

# AUSTRALIAN CONSUMER FINANCE SUMMIT SPEECH

AUGUST 16 2016

THANKS ALEX AND GOOD MORNING EVERYONE.

ONE WAY OR ANOTHER, I'VE BEEN INVOLVED IN THE BUSINESS OF MANAGING AND SERVING "OTHER PEOPLE'S MONEY" FOR NEARLY 25 YEARS.

OR TO PUT IT ANOTHER WAY YOU COULD SAY THAT I'VE ALWAYS BEEN INVOLVED IN THE BUSINESS OF TRUST...

INDEED THE BUSINESS OF FINANCIAL TRUST BETWEEN STRANGERS.

WE GENERALLY REFER TO THIS AS THE PROCESS OF INTERMEDIATION.

THE PROCESS OF MATCHING INDIVIDUALS AND INSTITUTIONS WHO ARE PROVIDERS OF FINANCIAL CAPITAL WITH INDIVIDUALS AND INSTITUTIONS THAT ARE USERS OF CAPITAL, IN EXCHANGE FOR A REASONABLE RETURN (TO PROVIDERS) AND COST (FOR USERS) FOR AN ACCEPTABLE LEVEL OF RISK.

FINANCIAL SERVICES AND THIS INTERMEDIATION PROCESS HAS OBVIOUSLY BEEN AROUND SINCE FOREVER.

WE HAVE A NUMBER OF TERMS FOR THIS:

BANKING

PENSION AND FUNDS MANAGEMENT

CAPITAL MARKETS

EXCHANGES

FINANCIAL ADVISORY

AND IN MORE RECENT TIMES, MARKETPLACES AND PEER-TO-PEER.

OVER THE PAST 25 YEARS, I HAVE EXPERIENCED AND PROFESSIONALLY BENEFITED FROM A LOT OF CHANGE, GROWTH AND INNOVATION AROUND FINANCIAL SERVICES AND TECHNOLOGY.

BUT I WOULD ARGUE THAT THE WHAT PROVIDERS AND USERS OF CAPITAL NEED HASN'T CHANGED THAT MUCH OVER THIS TIME.

WHAT HAS CHANGED DRAMATICALLY IS THE HOW THIS IS DONE.

FOR THE LAST FEW YEARS, FINTECH HAS BEEN THE HOT BUZZWORD. AS MUCH AS I UNDERSTAND THAT, I WOULD ARGUE THAT THIS NOT A NEW PHENOMENA SINCE IF WE LOOK BACK OVER THE LAST QUARTER OF A CENTURY, FINANCIAL TECHNOLOGY HAS BEEN A CONSTANT DRIVER OF CHANGE IN FINANCIAL SERVICES.

TECHNOLOGY IS A KEY ENABLER OF BUSINESS BUT IT HAS RARELY BEEN THE CAUSE OF DISRUPTIVE CHANGE. IN MY EXPERIENCE, THE CAUSE HAS BEEN CREATIVE BUSINESS THINKING AND NEW BUSINESS MODELS TO SOLVE A REAL CUSTOMER PROBLEM.

AND GENERALLY THAT DISRUPTIVE AND CREATIVE BUSINESS THINKING HAS BEEN DIRECTED TOWARDS THE DEMOCRATISATION OR RETAILISATION OF FINANCIAL SERVICES.

THAT IS THE OPENING UP OF ACCESS TO FINANCIAL MARKETS AND INSTRUMENTS TO INDIVIDUALS WITH LESS FINANCIAL SOPHISTICATION AND EXPERIENCE

AT LOWER TRANSACTION SIZES

AT GREATER SPEED

AND WITH GREATER EFFICIENCY IN TERMS OF VALUE AND COST TO ALL PARTICIPANTS.

LOOKED AT THIS WAY, SOCIETYONE AND OTHERS LIKE US REPRESENT THE NEXT DEFINITIVE PHASE IN THIS EVOLUTION, SO MUCH SO THAT I FIRMLY BELIEVE MARKETPLACE LENDING WILL TRANSFORM THE CONSUMER FINANCE MARKET IN AUSTRALIA.

WHILE PLACING TECHNOLOGY IN CONTEXT OF THIS CHANGE, I DON'T WANT TO SOUND DISMISSIVE OF IT AS A DISRUPTOR, HOWEVER.

THAT IS BECAUSE THE WORLD DID CHANGE IN 2007 WITH THE LAUNCH OF THE IPHONE.

CLOUD COMPUTING, BIG DATA, ADVANCES IN MICRO-PROCESSES, ADVANCES IN COGNITIVE AND ARTIFICIAL INTELLIGENCE MEAN THAT EVERYONE NOW HAS ACCESS TO A POWERFUL, MULTI-PURPOSE COMPUTER IN THEIR POCKET.

THIS IS THE DIGITAL REVOLUTION. IT HAS TOTALLY ALTERED THE POWER DYNAMIC.

CUSTOMERS ARE NOW IN CONTROL AND THEIR EXPECTATIONS HAVE CHANGED COMPLETELY WITH RESPECT TO EASE, SPEED, CONVENIENCE, TRANSPARENCY, TRUST, PERSONALISATION, ACCESS, SECURITY AND DESIGN.

– AND THIS DIDN'T HAPPEN BECAUSE OF THE BANKS AND FINANCIAL SERVICES COMPANIES BUT RATHER BECAUSE OF TECHNOLOGY COMPANIES LIKE APPLE, GOOGLE, UBER, AIR BNB, FACEBOOK, ALIBABA.

IN THE DIGITAL AGE, CUSTOMER EXPERIENCE IS THE KEY BATTLEGROUND, CUSTOMER DATA IS THE NEW CURRENCY, AND INDIVIDUAL CUSTOMER ENGAGEMENT AND INVOLVEMENT IS KING.

TALKING OF WHICH, I WOULD LIKE A LITTLE BIT OF AUDIENCE PARTICIPATION TO HELP ME UNDERSTAND THE USAGE AND EMOTIONAL ENGAGEMENT OF WHAT IS CENTRAL TO OUR DISCUSSIONS TODAY.

1. IS THERE ANYONE IN THE AUDIENCE WHOM HAS PARTICIPATED IN A MARKETPLACE LENDING PLATFORM SUCH AS ZOPA, LENDING CLUB, PROSPER, RATESETTER OR SOCIETY ONE? (HANDS UP)
2. IS THERE ANYONE IN THE AUDIENCE WHOM HAS PARTICIPATED OR RAISED FUNDS THROUGH A CROWD FUNDING PLATFORMS SUCH AS SEEDRS, KICKSTARTER, OR OZCROWD?
3. IS THERE ANYONE IN THE AUDIENCE WHOM HAS EXCHANGED CURRENCY ON A PEER TO PEER CURRENCY PLATFORM SUCH AS TRANSFERWISE, CURRENCYFAIR, OR MIDPOINT?

OK, LET'S COUNTERPOINT THAT WITH YOUR LEVEL OF ENGAGEMENT WITH THE MAJOR BANKS IN AUSTRALIA.

IS THERE ANYONE WHOM, IN THE WORDS OF RONAN DUNNE, THE CEO OF O2 IN THE UK, WOULD SAY THEY WERE RAVING FANS OF THEIR BANK. THAT IS TO SAY WOULD YOU ADVOCATE OR RECOMMEND YOUR BANK TO FAMILY, FRIENDS OR COLLEAGUES?

NOT MANY? AS A FORMER SENIOR EXECUTIVE IN A MAJOR BANK I CAN'T SAY I'M SURPRISED.

HERE THEREFORE LIES THE OPPORTUNITY AND THE CHALLENGE FOR DISRUPTORS LIKE OURSELVES.

OPPORTUNITY BECAUSE MAJOR BANKS ARE USED BY THE VAST MAJORITY OF AUSTRALIANS, BUT GENERALLY ONLY BECAUSE WE HAVE TO, NOT BECAUSE WE REALLY WANT TO. CUSTOMERS ARE THEREFORE LOOKING FOR REAL ALTERNATIVES.

CHALLENGE BECAUSE WHILE NEW PLAYERS LIKE OURSELVES MAY HAVE A BETTER WAY THEIR LACK OF RECOGNITION AND BRAND AWARENESS AS THEY CREATE TRUST TAKES TIME TO BUILD A POWER BASE OF CUSTOMERS.

AND SINCE WE ARE TALKING ABOUT FINANCIAL TECHNOLOGY AND FINANCIAL SERVICES, HERE'S A FURTHER PIECE OF CONTEXT.

IN 1994, BILL GATES SAID "BANKING IS NECESSARY, BANKS ARE NOT".

HE ALSO SAID, WE ALWAYS OVERESTIMATE THE CHANGE THAT WILL OCCUR IN THE NEXT TWO YEARS AND UNDERESTIMATE THE CHANGE THAT WILL OCCUR IN THE NEXT TEN.

I BELIEVE, ON THE WHOLE, THAT BILL WAS RIGHT ALTHOUGH WE ARE SEEING AN RAPID AMOUNT OF CHANGE OVER INCREASINGLY SHORTER PERIODS OF TIME.

AND AS I MENTIONED EARLIER THAT IS HAVING A DRAMATIC IMPACT ON CUSTOMER EXPECTATIONS WHEN IT COMES TO THE USE OF DIGITAL SERVICES ON MOBILE DEVICES – THE FRONTIER OF DISRUPTION.

HERE I AM GOING TO BORROW FROM THE WORK OF RACHEL BOTSMAN – A GLOBAL THOUGHT LEADER ON THE COLLABORATIVE ECONOMY AND THE AUTHOR OF THE BOOK "WHAT'S MINE IS YOURS".

SHE LOOKED AT OVER 750 DISRUPTORS ACROSS MORE THAN 32 COUNTRIES. WHAT SHE TRIED TO DO WAS GET UNDERNEATH THE TECHNOLOGY TO SEE IF THERE WERE COMMON DRIVERS THAT LEAD TO DISRUPTION.

SHE FOUND THAT THERE WERE FOUR.

FIRSTLY, COMPLEX EXPERIENCES – PROCESS THAT ARE SO COMPLEX, TIME-CONSUMING AND ULTIMATELY FRUSTRATING FOR CUSTOMERS. BANKING, SUPERANNUATION AND INSURANCE ARE RIDDLED WITH THESE.

SECONDLY, BROKEN TRUST – WHERE TRUST IN THE INSTITUTION HAS BROKEN DOWN. AUSTRALIA HASN'T BEEN LIKE OTHER MARKETS BUT THIS IS CHANGING. A MAJORITY OF AUSTRALIANS NOW FAVOUR A ROYAL COMMISSION INTO BANKS AND WE CERTAINLY CANNOT RULE OUT ONE BEING ESTABLISHED GIVEN THE NEW POLITICS NOW IN EXISTENCE IN AUSTRALIA.

THIRDLY, REDUNDANT INTERMEDIARIES – LAYERS OF PEOPLE OR PROCESSES THAT DON'T ADD VALUE TO THE END CONSUMER.

FOURTHLY, LIMITED ACCESS – GOODS OR SERVICES OR EXPERIENCES THAT ARE OUT OF REACH OF MANY PEOPLE EITHER DUE TO PHYSICAL ACCESS, PRICE OR AVAILABILITY

I BELIEVE ALL FOUR DRIVERS EXIST HERE TODAY.

IS IT ANY WONDER THEREFORE THAT THE BANKS AND FINANCIAL SERVICES COMPANIES ARE NOW EXPERIENCING THE VERY DISRUPTION THAT RACHEL HAS IDENTIFIED?

AND IT'S NOT JUST PEOPLE LIKE MYSELF POSING THAT QUESTION.

AS RECENTLY AS THREE WEEKS AGO UBS PUBLISHED A COMPREHENSIVE REPORT BASED ON AN IN-DEPTH SURVEY OF EXECUTIVES AT 61 BANKS AND NEARLY 28,000 CUSTOMERS OF 210 BANKS IN 24 COUNTRIES ABOUT THE IMPACT THAT DISRUPTORS LIKE OURSELVES ARE HAVING ON THE FINANCIAL SERVICES SECTOR.

BANKS FACE - AND I QUOTE - A "REAL AND GROWING RISK" THAT NEW TECHNOLOGY-DRIVEN COMPANIES WILL REPLACE THEIR TRADITIONAL SERVICES. MORE SPECIFICALLY, UBS PREDICTED THAT THE TAKE-UP OF NEW APPLICATIONS SUCH AS PEER-TO-PEER LENDING COULD SURGE BY BETWEEN 47% AND 150% OVER THE NEXT 12 MONTHS.

LET'S JUST THINK OF THOSE NUMBERS FOR A MOMENT. IF THAT WAS TO OCCUR - AND I THINK THAT IS AN INCREASING POSSIBILITY BASED ON THE GROWTH THAT WE ARE EXPERIENCING - THEN BANKS ARE GOING TO HAVE CHANGE AND RAPIDLY SO IF THEY ARE TO SURVIVE IN ANYWAY LIKE THEIR CURRENT SHAPE AND FORM.

AS UBS CONCLUDED, "AGAINST A BACKDROP OF RAPID CHANGE THEY CANNOT AFFORD TO STAND STILL AND DO NOTHING".

THAT'S WHAT THEIR INCREASINGLY MOBILE-SAVVY CUSTOMERS ARE TELLING THEM - AND FOR THAT MATTER, US.

JUST TO GIVE YOU ONE EXAMPLE FROM OUR DATA. WHEN WE LAUNCHED OUR FIRST EVER NATIONAL TV COMMERCIAL ON CHANNEL 7 AT THE START OF THE RIO OLYMPICS WE NOTICED AN IMMEDIATE UPLIFT IN VISITS TO OUR WEBSITE.

NO SURPRISES THERE YOU MIGHT SAY. BUT WHAT INTERESTED US WAS THAT MUCH OF THAT TRAFFIC CAME VIA MOBILE DEVICES - AFTER THE COMMERCIAL WAS SCREENED A COUPLE OF TIMES ON A SUNDAY.

DIGITAL HAS THEREFORE PUT THE CUSTOMER FIRMLY IN CONTROL - AND I WOULD ARGUE IRREVOCABLY SO. NOT ONLY DO THEY HAVE THE DEVICES TO ALLOW THEM TO DO THAT THEY ALSO HAVE POWER IN THEIR HANDS TO MAKE AN INSTANT JUDGEMENT OF WHAT YOU HAVE TO OFFER.

IF YOUR DIGITAL OFFERING IS NOT UP TO SCRATCH AND YOUR SERVICE SECOND TO NONE YOU WILL INCREASINGLY FAIL TO BE GIVEN A SECOND CHANCE TO WIN THEM OVER.

HENCE WHY YOU ABSOLUTELY HAVE TO PLACE THE CUSTOMER AT THE HEART OF EVERYTHING YOU DO. THAT IS ESPECIALLY THE CASE FOR NEW PLAYERS WHERE THE LACK OF BRAND RECOGNITION AT THIS STAGE REQUIRES THEM TO PUT THE CUSTOMER FIRST EACH AND EVERY TIME. THAT IS A GOOD THING I WOULD SAY SINCE ONCE THAT IS IN YOUR COMPANY'S DNA YOU DON'T LOSE IT.

NOW I'M NOT SAYING WE, FOR EXAMPLE, ARE PERFECT. FAR FROM IT. BUT HOW ELSE COULD WE EXPLAIN THE FACT THAT WE HAVE AN NPS OF +80 OR REGULARLY SCORE 4.7 STARS OUT OF FIVE FROM OUR BORROWERS ON PRODUCT REVIEW COM AU

COMPARE THAT TO A MAJOR BANK WHICH WOULD BE HARD PUSHED TO GET AN NPS ABOVE ZERO OR RECEIVE ONE POSITIVE CUSTOMER REVIEW?

SOCIETYONE HAS MADE GREAT STRIDES SINCE WE LAUNCHED FROM A STANDING START EXACTLY FOUR YEARS AGO THIS MONTH AS AUSTRALIA'S PIONEERING MARKETPLACE LENDER.

WE MADE OUR FIRST LOAN ON AUGUST 22 2012 - TO DOUG IN MELBOURNE, THANKS DOUG - AND WE HAVE NOW WRITTEN ALMOST \$100 MILLION IN UNSECURED PERSONAL LOANS OUT OF A TOTAL LENDING FIGURE OF MORE THAN \$130 MILLION WHEN YOU INCLUDE OUR SECURED AGRIBUSINESS PRODUCT.

SINCE THE START OF 2016, WE HAVE FACILITATED MORE THAN \$50 MILLION IN PERSONAL LOANS WHICH IS DOUBLE THAT OF THE SECOND HALF OF 2015 (\$26M) AND 10 TIMES THAT OF THE PRIOR CORRESPONDING PERIOD (\$5M).

WE READILY ADMIT THAT OUR CURRENT LENDING VOLUME IS STILL A SMALL SUM IN THE CONTEXT OF A \$20 BILLION PERSONAL LOAN MARKET WHICH ITSELF IS ONE FIFTH OF THE OVERALL CONSUMER FINANCE MARKET IN AUSTRALIA.

MY POINT, THOUGH, IS THAT WE NOW HAVE A SOLID BASE FROM WHICH WE CAN GROW AND MEET OUR AMBITIOUS TARGET OF TAKING A TWO-TO-THREE PER CENT SHARE OF THAT \$100 BILLION MARKET BY 2020-21.

EQUALLY IMPORTANT, SOCIETYONE HAS GONE FROM BEING A START-UP CONCEPT, TO A TRUSTED NEXT GENERATION DIGITAL LENDER WHICH IS BEGINNING TO LOOSEN THE STRANGLEHOLD THAT



THE TRADITIONAL BANKS HAVE HAD ON THIS CRITICALLY IMPORTANT MARKET.

TO DATE, WE HAVE HELPED AROUND 5,000 BORROWER CUSTOMERS - EVERYDAY AUSTRALIANS WHO USED TO BE CUSTOMERS OF THE BANKS WHO HAVE SINCE TURNED TO US FOR HELP BECAUSE OF THE OPPORTUNITIES TO GET A BETTER DEAL.

AND WHO ARE THESE AUSTRALIANS EXACTLY?

- 95% ARE FULL-TIME EMPLOYED
- 55% ARE IN PROFESSIONAL, MANAGERIAL ROLES
- ARE TYPICALLY 31-54

WHO USE THEIR LOAN - AVERAGE SIZE \$20,000 AND AVERAGE TERM 2.7 YEARS TO:

- CONSOLIDATE CREDIT CARD DEBT - 60%
- IMPROVE THEIR HOMES - 14%;
- BUY A NEW VEHICLE - 10% -
- TAKE THAT HOLIDAY OF A LIFETIME - 7%
- PAY FOR THEIR WEDDING - 3%

WE ARE GROWING WITH OUR CUSTOMERS AND I WOULD ARGUE WE ARE DOING THAT NOT JUST BECAUSE WE ARE OFFERING A NEW WAY OF LENDING AND INVESTING BUT ALSO BECAUSE WE HAVE BROUGHT BACK THAT SPECIFICALLY **PERSONAL** FORM OF BANKING WHICH, APART FROM THE MUTUAL SECTOR, HAS BEEN LOST TO OUR COMMUNITIES.

HENCE WHY WE MAKE THE BOLD CLAIM OF WANTING TO CREATE AUSTRALIA'S LEADING, MOST TRUSTED, PEOPLE POWERED LENDING MARKETPLACE.

FROM A CUSTOMER PERSPECTIVE, THERE IS NO DOUBT THAT OUR DIFFERENT APPROACH TO LENDING – WHERE WE USE RISK-BASED PRICING TO MATCH HIGH-GRADE CREDIT WORTHY BORROWERS WITH THE INVESTMENT REQUIREMENTS OF INVESTORS WHO FINANCE OUR LENDING – HAS HIT A CHORD.

I SHOULD EMPHASISE HERE THAT ALL OF THIS ACTIVITY, IS UNDERTAKEN UNDER A STRONG REGULATORY ENVIRONMENT AND INTERNAL GOVERNANCE MODEL.

AND AS A CONSUMER PERSONAL LOAN PROVIDER, WE HOLD AN AUSTRALIAN CREDIT LICENSE AND ARE OBLIGATED TO MEET ALL THE RESPONSIBLE LENDING REQUIREMENTS UNDER THE NCCP.

FOR US, IT'S ALL ABOUT PROVIDING A SUPERIOR CUSTOMER EXPERIENCE – FOR INVESTORS AND BORROWERS.

OUR PROPOSITION IS SIMPLE:

IF YOU HAVE BEEN GOOD WITH CREDIT, WE WANT TO REWARD YOU WITH A BETTER RATE. THIS WE DO BASED ON YOUR UNIQUE CREDIT HISTORY.

THIS IS WHERE EVERY ADULT AUSTRALIAN'S 'SECRET NUMBER' COMES INTO PLAY – THE SECRET NUMBER THAT BANKS AND OTHER INSTITUTIONS USE WHEN IT COMES TO ASSESSING A LOAN OR CONTRACT.

YOUR CREDIT SCORE.

LET'S QUICKLY TRY ANOTHER PIECE OF CUSTOMER ENGAGEMENT IN THE GUISE OF AUDIENCE PARTICIPATION.

WHO IN THIS ROOM KNOWS THEIR CREDIT SCORE?

(COUNTS). ON MY READY RECKONER THAT'S ABOUT ONE IN FIVE OF US HERE. WHICH ROUGHLY REFLECTS THE REST OF AUSTRALIA WHERE BETWEEN 8 TO 9 OUT OF TEN PEOPLE ALSO DON'T KNOW THEIR CREDIT SCORE.

BY THE WAY YOU CAN GET IT FOR FREE IN A MATTER OF MINUTES BY GOING TO [GETCREDITSCORE.COM.AU](http://GETCREDITSCORE.COM.AU). TRY IT - YOU MAY WELL BE SURPRISED AT THE RESULT.

HAVING YOUR CREDIT SCORE WILL HELP US ANSWER ON YOUR BEHALF TWO KEY QUESTIONS WHEN YOU APPLY FOR A LOAN WITH SOCIETYONE.

WILL YOU GIVE ME A LOAN AND IF SO, AT WHAT RATE? WITH SOCIETYONE, YOU CAN GET AN ANSWER TO THIS QUESTION IN MINUTES.

WHEN YOU APPLY FOR A LOAN THROUGH SOCIETYONE, YOUR LOAN OFFER IS ASSIGNED A GRADE BETWEEN 1 AND 5 (BASED ON A PREVIOUS RANGE OF AA THROUGH TO D) WITH A CORRESPONDING INTEREST RATE RANGE AND THE FEE FOR ESTABLISHING YOUR LOAN.

THE LOAN GRADE IS BASED ON A VARIETY OF FACTORS SUCH AS YOUR CREDIT HISTORY, CREDIT SCORE, EMPLOYMENT STATUS, CASH FLOW POSITION, LOAN AMOUNT AND TERM REQUESTED.

THE BETTER THE SOCIETYONE LOAN GRADE, THE LOWER THE INTEREST RATE AND FEE. AS AN EXAMPLE, FOR TIER 1 GRADE BORROWERS THESE AVERAGE A RATE OF 9.4%

ONCE YOUR APPLICATION IS APPROVED, YOUR LOAN WILL BE AUCTIONED IN OUR MARKETPLACE. OUR INVESTORS WILL COMPETE TO OFFER YOU THE LOWEST RATE WITHIN THE INTEREST RATE RANGE FOR YOUR SPECIFIC LOAN GRADE.

IF DEMAND FOR YOUR LOAN IS HIGH, THE FINAL RATE YOU ARE OFFERED WOULD TEND TOWARDS THE LOWER END OF THE BAND AND VICE VERSA.

BORROWERS CAN TAKE OUT A LOAN FROM BETWEEN \$5K AND \$35K ON AN UNSECURED BASIS FOR TERMS OF 2,3, OR 5 YEARS WITH FIXED FORTNIGHTLY OR MONTHLY REPAYMENTS.

AND WHAT ABOUT FEES WHICH ARE THE BUG-BEAR OF MOST BANK CUSTOMERS? WELL, WE CHARGE THEM A ONE-OFF ESTABLISHMENT FEE ON AVERAGE BETWEEN 2.5% AND 5% DEPENDING ON YOUR CREDIT GRADE.

THERE ARE NO MONTHLY FEES AND NO ADDITIONAL FEES FOR EARLY REPAYMENT OF YOUR LOAN.

SO, HOW DOES THAT COMPARE WITH THE BIG BANKS? HERE'S A TYPICAL EXAMPLE.

- A COMPARISON RATE OF 17% FOR \$20,000 LOAN
- \$150 APPLICATION FEE
- \$10 PER MONTH ONGOING FEE.
- EARLY REPAYMENT FEES MAY APPLY BUT HARD TO FIND THE EXACT INFORMATION ON WEBSITE.

AND WHAT ABOUT THAT PERSONAL SERVICE? HARDLY.

EVERY CUSTOMER IS TREATED THE SAME SO THERE IS NO INDIVIDUAL RATE, NO INDIVIDUAL ASSESSMENT, NO REWARD OR BENEFIT FOR A GOOD CREDIT HISTORY AND NO INDICATION WHATSOEVER THAT YOU WILL EVEN BE MADE AN OFFER.

AND IF YOU AREN'T, NO EXPLANATION WILL BE GIVEN AS TO WHY YOU HAVE BEEN DECLINED.

EVEN WORSE YOUR CREDIT FILE WILL HAVE BEEN THE SUBJECT OF A HARD CALL WHICH WILL HAVE IMPACTED YOUR CREDIT HISTORY IN A NEGATIVE WAY. JUST BECAUSE YOU MADE AN APPLICATION TO GET A LOAN, LET ALONE HAD THE OPPORTUNITY OF BEING OFFERED ONE.

AND REMEMBER ALL OF THE PROFITS FROM THESE LOANS GO TO THE BANKS. (YES, SHAREHOLDERS GET THEIR SLICE OF THIS EACH YEAR BUT IT'S NOT THE SAME IF YOU WANT TO INVEST DIRECTLY).

SO, THAT'S THE BORROWER AND THE COMPARISON WITH THE BANKS. HOW DOES IT WORK FOR OUR INVESTOR FUNDERS WHO WE MATCH DIRECTLY WITH OUR BORROWER CUSTOMERS?

UNLIKE A BANK SOCIETY ONE DOES NOT HAVE A BALANCE SHEET WHEN IT COMES TO PROVIDING A LOAN. THIS IS WHERE OUR INVESTORS (AS OPPOSED TO SHAREHOLDERS) COME IN.

THIS IS THE TRUE EXPRESSION OF A PARTNERSHIP BETWEEN TWO WITH AN INTERMEDIARY SUCH AS OURSELVES FACILITATING THIS LINKAGE.

WHAT, THEN, ARE THE BENEFITS?

THE FIRST IS GIVING INVESTOR FUNDERS ACCESS TO AN ASSET CLASS WHICH WAS PREVIOUSLY THE DOMAIN OF THE TRADITIONAL LENDERS.

IT'S WORTH NOTING AT THIS POINT THAT WHILE PERSONAL LOANS ONLY MAKE UP 4% OF A MAJOR BANK'S ASSETS THEY ARE RESPONSIBLE FOR AS MUCH AS 10% OF PROFITS.

10%! I KNOW AS WELL AS ANYONE HOW IMPORTANT IT IS FOR OUR BANKS TO MAKE A PROFIT GIVEN THEIR IMPORTANCE TO THE ECONOMY AND THE COUNTRY. BUT 10% ON PERSONAL LOANS. REALLY?

OUR PHILOSOPHY IS TO SHARE THOSE PROFITS AND AT THE SAME TIME HELP MAKE THE WORLD OF PERSONAL LOANS THAT BIT FAIRER.

SO, WITH FOUR YEARS' EXPERIENCE UNDER OUR BELT, OUR INVESTOR FUNDERS NOW HAVE ACCESS TO THOSE PROFITS AND MORE IMPORTANTLY, SHARING IN THEM:

- OVER 10% PA 3 YEAR ANNUALISED RETURNS
- REAL FIXED INCOME ASSET CLASS
- LOWER DEFAULT RATES AT THIS STAGE OF THE RISK CYCLE

THIS THEN IS HOW WE BRING PEOPLE TOGETHER AND WE WILL INCREASINGLY DO SO AS WE BUILD OUT OUR MARKETPLACE WHERE WE WILL VERY SOON BE ABLE TO SAY “YES” TO EVEN MORE CUSTOMERS THANKS TO SOME EXCITING PARTNERSHIPS WE ARE ABOUT TO UNVEIL.

FOR OUR FUNDERS THEIR INVESTMENT IS MORE THAN NUMBERS ON A PAGE. WE CONNECT THEM WITH REAL BORROWERS SO THEY CAN SEE WHAT A DIFFERENCE THEIR MONEY MAKES.

IN MANY WAYS, SOCIETYONE IS LIKE A MODERN, DIGITAL EQUIVALENT OF THE CREDIT UNIONS BUT NOT CONSTRAINED BY GEOGRAPHY, EMPLOYMENT SEGMENT OR PHYSICAL DISTRIBUTION.

WE HAVE ACTUALLY CREATED A COMMUNITY OF FUNDERS WITH AN INCREASING NUMBER OF MUTUALS, LIKE-MINDED INSTITUTIONS AND INDIVIDUALS WHO HAVE SEEN THE BENEFIT AND OPPORTUNITIES AFFORDED BY LINKING UP WITH A NEW DIGITAL GENERATION LENDER SUCH AS OURSELVES.

NOT ONLY IS THIS PARTNERSHIP CREATING REAL VALUE FOR THEM ON AN ECONOMIC BASIS IT IS ALSO REVITALISING A SECTOR OF THE MARKET WHICH FOR THEM OVER THE PAST YEARS HAS BEEN IN DECLINE FROM A PORTFOLIO PERSPECTIVE.

IN MANY CASES IT PROVIDES THESE INVESTORS WITH NEW WAYS TO FURTHER CEMENT THE RELATIONSHIP WITH CUSTOMERS BY OFFERING A DIFFERENT WAY OF PROVIDING FINANCE THAT TRULY MEETS THEIR VALUES AND OBLIGATIONS TO THEIR COMMUNITIES – VALUES THAT WE VERY MUCH SHARE.

THIS THEN IS THE WORLD THAT WE OCCUPY; WHERE CUSTOMERS, ORGANISATIONS, COMPANIES AND COMMUNITIES COME TOGETHER TO SHARE THE REWARDS OF A MORE COLLABORATIVE SOCIETY; ONE THAT LOOKS TO RECOGNISE AND ENHANCE THE POTENTIAL OF EVERY INDIVIDUAL; ONE THAT IS BASED ON A FAIRER AND MORE EQUAL WAY OF DOING BUSINESS.

IT MAY SOUND UTOPIAN BUT WE CAN ALREADY SAY THROUGH  
EXPERIENCE THAT IT EXISTS.

**THANK YOU.**