Controversial student lender Smart-Pig.com is first short term loan company to be authorised by the FCA – 6 months ahead of Wonga

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Student lender Smart-Pig.com has been confirmed as **the first trading short term loan company to be authorised by the FCA,** on 4th August 2015.

Smart-Pig.com has been lending to students as an alternative to payday loans since 2012. Fintech entrepreneurs Tom Parks (27) and Shreiff Benaziza (26) **launched Smart-Pig from a university bedroom** after they realised that lenders were making poor lending decisions when it came to students, and were not treating their customers fairly.

When the FCA cracked down on unfair practices in short term lending, Tom and Shreiff found that **many of the new rules were already established practice at Smart-Pig.**

“When **Shreiff had a terrible experience with a payday loan at university**, we realised that besides the unavoidable high APR1, loan providers were not treating customers fairly. We built Smart-Pig as a safe alternative to other short term loans that was designed especially for students' unique financial circumstances. **To date we estimate we have saved students over £1m in late payment fees and other charges.**”

“Because students have low incomes, they are often having few options in time-sensitive emergency such as a change in the student finance awarded, or withheld rent deposits.”

“**We've been able to succeed because our technology has put us at the forefront of student lending, where lack of credit data is traditionally an issue**. We have a unique approach to this, gained over 4 years of trading with real results, and have built robust platform that will let us take on the largest lenders in the very near future.”

Wonga was branded “morally offensive” in 2012 for targeting students with its generic payday loan. Whilst it removed a page from its site, the company continued to lend to students.

Smart-Pig has come under criticism from the NUS and Martin Lewis of Money Saving Expert for lending to students although **their complaints to the ASA and FCA were not upheld**. However, following protracted campaigns and regulation, t**he demand for student payday loans has shrunk considerably.** A recent NUS survey puts the proportion of undergraduates using Payday loans at 1% - compared to 10% who had applied for loans at the height of payday loan advertising, according to Smart-Pig's own research.

Smart-Pig has won a national advertising award as well as being a finalist for Credit Today's Alternative Lender of the Year 2014 and 2015. It obtained private investment of £2.4m in 2014.

----END OF RELEASE---

Editorial notes

- Smart-Pig should have the first letter of each word capitalised and separated with a hyphen. It can appear with or without the .com suffix.
- HCSTC stands for High Cost Short Term Credit, the class of permission that payday lenders and similar firms must obtain from the FCA.
- Smart-Pig is a trading name of FCL Consumer Finance Ltd.

Footnotes

1)APR
Using APR to compare the cost of any loan under 1 year duration is misleading because it can be inversely proportional to cost. See the example in the table below.

For ease of demonstration, all the fictional loans in the table have the same daily interest rate of

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1%, so all would cost 365% a year. Please Note: these examples are NOT Smart-Pig Loans. Smart-Pig loans have a cheaper rate and an interest cap.

Duration	Daily Interest	Annual Interest	Actual Cost	APR
1 day	1%	365%	1%	**3678%**
5 days	1%	365%	5%	**3422%**
10 days	1%	365%	10%	**3142%**
1 month	1%	365%	30%	**2333%**
3 months	1%	365%	90%	**1251%**
6 months	1%	365%	180%	**707%**
1 year	**1%**	**365%**	**365%**	**365%**

The loan that costs £1 per £100 borrowed has an APR of 3678% and the loan that costs £365 per £100 borrowed has an APR of 365% - inversely proportional to cost. Both have the same daily or annual interest rate.

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