



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

10<sup>th</sup> October 2022

Rt Hon Damian Hinds MP  
House of Commons  
London  
SW1A 0AA

### **Financial Services and Markets Bill**

Dear Damian,

Thank you for your contribution during the second reading of the Financial Services and Markets Bill on 7 September. In his closing speech, the Economic Secretary, Richard Fuller MP, committed to respond in writing on matters raised in the debate which he was unable to cover due to time pressures. As the minister now responsible for the Bill and for Financial Services Policy, I am following up on that commitment.

During the debate, you asked what the government is doing beyond the measures in the Bill to support the credit union sector, and what it is doing to support Community Development Finance Institutions (CDFIs).

The government understands the unique role played by credit unions in Great Britain in facilitating saving and providing affordable loans to their members, including those who may otherwise have to resort to high-cost lenders. I am personally keen to hear more how we can help grow this space and have asked my officials for advice on this.

The government is also committed to supporting the CDFI sector, ensuring it can provide affordable credit to financially vulnerable consumers that are often unable to access mainstream credit products. The government also recognises the value of the financial advice and wraparound support that CDFIs provide to their customers, which is vital for maintaining financial resilience.

This is why the government has released £100 million of dormant assets funding to Fair4All Finance, an independent, not-for-profit organisation focused on increasing the financial wellbeing of people in vulnerable circumstances, to support their work. As part of this, they have developed a scale-up programme that offers tailored support to affordable credit providers, such as credit unions.

The funding will also allow Fair4All Finance to explore different methods of advertising affordable credit products; test and prove sustainable models that can be scaled and adopted by others; and increase efficiency in the community finance sector through technology investments.

Additionally, the government ran the prize-linked savings pilot, PrizeSaver, from October 2019 to March 2021 to increase awareness and membership of the credit union sector and to support members in increasing their financial resilience by building their savings. The pilot was successfully delivered through 15 credit unions across Great Britain, proving that the model works in a UK context. The scheme is now run independently by the credit union sector.

Thank you for your interest and advocacy on behalf of your constituents on these topics. In order to assist colleagues, I am also depositing a copy of this letter in the Library of the House.

A handwritten signature in blue ink that reads "Andrew Griffith". The signature is written in a cursive style with a large initial 'A' and a long, sweeping tail on the 'h'.

Andrew Griffith MP