

## Credit Committee Report 2020/2021

The credit committee was unable to meet once the covid pandemic hit because the majority of members were shielding and did not have any computer access. Loans continued to be made by the office using the loan policy. Advice was sought from committee members by telephone on higher risk loans and a record kept of credit control and loans made and shared with the credit committee.

Loans granted during 2020/21: £31,855 (2019/20: £35,680, 2018/19: £52,759)

Number of loans granted: 45 (2019/20: 56, 2018/19: 68)

Average loan amount: £707.89 (2019/20: 637.14, 2018/19: £775.86)

Lending has dropped during the last two years, and this is a pattern replicated in credit unions across the country. Members have often saved rather than borrowed either because their outgoings have reduced, they have been unable to go on holiday or they are cautious about spending during a period of uncertainty. Over half were for general financial assistance with the balance being for household equipment, school uniform, transport and a lucky few members managed to book a holiday.

Bad debts in 2020/21 were almost all from historic loans. Our policy is to establish contact with members in arrears to offer support but ultimately, we have a responsibility to our members whose savings are used for loans to recover them and recovery through the courts or Department of Work and Pensions Eligible Loans Deduction Scheme (automatic recovery through benefits) are used as a last resort.

With the change of IT system our loan policy is currently being reviewed and updated to encompass the changes the new system will bring. It will enable more detailed identity checking and credit checks through TransUnion and Open Banking will help make our lending decisions better informed. Loan applications will still be looked at by a member of the team rather than using a fully automated process so that members full circumstances can be looked at to understand why they may have had difficulties in the past. It will also give members an opportunity to improve their credit rating through regular repayment data shared back through TransUnion.