

Going Global: Disrupting the credit building world, one country at a time Gregor Mowat

When we first built LOQBOX in 2016, we knew our mission - to end financial inclusion - was a global one. We chose to start in the UK as we were acutely aware of the lack of opportunity, capability and resilience among consumers due to poor financial education and very few options for people to build their credit score. We wanted to help provide a system that always had a free option, was fair, low risk and simple to use - especially for the most vulnerable. That's how LOQBOX came about.

After 3 successful years and becoming one of the fastest-growing Fintech businesses in the UK, we wanted to take our next step towards our global mission and take the LOQBOX concept to another country.

Our strategic plan pointed towards launching the LOQBOX proposition in various countries but we wanted clear validation of our desired business direction and the risks and opportunities available by creating a roadmap for our geographical expansion. Our decision to launch in the US followed a detailed market, regulatory and cost study to determine the timing and process for the next step of LOQBOX.

The first stage of the analysis was to mitigate any 'red flags' by building a scoring system on metrics to rank the potential countries that could benefit from LOQBOX in terms of Industry Structure, Market Potential, Macro Stability and Rule of Law as well as look into the ease of deployment, product and location-specific regulations. The final consideration was a tricky one. The US market (very different to the UK) was already saturated with credit building products - the American people were way ahead of the curve when it came to credit building and were much more aware of the wider impacts credit history has on a healthy financial life. However, we spotted a gap. Every product available to US consumers, that was similar to our proposition, had a cost associated with it, and a high one at that. This went against our mission to end financial exclusion as the people who are most in need of our product may be the least able to afford an expensive option. Our research showed that on average the same opportunity would cost American people around \$100 for the privilege of building a credit score while they saved.

If you're familiar with LOQBOX, you will know that our full end to end service always has a free option. We don't charge fees, but we are still a business that needs to make money. The way we do this is by partnering with banks so at the end of a customer's term with us (up to 12 months) you can have your money sent to a new account with one of our partner banks which makes the full relationship with LOQBOX free. This was not something available in the US.

For context, in the United States, 44 million people are credit invisible* For many, this is a difficult situation because if they've never had credit they can't build a credit history and may find themselves unable to access standard financial services. The consequence of having a poor credit score is that many turn to expensive sub-prime lenders and succumb to a spiral of debt. We launched our pilot program in the States in 2020, made some tweaks, and launched nationwide in late 2020.

Setting up in a market the size of America has been a tough but immensely satisfying journey, and we feel that thanks to LOQBOX, soon all Americans will have a **free** option to build their credit score while they save.

What's next? You'll have to wait and see, but our global mission has only really just begun.

**Credit invisible" means that a person lacks a credit history and is, therefore, 'invisible' to an institution.*