

# Soaring to new heights: Where growth meets inclusion



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# Explore CDFIs' impact in 2024

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Community Development Finance Institutions (CDFIs) are mission-driven lenders and this record-breaking year is a win for both them and the UK economy. CDFIs are now operating at 35 times the scale they did in 2003.

As CDFIs scale, their impact on economic growth expands – creating thousands of start-ups and jobs, helping thousands of businesses to grow, and putting money back into the pockets of hundreds of thousands of people. This is all creating wealth and helping families across the country lead better quality lives.



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Interactive design by [Research Retold](#).



## 2024 at a glance

# £322.6m

lent to business, social enterprises and people, fuelling inclusive economic growth and fostering financial resilience

## £141.6m

lent to small businesses  
⤴ up 39 % from 2023

## 4,909

new enterprises  
kickstarted  
⤴ up 28 % from 2023

## 7,212

new jobs created

## 134,896

people given affordable  
personal loans  
⤴ up 58 % from 2023

## £1b

in unclaimed benefits identified  
for personal loan applicants  
boosting their financial resilience

## £50.8m = £377

saved for borrowers  
compared with  
using a high-cost  
lender

saved per  
customer  
on average

**Of the business leaders  
supported by CDFIs:**

**38%** women

**20%** from an ethnic minority

**46%** located in the UK's 35 %  
most disadvantaged areas

**Responsible Finance** is the trade body for CDFIs, which are united by their commitment to improving lives through access to fair and responsible finance. CDFIs provide funding to people, businesses and social enterprises who can't get the finance they need from other lenders.



# Impact across the map

In 2024, CDFIs' investment made an impact across the UK

“

The turbine will secure more benefits for local people than all the commercially-owned wind turbines visible in the area combined.”

– Radio City Association,  
Social Investment Scotland customer

“

This investment is a game changer.”

– Mamma Social Co,  
Business Enterprise Fund customer

“

This funding has been crucial in providing support to get to where we are today – without it we wouldn't have been able to stock shelves in Selfridges or create a cereal in partnership with other brilliant brands.”

– Black Milk,  
GC Business Finance customer

“

Other organisations have much more complicated processes for refugees, but Skylight made it quick and easy for me to start my business, support my family, and open my eyes to future opportunities.”

– Mahan, Skylight customer

“

I've got a bad credit score because I don't use credit. It's ridiculous. Lots of companies would not lend to me. Once I found Fair Finance it was easy to apply. It was a big help to pay for an expensive car repair over a few months.”

– Fair Finance customer

“

FSE have made it very straightforward to enable the growth of RE:NOURISH to continue at pace. As a female founder, I have struggled to get the same support from our bank despite a robust and flourishing business that is making a change to the nation's health.”

– RE:NOURISH, The FSE Group customer

“

“

We could not have tripled our company without their finance.”

– Ruach Music,  
Enterprise Northern Ireland customer

“

Despite having a solid business plan, we struggled to access funds. BCRS saw our strategy and got behind it. The funding is really helping us to get growing again. It has enabled us to secure twenty jobs and recruit three new people, with plans to hire more.”

– Bee Lighting,  
BCRS Business Loans customer

“

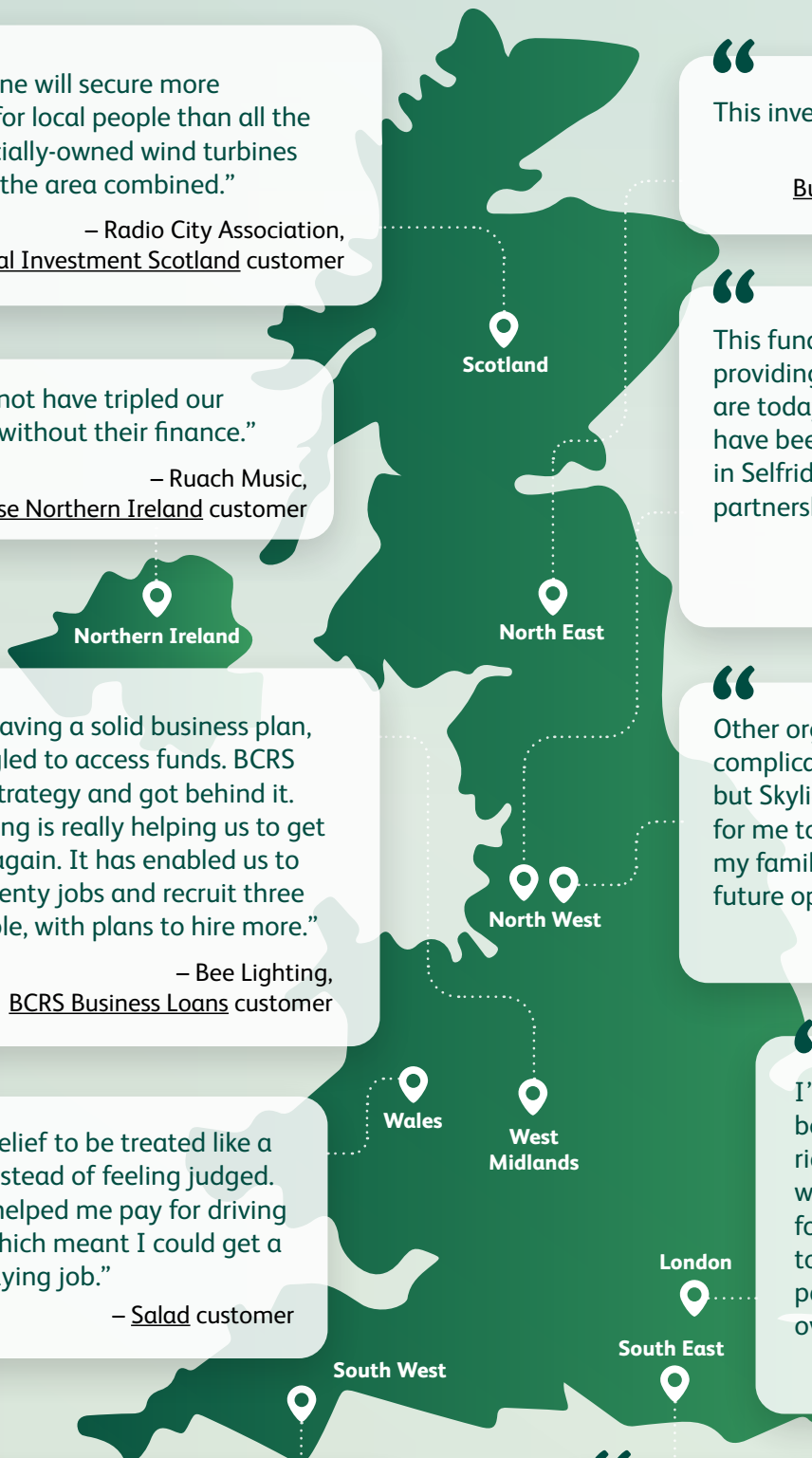
It was a relief to be treated like a human instead of feeling judged. My loan helped me pay for driving lessons which meant I could get a higher-paying job.”

– Salad customer

“

In the first three months since our loan, profit has increased by 20%. We are on track to achieve our ambitious five-year growth plan, bringing jobs and opportunities to the South West.”

– Business Smart Solutions,  
SWIG Finance customer





# Milestones

The year the sector soared to new heights

2024 was a landmark year. We collaborated with stakeholders across government and industry, boosting the UK CDFI sector to drive economic growth, tackle financial exclusion and improve lives.

## 1. Capital plus capacity will turbocharge small business lending



In 2024 we announced two major initiatives to expand lending for small businesses: the British Business Bank's Community ENABLE Funding (CEF) programme and a £4m capacity building initiative supported by JPMorganChase.

The CEF programme aims to grow CDFI lending to businesses to over £500m per year by 2029. The Department for Business and Trade will provide the programme's funding – up to £150m via the British Business Bank – for CDFIs to lend over CEF's first two years. In CEF's second phase, the British Business Bank will source additional funding from private sector investors.

Alongside this, JPMorganChase's support to Responsible Finance will fund a capacity building initiative to help CDFIs scale up while they deploy the CEF programme

These initiatives follow Lloyds Bank's £43m wholesale investment into the CDFI sector through the **£62m Community Investment Enterprise Fund (CIEF)** alongside Better Society Capital. Lloyds Bank, **The Department for Media, Culture and Sport** and the Impact Investing Institute have supported capacity building and development programmes in 2024 too.

## 2. Community Investment Tax Relief: A year of significant investment

Community Investment Tax Relief (CITR) encourages investment in disadvantaged communities by giving tax relief to investors who back accredited CDFIs.

**In 2023 Responsible Finance, CDFIs, social investors and other supporters successfully achieved legislative change to enable CITR to raise more capital for CDFIs. As a result, 2024 was a record year.**



CDFIs raised

**£63.4m**

in investment, up from £13.1m in 2023

## Of CITR-backed CDFI loans disbursed in 2024:

**75%**

were to businesses based in disadvantaged areas

**8%**

were to communities facing disadvantage due to factors such as income, employment levels, crime and housing

**17%**

were to businesses led by entrepreneurs facing disadvantage, or intending to serve individuals disadvantaged due to ethnicity, gender, age, religion or disability





# Milestones

The year the sector soared to new heights

## 3. Responsible Finance represented on the Government's Financial Inclusion Committee



We welcome the Government's commitment to developing a Financial Inclusion Strategy; a credit market which works for everyone is a crucial part of addressing financial exclusion.

*Photo: Tim Rooney, CEO of CDFI Salad and Responsible Finance board member*

Responsible Finance board member Tim Rooney, CEO of CDFI Salad, **is part of the strategy's sub-committee** examining how to improve access to affordable credit.

## 4. City Bridge Foundation's £600,000 funding to boost financial inclusion and economic growth



Responsible Finance is running a pilot to explore how first-loss funding can help personal lending CDFIs to scale. Through the pilot, **three CDFIs each received £200,000 grants from London's City Bridge Foundation** to boost lending. By offering potential investors protection against a proportion of first losses, these funds improve the risk-return profile.

More than £1.5m in external capital has been leveraged from private investors using the first loss fund. These impacts will increase further over the final year of the pilot. We are expanding the programme to other underserved parts of the country including deprived areas of the West Midlands.

**So far, the fund has supported over 4,700 underserved Londoners with loans worth over £3.8m; a multiplier effect of six times the original £600,000 grant**

**67%**

female

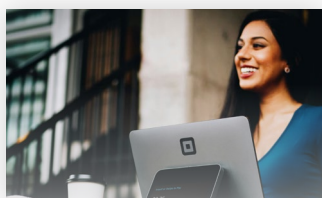
**21%**

live with a disability

**59%**

from an ethnic minority group

## 5. NatWest Group's £400,000 investment in strengthening personal lending CDFIs



NatWest Group's funding enabled CDFIs to carry out **projects to foster innovation and improve outcomes for customers**. CDFIs' projects included:

- Strengthening customer communications using a behaviour change communications agency, which increased engagement with customers experiencing payment difficulties by 160 %
- Promoting declined customers' financial resilience with tools including: open banking insights to highlight what impacts loan affordability, and prompts to claim outstanding benefits
- Undergoing digital transformation, which resulted in one CDFI seeing a growth of 6,400 % in customers applying online to access vital affordable credit



# Supporting CDFIs to soar higher

Policymakers, banks and stakeholders: scale up the CDFI sector's impact by advocating, promoting and investing in CDFIs

## 1. Build stronger partnerships between banks and CDFIs

There has been incredible momentum and positive steps taken between mainstream banks and CDFIs in recent years. Through their flexible, relationship-driven approach and deep local knowledge, CDFIs not only meet their customers' immediate financial needs but also nurture the bank customers of tomorrow.

There is a compelling and urgent case for strengthening partnerships between banks and CDFIs to improve access to finance for underserved groups. These partnerships can be formed voluntarily, through a "compact agreement", or incentivised through legislation.

In the United States, the Community Reinvestment Act (CRA) has played a significant role in building partnerships between banks and CDFIs and led to a huge increase in funding for underserved communities.

There is no similar legislation in the UK, and a coalition is now calling for a **UK Fair Banking Act**, modelled on the CRA.

Working with CDFIs is a powerful opportunity for banks to create impactful partnerships that would enable more financial inclusion and deliver inclusive economic growth.

## 2. Make the Growth Guarantee Scheme permanent

The Growth Guarantee Scheme (GGS) is crucial in enabling CDFIs to manage the risk of lending to underserved businesses. Loan guarantee schemes unlock finance for small and medium-sized enterprises (SMEs) who lack adequate security, including firms led by women, ethnic minorities, and those located in disadvantaged areas. 71 % of CDFI loans in 2024 were guaranteed by GGS or its predecessor, the Recovery Loan Scheme.

A permanent commitment to the GGS would give CDFIs more certainty of future funding, giving them greater confidence to invest over the long-term to scale up their operations to serve more small businesses.

## 3. Let Dormant Assets funds flow into communities

CDFIs are expert at delivering community impact while maintaining responsible lending practices. Dormant Assets allow CDFIs to support many more businesses, social enterprises and individuals using the funding directly and by leveraging private capital. CDFIs can raise between £4 and £7 for each £1 of Dormant Assets.

In 2024 the Government announced its plans for the next tranche of Dormant Assets funding and we are now urging it to publish its Dormant Asset Strategy so these funds can flow into communities to support economic growth.



**“Our mission is to transform the post-industrial areas of the UK by using flexible finance to empower small businesses to create local jobs and wealth. We believe in trickle up economics. Support enough SMEs and micro businesses in these areas then we will see true social and economic transformation take place.”**

– Steve Waud,  
Chief Executive of CDFI Business Enterprise Fund



# Supporting CDFIs to soar higher

Policymakers, banks and stakeholders: scale up the CDFI sector's impact by advocating, promoting and investing in CDFIs

## 4. Improve bank referrals to CDFIs to increase small business access to finance

Feedback from CDFIs has shown that there is huge untapped potential for HM Treasury's Bank Referral Scheme to support small businesses who are declined or discouraged by their bank. 94 % of CDFIs' customers have already been declined by a bank, yet they receive very few referrals through the Bank Referral Scheme. The [most recent review of the scheme](#) found that only 5 % of declined SMEs go on to receive finance, and only 5,387 businesses have received finance since its launch in 2016.

Responsible Finance recommends:

- The Bank Referral Scheme is overhauled so SMEs are referred to the most appropriate and best value funding option for them.
- Banks explore making direct referrals to CDFIs.

## 5. Create a loan guarantee scheme for microlending and consumer lending CDFIs

The Recovery Loan Scheme and Growth Guarantee Scheme have been effective at promoting investment in enterprise lending CDFIs for loans above £25,000. We recommend the Government explores a similar guarantee or source of first loss funding for microbusinesses looking to borrow less than £25,000 and personal lenders.

The results to date from our pilot first loss programme supported by City Bridge Foundation (page 5) demonstrate how this policy could be sustainable in the long-term.

## 6. Expand Community Investment Tax Relief

Community Investment Tax Relief (CITR) incentivises investment into CDFIs and makes more funding available for SME, microbusiness and social enterprise loans. It has been highly effective. Raising the limit for a wholesale CDFI to on-lend to a single retail CDFI from £2.5m to £25m would build on this success.

## 7. Exempt CDFIs from payment of Financial Ombudsman Service case fees

The Financial Ombudsman Service (FOS) charges firms a £650 case fee for each complaint they investigate.

While CDFIs receive few complaints, their small loan sizes (£606 on average for personal lenders in 2024) and tight margins mean even a few cases can threaten their sustainability and harm their ability to raise investment.

The current FOS fee exemption for Community Finance Organisations (CFOs) should be expanded so those lending at scale are included and it achieves its intended impact.

## 8. Expand the credit broking exemption

Currently, social housing providers are exempt from needing a credit broking licence from the FCA when they refer people in need of affordable credit to CDFIs. This exemption should be expanded to include all organisations when making fee-free referrals. This would include local and national charities which support low income and vulnerable communities, enabling them to reroute consumers away from high-cost and illegal lenders towards ethical lenders.





# How CDFIs transform communities

**CDFIs:** » grow thousands of jobs and businesses across the UK  
» build financial resilience by helping households save money

» enable social enterprises to maximise impact  
» boost productivity and enrich communities by supporting people into work

Jane loves her new job at an IT business. Its owner **used finance from a CDFI to grow**. The firm took on four extra staff and has won a big new contract.

Jane and her colleagues like the local independent café. Its chef came to the UK two years ago and **used microfinance from a CDFI to buy kitchen equipment**. Jane's neighbour has a job there now.

Jane needed to drive to get this job but couldn't afford lessons. With her low credit score, most lenders said "no" or were expensive. **A CDFI gave Jane an affordable loan**, enabling her to learn to drive, earn more and start saving.

Jane's daughter goes to a social enterprise nursery. It **expanded using CDFI finance**, so more families can get high-quality, affordable childcare.

**CDFIs catalyse inclusive growth and prosperity, and improve lives**



# Small business lending that champions local growth

Every year, hundreds of thousands of promising businesses aspire to launch and grow, yet many face barriers to financing as they don't meet banks' and other lenders' criteria, or are put off from seeking finance. This challenge is even greater for women-led businesses, ethnic minority entrepreneurs, and those in disadvantaged communities.

In 2024, 94 % of CDFIs' small business customers had been previously rejected by a bank. When these businesses connect with a CDFI they gain both funding and support to thrive.

By breaking barriers, CDFIs drive inclusive economic growth – empowering entrepreneurs, creating jobs, and strengthening communities across the UK.



**In 2024, CDFIs achieved record-breaking impact:**

**£141.6m**

**lent to small businesses\***

⤴ up 39 % from 2023

**4,907**

businesses  
helped to launch

**6,930**

new jobs created

**368**

businesses  
enabled to scale

**5,460**

existing jobs  
safeguarded

**12,130**

hours of business  
support delivered

**5,825**

**loans, of which:**

**20 %** were to ethnic  
minority-led businesses

**38 %** were to women-led  
businesses

**46 %** were to businesses  
based in the UK's 35 %  
most deprived areas

**94 %** had been declined by  
another lender already

**98 %** were to businesses  
based outside London

\* Including microlending, see page 11

<sup>1</sup> British Business Bank, [Small Business Finance Report 2025](#)



# Small business lending that champions local growth

## CUSTOMER STORY

### Lyndsay Watterson: selling handmade walking sticks worldwide from York

People across the globe tell Lyndsay Watterson that her business has changed their life. It all started in her kitchen in York.


A catastrophic MRSA infection in 2007 had caused irreparable damage to Lyndsay's left leg. Three years later she chose to have it amputated. "I learned to navigate a new normal. Although I was walking with a prosthetic, I did need a walking stick sometimes, but there was nothing out there at all that reflected my personality. So I made my own."

Lyndsay created prototypes by moulding acrylic in her oven, using a wine bottle to shape the handle. "When I started walking with the sticks I'd made, the attention was incredible. That's why I set up the business – people kept saying, 'where did you get it?'"

Lyndsay launched Neo Walk in 2013, offering hand-made walking sticks with bespoke designs, sizes, colours, straps and handles. She used her own savings to finance the firm: "I made the sticks, did the marketing, posted them out and was everything to the business."

Growth was exponential from 2020. Instead of making six or seven sticks per day, Lyndsay needed to make up to 100 and took on her first members of staff.

By 2023, Neo Walk had eight employees and Lyndsay wanted to create a hub where customers could try sticks in person. An advisor introduced her to the **Business Enterprise Fund (BEF)**. After meeting Lyndsay, BEF delivered a £60,000 loan.



**"We created the Hub where people can be measured and see all the options and what their future looks like with a mobility aid they love. Business Enterprise Fund were amazing: very interested in what we do and who we help. The Hub is a magical place and BEF helped create it. It changed the direction of the business too, we had to take on more members of staff because of our growth following this."**



Watch our [interview](#) with Lyndsay



# Microlending that transforms lives and local economies

Nearly half of UK adults want to start their own business.<sup>2</sup>

But many lenders can't support people who have been vulnerable, unemployed, ill, are refugees with the right to work, are former prisoners, or don't have good credit scores.

A group of specialised CDFIs are changing that. They provide mentoring, grants and loans to enable people to become self-employed, launch a business or return to work.

By investing in people who are often overlooked, CDFIs are driving entrepreneurship, strengthening communities, and helping more individuals build a better future.

In 2024, CDFIs lent:

**£537,994**

with an average loan size of

**£2,876**

to fuel the passion, determination and potential of

**187**

entrepreneurs

Of these loans:

**44 %**

were made to women entrepreneurs

**66 %**

were in the UK's 35 % most disadvantaged areas

**99 %**

were outside London

**100 %**

hadn't been able to access finance elsewhere

## CUSTOMER STORY

### Purple Shoots supports Homeland Delicacy

Ada is the founder of Homeland Delicacy. A former business analyst, she turned her cooking passion into a career after a family emergency then redundancy. But Ada struggled to raise the finance she needed:

**"I didn't have any income coming in. I'd been out of work for a year, so I couldn't get funding. Business Sheffield introduced me to Purple Shoots. They understood my situation and background."**

**Purple Shoots'** loan meant Ada could equip her kitchen in a food hall in Sheffield:

**"It's enabled me to have a livelihood. We started up, employed people and are looking to expand."**



Watch our [interview](#) with Ada

<sup>2</sup> Enterprise Nation, [Startup Ambition Report 2025](#)





# Social enterprise lending that creates thriving communities

Social enterprises, co-operatives, trusts and trading charities employ 2.3 million people.<sup>3</sup> Many want to grow but can't get finance on the right terms.

There are fewer financial products appropriately tailored to their needs; they are misperceived as 'riskier' to invest in than other businesses; and they are often led by underserved people.

CDFIs offer flexible finance for social enterprises, designed and delivered by social enterprises.

By unlocking capital for purpose-driven organisations, CDFIs strengthen communities, support inclusive economic growth, and help social enterprises create lasting change.



**In 2024, CDFIs achieved record-breaking impact:**

**£96.7m**

**lent to social enterprises**

**42**

social enterprises helped to scale

**171**

social enterprises safeguarded from closure

**580**

jobs created and protected

**8,507**

hours of tailored support delivered

**one-third**

of lending allocated to the employment, education, health, and care sectors

**364**

**loans, of which:**

**11%**

were to ethnic minority-led social enterprises

**43%**

were to women-led social-enterprises

**67%**

were in the UK's 35 % most deprived areas

**86%**

reached social enterprises outside London

**89%**

were to social enterprises previously declined by a bank





# Social enterprise lending that creates thriving communities

## CUSTOMER STORY

### Magical literacy hub transformed with CDFI support is social and economic catalyst

Grimm & Co is a children's literacy charity which works with children, families and teachers and embeds magical elements throughout its arts-based education.

Now based in a converted Church, the Emporium of Stories, Grimm & Co had operated from smaller, rented premises. But by 2019 it was bursting at the seams. "We couldn't meet demand," says founding CEO Deborah Bullivant. "We had schools on a waiting list. Then I found out that this church was for sale. A lot of work needed doing. I was daunted but it was perfect."

Talbot Lane Methodist Church was a local landmark, built in 1903. The charity secured a grant from Arts Council England to cover the purchase price, urgent dry rot repairs, surveys and architectural, legal and due diligence fees to ensure it understood the work necessary to refurbish the building.

Grimm & Co took ownership on the day the UK entered the first pandemic lockdown. "Everything changed," says Deborah, "Construction costs jumped." She raised funding from sources including an anonymous local donor, the Future High Streets Fund, Northern Cultural Regeneration Fund, and the South Yorkshire Mayoral Combined Authority. But there was still a shortfall.

A £100,000 loan from CDFI, Key Fund and a £50,000 grant it signposted filled the gap: "Key Fund were wonderful. They understood our social purpose and knew we are developing an income portfolio." The money enabled Grimm & Co to secure a contractor to create its retail spaces.

The charity moved from its old, rented building into a pop-up space while managing the church's refurbishment: "I convinced the owner of a shopping arcade with 16 empty units to let us use one for free. By the time we left all the units were rented. He'd not been able to do a thing for three years, then we brought it to life, people flocked there."

The Emporium of Stories opened in 2024. A Feastery café, bookshop, the Apothecary to the Magical shop, a story-telling corner and Museum of Folk and Fairy Tales attract visitors.

Grimm & Co now works with thousands of children in schools and through out of school programmes, activities and festivals. One school attributed a 5% attendance increase to the charity. It employs 22 people, a quarter of whom started as volunteers. It contributed to Rotherham's designation as the world's first Children's Capital of Culture in 2025.



**"Culture is critical to a town centre," says Deborah. "We all need experiences, music, art, creativity. This building provides the most beautiful home in the heart of Rotherham. It gives it a heartbeat."**



**Watch our [interview](#) with Deborah**



# Personal lending that drives financial inclusion

Millions struggle to access fair credit when they need it most. With a poor or no credit history, their options when they need money in an emergency or to spread the cost of a larger expense can be bleak: turning to predatory loan sharks, very high interest lenders, or going without and being unable to repair their car to get to work.

CDFIs take a different approach. They look beyond credit scores, so they can often say “yes” where others say “no.”

By offering fair and affordable loans, they help households save money, protect communities from exploitative lending, and support inclusive growth – empowering people to participate more fully in work, education and the local economy.

## In 2024, CDFIs delivered incredible impact:

# £81.8m

**lent to individuals**

⤴ up 32 % from 2023,  
a record year

## 8,485

No Interest Loan Scheme (NILS) loans provided to customers who could only afford to borrow without added interest

## £50.8m

saved by borrowers compared with using a high-cost lender – equating to £377 saved per loan

## £1b

in unclaimed benefits identified – up 62 % from 2023 – boosting incomes by an average of £365 per month, helping individuals improve their financial resilience and reduce their reliance on borrowing

# 134,896

**personal loans,  
of which:**

**34 %** were to people who are unemployed

**40 %** were to people living with a disability

**41 %** were to single parents

**41 %** were to social housing residents

**57 %** were to people in receipt of benefits

**70 %** were to women

## 70% of loans

helped people to afford essential appliances and furniture



# Personal lending that drives financial inclusion



## CUSTOMER STORY

### Stella

Teacher Stella moved to the UK from Zimbabwe two decades ago. The Barnsley resident loves her job. But as a mother of four, it's hard to save and she despaired when a family emergency meant she needed to book flights to Harare urgently and didn't have the money to do so.

She and her husband were paying their rent and bills on time, but hardly anyone would offer them a loan. "My credit score is poor from a little mistake a few years ago," she says "and I'm much better with money now. But nearly

everyone said no, except two companies. It didn't seem fair."

Fortunately Stella discovered **Salad**, a CDFI which uses open banking to check applicants' income and outgoings and can make a decision based on their ability to pay for a loan now, not their credit score. "I don't know what I'd have done without them," she says. "They were very helpful and cheaper than the other company. I could afford the loan and go to Zimbabwe when I needed to."

Stella was able to pay her Salad loan off early, saving more money. "It's so important that people like me can get a loan in an emergency. Thank you, Salad."



Watch our [interview](#) with Stella

## CUSTOMER STORY

### John

John watched with horror as the costs of food and energy rocketed over the past few years. He felt twice the impact: as a chef his job became less secure at the same time as pressure grew on his household budget.

"The price of some things doubled," says John. "That's no joke for a restaurant trying to sell meals people can afford." Sadly, his former employer made John redundant. He found a new job straight away on the same salary. "I know what I'm doing in the kitchen, so I'm employable. But it's a tough time for the hospitality industry."

John's salary means there's a little bit spare each month but not much room for big purchases in one go.

With the new job going well he wanted to take his family on holiday. "We've not been away for years. I needed to pay for it over a few months. I could afford it that way. But I don't really use credit so I don't have much of a credit score."

John found CDFI, **Fair Finance**. "It seemed fair and fast to get approved. We all need to spread some costs out and if we can pay for things in chunks it makes life much easier."



# Home improvement lending that strengthens communities

Health and housing are deeply interconnected – by improving the quality of homes across the UK, we enhance the health and wellbeing of residents and their ability to participate in our economy.

A small group of CDFIs, working in partnership with local councils, provide vital loans to homeowners for essential repairs and energy

efficiency upgrades. Among them is Lendology CIC, a certified B Corp and the UK's first fully certified carbon-neutral personal lender.

By making fair and accessible financing available, CDFIs ensure that more homeowners can live in safe, warm and sustainable homes.

## In 2024, CDFIs made a vital impact:

**£4.1m**

**lent to 558 homeowners**

a 37 % increase in customers from 2023

**356**

homeowners enabled to carry out essential repairs

**178**

households supported to make energy efficiency improvements

**11**

homeowners helped to adapt their homes for disabilities

## CUSTOMER STORY

### Leeds couple's loan fixes old leaky windows

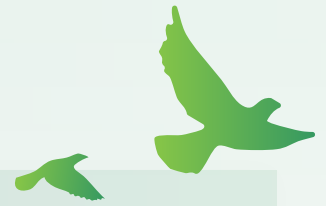
Mr. and Mrs. R moved into their 1930s home in Leeds in 2022. They hoped to upgrade its aging windows to improve comfort and energy efficiency but faced high costs. The couple discovered Lendology's flexible home improvement loans through BBC coverage. Rising energy prices and concerns about their home's deteriorating windows made the timing perfect.

**"The loan was fantastic, without the high-interest rates we saw elsewhere. The team was extremely helpful throughout the process. Everything was sorted in time for us to have our new windows fitted before winter."**





# Sustainable Development Goals



CDFIs directly contribute towards achieving the United Nations Sustainable Development Goals (SDGs). Below is key data from 2024 that highlights their impact against five SDGs.



- CDFIs supported 31,114 people to pay bills, buy appliances and make essential home improvements
- They boosted household incomes by:
  - » Saving borrowers an average £377 each compared to a high-cost lender
  - » Identifying an average of £365 per month in unclaimed benefits entitlements for 222,855 people



- Among the CDFIs that track climate and environment-positive business lending, 12 % of their total loans in 2024 supported environmentally beneficial initiatives
- 41 % of CDFIs have adopted a net zero policy

**“The impact our members’ loans have on the lives of people is our most important measure of success.”**

– Theodora Hadjimichael,  
Chief Executive, Responsible Finance



- CDFIs invested £141.6m in start-ups, micro and small businesses to boost growth and productivity by enabling them to scale up develop new products and processes
- 94 % of the businesses they lent to could not get investment elsewhere, so growth would otherwise have been lost
- This lending created 6,930 jobs and safeguarded a further 5,460 jobs

- 30 % measure their Scope 1 emissions, 20 % measure Scope 2, and 16 % measure Scope 3
- An additional 32 % plan to begin emissions measurement within the next 12 months





# Sustainable Development Goals



- 70 % of personal loans supported women
- 38 % of start-up and small business loans helped women founders achieve their ambitions
- 43 % of social enterprise loans supported women-led organisations to expand their impact



- 46 % of loans were to small businesses located in the UK's most disadvantaged areas
- Of the £41.4m invested in businesses through Community Investment Tax Relief (CITR) in 2024:
  - » 75 % supported businesses located in disadvantaged areas
  - » 17 % went to businesses owned by entrepreneurs facing disadvantage or those serving individuals disadvantaged due to ethnicity, gender, age, religious beliefs, or disability
  - » 8 % went to businesses working in communities struggling with challenges related to income, employment, crime, housing
- CDFI personal loans support individuals with characteristics that make them vulnerable to being impacted by inequalities and poverty:
  - » 41 % were single parents
  - » 40 % were living with a disability
  - » 57 % were in receipt of benefits



Diversity, equity and inclusivity in CDFIs contributes to SDGs 5 and 10:

- 32 % of CDFIs' board members are women
- 15 % of CDFIs' board members are from an ethnic minority
- 41 % of CDFIs' management teams are women
- 14 % of CDFIs' management teams are from an ethnic minority



# Reflections

In the early 1990s, NatWest was an investor into some of the UK's first CDFIs, and we have continued our engagement ever since. In 2024, our Development Grants programme significantly enhanced CDFIs capacity to support financially-vulnerable individuals by increasing customer engagement and operational efficiencies. We're especially pleased that learnings from the programme have been shared among CDFIs, further broadening its impact. Also in 2024, our own CDFI – NatWest Social & Community Capital, which provides lending to social and community enterprises across the UK – celebrated 25 years and over £15m of social lending.

This report shows that community finance is going from strength-to-strength, and that many more opportunities lie ahead. It is great to see the continued growth and impact of the sector, and the difference it makes to the people, families and businesses that receive support.

Looking ahead, we will continue to work alongside Responsible Finance, and with individual community finance providers, to continue to develop the support they provide for their customers – ultimately benefitting whole communities through their impact.

– Thom Kenrick, Head of Social Strategy and Impact, NatWest Group

2024 began with Lloyds Bank's investment into CDFIs – the first UK bank to make a wholesale investment into the sector.

Throughout the year, there were many moments to celebrate: over 600 individual investors backed CDFIs on the Ethex platform; CDFIs won more than 20 awards; and they developed innovative customer solutions using grant funding from NatWest.

2024 ended with a historic milestone: the British Business Bank announced game-changing wholesale investment into CDFIs lending to small businesses, and JPMorganChase pledged a £4m grant to help CDFIs scale their operations.

These achievements are even more special when we reflect on how far the sector has come – from lending just £9m to now over £320m.

2024 was a milestone year and created the runway for much more impact, but the work started long before, with the partnership and commitment from our members, funders, partners and government stakeholders. We're deeply grateful for your continued support and belief in what CDFIs do.

– Theodora Hadjimichael,  
Chief Executive, Responsible Finance

**“This year CDFIs have soared to new heights – expanding and evolving more than ever.”**





# Appendix ● ○ ○ ○ ○

## 1. Overall lending

	2024	2023
Amount lent	£322,609,345.93	£286,930,824
Number of loans	141,643	90,531

## 2. Micro and small business lending

	2024	2023
Amount lent	£82,303,845	£59,837,057
Number of loans	1032	821

## 2.1. Impact

New businesses created	114
Businesses safeguarded	286
Businesses helped to scale-up	368
New jobs created	2,483
Existing jobs safeguarded	4,953

## 2.2. Loan characteristics

Average loan size	£79,752
Average loan term	53 months
Businesses declined for external finance previously	94 %
Percentage of loans backed by government guarantees	71 %
Percentage of loans eligible for Community Investment Tax Relief	65 %
Percentage of borrowers in the 35% most disadvantaged areas in the UK	46 %

## 2.3. Community Investment Tax Relief

Total value of investments raised	£63,385,097
Total value of loans made to qualifying investments	£41,426,606
Total number of loans made to qualifying investments	518

## 2.4. Loan type

Located in a disadvantaged geographic area	75 %
Are owned and operated by, or intended to serve, individuals recognised as being disadvantaged on account of their ethnicity, gender, age, religious beliefs, disability or other defining characteristic	17 %
Serve communities disadvantaged in relation to any of the following: 1. Income; 2. Employment; 3. Health, Deprivation and Disability; 4. Education, Skills and Training; 5. Geographical Access to Services; 6. Housing and 7. Crime	8 %

## 2.5. Business characteristics

### 2.5.1. Number of employees

0–9	77 %
10–49	22 %
50–249	2 %

### 2.5.2. Business age

Less than 1 year old	15 %
1–4 years old	35 %
5–9 years old	25 %
10–50 years old	23 %
10–50 years old	1 %



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## 2.5.3. Sector

Wholesale & Retail Trade and Repair	16 %
Manufacturing	15 %
Accommodation & Food Service Activities	11 %
Other Service Activities	11 %
Construction	9 %
Professional, Scientific & Technical Activities	8 %
Human Health & Social Work Activities	8 %
Information & Communication	5 %
Admin & Support Service Activities	4 %
Financial & Insurance Activities	3 %
Education	3 %
Transportation & Storage	2 %
Arts, Entertainment & Recreation	2 %
Real Estate Activities	1 %

## 2.5.4. Region

East Midlands	7 %
East of England	3 %
London	4 %
North East	4 %
North West	11 %
South East	5 %
South West	11 %
West Midlands	23 %
Yorkshire and the Humber	17 %
Scotland	5 %
Wales	9 %
Northern Ireland	0 %

## 2.6. Customer characteristics

### 2.6.1. Gender

Women	29 %
Men	70 %
Non-binary	0.11 %

### 2.6.2. Ethnicity

White	83 %
Mixed/Multiple ethnic groups	4 %
Asian/Asian British	7 %
Black/African/Caribbean/Black British	4 %
Any other ethnic group	2 %

### 2.6.3. Age

18–24	0 %
25–30	5 %
31–49	58 %
50+	37 %

## 3. Start-up lending

	2024	2023
Amount lent	£59,283,241	£42,292,025
Number of loans	4,793	3,725

### 3.1. Loan characteristics

Average loan size	£12,369
Average loan term	54 months

### 3.2. Impact

New businesses created	4,793
New jobs created	4,447
Existing jobs safeguarded	507

## 3.3. Business characteristics

### 3.3.1. Region

East Midlands	8 %
East of England	3 %
London	1 %
North East	5 %
North West	24 %
South East	14 %
South West	12 %
West Midlands	10 %
Yorkshire and the Humber	16 %
Scotland	8 %
Wales	1 %
Northern Ireland	0 %



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## 3.4. Customer characteristics

### 3.4.1. Gender

Women	40 %
Men	60 %

### 3.4.2. Ethnicity

White	80 %
Mixed/Multiple ethnic groups	3 %
Asian/Asian British	8 %
Black/African/Caribbean/Black British	5 %
Any other ethnic group	4 %

### 3.4.3. Age

18–24	8 %
25–30	17 %
31–49	61 %
50+	13 %

## 4. Social enterprise lending

	2024	2023
Amount lent	£96,724,781	£118,535,562
Number of loans	364	371

## 4.1. Impact

New social enterprises created	2
Social enterprises safeguarded	171
Social enterprises helped to scale-up	42
New jobs created	283
Existing jobs safeguarded	297

### 4.2. Loan characteristics

Average loan size	£103,448.51
Average loan term	62 months
Percentage of borrowers in the 35% most disadvantaged areas in the UK	67 %

## 4.3. Social enterprise characteristics

### 4.3.1. Number of employees

0–9	58 %
10–49	38 %
50–249	4 %

### 4.3.3. Social enterprise age

Less than 1 year old	5 %
1–4 years old	14 %
5–9 years old	41 %
10–50 years old	36 %
10–50 years old	4 %

### 4.3.2. Sector

Employment, education and training	22 %
Community services	12 %
Community energy projects	1 %
Health, care and social care	10 %
Leisure, tourism and sport	10 %
Housing and accommodation	7 %
Arts, creative and digital services	14 %
Childcare	1 %
Advisory services	3 %
Agriculture, horticulture and environmental management	2 %
Physical health	6 %
Environment and recycling	2 %
Other	9 %

### 4.3.4. Region

East Midlands	8 %
East of England	3 %
London	14 %
North East	6 %
North West	13 %
South East	6 %
South West	7 %
West Midlands	5 %
Yorkshire and the Humber	16 %
Scotland	6 %
Wales	15 %
Northern Ireland	1 %





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## 4.4. Customer characteristics

### 4.4.1. Gender

Women	43 %
Men	53 %
Other	4 %

### 4.4.2. Ethnicity

White	89 %
Mixed/Multiple ethnic groups	0 %
Asian/Asian British	1 %
Black/African/Caribbean/Black British	10 %
Any other ethnic group	0 %

## 5. Personal lending

	2024	2023
Amount lent	£81,753,177	£61,898,291
Number of loans	134,896	85,208

## 5.1. Loan characteristics

Average loan size	£606
Number of loan applications	1,286,171
Number of declined loan applications	1,039,291
Total value of loan applications	£1,034,307,689
Percentage of declined applications	81 %
Percentage of loans less than £1,000	96 %

## 5.2. Impact

Number of customers signposted	676,176
Amount of unclaimed benefits identified	£976,057,056
Percentage of applicants with unclaimed benefits	58 %
Average unclaimed benefits	£4,380
Average monthly unclaimed benefits	£365
Number of individuals with unclaimed benefits	222,855
Total interest saved compared to a high-cost lender	£50,788,681
Average interest saved on a £600 loan over six months	£377

## 5.3. Loan purpose

Paying for furniture and electrical items	46 %
Paying for an appliance/white goods	24 %
Other	16 %
Paying essential bills and expenses	5 %
Paying for home improvements	4 %
Paying for special occasions	3 %
Paying for transportation	2 %
Paying off/consolidating other debts	1 %

## 5.4. Customer characteristics

### 5.4.1. Gender

Women	70 %
Men	30 %

### 5.4.2. Age

18–24	1 %
25–34	23 %
35–44	37 %
45–64	36 %
65–74	3 %
75+	0 %

### 5.4.3. Housing type

Social housing tenants	41 %
Private rental tenants	32 %
Living with friends/family	15 %
Owner occupiers	9 %
Other	4 %



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## 5.4.4. Employment status

Unemployed	34 %
Self-employed	2 %
Employed	64 %
Of those employed, those that received benefits	50 %
Of those employed, those in part-time work	5 %
Of those employed, those full-time work	55 %

## 5.4.6. Other borrower characteristics

Lone parent with child(ren) under 18	41 %
Couple with a child(ren) under 18	25 %
Living with a disability	40 %
Benefit recipient	57 %

## 5.4.5. Region

East Midlands	8 %
East of England	7 %
London	9 %
North East	10 %
North West	17 %
South East	11 %
South West	7 %
West Midlands	10 %
Yorkshire and the Humber	3 %
Scotland	10 %
Wales	7 %
Northern Ireland	1 %

## 5.4.7. Income level

Less than £13,900	6 %
£13,901–£16,200	6 %
£16,201–£18,600	8 %
£18,601–£21,300	12 %
£21,301–£25,000	20 %
£25,001–£30,000	19 %
£30,010–£31,000	4 %
Over £31,000	26 %

## 6. Home improvement lending

	2024	2023
Amount lent	£4,122,104	£4,367,889
Number of loans	558	406

### 6.1. Loan purpose

Making general repairs	64 %
Making energy efficiency upgrades/retrofitting	32 %
Converting an empty property	2 %
Making adaptations (eg. for a disability)	2 %



## Three ways you can support CDFIs to soar higher

### ENGAGE

Engage with members of parliament to advocate for policy changes

### INVEST

Invest in CDFIs so they can achieve more impact in local communities

### PROMOTE

Promote CDFIs so more people and enterprises know they are an option



Contact Responsible Finance via  
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