



# People. Places. Purpose.

Impact Report 2026

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# Explore CDFIs' impact in 2025

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Cover photo: Helena and Simon Hills, TrueStart Coffee

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## Powering people, places and purpose in 2025

Responsible Finance providers empower the entrepreneurs, families and neighbourhoods that make up the economy.

Together with their customers, they create jobs and enterprise on our high streets. They help people and businesses save huge sums in interest compared with more expensive finance. Social enterprises and charities use responsible finance to expand their impact.

Responsible Finance providers are also known as Community Development Finance Institutions (CDFIs).

As social enterprises that exist to close the gaps in access to finance, they can look beyond algorithms to understand their applicants' position and potential. They provide fair and affordable finance to meet communities' needs and unlock opportunities.

Customers, banks and the Government recognise and value CDFIs for their local expertise and impact. They are a vital part of the UK's finance ecosystem.

\*Calculated by comparison with other lenders available to and commonly used by CDFIs' applicants.

# £389.9m

(+21% from £322.6m in 2024)

**Total lending** fuelling businesses, social enterprises and people to drive UK growth and boost productivity

# £181.4m

lent to the UK's **start-ups and small businesses**, kickstarting: 5,741 new businesses and creating 7,399 new jobs in the economy

(+28% from £141.5m in 2024)

# £129m

lent to **individuals**, helping people to save up to £52m compared to high-cost lenders\*

(+58% from £81.8m in 2024)

**43%** of small business loans  
**52%** of social enterprise loans  
**45%** of consumer loans

invested in the **UK's most disadvantaged communities**

# £74.1m

invested in **social enterprises** and charities, fuelling purpose and empowering communities

Responsible Finance represents the UK's CDFIs and works with national partners, investors and policymakers to grow and maximise the impact of responsible finance.



# Reflections

NatWest Group has a long and well-established commitment to supporting responsible finance providers, recognising their critical role in empowering entrepreneurs, families and communities through access to fair and affordable finance. These providers help create jobs, sustain local businesses and support enterprise on high streets across the UK.

Working closely with Responsible Finance, government, banks and national partners, NatWest supports a strong, coordinated voice focused on scaling impact and delivering a more integrated approach to financial inclusion. Through [NatWest Social & Community Capital](#), the Group engages directly with mission-led enterprises, supporting them to translate ambition into tangible outcomes where it matters most.

As one of the UK's leading SME lenders, NatWest recognises the vital contribution social lenders make to driving economic growth and tackling financial exclusion. We are pleased to be members of the CDFI Roadmap Taskforce and to support its collaborative efforts to unlock local finance, helping entrepreneurs build stronger, more resilient businesses.



**Jon Neil**

Managing Director of Business Banking, NatWest Group

We're proud of the incredible work our member CDFIs do every day supporting people, small businesses and social enterprises in their communities.

It makes a real difference to lives and to the economy, driving growth and productivity while building a happier, wealthier society with better quality of life.

This is the fourth year running of record lending, enabled by CDFIs' commitment to their customers. An amazing ecosystem of partners also invest time, expertise and capital to help CDFIs grow. They include banks, government, philanthropic funders, dormant asset bodies and many others. Thank you.

The CDFI flywheel is gaining momentum. Our goal is for everyone to know their local CDFI and get the right support at the right time.

We're inspired by the progress. We're just getting started.



**Theodora Hadjimichael**

CEO, Responsible Finance



# Impact across the UK

9% of CDFIs' business loans  
10% of personal loans  
10% of social enterprise loans

“ Thanks to SIS, we now have a permanent home where young people can feel safe, seen, and supported.”

– Go! Youth Trust,  
Social Investment Scotland (SIS) customer

4% of CDFIs' business loans  
8% of personal loans  
9% of social enterprise loans

10% of CDFIs' business loans  
2% of personal loans  
9% of social enterprise loans

“ Quite a journey from writing a business plan to now. I cannot believe we have achieved so much in our first year. Thank you.”

– On Tha Moor,  
The Natural Dog Soap Company, Trust Leeds customer

1% of CDFIs' business loans  
2% of personal loans  
14% of social enterprise loans

9% of CDFIs' business loans  
10% of personal loans  
5% of social enterprise loans

“ The funding allowed us to purchase new vehicles with no further need for expensive finance, secure the employment of our team and employ two additional team members.”

– Rockhopper Rescue & Recovery,  
ART Business Loans customer

15% of CDFIs' business loans  
16% of personal loans  
10% of social enterprise loans

6% of CDFIs' business loans  
8% of personal loans  
3% of social enterprise loans

2% of CDFIs' business loans  
8% of personal loans  
3% of social enterprise loans

8% of CDFIs' business loans  
7% of personal loans  
9% of social enterprise loans

“ When a storm damaged my roof, I needed it fixed as soon as possible. Most loans have specific criteria, and I needed to speak with a human to explain my circumstances. I'm glad I found Lendology. The interest rates are low and the speed of loan once successful was very quick.”

– Lendology customer

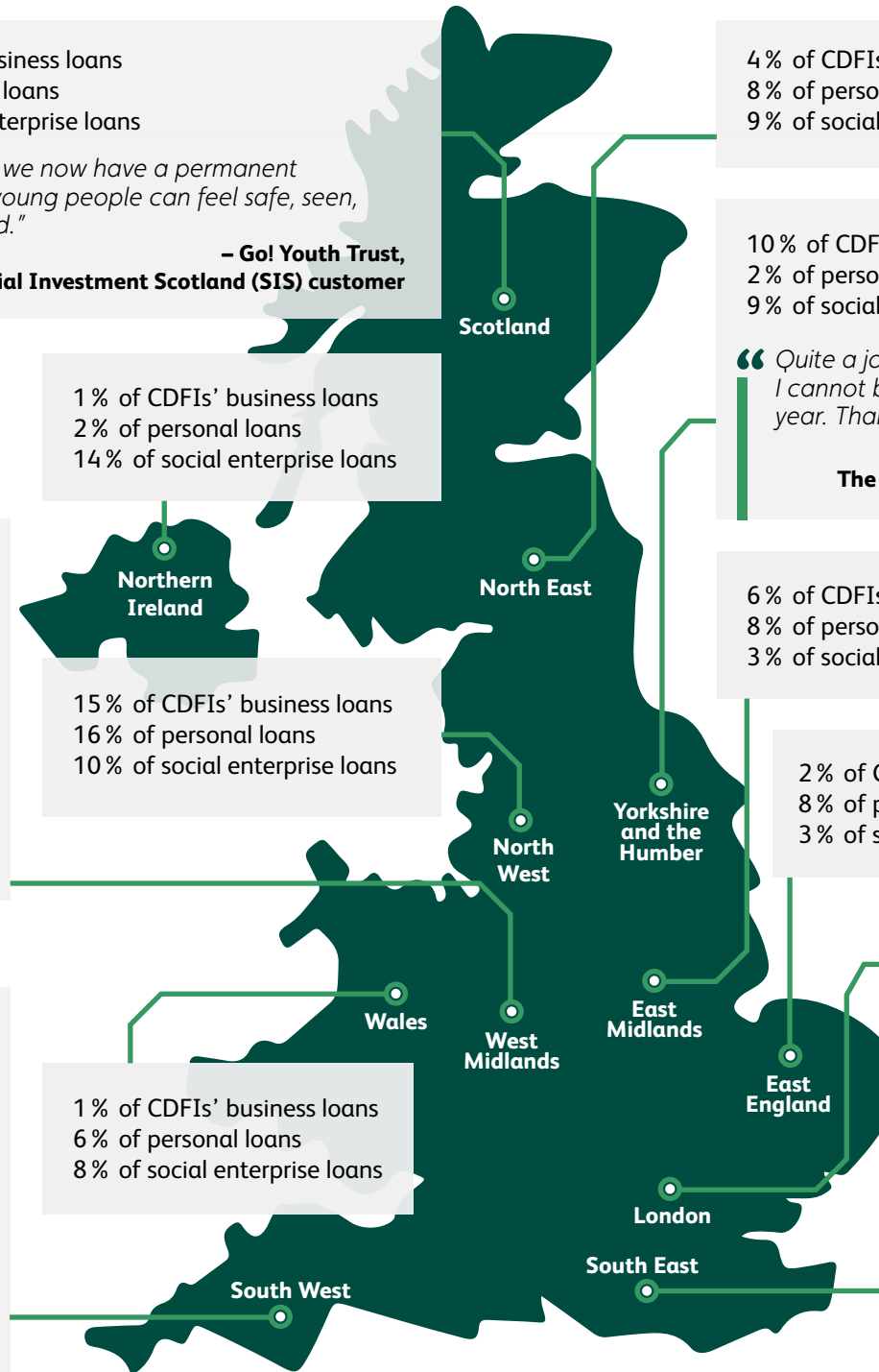
1% of CDFIs' business loans  
6% of personal loans  
8% of social enterprise loans

1% of CDFIs' business loans  
13% of personal loans  
12% of social enterprise loans

9% of CDFIs' business loans  
10% of personal loans  
8% of social enterprise loans

“ Fair Finance are as they are named and genuinely financially assist their applicants in a friendly compassionate way.”

– Laura, Fair Finance customer





# Milestones in 2025

Responsible Finance and CDFIs collaborated with government and industry to accelerate the mission to drive economic growth and tackle financial exclusion across the UK.

## 1. Community ENABLE Funding (CEF): an engine for small- and medium-sized enterprise (SME) investment

The first three CDFIs were accredited for the British Business Bank's [CEF programme](#) in 2025. By the end of the year, they had already deployed a transformative £16.7 million to 114 businesses. Alongside CEF, the Responsible Finance and JPMorganChase [capacity building programme](#) made £700,000 in grants to help CDFIs accelerate their growth.

## 2. A pioneering bank referral programme to bridge the SME finance gap

Responsible Finance and Lloyds Bank kicked off an exciting [pilot scheme](#) designed to enable more businesses to find and access the finance that suits them. This initiative creates a pathway for businesses to find the right CDFI when they need and have applied for bank finance and have been declined.

## 3. Scaling personal lending by catalysing nearly £7 million in lending

An [independent evaluation](#) of the £600,000 City Bridge Foundation first-loss grant programme demonstrated its powerful catalytic effect, enabling CDFIs to increase lending and secure £2.4 million in additional investment. The three participating CDFIs (Fair Finance, Fair for You and Salad) have so far issued £6.97 million in loans from this funding to over 8,300 Londoners, with impact continuing to grow as loans are repaid and the funding is recycled.

## 4. Informing and responding to the national Financial Inclusion Strategy

The Government's [Financial Inclusion Strategy](#) published in November, includes many positive mentions of CDFIs. It commits to exploring one of our key policy goals: extending credit broking exemptions beyond registered social landlords to increase consumer awareness of affordable credit providers.



## 5. Elevating CDFIs' national profile

Responsible Finance informed Michael Sheen's Channel 4 documentary, 'Secret Million Pound Giveaway', which highlighted CDFIs as fairer alternatives to high-cost credit.

We secured over 80 pieces of national media coverage, including in The Times, The Voice, and The Financial Times.

We contributed a chapter to the Investing in Women Code [Annual Report](#) and spoke at its launch alongside the Chancellor.

We published [new films](#) featuring interviews with CDFI customers describing the impact on their lives. We revamped our [Finding Finance website](#) and launched a national marketing campaign to small businesses, using podcast, radio and online advertising.

## 6. Securing policymakers' and media attention on problems with high-cost business loans

Businesses' costs have soared following turbulent years including the COVID-19 pandemic, political and economic instability, and rising energy bills. At the same time, research has highlighted a £65 billion gap in credit for SMEs and higher loan rejection rates.<sup>1</sup>

Slick online lenders are stepping into this gap. They offer quick decisions and rapid access to cash. This type of finance can be useful, but growing evidence suggests that some practices are causing harm to small businesses and the economy ([page 7](#)). Responsible Finance has gathered examples including a manufacturing company that was paying £20,500 per month before refinancing with a CDFI to bring its repayments down by 76% to £4,975 per month. Our work informed national media articles and led to interest from policymakers.

<sup>1</sup> Alica Bank, Alica urges government to supercharge successful growth guarantee lending schemes and review prudential framework, as new research reveals up to £65bn SME credit gap (2025)

## 7. The National CDFI Roadmap: unlocking £1 billion for SMEs

Responsible Finance's engagement with the Government and banks throughout 2025 built the foundations for this landmark initiative. The government-appointed Task Force for the National CDFI Roadmap [launched in February 2026](#) with members including Responsible Finance, NatWest Group, Lloyds Bank, Barclays, JPMorganChase, Mastercard, BNY, BCRS Business Loans and the British Business Bank. The roadmap will provide a strategy for CDFI growth, seeking to unlock £1 billion of additional CDFI lending to SMEs over the next five years. **Blair McDougall** MP, Minister for Small Business and Economic Transformation, and **Bob Annibale**, Chair of the UK Community Finance Partnership Taskforce, said of the launch:

*“ We want to see the CDFI sector playing a much bigger role in lending to smaller firms – just as it does in the United States where it accounts for hundreds of billions of dollars in business capital. Here in the UK, demand has long outstripped the capital CDFIs have available to lend.”*

## 8. The new All-Party Parliamentary Group (APPG) for CDFIs: creating a dedicated voice in Westminster

The new [APPG for CDFIs](#), chaired by Gareth Thomas MP, launches formally alongside this report, following our foundational work in 2025. The APPG will provide a dedicated voice in Westminster to advance policy that strengthens CDFIs and embeds community finance within mainstream financial services.



# Policy recommendations

When people and businesses can access the right finance, they thrive, communities grow and the economy benefits.

Better financial wellbeing would add £5.9 billion a year in additional GDP by reducing work absence and improving productivity.<sup>2</sup>

Meanwhile, the UK has one of the lowest levels of SME borrowing in the G7.<sup>3</sup> Many factors contribute, including small firms being unable to meet lenders' criteria, discouragement and risk aversion, but the economic impact is significant.

We recommend the following policy actions to make the CDFI sector a larger part of the financial services sector, so more people can find the finance they need now and go on to access mainstream finance in the future.

## 1. Encourage bank-CDFI partnerships

Encourage long-term, large-scale partnerships between CDFIs and banks and other financial institutions. These partnerships benefit communities, banks and CDFIs and can be formed voluntarily as many banks are starting to do. They could also be incentivised through legislation (a UK coalition is calling for a Fair Banking Act, modelled on the Community Reinvestment Act in the US).

## 3. Scale personal lending via a state-backed guarantee

Build on the success of the City Bridge Foundation pilot ([page 5](#)) by co-designing a scalable, long-term first-loss programme. The evidence is clear: first-loss funding unlocks investment and delivers social and economic returns. It de-risks bank investment into personal lending CDFIs and will significantly expand access to affordable credit. Greater access to affordable credit reduces financial stress, improves wellbeing, supports continued employment and education, and reduces the social costs of debt and exclusion.

## 2. Reform the Bank Referral Scheme (BRS)

The scheme should ensure that every viable business is efficiently routed to the most appropriate lenders. CDFIs must be included as key partners: just 2% of CDFIs' business customers in 2025 came via bank referrals, yet 88% of the businesses CDFIs lent to had previously been declined by a bank. Research by Opinium in 2025, commissioned by Responsible Finance, found that a third of small businesses that had sought mainstream finance in the previous year had been declined, with lower success rates for smaller businesses. Fewer than four out of ten reported being given suggestions about other potential options after being declined.

## 4. Extend credit broking exemptions

In its Financial Inclusion Strategy, the Government committed to exploring whether credit broking exemptions should be extended beyond social landlords to other organisations making fee-free referrals to CDFIs. The Government should act quickly so local and national charities that support low income and vulnerable communities can steer people away from high-cost and illegal lenders towards safe, affordable credit.

<sup>2</sup> WPI Economics: Financial Inclusion and Growth report (2025).

<sup>3</sup> Backing your business: our plan for small and medium sized businesses (Department for Business & Trade Policy paper), January 2026.



## 5.

### **Launch a dedicated microlending guarantee**

The current Growth Guarantee Scheme begins at £25,000, leaving a significant gap for microbusinesses and making it hard for CDFIs that support them to raise funding for lending. Many microlending CDFI customers have been unemployed or economically inactive for long periods, often for reasons that hamper their ability to access finance. But with CDFI support they can flourish. A guarantee scheme or first-loss fund tailored to microloans under £25,000 would unlock lending to small and microenterprises.

## 6.

### **Establish consumer credit bank referral mechanisms**

Develop a mechanism that enables referrals between banks and community lenders to support people who can afford to repay credit but sit outside the risk appetite of mainstream lenders. Access to affordable credit is a pathway to higher productivity and participation in the economy.

## 7.

### **Lift the Community Investment Tax Relief (CITR) cap so this powerful relief can work harder**

Raise the limit for a wholesale CDFI to on-lend to a single retail CDFI and qualify for CITR from £2.5 million to £25 million. At the moment, CITR cannot support large-scale, wholesale private investment. This proposal will make CITR more attractive to institutional investors and more widely used to scale CDFIs.

## 8.

### **Exempt CDFIs from payment of Financial Ombudsman Service (FOS) case fees**

Expand the current FOS fee exemption for Community Finance Organisations (CFOs) to include all CDFIs lending at scale, ensuring the exemption achieves its intended economic impact and unlocks more investment to support the sector to grow.

## 9.

### **Investigate and address high-cost small business lending**

Up to one in four business loan enquiries to CDFIs come from small firms seeking to refinance high-cost loans. We see several harmful practices:

- Businesses being offered large unaffordable loans creating unserviceable repayments that hamper cashflow.
- Excessive interest rates with instances of up to 300 % APR.
- Multiple loans being stacked to cover unaffordable repayments on previous loans.
- A lack of transparency since, unlike consumer lenders, business lenders aren't required to clearly display the total cost of borrowing or accurate representative rates.
- High-cost lenders may pay brokers very high commissions to refer businesses to them, creating misaligned incentives.

The Government should launch an investigation into the high-cost business loans market and consider targeted interventions around pricing transparency, affordability checks and mandatory disclosure of broker fees.



# Finance for small businesses

Entrepreneurship drives economic and social development. Small businesses fuel inclusive local growth through employment, supply chains and tax contributions. They create jobs where people live, foster innovation and revitalise high streets. It is essential to the UK's productivity and growth priorities that SMEs can get appropriate finance.

Many strong and viable businesses still face challenges to accessing the funding they need. This particularly impacts female and black and ethnic minority-led firms, entrepreneurs in the UK's most deprived areas and entrepreneurs with a disability. For example, 22% of ethnic minority-led businesses – twice the percentage of white-led businesses – view access to finance as a major obstacle to running their business; 51% of ethnic minority-led businesses and 52% of businesses led by someone with a disability expect difficulties in obtaining finance.<sup>4</sup>

CDFIs are critical in providing relationship-based lending and support to unlock economic potential.

<sup>4</sup> British Business Bank (2026): Small Business Finance Markets 2025/2026.  
<sup>5</sup> House of Commons Library (2025) Business Statistics.  
<sup>6</sup> Ibid.

## In 2025:

**£181.4 million**  
**lent to start-ups and small businesses**  
**+28% from 2024**

**36,000+** hours of business support  
**5,741** new businesses launched  
**+17% from 2024**

**7,399** new jobs created  
**+7% from 2024**  
**6,627** existing jobs safeguarded,  
**+21% from 2024**



## 6,869 loans, of which:

**37%** were to women-led businesses – more than double that of women's representation in small business leadership (14% of SMEs and 20% of start-ups are women-led)<sup>5</sup>

**21%** were to ethnic minority-led businesses – CDFIs' lending is more than double that of ethnic minority representation in business leadership (6% of SMEs and 11% of self-employed businesses are ethnic-minority owned or led)<sup>6</sup>

**99%** were based outside of London

**75%** of SME customers had fewer than ten employees

**88%** had previously been declined by another lender

**43%** were based in the UK's 35% most deprived areas

**45%** of SME loans were to businesses younger than five years old

**12%** of SME lending was to businesses making a positive impact on the climate or environment

You can see comprehensive data for all CDFI lending in 2025 in our [appendix](#).



High-cost loans can be a drag on UK business growth, funnelling vital capital out of small businesses and stifling investment. **In 2025, 15% of the total value of CDFI business lending included an element of refinancing.** By replacing unaffordable loans with affordable, manageable credit, CDFIs stop the drain on local wealth and allow SMEs to reinvest in their own future.

### CDFI small business loans by region:

- 1% London
- 1% Northern Ireland
- 1% Wales
- 2% East of England
- 4% North East
- 6% East Midlands
- 8% South West
- 9% Scotland
- 9% South East
- 9% West Midlands
- 10% Yorkshire and the Humber
- 15% North West

Across Organisation for Economic Co-operation and Development (OECD) nations, SMEs under five years old represent approximately one-fifth of the workforce and create nearly 50% of all new jobs.<sup>7</sup> In addition to their dedicated lending for start-ups, **45% of CDFI SME loans are to businesses younger than five years old**, showing they are powering this high-impact subset of SMEs.

Start-ups	SMEs
Average loan size: <b>£12,595</b>	Average loan size: <b>£97,694</b>
Interest rate: <b>6%</b>	Weighted average interest rate: <b>14.95%</b>
Average loan term: <b>4.4 years</b>	Average loan term: <b>4.5 years</b>

<sup>7</sup> British Business Bank (2026): Small Business Finance Markets 2025/2026.

#### CUSTOMER STORY

### Essential care continues after expensive lending addressed



Woodleigh Healthcare works with young people with autism and learning disabilities. It had faced costly short-term funding challenges. But a £150,000 loan from CDFI, First Enterprise, enabled Woodleigh to expand and manage cash flow, enabling the business to sustain its skilled workforce and open a third site. Managing director, Bernadette Charehwa, says “I truly appreciated our Investment Manager, Shaun, taking the time to meet us in person and understand our care model.”

Photo: Bernadette Charehwa, Irvine Madimu and Ndaba Mnkandla

#### CUSTOMER STORY

### From garden shed to supermarket and ‘Series A’ success



Helena and Simon Hills launched TrueStart Coffee in 2015, “to make the world healthier and happier”. Their coffee is now stocked by retailers including Asda, Morrisons, Co-op, Costco and Ocado. A £158,000 loan from SWIG Finance in 2024 “helped us immensely,” says Simon. “When we were about to launch into Asda and Costco, we needed money to buy stock. We drew a blank with the traditional banks at the time.” TrueStart’s explosive growth from £1m to £7m turnover following SWIG’s support is “just the beginning,” says Helena – the firm, a B Corp, has recently closed a Series A investment with JamJar.



# Finance for microenterprises

Across the UK, six specialist CDFIs provide a critical on-ramp to the economy, offering mentoring, grants and low-interest microloans of up to £5,000 to bridge the gap between unemployment and entrepreneurship. By transforming ‘kitchen table’ ideas into microenterprises, these lenders ensure ambition is never sidelined by a lack of resources.

These CDFIs specialise in lending to people other lenders cannot support, including budding entrepreneurs who:

- have been unemployed or ill
- are migrants or refugees with the right to work
- have been or are vulnerable (such as a victim of domestic abuse)
- or are former prisoners

They are a vital tool for social mobility and financial independence, empowering people to rebuild their futures and move from state-dependency to self-employment. The businesses created have a ripple effect, which benefits communities and the UK economy.

Average loan size:

**£ 2,567**

Average loan term:

**2.25 years**

Weighted average interest rate:

**10%**

In 2025:

**£290,059**  
**lent to 113 people**



**£2,567**  
average loan size

**37**  
new businesses created

**70**  
new jobs created  
(£4,143 per job),  
28 further jobs  
safeguarded

**100%**  
of the entrepreneurs  
lent to were unable  
to get finance from  
another source

**Of these CDFI microloans:**

**65%** were to people based in the UK's 35% most deprived areas

**45%** went to women

**63%** went to people from an ethnic minority group

## CUSTOMER STORY

**“I love what I do and it brings people joy”**



Maysa is founder of the Shik Shak Shok School of belly dance. She is a refugee from Syria who started teaching belly-dancing in 2021. Maysa offers culturally informative and gender inclusive belly-dancing classes alongside a full-time job to support newcomers to London. Interest-free loans from Skylight Ventures enabled Maysa to secure a venue for a year so she could develop her classes and enable access and participation.



# Finance for social enterprises

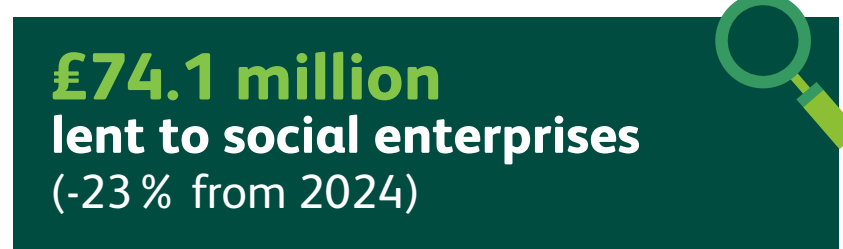
The UK's social economy is a powerhouse, employing 2.3 million people, contributing £60 billion to the economy, and pioneering innovation.<sup>8</sup> 50% of social enterprises have launched a new product or service in the previous year.<sup>9</sup> These mission-led businesses are at the forefront of delivering resilient public services and addressing social, environmental and economic challenges by trading.

Despite this, a significant finance gap restricts social enterprises, co-operatives and charities from growing their impact. A fifth of social enterprises are concerned about their ability to obtain debt finance.<sup>10</sup>

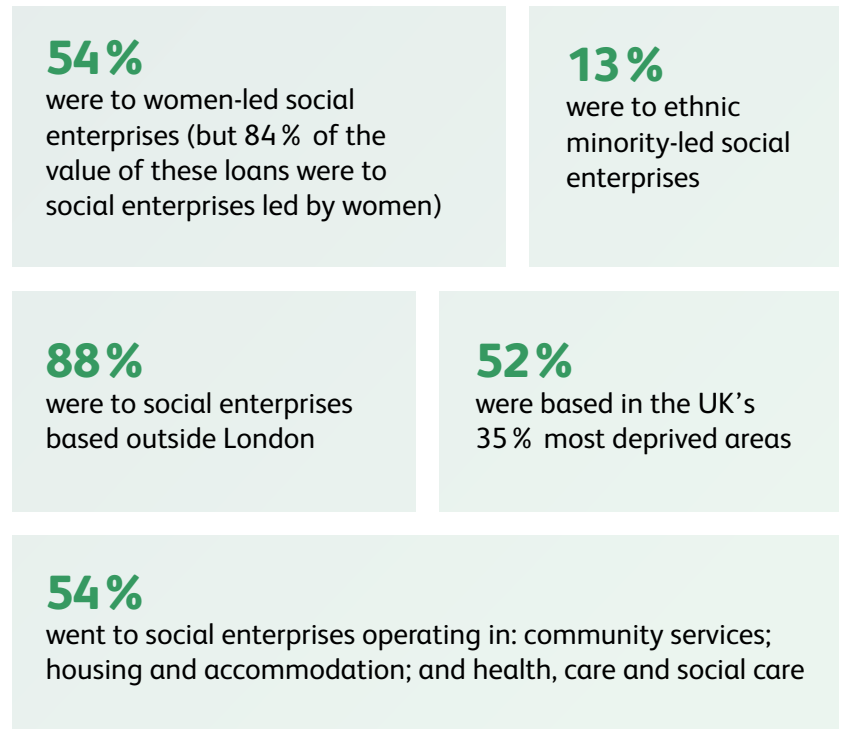
CDFIs, as social enterprises themselves, play a crucial role in lending to social enterprises, co-operatives and charities and unlocking their impact in communities. They offer long-term, patient funding through lending and blended finance products designed for, with and by social enterprises.

<sup>8</sup> Social Enterprise UK: All about social enterprise. Accessed 17/03/2026.  
<sup>9</sup> Social Enterprise UK: State of Social Enterprise Report 2025.  
<sup>10</sup> Ibid.

## In 2025:



## 308 loans, of which:

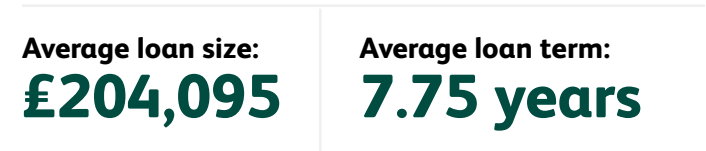


## Gender of social enterprise majority owners by number and value of loans

Number of loans:



Value of loans:





## CDFI social enterprise loans by region

- 3% East of England
- 3% East Midlands
- 5% West Midlands
- 8% South East
- 8% Wales
- 9% North East
- 9% South West
- 9% Yorkshire and the Humber
- 10% North West
- 10% Scotland
- 12% London
- 14% Northern Ireland

### CUSTOMER STORY

#### Social care support for 160 people every week across Northern Ireland



Kilcreggan Homes is an independent charity that provides housing, day and employment opportunities for adults with a diagnosed learning disability or autism who need support to live independently. It is expanding its accommodation and care offering with flexible loan support from Community Finance Ireland.

Flexible loan finance totalling £513k has been committed towards the purchase of properties to support adults with complex needs. A £5k charitable donation has also been made towards the development of the Mid Ulster Sanctuary/Therapeutic Farm, offering day opportunities in traditional skills and building services.

“Having a partner who is approachable and friendly, who listens and offers support that you know is designed to help us, creates mutual trust. We very much appreciate the support from Phelim and his highly experienced team, along with their enthusiasm for our vision.” Damian Cassidy, Kilcreggan Homes.

### CUSTOMER STORY

#### Mission to transform health equity supported through sector transition



The Caribbean & African Health Network (CAHN) was founded by Prof Faye Ruddock in 2017 following her doctoral research, which highlighted health disparities for Black people in the UK. CAHN addresses these inequalities through advocacy, education, and frontline services. It collaborates with healthcare providers, policymakers, and stakeholders to make health services culturally competent and equitable.

When a reorganisation of the health and social care landscape created short-term financial instability for CAHN, despite it holding public sector and NHS contracts, Key Fund provided a £120,000 loan. “I found Key Fund to be proactively supportive,” explains Chief Executive Charles Kwaku-Odoi.

The funding was used to maintain service delivery and retain staff and frontline services, while responding to the evolving needs of its community. Following the funding, CAHN employs 50 people, operates with a £2.5m turnover, and supports research partnerships with around 60 universities.




# Finance for consumers

Financial exclusion restricts economic productivity and participation in the workforce. Addressing this will drive UK growth by enabling more people to work, increasing productivity, improving consumer resilience so people can spend money in their communities, and reducing public spending related to financial distress.<sup>11</sup> Better financial wellbeing would add £5.9 billion a year additional GDP.<sup>12</sup>

The Government's **Financial Inclusion Strategy** identifies affordable credit as a cornerstone of financial resilience. However, barriers persist. High-cost credit use rose between 2022 and 2024, and 300,000 adults borrowed from a loan shark in the year to May 2024.<sup>13</sup> Women also face significantly higher loan refusal rates than men, despite fewer women applying for finance.<sup>14</sup>

CDFIs are critical delivery partners for financial inclusion. They provide a fair, transparent alternative to higher cost options and can turn a financial shock into a manageable obstacle. CDFIs look at the person, not just their profile. They provide wraparound support to build long-term financial resilience, including for those they can't lend to, and have a positive impact on the UK economy.

## In 2025:



**£129 million lent to individuals (+58% from 2024)**

**£1.9 billion in unclaimed and mainly in-work benefits identified for loan applicants, building household resilience**

**£25.4–£52.1 million saved by borrowers compared to using high-cost credit**

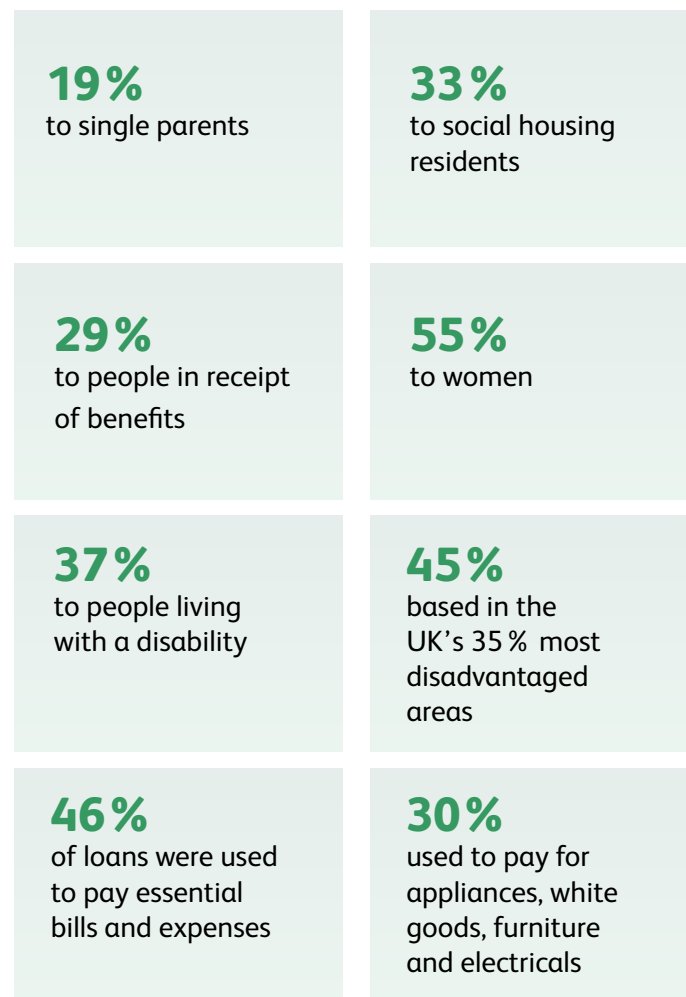
### Average loan size:

**£917**

### Weighted average Annual Percentage Rate:

**101%**

## 140,683 personal loans, of which:



<sup>11</sup> Financial Inclusion Commission (2025) The Economic Case for Financial Inclusion.

<sup>12</sup> WPI Economics: Financial Inclusion and Growth report (2025).

<sup>13</sup> Financial Conduct Authority (2025) Financial Lives 2024: Key Findings.

<sup>14</sup> Ibid.



## Interest saved: **£25.4 million to £52.1 million, between £181 and £371 for every £1,000 borrowed**

This is money that households can use or save, rather than pay to higher cost lenders. We analysed savings through two lenses: aggregated data from the FCA and the market reality, which looks at other credit providers CDFI customers use identified through Open Banking.

1. Based on FCA high-cost credit market sector data, CDFIs saved borrowers an average of £181 per £1,000 loan, a collective saving of £25.4 million. This is a conservative estimate: the FCA data focuses on loans below 12 months but 31 % of CDFI loans are for a longer-term.
2. For many CDFI customers, the alternative isn't just high-cost but predatory or illegal lending. Comparing our largest members' rates to market alternatives customers frequently access shows CDFIs saved borrowers up to £371 per £1,000 loan: £52.1 million in avoided interest.

### CUSTOMER STORY

#### Floresse swerves sharks with grant and loan

Floresse has two professional jobs and brings up her family, but no-one would give her a loan when she had an emergency expense. She considered going to a loan shark. Luckily, she found Adage Credit, a black and minority ethnic focused loan provider which supports people experiencing exclusion from the financial system.

Floresse could not initially afford a loan, but was given a NatWest Group and Responsible Finance **Hardship Grant**. "It was a lifeline," she says. "I would have tried anything that day. When you're struggling you go to the shark lenders." When her finances improved she was able to secure a loan from Adage, at a lower interest rate than other lenders offered. She could afford the repayments easily. "It's vital that companies like Adage exist," says Floresse. "When you struggle and have nowhere to turn to, you know they understand."

### CUSTOMER STORY

#### Healthier finances for NHS worker after cancer treatment

"Salad saved my bacon," says healthcare assistant Lynn, who has worked for the NHS for 15 years. When a stage 1 cancer diagnosis and treatment stopped her from working for nearly nine months, her finances suffered too. "I was getting better, but things really got out of control," says Lynn. She borrowed from other companies but "it was really expensive, I was back at work but I was drowning."

Lynn's employer, an NHS Trust, told staff about Salad. The CDFI was able to offer Lynn a loan which she used to consolidate previous debts with a lower monthly repayment. Now in recovery after successful treatment, Lynn's finances are much better too: "My finances were all dropping to rock bottom after I was ill but I'm on top of everything now," she says.



## Finance for homeowners

Housing quality directly affects wellbeing.

A safe, warm environment is also essential for people to participate fully in the economy and their communities. Yet millions of homeowners lack the funds for urgent work to reduce energy consumption or address a deteriorating property.

Lendology CIC, a leading CDFI, bridges this gap. By providing accessible loans for essential repairs and energy efficiency upgrades, they improve wellbeing, community resilience and reduce environmental impact. This is a sustainable investment in the UK's most vital infrastructure: **where we live**.

### In 2025:

**£5.1 million**  
**lent to 482 homeowners**  
**(+23% from 2024)**

**70%**  
of loans enabled  
vital energy  
efficiency upgrades

**21%**  
facilitated  
homeowners to  
make repairs

**2%**  
of loans supported the conversion  
of empty properties

### CUSTOMER STORY

#### Green Energy Loan is transformational for Tom's family



Tom, a homeowner in Goonhavern, Cornwall, wanted a greener, more sustainable lifestyle for his young family. Living in a new-build home powered entirely by electricity, rising energy bills were becoming a real concern. "We were looking at how we could become more efficient, more economically savvy and reduce bills that were continuing to increase," he says.

Determined to make a change that would benefit both their finances and the environment, Tom explored solar energy—but needed a way to fund the upfront costs. That's when he discovered the Cornwall Green Energy Efficient Loan, delivered by Lendology in partnership with Cornwall Council.

"The interactions with Lendology from the start were really, really responsive to our needs," he says. "The application process was straightforward, and it took away any discouragement that you can sometimes have from other lenders."

With funding secured through the green energy efficient loan, Tom and his family installed 12 solar panels and a 17.5 kWh battery storage system. The results exceeded expectations: "We've since gone to an energy supplier that gives us a good export rate. We're earning around £349 per month in credit, which is a huge step forward for us."

The changes have impacted their daily life as well as their bills. "My daughter loves to see the fact that we're able to generate our own electricity. We've just changed our vehicle to a hybrid, so we're able to use solar energy to charge the car."

Tom describes the experience as transformational: "We've not looked back. It's quite exciting."



# Sustainable Development Goals

CDFIs make direct contributions towards several United Nations Sustainable Development Goals (SDGs), including:



- Saving borrowers between £181 and £371 compared to higher-cost lenders, money that lower-income households can use or save as a buffer
- Identifying an average of £470 per month in unclaimed benefits entitlements for applicants (mainly unclaimed in-work benefits for workers on low incomes)



- Investing in start-ups, micro and small businesses across the UK, of which 9 out of 10 had been declined elsewhere – their economic impact could otherwise have been lost
- Creating and safeguarding more than 14,000 jobs



- Making 37 % of their small business loans (and 45 % of microenterprise loans) to women-led businesses
- Making 21 % of their small business loans (and 63 % of microenterprise loans) to ethnic minority-led businesses
- CDFIs' lending is more than double that of women's and ethnic minority representation in business leadership



- Investing in the UK's most disadvantaged areas: 43 % of small business loans (and 65 % of microenterprise loans), 52 % of social enterprise loans and 45 % of consumer loans were to customers in these communities

CDFIs and their investees also contribute significantly to goals including:





When people, businesses and social enterprises can access the right finance, they thrive, communities grow and the economy benefits.



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