

## **Financial Inclusion TechSprint (May 2024) video Transcript.**

### **Team 2 – Faciit**

#### **Delegate 1**

I'm the CEO of Faciit and Faciit basically means we facilitate it and this sort of admissions will help create financial possibilities for those who struggle otherwise. I will help people use their savings as a proxy, to assess, as a proxy to demonstrate affordability and creditworthiness.

So why is this important? Three years ago I moved back to the UK after living abroad for seven years and when I came back I had no credit card, no credit profile. From day one had a job and for the next six months I was fortunate to stay with family, but there was no rent, there was no major bill to my, there was no major bill to my name. But then I had to move to a different city and that was when I started to feel the pinch of having no credit profile because I had no access to credit. I had no access to credit I had was just very high interest credit. I was in a vulnerable place financially, so it's important to me to build financial resilience. It was important to me to build a healthy credit profile. But looking closely into these, realised that I wasn't in a peculiar position.

There were millions of other people in the UK who fall into this position, people who struggle to access finance from main stream sources. Both spoken about this extensively. So I'm not going to go to details about the problem, but what one thing we realised was a lot of people felt the problem and a lot of people felt it in different ways. So we decided like, so who are we helping at least to start with to focusing on near prime borrowers with thin credit profiles. And this could be because they're new to the UK, they need to the credit or live abroad for a while so someone like me who lived abroad for seven years or they are new to be credit system. And this could be because they're young adults and they've not been credited. They're not accredited credit over time or just someone was just never be their credit profile.

An our proposition is quite simple. We're building a safe, secure solution for planned expenses. People say they thought of whatever they want for a minimum of three months and be able to do that. We match them to a lender who gives the money to 3rd as a competitive loan. And how this works is quite simple. They apply to Faciit. We do the minimum criteria check to make sure that they can even afford what they're looking to borrow. And once you do that, they open the fastest wallet and the Faciit wallet they saved their for three months. That three months we basically profiled them with open making

machine learning. We look at the inflows and outflows and this profile is what we give to lenders. So after I profile them and they have met the savings criteria and the set criteria they will be matched with a lender who gave the money competitive loan. As a use case.

This profile mirror someone called James someone who spoke to couple of months back. James is married is he has a young family. He moved to UK recently. He has a full time job for this. Uh, just like Colin mentioned earlier on that he moved, but he wanted to buy a car just like James. but can't access credit even to buy a car but the situation is expecting the baby. He has a young family. He has a baby that knows this is ##### going to change and then I have a credit profile. He can't access credit. But what Faciit can do for James is Faciit can help him to save. You understand that saving is not that straightforward. If it is, if it is daily, if it is weekly, if it's monthly, we help him go to the 7th circle. It saves 1/3 of whatever I need, which in this case is 7500. It saves 2500. We profile him, will check the inflows outflows.

We ensure that we set him certain risk criteria threshold rather and at the end of seven cycle matching to a lender who gives the remaining two third as alone in this case is £5000. And more importantly, we help him get access to terms that is going to struggle to get without Faciit and the expected outcome for us is access to competitive loans by saving a thought of whatever needs you can get access to loans that I wouldn't have access to it before and get access to better terms. I will get, we help borrowers the risk himself in this way they become more more attractive to lenders because they've been to save for whatever they need for another three months to demonstrate affordability that #####.

Basically, we help people to just move away from financial positions. We help people to build a financial to build financial resilience resilience. And it's quite easy to use. It's quite intuitive rely upon you go through an onboarding process, you open the wallet, you save and you're able to meet a set criteria get the access to a loan. It's just quite straight forward as that. So during the TechSprint for three months, what So what we did basically we used some synthetic datasets provided by the FCA. We created 30,000 profiles of individuals. We categorise them into near prime, prime and prime and prime categories based on their risk rate. And the profile of £6000 financial goal.

So with this and some other assumptions, we broke them down into this OK, the prime, the prime and subprime. But for our solution, we basically focused on the near prime and the prime customers and then we simulated the impact of savings. So looking at some, we need £6000 and they're able to save £2000 for three months. At the end of the first month, we, we saw that about 27% of them were able to move from near prime position to prime positions. But the second month 43% of them will have moved to prime position from near prime position. And after three months, about 55% of the poll will have moved from near prime position to prime positions.

And, and for us at individual level throughout the three months savings, we basically do that these things we look at, we look at affordability from day one to after 90 days. How was the affordability moved in terms of their inflows and outflows, their savings, their debt to income. We look at their creditworthiness. We, we're not relying on credit, credit scores, but we have our own scorecard, which we call Faciit score. So how is that moving? How has that moved over the past three months? What's their probability of default? What does that look like after three months? So this will profile, this will provide their financial behaviours.

We look at how what positive markers were negative markers, why the trains we can see with open banking, with machine learning, we do this and this is all packaged and we give to lenders. And we by giving this with this, with this profile and the safest borough that the savings that the proxy, we hope to be able to get a lot more people who are in their prime position to prime position to be able to get access to loan.

And the next step for us, it's quite simple, really, partnerships, partnerships and partnerships. We're looking to get commercial partners. We're looking to get lending partners, those who would help us even take this further, those who are interested in the kind of cost in the the customers are looking at. We're looking at technical partners. We're looking to work with universities. We looking to work with other players.

We talk with CA. We're looking to apply, probably because we're looking to apply to the regulatory sandbox. And again, we're looking for investment to just continue building. We're building part of sort of techniques which we need, but we need investment to just continue with our product development.

Thank you.