

SALAD

MONEY



FAIR

LENDING

FOR KEY

WORKERS

How people power, machine learning and social purpose saves our customers money and enables our applicants to strengthen their finances.

MORE THAN YOUR SCORE™

Impact Report
2022-2023

SALAD MONEY HELPS KEY WORKERS AND PEOPLE EXCLUDED BY MAINSTREAM FINANCE AVOID TOXIC HIGH-COST LENDING

IN 2022-23 WE HELPED CUSTOMERS TO:

Save an average of **£497 in interest each**, on an average loan amount of £973 – **keeping £13.4m in their household budgets.***

Identify **£36.3m in unclaimed benefits** they were entitled to each month, **an average of £348 each (£4,176 per year).**

Access **£130,000 in hardship grant awards.**



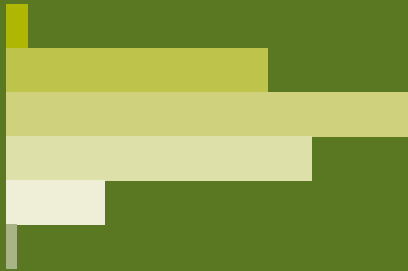
	1 Sept 2022 to 31 Aug 2023	1 Sept 2021 to 31 Aug 2022	Increase
Loans agreed	26,914	15,732	+71%
£ advanced	£26,200,000	£13,902,058	+88%
Total customers	24,841	14,073	+77%
Average loan size	£973	£884	+10%
Total applicants	494,873	220,929	+124%
Total interest saved for key workers	£13,386,700	£7,986,461	+68%

**Calculated by comparison with other products available to our customers.*

OUR CUSTOMERS

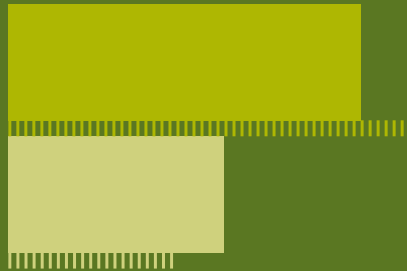
1 SEPT 2022 TO 31 AUG 2023

(1 Sept 2021 to 31 Aug 2022 percentages shown as  if there has been a significant change)



AGE

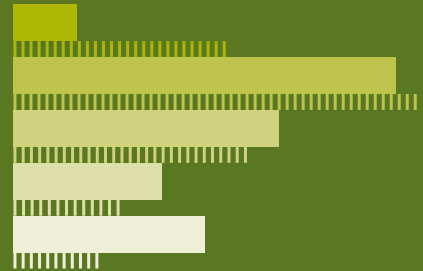
- 18-25 **2%**
- 26-35 **24%**
- 36-45 **37%**
- 46-55 **28%**
- 56-65 **9%**
- 66-75 **1%**



GENDER

- Female **62%**
- Male **38%**

The proportion of customers describing themselves as female or male changed significantly this year.



ANNUAL INCOME (NET)

- £12,000 - £18,000 **6%**
- £18,000 - £24,000 **36%**
- £24,000 - £30,000 **25%**
- £30,000 - £36,000 **14%**
- Over £36,000 **18%**



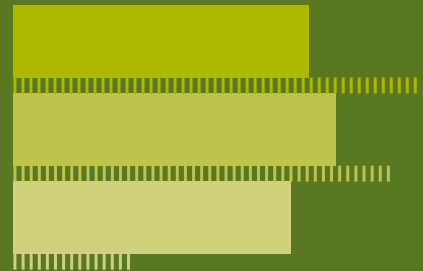
HOUSEHOLD

- Single parent with children **16%**
- Living with partner and children **31%**
- Single without children **32%**
- Living with partner, no children **21%**



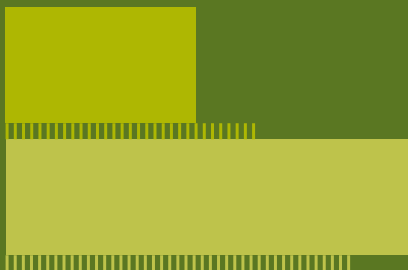
RESIDENTIAL

- Private tenant **40%**
- Council tenant **13%**
- Housing association tenant **16%**
- Living with parents **10%**
- Owner occupier **22%**



EMPLOYMENT

- NHS **33%**
- Other public sector **36%**
- Other key workers **31%**



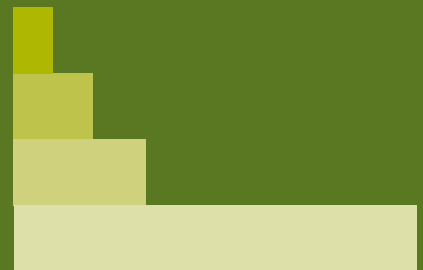
BENEFITS

- Customers receiving benefits **32%**
- Customers not receiving benefits **68%**



COUNTRY

- England **82%**
- Scotland **11%**
- Wales **5%**
- Northern Ireland **2%**



EMPLOYMENT LENGTH

- 6-12 months **6%**
- 1-2 years **12%**
- 2-4 years **20%**
- 4+ years **61%**

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This report was published in September 2023. It was written and edited by Jamie Veitch with input from the Salad Money team and designed by David Palmer // www.dp-creative.co.uk.

It covers an impact reporting period of 01/09/2022-31/08/2023.



SALAD MONEY'S 2022-2023 IMPACT: ASTONISHING YET COULD BE BIGGER

As we prepared this report the media covered an 83 year-old Newport woman caught lending money illegally.

A Cardiff Crown Court judge described Tabitha Richardson as “threatening and menacing,” saying she “ran roughshod” over rules designed to protect borrowers, before imposing a two-year suspended jail sentence.

Richardson doesn't fit the stereotype of an illegal lender. This may be fodder to journalists but is no surprise to anyone who read 2023's 'As one door closes'¹ or watched BBC's Newsnight programme featuring illegal lenders.

With more people struggling in the cost of living crisis and a growing credit vacuum for low-income households, business is good for loan sharks. It's easy to see the damage illegal lenders – who certainly don't care about “Consumer Duty” – wreak on families.

We must also recognise the harms caused by legal but inappropriate credit, and by people who can

afford to borrow being needlessly excluded by lenders dependent on credit scores. The thinktank Demos points out that the crisis has “upped the stakes” regarding the “value good credit can bring to households and the damage that poor access to credit or access to irresponsible credit can do.” Access to “responsible and fair credit has never been more important,” it says.²

Those of us working to address financial exclusion practically will agree. Salad Money has made extraordinary progress in 2022-23, accelerating the impact we make in a myriad of ways. We are proud of the outcomes we achieve for otherwise financially-excluded people. We do not advocate lending to applicants who cannot afford to repay a loan. But as a social enterprise we are at the vanguard of building a fairer and more inclusive market.

Our determined team is resolute in their commitment to customers' and



▲
*Sir Tim Melville-Ross,
Chair, Salad Finance Ltd.*

applicants' wellbeing. Their empathy and understanding – people power – complements our cutting-edge AI and machine learning capabilities, so we can offer fair lending to the UK's excluded key workers. This report features accounts from many of our employees, customers and grant recipients alongside powerful data to illustrate our impact.

Now we need regulators, policymakers and banks to step up. There has been progress, and we are grateful for the input from many who will read this report, but we could do even more to address the pernicious effects of bad, ugly or no credit for excluded households.

¹ See page 12. ² (Demos, *The Good Credit Index, August 2023*).



GROTESQUE AND UNFAIR

Because of the rising cost of living, in January 2023 nearly nine out of ten adults had cut back on spending over the previous six months.

Most people had seen their financial situation worsen, and **over a third were finding it impossible or difficult to cope** financially.¹

The proportion of **adults in financial difficulty** and/or finding it a **heavy burden to pay their bills** increased from 18% (9.6m) to 24% (12.8m) between May 2022 and January 2023.²

3.8 million adults (7%) were refused one or more financial products or services in the two years to May 2022, and **6.8 million adults** (13%) avoided applying for a financial product or service because they thought they would not be eligible, they would not be able to afford the product or their application would be rejected.³

Around 6 million people are “credit invisible”⁴ – if they apply for a loan, many lenders automatically reject them. Others give them an estimated score based on factors including their postcode, so they are **judged based on where they live**, a less fair metric than their income, expenses, and whether or not they can afford to repay a loan.

The proportion of adults with low financial resilience has increased from 22.8% in 2020 to 24.4% in 2022.⁵

21% of adults with low financial resilience use high-cost credit and loans compared with 10% of UK adults. Black adults are twice as likely as the national average to have high-cost credit or loans (20% vs.

10%); women are more likely (28%) than men (21%) to have low financial resilience.⁶

Around **3 million people** are now estimated to be borrowing from illegal moneylenders / loan sharks.⁷ **2.6 million low-income households** hold high cost credit loans with loan sharks, doorstep lenders, payday lenders or pawnshops; 5.5 million low-income households **have had to cut down on or skip meals because they can't afford food**.⁸

The gap in provision of appropriate, fair and affordable credit to people in financially vulnerable circumstances is predicted to rise to **at least £3bn by 2025**.⁹

¹Financial Conduct Authority Financial Lives 2022, published August 2023. ²ibid. ³ibid.

⁴Responsible Finance and Salad Projects, April 2023. ⁵Financial Conduct Authority Financial Lives 2022, published August 2023.

⁶ibid. ⁷Research by IPSOS for Fair4All Finance, June 2023. ⁸JRF Cost of Living Tracker, Summer 2023. ⁹Fair4All Finance, 2023.



MORE THAN YOUR SCORE

More people are locked out from affordable financial products. Salad Money exists after we identified a severe lack of affordable credit for key workers, who we recognise should be defined by more than just their credit scores.

Credit doesn't have to be harmful. More than 8 out of 10 people¹ use it to spread costs over time and to budget. But credit shouldn't make a consumer's circumstances worse. The damage done by loan sharks is obvious, but the high-interest lenders which many financially-excluded people borrow from charge hundreds of pounds more than Salad in interest for a typical loan. That equates to more than £30 per week for many households: a huge sum better spent on food, kids' clothes, traveling to work or building a financial buffer.

Nor is it fair that many public sector, NHS and other key workers are locked out from access to credit by lenders which rely on the Credit Information

Market, whose "market failures and inherent difficulties in matching new credit information can lead to poor outcomes," according to the Financial Conduct Authority.²

Many of us take mainstream financial services – overdrafts, cheap credit cards – for granted. We accept that someone on a 'good' salary, or with a 'perfect' credit score might need to use credit. So it's obvious that people surviving on lower household incomes or with a less than perfect credit score do too.

We don't think they should be punished. So we pioneered the use of Open Banking to see an applicant's financial transactions, coupled with human decision-making, and all backed by our own incredible Artificial Intelligence, a machine-learning system we call 'Crouton.'

This means we can lend money to key workers excluded by mainstream lenders when what they really needed was someone to look at whether they could afford a loan, and if so, grant it quickly and at a more

affordable rate than the lenders they could turn to. People like Adrian, Lucy, Laura, Dean and Harriet, who you will meet later.

As a social enterprise we are committed to creating a fairer, more inclusive financial market. This goes beyond lending to the extensive support we offer to applicants, and how we use our data for public and societal good.

We're dedicated to improving people's lives and design our products to help our customers, and our systems to help all applicants. This "social purpose" meant we were well prepared for the new Consumer Duty and is core to our growth.

As we prepared this report Salad had a Trustscore of 4.9 based on 4,631 reviews. We thank all our customers, including those who shared stories about the difference Salad made to them in this report and on Trustpilot.



4.9 out of 5

Based on 4,631 reviews

¹FCA Financial Lives Survey 2022, published August 2023.

²Financial Conduct Authority (FCA), Credit Information Market Study Interim Report and Discussion Paper, November 2022.

CONSUMER DUTY: RAISING THE BAR TO SALAD'S LEVEL

Some in the credit industry called the new Consumer Duty, which came into force on 31 July 2023, a “tough new regime” or a “wake up call”.

Others seemed to have their head in the sand, which the Financial Conduct Authority (FCA) picked up on when it reviewed larger firms’ implementation plans in early 2023.

Salad welcomed the Duty, which seeks to ensure “good outcomes” for customers. This means firms should provide products and services that fit their needs and offer fair value. Customers should receive easy-to-understand communications. They should get customer support when they need it.

James Rose, Salad’s Chief Commercial Officer, says: “We want to see the bar raised on consumer care. We’ve observed harm caused to financially-vulnerable consumers by some firms. We hope this pushes the industry to improve practices to the standards many good firms already meet.”

As a social purpose lender, Salad has always been committed to the principles required by the Duty. But we took preparedness and

implementation seriously. “We engaged with the FCA’s consultation via Responsible Finance, which represents community development finance institutions,” says Rose. “Then we undertook a comprehensive gap analysis covering every element of our business practices against the new regulations.

“That revealed we were already broadly aligned with the regulations, which wasn’t a surprise because of Salad’s ethos and youth.” Salad was designed from inception to serve people excluded by mainstream lenders and reflect the needs of financially-vulnerable people.

“Paul Scales was appointed Consumer Duty Board Champion” adds Rose, “and we convened a work programme to focus on four key areas: broadening our review process to cover the entire distribution chain, from before people arrive to after they leave us; reviewing all communications through every touch-point; auditing all processes and policies to ensure they were appropriate; and implementing additional governance to support our customer-centric culture.



▲
*James Rose,
Chief Commercial Officer*

“It was a full company effort, with the entire board and executive team involved weekly and high engagement from all our staff. We’re hopeful the Duty will mean customers are better supported by some firms which, to be frank, have failed them. I’m interested to see how proactive the FCA will be about those businesses which have ignored the Duty or which don’t meet its standards.”

Paul Scales added “Salad has always placed consumers at the heart of everything we do. Our people, processes and technologies are aligned with the FCA’s objectives and we welcome the introduction of Consumer Duty to drive greater rigour and responsibility in the market.”

AMBULANCE WORKER CLEARS PAYDAY TRAP AND PLANS TO APPLY FOR MORTGAGE



Salad Money helped Adrian clear a payday loan he deeply regretted taking and balance his monthly finances.

"I got a payday loan because I didn't know that ethical lenders like Salad Money existed," said Adrian, 39, who lives in Rotherham with his partner and works in patient transport and fleet maintenance for the ambulance service.

When money was tight, he had gone to Dot Dot Loans, a high rate, short-term lender, needing £500 to ease his situation.

The monthly payments were £200 over six months – meaning Adrian was due to pay back a total of £1,200.

"I soon regretted taking out a loan with such a high interest rate. I was going to be paying more than double what I'd borrowed, which was shocking," he adds.

"The Dot Dot Loan payments had a big impact on our budget. We managed for three months, but the payments were leaving us short each month and were becoming a real struggle.

"I went online to check my credit score and that's where I found out about Salad Money. I decided to see if they could help and made an application.

"The company was very easy and straightforward to deal with. I applied for £1,000 in May 2023. I was really pleased that the amount in interest I was going to be charged was much less and my application was granted very quickly."

When the Salad Money payment went into his bank account, Adrian immediately paid off amounts he had borrowed from friends to tide him over, and the £600 outstanding on his Dot Dot Loan.

"My Salad Money payments are £89 each month," says Adrian. "They are affordable and I'm being charged a lot less in interest. This has helped our finances dramatically. We are now in a better place, all thanks to Salad Money.

"I'm planning to pay the loan off earlier by increasing my monthly payments slightly, just to get myself clear.

"If I ever need to borrow money again, I definitely won't go back to a payday lender. I learned my lesson there. I will go back to Salad Money and I'd recommend them to anyone who is struggling.

"Both me and my partner, we've had a few stumbles along the way but we are almost through it and are now looking forward to applying for a mortgage and buying our own home."

WITH GREAT POWER COMES GREAT RESPONSIBILITY

Head of customer service Devan Fitzgerald on over-riding AI, supporting people in a difficult situation and what she loves most about her role.

"I'll never work in financial services. It's just not me."

Devan didn't mince her words when she was approached by a former colleague who had joined Salad and knew she was job-hunting. "I can't imagine working for a loans company – forget about it!"

But once he'd told her why we exist, who we serve and about our ethos, everything snapped into focus. "I got a better picture of these people who were excluded from mainstream finance and nobody else was helping. Then Salad explained what a difference Open Banking could make. Once I understood the mission, I was in."

That was four years ago: Devan joined as Salad's employee number eight. "We were tiny." Today the Brighton resident – a keen sea swimmer and gig-goer – leads our customer service team of 14, the biggest cohort of our growing business.

"In that first year it felt like I spoke with everyone who applied, that's how small we were. I knew every customer and loved how we offered a personal touch. Our first customers were mainly female, all working in the NHS with most in their 40s to 60s, it felt like you were helping your auntie."

Salad is exponentially bigger now, yet that approach remains core to Devan's team. "We train everyone in customer service to support people at all parts of the applicant and customer journey, not just to handle one element. That means a customer can speak with someone they've previously dealt with. If someone emails to ask for a payment holiday, for instance, then someone who has supported that customer earlier will call them. It's so much better both for customers and our team."

Devan's team works from locations including Stockport, Ramsgate, Buckinghamshire and Arundel; others from our Brighton office. "We

are really close and support each other when the team hear harrowing stories."

What sort? "The loss of a loved one, other tragedies, serious illnesses. The cost of living comes up all the time now and we are constantly confronted with how unstable people's situations can be; we get many customers whose financial circumstances have changed considerably since approving their loan. So it's not uncommon for a customer to request a payment holiday so they can catch up with things like their energy bills."

If a customer says they are struggling they tend to appreciate the personal response from Devan's team. "We'll answer their request based on their circumstances. We'll also signpost our benefits calculator, MoneyMind tools, and if it's appropriate, StepChange and debt charities. A lot of this signposting helps people find or save more money. People are highly receptive."



“ I purposefully hired people based on how empathetic they are and who care about people. ”

And Devan’s team doesn’t only help customers: “We get a lot of incoming emails from people who want to know more about why their application has been rejected. For example, it’s alarming to see how many applicants have deep-seated gambling issues, which we’re able to spot because we use Open Banking.

“If we’ve declined someone’s application because of a pattern of problem gambling, and our rejection email has signposted them to Gamcare, we can get emails telling us they don’t think they gamble much, or that everyone does it – yet we can see there’s a huge problem which we don’t want to fuel.”

This can also be harrowing to hear. “I purposefully hired people based on how empathetic they are and who care about people who apply to and borrow from us. Obviously that’s good: we’re a social enterprise and a responsible lender and we know we can’t lend to every applicant. But we are committed to making

fair decisions, so when someone tells us they really need money, and we know we can’t lend to them because it would make their circumstances worse, it can be very difficult. But ultimately we must and do remember we are doing the kind thing by not lending to someone in that position.”

With any applicant rejected by our ‘Crouton’ system able to appeal, “we have the power to override that automated decision. Every potential customer has the option to have a decision made about their application by a human. We know how much people value that, when they can talk to another person who is committed to understanding whether it would be fair and right to say ‘yes’ to the loan they’re asking for, and we understand it comes with great responsibility.”



▲
*Devan Fitzgerald,
Head of Customer Service.*

Devan is enormously proud of her team. “I enjoy showing off about what we do. We know we save our customers money compared with more expensive lenders. We’ve helped people find hundreds of pounds in benefits they were entitled to, distributed thousands of hardship grants which have been a lifeline for many applicants we couldn’t lend to, and now we’re offering NILS loans too. I love reading the wonderful Trustpilot reviews and emails from people we’ve helped too.”



MARKET CONDITIONS

“Financial exclusion has grown significantly in recent years, with **at least 17.5m people in the UK in financially vulnerable circumstances.**”¹

That’s more than the combined populations of Scotland, Wales, Northern Ireland, Birmingham, Manchester and Bristol.

Poor, expensive, and illegal credit options contribute to financial exclusion. But the gap in **availability of affordable credit is now estimated to be £3bn.** It’s a damaging spiral which will plunge more people into unsustainable debt which harms their circumstances.

We see it already: **Buy Now Pay Later** use is increasing with many users of this glittering product unaware of the consequences of missed payments: escalating fines, damage to their credit files. Others have become hugely overindebted since many of these unregulated providers have granted BNPL agreements with no or scant affordability checks. And this summer, research suggested 3 million people may now be borrowing from loan sharks.

Salad collaborates with other community lenders, is proud to be a two-time investee of Fair4All Finance and to have backing from a variety of visionary investors. But valued as these partnerships and investments are, they will never enable us (or other ethical, social purpose lenders) to meet the yawning gap unless we address key market challenges:

- Mainstream banks and other retail investors talk about addressing financial exclusion. Yet Salad had to secure a £40m lending facility from a USA-based organisation. The UK’s banks must step up and back CDFIs. Many of our customers have accounts with the mainstream banks but can’t borrow from them. We can lend to them and help them build their finances, and we can offer backers a fantastic social return and an appropriate financial return on their investment. **We think we could reduce our APR by up to 10% if we could secure the funding we need from UK investors at commercial rates.**

- Credit scoring and the Credit Information Market. The FCA has acknowledged this fails (and leads to poor outcomes for) many. With other CDFIs, we’ve proposed a “social credit score” which would actually remove some of our competitive advantages as a business – but is the right thing to do for consumers and would level the playing field for those CDFIs which use credit agency data.²
- Regulate Buy Now Pay Later. It was “urgent” two years ago so why has it not happened yet?
- Enable better signposting. As page 3 shows, many Salad customers are housing association or council tenants. Some housing providers do a brilliant job in signposting community lenders but other institutions can’t (or feel they can’t). We back Responsible Finance’s call for action so organisations can champion CDFIs.

¹Fair4All Finance, 21 July 2023

²Social Credit Score report, Salad Projects and Responsible Finance, <https://responsiblefinance.org.uk/2023/04/uk-public-think-credit-scores-unfair-as-organisations-call-for-reform-of-credit-information-market/>

HUGE DEVELOPMENTS ACCELERATE IMPACT

Salad distributes £130,000 NatWest Group and Responsible Finance grants to 1,300 households in hardship

With nearly a quarter of households struggling to pay for food and other essentials and a 33% jump in households in financial difficulty, the NatWest Group and Responsible Finance Hardship Grant Programme was designed to help financially vulnerable households.

When NatWest Group wanted to increase its support for communities it identified CDFIs and Responsible Finance as key delivery partners. Salad and five other CDFIs used their infrastructure to get the funding straight to those who needed it most. Salad has distributed grants of £100 each to 1,300 people who had applied to us for a small-sum loan, but we had to turn down.

The grants have helped people feed their children, replace broken appliances, and carry on getting to work. They've been an immediate lifeline.

"I can't thank you enough for helping me when I really needed to put food on the table for my children. I was so surprised, it came so fast too." Alexandra, Croydon.



NatWest Group

MoneyMind and benefits boost

Last year's impact report covered the extraordinary amounts of benefits our applicants were due, but not claiming, which we've helped them identify. It's a tragedy that nearly £20bn of benefits are unclaimed especially when so many are in dire financial straits.

Our benefits checker is embedded in our applicant journey, so anyone applying for a Salad loan can check whether they are claiming all they are entitled to. Many thought they were not eligible and are astounded by the amounts they've missed.

This year we've also strengthened our MoneyMind tool to help key workers find extra help, based on their personal circumstances and location. Typically, we send signposting information to 30,000-40,000 applicants every month.



No Interest Loan Scheme (NILS)

The Government-backed No Interest Loan Scheme (NILS) pilot offers no interest loans to people in vulnerable circumstances, and has been rolled-out by Fair4All Finance with Toynbee Hall and FairByDesign.

Salad began disbursing NILS loans in July 2023 and by the end of August we had disbursed 699 loans of £500 each.



£40M AND £2M INVESTMENTS WILL HELP MORE KEY WORKERS AVOID HIGH-COST LENDERS



In February 2023 we agreed a new senior debt facility of up to £40m with a US-based credit fund, enabling us to serve rocketing demand for affordable credit. It was described as a landmark deal for the UK's community finance sector.

The new finance facility complemented Salad's arrangements with existing funders, to meet growing demand for affordable credit.

Phillip Hyett, CFO of Salad Money, said: "This new, committed facility brings our total senior debt funding to £50m and with it, the financial firepower to help more NHS, public sector and other key workers avoid high-cost credit. We see first-hand that demand for fair and affordable finance is increasing rapidly and we are delighted to lead the way in helping address this need."

Theodora Hadjimichael, CEO of Responsible Finance, said: "This landmark deal for the UK's community development finance sector is tremendous news for people who can afford to repay credit but don't have enough fair options available. Without CDFIs like Salad risk turning to providers who don't prioritise their wellbeing. I'm thrilled Salad will be able to help more people save interest compared with higher-cost options; I'm also delighted it will extend its signposting work which boosts applicants' financial resilience."

Fair4All Finance agrees £2m follow-on package with Salad to grow alternatives to high cost lending for NHS and public sector workers.

We were delighted to announce a new £2m facility with not-for-profit financial inclusion organisation Fair4All Finance in November 2022, following its £5m investment into Salad in 2021. Tim Rooney, CEO of Salad Money, said: "We value our relationship with Fair4All Finance. This new facility will help us to help thousands more key workers."

Sacha Romanovitch OBE, CEO of Fair4All Finance said: "Increasing access to affordable credit is an important tool in the fight against financial exclusion. In the time we've worked with Salad they've been resolute in their mission to support lower paid public sector workers and have quickly grown their loan book. We look forward to our investment further supporting Salad to help more customers in vulnerable circumstances.

"Salad's lending model proves it's possible to serve people in financially vulnerable circumstances well with a fair credit option. We encourage other funders and lenders to join us in providing funding and lending to scale up the provision of affordable credit and help fill a growing gap."

LUCY'S LESSONS

DRIVE £10K

PAY RISE



I've always tried to be sensible with money" says Lucy, who works on digital transformation projects in Wales.

"I'm earning a bit more now, but even before I got promoted, I used to keep a little bit of my pay aside to try to build up some savings." But those savings quite didn't go far enough when she decided to take driving lessons in 2022.

"I'd been working at the council for 10 years," she says, "and I earned around £25,000. But I knew there were jobs I could do which would pay more, which I could do if I could travel."

She researched loans with much caution. "I was really worried because my credit score was awful and I was re-building it following an abusive relationship a few years ago.

"But I had a look at Salad who were recommended through another website. It said they are tailor-made for people in the NHS and public sector, and I liked the fact they said it was all done on a fair process where they can actually see whether or not you can afford the payments because of Open Banking.

"And they said they don't use credit scores, so I thought I might stand a chance of being accepted. I knew I could afford it, but there are lots of companies out there that make you feel ashamed if you have a bad credit score. It was really different.

"As a single parent I've always paid my rent on time, I've never missed a payment. But that doesn't get reflected in my credit score, which I've been trying to build back up.

"When I was accepted for the loan I booked my driving lessons and I passed my test. Because of that I could apply for my dream job at the council, and I got it!

"This was one of the best and most sensible decisions I ever made to get this loan at that time. I absolutely love my job, and I get paid nearly £10,000 per year more.

"I wish public transport was better but the only way I can do this job and get to and from work, and look after my child, is by driving to work on the motorway. It's opened up a whole new world for me.

"My credit score is getting better at last – it's up 137 points this month alone – and I probably won't need another loan. But it was such a relief to be treated like a human being instead of feeling judged and overcharged. For anyone who is in the position I was, try a lender like Salad."

“
It was such a relief
to be treated like
a human being
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”

UNIQUE COLLABORATION WILL UNLOCK INSIGHTS INTO KEY WORKERS' FINANCIAL SITUATIONS AND BEHAVIOUR

Researchers throughout the UK will be able to use anonymised data about the use of consumer credit for analysis and research, thanks to our collaboration with The Consumer Data Research Centre (CDRC).

With Salad now receiving around 50,000 applications for credit every month, we use Open Banking data and our own software and customer team to make lending decisions, rather than credit scoring. And with around 1,500 bank transactions to analyse for each applicant, this vast swathe of data unlocks insights not available to traditional lenders which don't use Open Banking:

"We have a unique dataset of non-personally identifiable information which, when analysed in aggregate, gives a rich, detailed and comprehensive picture of the spending patterns and financial behaviour of hundreds of thousands of people," says CEO, Tim Rooney.

"Open Banking access gives us the means to make a careful and fair assessment of every applicant's ability to repay the credit they apply for," he adds. "While we cannot offer a loan to everyone who applies – it wouldn't be responsible to do so – we use the information they give when

applying to help applicants in other ways, for example by highlighting benefits they appear to be due but not claiming, and bespoke support.

"Our commitment to financial inclusion has always included using anonymised and non-personally identifiable information from applicants and customers to paint a picture of their financial circumstances. The University of Edinburgh has conducted two analyses of this data and we have collaborated with the University of Bristol's Personal Finance Research Centre and with Responsible Finance and other community lenders."

We announced the Data Licensing Agreement in summer 2023. The Consumer Data Research Centre (CDRC) is based at University College London, Liverpool University and Oxford's Saïd Business School.

"The agreement will result in a monthly stream of more than three million records, from several thousand customers and applicants, through secure download to CDRC," adds Rooney. "Opening the doors to this data will give the experts from the Consumer Data Research Centre and researchers across the UK new insights and we're excited to be working with Professor Paul Longley and his colleagues."

Prof Paul Longley, CDRC Director, said: "Smart data are key to better understanding of financial precarity and personal finance. The anonymised Salad data will provide researchers with a rich and detailed picture of the circumstances of many of those worst affected by the cost of living crisis. This is an extremely welcome addition to CDRC's personal finance data, for the benefit of the entire UK research community."

RISKY INSTINCTS? NOT FOR EMMETT – BUT DON'T IGNORE THE ELEPHANT IN THE ROOM

“You see a lot of complicated products aimed at people we serve” says Emmett Smith.

“Many don’t understand them. That should change because of the Consumer Duty. But there’s still the issue of what we should be talking about but aren’t.”

Emmett is a Salad veteran. Our Risk Director joined the team five years ago. Salad’s model appealed “because I recognised that how affordability was assessed elsewhere was inadequate and I was excited by the potential from using Open Banking to make loan decisions. Some people thought applicants wouldn’t share their data but I did not see it as a barrier. People do what they need to do to get the product they want.

His instincts proved correct. A trickle of applicants in year one became a waterfall, now a tsunami. What key factors determine our decision?

“We are effectively seeing someone’s bank statements so we want to know whether they are being paid and making their important payments regularly. We can see bills that Credit Reference Agencies can’t see, like rent, council tax and utilities, and whether you pay them. If we see you

can afford the loan you are applying for and have a sensible pattern of financial behaviour we are more likely to say yes.”

Emmett says our customers, who all have secure jobs with most earning £20 to £35,000, “appreciate an affordable loan since it helps them spread big expenses out over 12 to 18 months.” But what makes us say no?

“We can see payments to gambling firms. We don’t want to fuel a harmful gambling problem. If we see you withdraw a lot of cash regularly, and can’t see your regular expenses, we query what’s going on. Making an informed, fair decision is at the heart of it. Telling people why we’ve said no is important too, so they can get their finances in better shape.”

Supporting all applicants appeals. “It’s great to be part of a business that serves customers well and helps applicants. We have to decline many people when it would not be responsible to lend. But we signpost them to benefits, social tariffs and good financial education. It makes a difference.”

What’s the elephant in the room? “For me, it’s the industry around individual voluntary arrangements (IVAs) and debt management plans. People targeted for these arrangements



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*Emmett Smith,
Risk Director*

may not fully understand the consequences. Lots of so-called “advice” is biased towards a single solution that generates substantial fees for the adviser without necessarily being in the best interests of the customer.

“To grow financial inclusion, I believe it will be down to specialist loan providers like us continuing to serve more customers – I don’t see high street providers entering this market any time soon due to their focus on excellent credit scores. On the advice given around debt management plans and IVAs, I think there may be regulatory intervention at some point to ensure it is impartial and considers the full range of solutions to achieve the best outcome for the customer.”

LEARNING, SOCIAL IMPACT AND VARIETY ARE THE SPICE OF LIFE FOR TEAM PLAYER DAN

“You’re never bored,” says Salad’s marketing whizz, Dan Evans, four years on from joining the team. “I remember coming into the office in October 2019. There were just five of us then. The business has changed a lot. But what’s not changed is the variety and the chance to take responsibility, which I love.

The world of marketing is very different now too. What are the biggest changes from Dan’s perspective?

“When I started at Salad we’d just begun using Facebook advertising. It was semi-successful but we realised neither the creative nor the campaign structure were as effective as they could be. We developed those and slowly started advertising across more platforms, including PPC ads on Google. As we learned we built awareness among a relevant audience.

“User-generated content has exploded since 2019, so have platforms like TikTok. Now we build huge amounts of varied content to cover all the platforms we use.”

Dan turns out for Hertfordshire’s well-known and much-loved grass-roots rugby club, Fullerians, every week and plays cricket during summer. He’s a consummate team player at Salad too, taking responsibility for our campaigns and working with our partners to test new marketing approaches, measure their impact and performance and rolling out the campaigns and creative which do their job. Fit and proper communication is, of course, a key requirement of the Consumer Duty (see p8) – has the Duty changed how we market Salad?

“Not really: because we’re a social purpose lender and a young business it was natural for us to be meeting or exceeding most requirements, but we certainly scrutinised all the communications throughout our customer journey to ensure our messaging is appropriate. It’s been frustrating in the past to witness some other firms which market to excluded consumers and have taken a pretty misleading approach.”

Before joining us, Dan worked for a social enterprise which specialised in providing free business support to startups and growing SMEs, then in financial services marketing for several asset management firms.



▲
*Dan Evans,
Head of Marketing*

“I worked in one with 2,000 staff for several years. But the problem is, you get pigeon-holed, with no variety. You don’t get the opportunity to learn. It became mind-numbingly dull.

“Salad keeps giving me plentiful opportunity to learn a lot. I also love to be part of a social business with a determination to create a positive impact while being sustainable.

“Capitalism can be a force for good. But it shouldn’t be detrimental to society. I love how Salad wants to run a thriving business while helping people. I wouldn’t want to work in a vampire business, you can see some firms which are just taking advantage of people as the cost of living crisis bites and that’s horrible.”

BECCA'S BEST JOB EVER IS HARD WHEN HARDSHIP GRANTS ARE VIEWED AS A SCAM

“Fairness, culture and being heard,” says Becca Moran when asked why “working at Salad is the best job I’ve ever had.”

Yet the Stockport resident says it is a “happy accident” she works for us in the first place.

Becca joined Salad after working in marketing. “During the pandemic I realised that just wasn’t what I wanted to do any more.” She joined our growing customer service team in September 2020 and has since taken on a new quality assurance role, which she helped to specify. “I love helping the customer account team and want to ensure I give them everything they possibly need. It’s such a big part of Salad’s culture to give people positive reinforcement, reassurance and support, to include everyone and take their ideas and feedback seriously.”

She continues to speak with our customers and applicants. This year, Becca talked with many of the people we awarded a £100 hardship grant to, after they had applied to Salad for a loan and were declined on the basis their income wasn’t

sufficient to meet the repayments. We’ve distributed £130,000 of these NatWest CDFI grants to date (see page 13) and it was “incredibly humbling” to speak with grant recipients, she says:

“A lot of people used the £100 to put food on the table. It was wonderful to make a difference, but sad how many people thought it must be a scam when we told them we’d send them £100: it was such a happy surprise even though so many people really need a bit of help right now. It’s brilliant NatWest has done this and I hope they know what a big impact it’s had.”

While these kinds of calls “pull at your heartstrings,” Becca says applicants or customers in vulnerable situations always appreciate Salad’s “fairness, which runs through Salad like a stick of rock,” transparency, and how we explain what affects whether we can offer the loan they apply for:



▲
Becca Moran,
Customer Service Representative

“People are shocked when they call and get to speak with an actual human, and we take time to go above and beyond with signposting the information they need.” She also loves our use of “data for good” citing the millions of pounds we’ve helped applicants identify in benefits they were due, but not claiming. “I thought finance wasn’t going to be for me and nearly didn’t apply to Salad, but it’s a million miles from working in a stuffy, corporate culture. This is a people-powered business that cares about the people we serve.”

**PEOPLE ARE QUICK
TO JUDGE BUT KEY
WORKERS LIKE ME
WOULDN'T BE LOOKING
FOR A LOAN UNLESS
WE REALLY NEEDED IT**



“Life is expensive,” says mum-of-two Laura, 38, of Swansea, Assistant Service Manager of a supported living service. “And people seem to forget that key workers like me wouldn’t be looking for a loan unless we really needed it.

“They are quick to judge, and quick to charge us a lot of money for a loan even though we can be on some of the lowest incomes.”

Laura is the Assistant Service Manager of a supported living service for adults with learning disabilities. It’s a rewarding job and “I’m in a much better place than I was last year.”

When she approached Salad Money in June 2022, “I was working two part-time jobs to make ends meet, as a Teaching Assistant (TA) in a local primary school and a part time support worker. Together they brought in about £1400 per month, so it was really tough with several mouths to feed and the cost of everything going up.”

Knowing she needed a lump sum to spread some expenses over a few months, Laura considered credit – but was worried. “I’ve not got a perfect credit score,” she says “and have had quite a few really bad experiences in the past with some of the companies out there. Taking out a loan was my last resort.”

She came across Salad Money through a Google search and applied online for an amount she knew she could afford. “I hadn’t even heard of them before! It was pretty easy to apply and I was happy to let them see my bank account so they could tell whether or not I could afford the repayments,” she adds. “Then they let me know I could get the loan and I was over the moon.”

“I’ve nearly paid it off now and I’m much better off because I managed to get a promotion last year. But Salad was an absolute godsend for me and my family when I needed it! It is so refreshing that they understand real life and treat customers as people rather than just a number. For key workers especially, we usually work full time and have the least amount of income so it is nice to be understood. I am so glad that I came across them.”

LORD MCNICOL AND BARONESS EVANS APPOINTED JOINT CHAIRS OF SALAD PROJECTS OVERSIGHT BODY

The Oversight Body’s mission is to work in the interests of all applicants to Salad Money.

Since the Body represents all applicants for credit, whether or not they become customers, it will give consumers declined for credit a voice which has been ignored by policymakers until now.

In March 2023 we announced a revamp of the Salad Projects Oversight Body, which we believe plays a unique role in the consumer credit industry, with Baroness Evans (Conservative) and Lord McNicol (Labour) appointed its joint chairs.

One of the Body’s core objectives is to campaign for policy and industry changes that will protect consumer credit users, and applicants who are declined for credit because they are financially vulnerable. Its work (such as the harmful gambling report, p22) is informed by data and analysis.

Baroness Evans said: “I am delighted to take on this role, helping protect and promote the interests of consumers using Salad Money’s data-driven insights. By highlighting issues facing individuals, regardless of whether they are able to access

credit, this work can play an important role in tackling financial exclusion and exploitation.”

Lord McNicol said: “Tackling financial exclusion and giving struggling consumers a voice is something I have long campaigned for. I’m looking forward to continuing this vital advocacy work as part of the Salad Projects Oversight Body.”

The appointments boosted Salad Projects’ ability to advocate for consumer credit applicants at a time when at least 1 in 3 adults now face difficulty accessing credit from mainstream lenders. Tim Rooney, Salad Money CEO and board member of Responsible Finance, which represents the UK’s community development finance institutions (CDFIs), said:

“Like most CDFIs, Salad Money declines many people for credit because they are financially vulnerable and it would be irresponsible to lend to them. We help hundreds of thousands of applicants build their financial



▲
*Lord McNicol & Baroness Evans
Salad Money Oversight Body*

resilience even if we can’t grant them affordable credit, but know that people declined for credit have often been ignored by regulators and policymakers. The Salad Projects Oversight Body will ensure their voice is heard. I am delighted that Baroness Evans and Lord McNicol are chairing it.”

MAKING DATA WORK FOR PEOPLE: OUR 2023 REPORTS OFFER UNIQUE EVIDENCE TO POLICYMAKERS

1 The credit information market should represent all consumers. But, as the Financial Conduct Authority has acknowledged, the traditional approach fails many. Flaws in credit scoring contribute to the “poverty premium” and harm access to affordable credit.

Our Credit Where It’s Due report was based on a retrospective analysis by one of the UK’s three main credit reference agencies (CRAs) into 50,000 Salad Money applicants’ loan records. It demonstrates how a weakness in CRA data contributes to poor outcomes for people who are financially under-served, vulnerable or have low financial resilience.

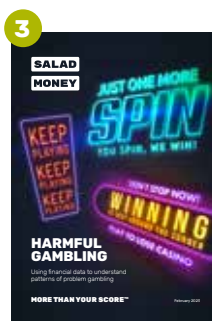
2 Seven out of ten UK adults believe it’s unfair for someone’s postcode to have a negative impact on a credit score, according to Opinium Research, whose findings were published in our joint report with Responsible Finance. More than half of adults think it’s unfair that not having an existing credit history has a negative impact on a credit score.

We and other social purpose lenders called for an automatic “social credit score” to expand access to affordable credit and end the issue whereby social purpose and not-for-profit lenders can pay up to 75 times more to Credit Reference Agencies per loan they write than banks which serve ‘prime’ customers. The concept (which we submitted to the FCA’s consultation) would reduce costs for credit for many consumers.

3 Gambling is common among financially vulnerable people, problem gambling is increasing, and some people use credit to fund their addiction.

Our Harmful Gambling report was based on analysis of over 100 million financial transactions from more than 77,000 people who had applied for credit (we only lent to 5,300; many were declined because of their gambling). It showed:

- One in eight people spend more than £500 per month (at least a quarter of their income) on gambling.
- Gambling transactions are not visible to credit reference agencies so their data is a weak predictor of excessive gambling.
- It is easily identified using Open Banking, but since many lenders do not use this technology, there are numerous examples of gamblers funding their addiction with credit they should not be able to access.



Read all our reports at www.saladmoney.co.uk/news

SALAD IN THE PRESS, AT PARLIAMENT AND WORKING WITH STAKEHOLDERS

In 2022-2023 our impact has been covered by media including:



Daily Mail

EXPRESS



FinTech



The Guardian



PIONEERS POST



We and Responsible Finance convened a reception at the House of Lords in April 2023 to discuss proposals for a 'social credit score' and other initiatives which would help CDFIs to serve more people. MPs, members of the House of Lords, civil servants, financial inclusion activists and journalists attended the fully-booked event.

We spoke at the AltFi Open Banking Forum, Registry Trust's Annual Review, a CapCircle Investor Evening, FinTech Talents' Lending 3.0 Future of Lending, and many

other events. We attended the Fair4All Finance / We Fight Fraud event in the House of Commons and were featured prominently in the Fair4All Finance 2023 Impact Report.

As we prepared this report, we were named finalists in two categories, Open Banking for Good and Best Open Banking Data Project, of the Open Banking Expo awards 2023.

We were finalists in the Lendtech of the year category of the UK FinTech Awards 2023; Scale up of the Year

at the Fintech Awards London; and Excellence in Open Banking at the Credit Awards 2023, where Risk Director Emmett Smith was also a finalist in the Outstanding Leader in Risk category.

In his capacity as Salad CEO and board member of Responsible Finance, Tim Rooney met with politicians including Paul Maynard MP to discuss financial inclusion. Tim was also invited to join the APPG on Open Banking and Payments.

DEAN'S REWARD IS LOWER RATE



Dad of two Dean was very happy when he landed a new job with a better salary. But there was a snag. He had always been paid weekly, and his new employers would be paying him monthly.

In addition, he would be working a month in-hand, which meant there would be no wages going into his bank account for six weeks.

With monthly rent and bills to pay and children of 7 and 9, the Worksop dad knew he couldn't manage and decided to take out a short-term loan to bridge the gap.

He started to search online for a loan, but was shocked at the amount of interest being charged by payday lenders.

"The maximum time period I could borrow for was three months, the interest charged was ridiculous and I would have been paying massive amounts each month," said Dean.

"There was no way I was doing that. Then I spotted Salad Money and the terms seemed a lot better.

"I completed the application online, which was quite easy, and very quickly got approved for a loan."

Dean started his new job as a container supervisor and the loan money eased his family finances until he got his first pay cheque.

"I could easily afford the payments on my new salary. I downloaded the Salad Money app, which I found really useful. I could see all my payments and know exactly how much I still owed."

Once he'd nearly repaid his first loan, Dean asked for a follow-on loan from us – and we were able to grant this at a lower rate than his first. "I took out a loan for a little extra. My monthly payments stayed the same and we used the money to pay for a family holiday."

“

I could easily afford the payments on my new salary. I downloaded the Salad Money app, which I found really useful. I could see all my payments and know exactly how much I still owed.

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WE WANT TO GIVE BANKS OUR BEST CUSTOMERS

You've probably never met a business which wants to "give its best customers away." Salad already "rate rewards" customers accepted for a refinance loan and signposts a potentially lower-cost option. We want to go even further but need high-street banks' support.

Salad uses Open Banking, our own Artificial Intelligence-powered software and our fantastic team to make fair lending decisions. We can offer affordable credit to people who can't get it elsewhere, helping them spread larger costs over time.

Our customers pay us back and build their financial strength. They receive first-class customer service from our contact centre in Brighton. They value our excellent digital journey.

As is common with all lenders, once someone has repaid most of their first loan, some want a second to meet new needs. If they pass a full affordability reassessment, we offer a "refinance" loan. We "rate reward" such customers with their refinance

loan at a lower rate than their first, then a further APR reduction if the customer chooses and is successful for a second refinance.

But we also do something unique: informing customers that, as their financial position has improved, they may be able to access cheaper credit elsewhere. We even link to a site where they can check out their local Credit Union.

It's a demonstration of our social purpose ethos in action. And there's more we could do. Salad's customers bank with UK retail banks, yet typically banks are unable to advance loans to the people we lend to.

Once customers have established a great payment history with a Salad loan (which we can demonstrate to banks) then if they need credit in the future, we could work more closely with a high-street bank to reward them with an even lower-rate bank loan.

This would demonstrate a bank's commitment to boosting financial inclusion by accepting customers who have proven they can repay a Salad loan and are in a position to start using mainstream credit. Banks: contact us to discuss this.

“IF YOU CAN’T PAY, YOU DON’T GET AN EDUCATION”



IT specialist Harriet carefully manages her finances so she can send some of her monthly wage home to Zimbabwe to support her two children. Her sons are being cared for by her family and are being educated at a senior school Harriet pays for.

“I miss my boys so much; we video call every day, but I haven’t physically seen them for three years. They love school and understand and appreciate what I am doing for them, and it is really important to me that they get a good education,” she says.

But once a year, when their school fees are due, she doesn’t have enough money and has to take out a loan to cover them. Harriet has lived in Rotherham since 2020 and works full-time, but is unable to get a bank loan.

Last year when the fees were due and there were uniforms to buy, Harriet couldn’t find a loan at a fair rate. She ended up feeling she had no choice but to borrow the £1,500 she needed from a firm which gives unsecured personal loans to people with bad credit ratings. Her 18-month loan was at a sky-high rate.

“I had no choice but to take it – my eldest son was starting at his brother’s senior school and the fees have to be paid upfront,” says Harriet. “I paid back over £3,000 and really struggled with the monthly payments.”

When school fees were due again this spring, she was still paying off the last instalments of her Everyday Loan.

She needed another £1,000 but didn’t want to apply to the same firm again and end up paying back double what she had borrowed.

She went online to check her credit rating with ClearScore, where she found out about Salad Money loans, and made an online application to borrow the money over 18 months.

Harriet, who hopes one day to be allowed to bring her children to join her in the life she has made for herself in Rotherham, said: “It was an easy process and acceptance was quick. I will pay back £1,500 in total – I wish I could find a lower interest rate, but it’s more than £500 less than with any other firm that will lend to me, and my monthly direct debit payments are more manageable.”

“
It’s more than
£500 less than
with any other
firm that
will lend to me.
”

IT IS POINTLESS TO WAIL AND WRING OUR HANDS IF WE DON'T TAKE ACTION. PLEASE ACT NOW.

This report demonstrates Salad's extraordinary impact and growth in the past year.

Every day, our stellar, talented and committed team inspire me with their efforts to support our customers and applicants. Salad has become the UK's largest personal-lending community development finance institution and enabled our customers to save hundreds of pounds each, and millions between them.

Just think about those "hundreds of pounds" for a moment. Some of our customers, whose average monthly income is around £2,000, save £30 per week each in interest compared with borrowing from another provider.

Think about what that means to someone who takes home £480 each week. £30 is half a tank of fuel. It's a lot of groceries: several meals for their family. Or it can go into building a buffer so someone doesn't need to borrow again, or needs less next time.

Now consider the market. Mainstream lenders are vocal about doing the right thing for all consumers, including the financially excluded. But actions speak louder than words.

Social purpose lenders like Salad are experts at serving the underserved. And with notable exceptions – we value our partnerships – we continue to be praised for our impact by mainstream financial institutions and social investors, who then say "no" to backing our exceptional business to meet the demand we know is there.

Salad could cut our costs to the people we serve, and serve more people who want and can afford to repay an affordable loan, if we could secure the capital we need from mainstream UK investors at commercial rates. We will generate a social and economic return on this investment. We will enable more people to avoid toxic high-cost lenders and loan sharks.



▲
Tim Rooney,
CEO, Salad Money

We could do even more if the FCA were to act to make the credit information market truly fit for purpose. More still if policymakers heeded calls for an extension to the credit broking exemption, so organisations can better signpost community lenders.

So celebrate our impact with us but act too so we can help more key workers like Adrian, Lucy, Laura, Dean and Harriet make their household finances stronger. Back us, shout about us, signpost us, work with us.

Thank-you to our exceptional team and board for their work, to our partners and funders for their support, to all working to address financial exclusion, and to you for reading this report.

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MORE THAN YOUR SCORE™