growth of predatory payday lending. One critical step was the FCA's move, in response to the call of faith and other civil society groups, and ultimately of national government, to cap the cost of lending. But in parallel the social finance sector had to mobilise to meet the continuing needs of borrowers in new ways. That was why we developed a social business plan for an on-line lending service which would operate at a price which would be fair for users and also make the service financially self-sustaining, so it would be possible to achieve regional and potentially national scale.

To make the plan real, we needed to find an experienced social lender, open to innovation, able to develop it, and willing to add the new on-line loan book to its balance sheet. After we met Martin Hockley and the Street team in spring 2014, we realised we had found one.

We know the Online service is helping people across the Midlands now, and may soon be helping more broadly. St Martin's is proud to have collaborated with Street UK in developing it.

Rev. Philip Krinks, St. Martins Affordable Finance.

Street UK online lending savings in numbers:

During the first 3 months after its launch, Street UK's online lending platform has advanced 289 loans. That's how much customers saved over that period:

£27,000*

is the overall saving to clients when compared to a Wonga Flex Loan²³

£93

 is the average saving per client if compared to a Wonga Flex Loan

Our online lending platform:

With the launch of our online platform in April 2016 we hope to distinguish between two groups in our target market. Our in-branch team remains dedicated to helping those who are the most vulnerable and on the lowest incomes. The staff take the time to get to know our clients more personally, and our in-branch clients continue to receive credit at the lowest rate we offer.

Online, however, with a higher APR of 201% we hope to attract clients who are in a relatively stronger financial position. Although these clients can afford to pay the higher interest, this should still be a fair rate. By following our key performance indicator of affordable interest rates for low income households, we have already managed to considerably under-cut most of our online competitors. Such lenders include; Wonga

(1261% APR), Quick Quid (1270% APR), Satsuma (1575% APR), and Sunny (979% APR).

In the first quarter from April to June 2016 we advanced 289 online loans for an average amount of £302. Again, this was higher than the average amount borrowed across all online-lenders which was £290²⁴. These loans accounted for 19% of the total number of loans we advanced during this period.

As mentioned before, building a relationship with our clients is something we value ourselves on and we realise that each loan application is unique. Thus many of those who have had an unsuccessful online loan application (usually due to a bad credit score) receive a referral. Being contacted by our online team gives unsuccessful applicants the opportunity to explain their financial situation in greater detail and we can make a more informed decision as to whether we can offer them a loan.

The statistics so far have focussed on our high street branches which have been the foundation of Street UK. Our online platform, however, has gained significant interest during its first quarter of operation and is a venture we believe brings optimism for the future.

A challenging start:

A month after Street UK online lending was launched, Google announced a ban on adverts for loans payable over less than 60 days.

With most of our clients on the online platform coming from Google AdWords, the full implementation of the ban, in July, has impacted Street UK Online, causing a fall in the number of loans advanced on that month compared to the previous month.

After some testing, we decided the product needed to change. To be able to continue to advertise on Google and reach wider audiences, in August we have stopped offering loans payable over one and two months.

Google's acknowledgment of the dangers of payday lending is honorable. However, the initiative is unlikely to hit the bigger loan providers with good organic search results and will have negative consequences for smaller and ethical lenders such as ourselves, who are not able to buy into the first page of the search results anymore. This affects the general public too, who miss out on better loan options than the big established payday lenders as a result of the ban.

Online Client x Branch Client:

■ Online ■ Branch

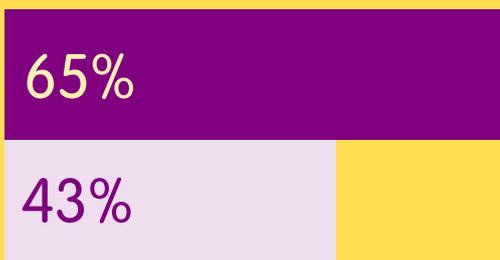
Clients between 18-44 years old:



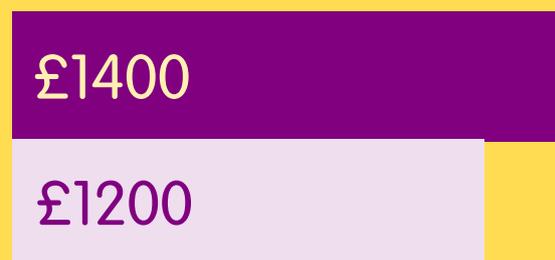
Female clients:



In work:



Average income:



My Home Finance loan book:

In June 2016, Street UK took over My Home Finance's loan portfolio, as the business was forced to cease trading.

The deal will enable thousands of clients to continue accessing affordable small sum loans, preventing them from going to loan sharks and doorstep lenders.

MHF was established by the National Housing Federation to offer credit and related services in order to promote financial inclusion.

In August 2010, MHF began to pilot its services across the West Midlands, catering for people who could not obtain vital credit from banks, building societies or credit unions. Their offer included basic bank accounts and savings, as well as small sum loans. The pilot was funded by the Department of Work and Pensions (DWP), various social landlords and Wates Giving.

The demographic and financial profiles of MHF clients is very similar to that of the Street UK clients, with data suggesting MHF clients to be potentially more susceptible to financial difficulties.

The MHF client:

The majority of MHF customers are tenants of social landlords and there is an opportunity for Housing Associations and Local Authorities to engage with Street UK to provide access to affordable products and services to their tenants thus preventing them from being exposed to high cost lenders.

Among the former MHF clients who applied for a loan with Street UK during June, July and August:



61%
of the clients are unemployed.



51%
of the clients are single parents.



65%
of the clients live in social housing.



£1258
is the clients' average debt amount.



78%
of the clients have one or more defaults on their credit file.

The MHF loans in numbers:

Between June and August, 425 former MHF customers got a new loan with Street UK, this is how much they saved:

£76,245

is the overall saving to clients when compared to Provident²⁵

£179.40

is the average saving for each customer if compared to Provident

The Chairman's View

Outside London, Austerity rules. (Inside London, money has poured into infrastructure in recent years and its success is a vindication of Keynes.) Elsewhere has seen the hard-pressed poor pressed harder both in terms of available work and in how and what is paid for such work as there is. For example, zero hours contracts and platform based work (e.g. Uber) can simply exacerbate the formidable problems facing a single parent.

The near future looks unlikely to provide a better climate. The government does not look to be about to open its wallet in a meaningful way so far as this demographic is concerned.

Street UK has long ago recognised both that there is an enormous need for access to financial services which is not remotely met by the traditional sources of money; and also that financial backing for the provision of such services was not going to be available courtesy of a grant based scheme.

Accordingly over the last 16 years, by extensive trial and error, Street UK has sought to find a formula where real and effective financial help can be given to the excluded, while being able to operate commercially and not being dependent on (non-existent) government handouts.

This report spells out in emphatic terms where Street UK has reached in its exploration of the needs of the poor in a modern society and what solutions it has found that work.

I respectfully suggest that this Report speaks for itself and demonstrates the effectiveness and commitment of its executives and staff. If, dear reader, you are in a position to help – let us know; if you have the ear of government, encourage the examination of Street UK's model; and if you are one of the needy, come to Street UK. We hope to be able to give you substantial help.

John Tackaberry
Chairman

Conclusion

The findings of this report suggest that most short-term lenders have a long way to go before they can be deemed to be offering their clients the best deal.

Lower interest rates, greater flexibility and a broader concern for the financial well-being of clients are all necessary conditions if greater financial inclusion is to be achieved. With a repayment rate of over 90%, Street UK has proven that the combination of these actions can result in financial success and the exploitation and alleged intimidation of clients by other loan companies is not needed.

The data in this report, however, provides the greatest evidence for Street UK's belief that we are reaching the most financially excluded and vulnerable in society. When comparisons are drawn with national statistics, the findings suggest that Street UK particularly cater for the minority groups within the financial sector; including woman, the unemployed and social housing tenants. Our 'Theory of Change' outlines the process through which our activities have the desired impacts, but almost 4 out of 5 clients (79%) surveyed think Street UK's support surpasses the intended financial impact.

Our reach has been increased with the development of our online platform and we plan to use this as an instrument to extend our services beyond the West Midlands. The platform was launched in April 2016 and accounted for more than 1 in 3 (36%) of our loans during its first quarter of operation as we offered considerably lower interest rates compared to other online lenders. We believe its popularity is a sign of optimism for the future of Street UK.

References

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1 - **University of Birmingham (2015)** Financial Inclusion Annual Monitoring Report 2015, p18, 35% of the population are finding it difficult to manage financially or are just about getting by (Available at <http://www.friendsprovidentfoundation.org/wp-content/uploads/2015/10/University-of-Birmingham-Financial-inclusion-report-2015-final.pdf>)

2 - **University of Birmingham (2015)** Financial Inclusion Annual Monitoring Report 2015, p15

3 - **University of Birmingham (2015)** Financial Inclusion Annual Monitoring Report 2015, p22

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4 - **DWP (2016)** (Available at http://tabulation-tool.dwp.gov.uk/100pc/wa/ccdate/ccstatgp/a_carate_r_ccdate_c_ccstatgp.html)

5 - **DWP (2016)** (Available at <https://www.gov.uk/government/news/record-3175m-in-work-as-unemployment-rate-remains-at-10-year-low-of-49>)

6 - **ONS (2015)** (Available at <http://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/bulletins/familiesandhouseholds/2015-11-05>)

7 - **Worldbank (2015)** (Available at <http://data.worldbank.org/indicator/SP.POP.TOTL?locations=GB>)

8 - **University of Birmingham (2015)** Financial Inclusion Annual Monitoring Report 2015, p14

9 - **University of Birmingham (2015)** Financial Inclusion Annual Monitoring Report 2015, p15

10 - **University of Birmingham (2015)** Financial Inclusion Annual Monitoring Report 2015, p18 - 35% of the population are finding it difficult to manage financially or are just about getting by

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11 - **CMA (2015)** Payday lending market investigation, p39 (Available at https://assets.publishing.service.gov.uk/media/54ebb03bed915d0cf7000014/Payday_investigation_Final_report.pdf)

12 - £1074

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13 - **CMA (2015)** Payday lending market investigation, p4

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14 - **CMA (2015)** Payday lending market investigation, p3

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15 - **Telegraph (08/12/2015)** (Available at <http://www.telegraph.co.uk/property/uk/how-much-does-the-average-household-spend-each-week/>)

16 - Average monthly income of £1191 for our retail customers

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17 - Using the flex loan comes with a £5 administration fee and a minimum of £50 must be paid on the balance of the initial loan

18 - Repayments can be weekly, fortnightly, four weekly or monthly

Page 16

19 - 51%

20 - Quoted rates are the representative APR

Page 17

21 - 19%

22 - **DWP (2014)** (Available at <https://www.gov.uk/government/publications/disability-facts-and-figures/disability-facts-and-figures#fnref:4>, living standards)

Page 20

23 - Wonga Flex Loan APR: 1177% APR. Source of information: www.wonga.com. Comparison rates correct as of 20/09/2016 based on average loan amount of £392 payable over 3 monthly payments.

Street UK Online representative example: 3 monthly payments of £156.56. Rate of interest: 79.29% p.a. fixed. Representative 201% APR. Total amount payable is £548.56.

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24 - **CMA (2015)** Payday lending market investigation, p53

Page 22

25 - Provident Loan APR: 272.2% APR. Source of information: www.providentpersonalcredit.com. Comparison rates correct as of 20/09/2016 based on average loan amount of £407.30 payable over 52 weekly payments.

Street UK representative example: 52 weekly payments of £10.80. Rate of interest: 37.88% p.a. fixed. Representative 95% APR. Total amount payable is £561.60

Methodology

This social impact report was produced using data from a range of both internal and external sources.

An online client survey consisting of 16 questions was composed and responses received from 102

Street UK clients. Clients were asked questions relating to the non-financial impact of their loan, their experiences with debt and other loan companies in the past and their engagement with Street UK's activities. Responses given as either 'agree' or 'strongly agree' have been combined and quoted as a single statistic throughout the report.

The statistics referring our clients' previous loans with high-cost lenders before coming to Street UK were calculated using a random sample of 111 Street UK clients. These statistics are based on previous loans that were voluntarily declared by the client before accessing their credit file. Loans from other charities or credit unions were not included in the quoted figures.

The statistics regarding customer demographic profiles and loan purposes were taken from data provided by all customers during the application process and the numbers shown on graphics don't add up to 100% where specific information was not disclosed by customers.

Staff loyalty was gauged as part of the Street UK Employee Engagement Survey to which 39 employees responded. The percentages only represent the number of employees who answered to a certain question. One employee did not respond to the question 'I know what I should do to help the company meet its mission and objectives' and two employees did not respond to the question 'The work I do has a positive financial impact on people'.

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