

New Financial Inclusion Scheme Launched

The roll-out of a new microfinance institution (MFI) could see some of the most financially-excluded people in Britain gain access to low-rate loans, it has been announced.

September 28, 2007 (FPRC) -- Based in London, the Community Money scheme has been launched to help individuals, community groups and businesses take out a loan and other financial products. The first MFI in the country to be set up as a Community Interest Company (CIC), the project will see two fiscal schemes created to aid the monetarily-excluded parts of society. Starting later this month, the Community Lottery, a weekly 1 pound sweepstake, has been launched which will see its proceeds go towards a loans and grants fund, which is due to start operating in the early stages of 2008.

Meanwhile, the Community Money Financial Inclusion Programme has been developed to help combat the problem of financial deprivation among low-income consumers. It will also provide support to those Britons forced to take out high-interest lending and the associated debt problems in paying back loans. As a result, the move could see borrowers develop access to more low cost loans. In addition, the programme will see the implementation of financial inclusion strategies on the behalf of regeneration agencies, local authorities and housing providers.

Commenting on the announcement, Puck Markham, founder and chief executive for Community Money CIC, said: "In today's economically-polarised society, the more affluent and socially aware individuals are looking to regulated investment opportunities that benefit their local communities. Community Money has been set up to provide that investment vehicle which in turn enables the provision of affordable loans, community grants and other financial services to those who need it most."

Meanwhile, pointing to findings from HM Treasury, the organisation reported that around one out of 12 British households are often unable to access mainstream loans and other forms of credit which offer competitive rates of interest as they are deemed to be of greater risk when it comes to making repayments. In addition, such consumers were stated to be shut off from the provision of basic financial advice which, if granted to them, could help them to look for low rate loans and make repayments with greater ease.

Consequently, those Britons on a low income are often forced to rely on unscrupulous lenders, who are reported to charge annual interest rates of up to 1,500 per cent for short-term borrowing. Such companies are said to target "the people who least can afford to pay such high prices for essential goods and services".

Earlier this year, R3 - the Association of Business Recovery Professionals, the trade body representing insolvency practitioners, claimed that recent proposals by the government could help the financially-excluded avoid unscrupulous lenders and instead access low-rate loans as they adopt a more responsible approach to their finances. Nick O'Reilly, vice-president for R3, urged those struggling with numerous demands on their money such as secured loans and utility bills to avoid loan sharks and instead seek advice from respectable professionals. Yet those consumers finding themselves nearing an untenable money management position may want to take out a bad

credit loan as a means of getting back on their financial feet and helping them to repair the damage done to their borrowing history.

Loan Arrangers offer information about bad credit loans. Their website allows you to compare loans to find the best loan rate.

Contact Information

For more information contact Mark Dawson of Loan Arrangers (<http://www.loan-arrangers.co.uk>)

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