

HARVEST MONEY

SAFE SAVINGS, AFFORDABLE LOANS, SIMPLE BANKING

ABOUT CREDIT UNIONS

- MEMBER OWNED AND RUN CO-OPERATIVES.
- LED BY VOLUNTEER BOARD OF DIRECTORS AND RUN BY PAID STAFF.
- BASED ON A COMMON BOND THAT DETERMINES WHO CAN JOIN.
- PROMOTE THRIFT AND TO HELP PEOPLE BORROW SAFELY AND AFFORDABLY.
- VERY WELL USED AROUND THE WORLD (USA, AUSTRALIA, IRELAND).
- COMPARATIVELY UNDER-USED IN THE UK BUT GROWING MORE QUICKLY IN RECENT YEARS.

ORIGINS OF HARVEST MONEY

- ORIGINAL STEERING GROUP FORMED BY STAFF AT NORTHAMPTON BOROUGH COUNCIL.
- NORTHAMPTON BOROUGH COUNCIL EMPLOYEES CREDIT UNION REGISTERED IN MAY 1997.
- OPERATED FROM A SMALL BASEMENT OFFICE IN THE GUILDHALL.
- SUCCESSFULLY GREW TO A FEW HUNDRED MEMBERS – ABOUT 15% OF THE NBC STAFF.

EXPANSION

- FIRST EXPANDED TO COVER THE WHOLE OF NORTHAMPTON IN 2003.
- TOOK IN THE HEATH CREDIT UNION IN 2003 TO ENSURE CONTINUED PROVISION IN THAT PART OF TOWN.
- VARIOUS COLLECTION POINTS SET UP AROUND THE TOWN (SPRING BOROUGHS, NEED TO KNOW SHOP, OPEN DOOR)
- ALSO BEGAN PAYROLL DEDUCTION SERVICES AT NORTHAMPTONSHIRE COUNTY COUNCIL.

EXPANSION

- KEY STEP OF OBTAINING DWP GROWTH FUND IN 2010.
 - ENABLED RECRUITMENT OF PAID STAFF TEAM AND MOVE TO NEW PREMISES.
- EXPANDED TO COVER THE WHOLE OF NORTHAMPTONSHIRE IN 2012.
- TOOK IN TWO MORE CREDIT UNIONS IN 2013.
 - GOLDEN SHEAF CREDIT UNION FROM KETTERING.
 - FIVE WELLS CREDIT UNION FROM WELLINGBOROUGH.

EXPANSION

- COMMON BOND EXPANDED TO ADD CHERWELL DISTRICT IN OXFORDSHIRE IN 2013.
- EXPANDED AGAIN IN 2016 TO COVER MORE OF OXFORDSHIRE, AS WELL AS MILTON KEYNES AND PARTS OF BEDFORDSHIRE.
- WESTON FAVELL AND DISTRICT CREDIT UNION TAKEN IN DURING OCTOBER 2016.
- BLACKBIRD LEYS CREDIT UNION TAKEN IN DURING JULY 2017.
- REBRANDED AS HARVEST MONEY IN AUTUMN 2017.

HARVEST MONEY TODAY

- 3,550 MEMBERS.
- £1.1 MILLION ON LOAN TO MEMBERS.
- £2.0 MILLION ON DEPOSIT FROM MEMBERS.
- TOTAL ASSETS OF £2.2 MILLION.
- 6 MEMBERS OF STAFF (4.7 FTE)

SERVICES

- SAFE SAVINGS.
 - EVERY MEMBER GIVEN A SAVINGS ACCOUNT AND REQUIRED TO SAVE £1 A WEEK OR £5 A MONTH.
 - OPTIONAL CHRISTMAS SAVER ACCOUNT AND PLANNED SAVER ACCOUNT.
- AFFORDABLE LOANS.
 - BASED ON AN APPLICANT'S ABILITY TO REPAY.
 - INTEREST RATES STARTING AT 8.6% APR.
- SIMPLE BANKING.
 - BUDGET PLUS ACCOUNT WITH BILL PAYMENT SERVICE - £2 A MONTH.
 - PREPAID DEBIT CARD OPTIONS THROUGH PARTNERSHIP WITH CONTIS.

DEBT ISSUES IN THE UK

- PEOPLE IN THE UK OWED £1.576 TRILLION AT THE END OF JANUARY 2018.
 - THIS REPRESENTED AN INCREASE OF £1,078 PER UK ADULT COMPARED WITH JANUARY 2017.
- 62% OF PEOPLE ARE WORRIED ABOUT THEIR LEVELS OF PERSONAL DEBT.
- A QUARTER OF PEOPLE SAY THEY ARE STRUGGLING TO MAKE ENDS MEET.
- 10% HAVE 'MAXED OUT' A CREDIT CARD.
- A THIRD ARE LOOKING TO TAKE ON MORE DEBT (LOANS, CAR FINANCE, MORTGAGE).
- 25-34 YEAR OLDS ARE THE MOST INDEBTED GROUP.

DEBT ISSUES IN THE UK

- TOTAL CONSUMER CREDIT DEBT IN THE UK IS NOW IN EXCESS OF £200BN.
- ISSUES AROUND REPAYMENTS WILL ONLY WORSEN IF INTEREST RATES START RISING.
 - CREDIT CARD RATES ARE AT THEIR HIGHEST IN TEN YEARS.
- CONSUMER CREDIT GROWING AT 10% A YEAR.
- HOUSEHOLD INCOMES GROWING AT 2% A YEAR.

DEBT ISSUES IN THE UK

- IN SEPTEMBER 2017, RESEARCH FROM UK FINANCE (A FINANCIAL TRADE BODY) LOOKED AT PER CAPITA CONSUMER CREDIT DEBT.
- NORTHAMPTON IS THE MOST INDEBTED PLACE PER CAPITA IN THE UK – £749.
- THE AVERAGE FIGURE FOR THE UK IS £603.

WHAT ARE PEOPLE BORROWING FOR?

- FAR TOO OFTEN WE SEE PEOPLE APPLYING FOR LOANS TO COVER HOUSEHOLD ESSENTIALS.
 - THIS INCLUDES RENT, COUNCIL TAX, AND UTILITIES.
- DEBT CONSOLIDATIONS ARE A COMMON REQUEST.
 - LOOKING TO PAY OFF HIGH INTEREST LOANS (CREDIT CARDS, CATALOGUES, PAYDAY LOANS).
- PREDICTABLE EXPENSES THAT COULD BE BUDGETED FOR.
 - INCLUDES BIRTHDAYS AND CHRISTMAS.

WHAT DEBT ISSUES ARE WE SEEING?

- HIGH DEBT TO INCOME RATIOS.
 - ONE MEASURE WE ASSESS IS TOTAL DEBT TO ANNUAL INCOME.
 - ANYTHING ABOVE 50% IS A CONCERN.
 - LEVELS ABOVE 100% SUGGESTS VULNERABILITY TO FINANCIAL SHOCKS.
 - WE ROUTINELY SEE RATIOS IN EXCESS OF 150%.

WHAT DEBT ISSUES ARE WE SEEING?

- USAGE OF HIGH INTEREST LENDERS.
 - PAYDAY LENDERS.
 - DOORSTEP LENDERS.
 - LOAN SHARKS.

WHAT DEBT ISSUES ARE WE SEEING?

- LACK OF DISPOSABLE INCOME TO REPAY DEBT.
 - WAGES STATIC AND BENEFITS FROZEN / CAPPED.
 - PRICES RISING.
 - DEBT REPAYMENTS CONSTITUTE A HIGH PERCENTAGE OF MANY PEOPLE'S EXPENDITURE.

WHAT DEBT ISSUES ARE WE SEEING?

- A DISTINCT LACK OF UNDERSTANDING OF CONSUMER CREDIT.
 - INCLUDES MISUNDERSTANDINGS AROUND IMPORTANCE OF TERMS SUCH AS APR.
- LITTLE AWARENESS OF INFORMATION HELD ON A CREDIT FILE.
 - MISCONCEPTIONS AROUND WHAT IS HELD AND IMPORTANCE OF FRAUD PREVENTION.
 - WE REFER PEOPLE TO CLEAR SCORE – GIVES THEM ACCESS TO THEIR EQUIFAX CREDIT FILES.
- LACK OF BUDGETING SKILLS.
 - MANY PEOPLE NOT AWARE OF THEIR ONGOING COMMITMENTS AND HOW MUCH DISPOSABLE INCOME THEY REALLY HAVE.

IMPACT ON OUR LENDING

- WE HAVE SEEN OUR ACCEPT RATES DROP OVER THE LAST FEW YEARS.
- WE ARE NOW ACCEPTING ONLY AN AVERAGE OF 30% OF APPLICATIONS.
- MOST COMMON REASONS FOR DECLINING LOANS ARE:
 - LACK OF DISPOSABLE INCOME SUFFICIENT TO MAKE REGULAR REPAYMENTS.
 - EXCESSIVE DEBT TO INCOME RATIOS.
 - MEMBERS ALREADY HAVE THE CREDIT WE FEEL COMFORTABLE EXTENDING TO THEM.

WHAT SUPPORT CAN WE PROVIDE?

- WE CAN OFFER DEBT CONSOLIDATION LOANS.
 - A USEFUL OPTION IF PEOPLE ARE LOOKING TO REDUCE THE INTEREST RATE THEY ARE PAYING.
 - WE SEE MANY MEMBERS WHO ARE ONLY SERVICING INTEREST AND NOT REDUCING CAPITAL OWED.
 - CAN ALSO BE A USEFUL WAY OF SOMEONE REDUCING THE AMOUNT THEY SPEND EACH MONTH.
 - SERVES TO INCREASE THEIR DISPOSABLE INCOME AND HELP THEM MEET OTHER COMMITMENTS.
 - HOWEVER WE ALSO SEE MANY APPLICATIONS FROM PEOPLE WHO ARE JUST MOVING CREDIT AROUND.
 - IN THESE CASES A DEBT CONSOLIDATION IS RARELY THE ANSWER TO THE PERSON'S SITUATION.

WHAT SUPPORT CAN WE PROVIDE?

- RESCHEDULE LOANS TO PERMANENTLY REDUCE OUTGOINGS.
- PUT A TEMPORARY ARRANGEMENT IN PLACE TO REDUCE PAYMENTS.
- PUT A TEMPORARY STOP ON PAYMENTS.
 - USUALLY ONLY SUITABLE FOR A SHORT PERIOD OF TIME.
- FREEZE INTEREST SO THAT PEOPLE ARE ONLY REPAYING THE CAPITAL OWED.

WHAT SUPPORT CAN WE PROVIDE?

- OUR SAVINGS ACCOUNTS ARE DESIGNED TO HELP BUILD FINANCIAL RESILIENCE.
 - IT IS A CONDITION OF MEMBERSHIP THAT PEOPLE SAVE AT LEAST £1 A WEEK OR £5 A MONTH.
 - THIS ALSO APPLIES WHILST SOMEONE IS REPAYING A LOAN.
 - WORKS AS A DEFAULT SETTING – THE SAVING AMOUNT IS FACTORED IN TO THE LOAN SETUP.
 - SAVING IS A MOTIVATOR – PEOPLE SEE THEIR BALANCES INCREASE AND WANT TO SAVE MORE.
 - WE OFFER A CHRISTMAS SAVER ACCOUNT TO HELP PEOPLE BUDGET FOR THE FESTIVE SEASON.
 - REFER TO FEBRUARY 2017 REPORT FROM FAIRBANKING FOUNDATION
 - “SAVE AS YOU BORROW – CREDIT UNIONS CREATING GOOD HABITS”

WHAT SUPPORT CAN WE PROVIDE?

- OUR BANKING TYPE ACCOUNTS ARE DESIGNED TO HELP PEOPLE BUDGET EFFECTIVELY.
 - OUR BUDGET PLUS ACCOUNT HELPS TO ENSURE KEY BILLS ARE PAID ON TIME.
 - NO OVERDRAFT FACILITY SO NO UNEXPECTED CHARGES EATING INTO DISPOSABLE INCOME.
 - 'SPARE' FUNDS DISTRIBUTED WEEK BY WEEK ONTO A PREPAID DEBIT CARD TO ENSURE MONEY LASTS FROM PAYDAY TO PAYDAY – REDUCING THE LIKELIHOOD OF PEOPLE TAKING ON DEBT.

WHAT SUPPORT CAN WE PROVIDE?

- REFER ON FOR SPECIALIST ADVICE.
 - WE ENCOURAGE MEMBERS TO SEEK SUPPORT THROUGH CITIZENS ADVICE.
 - WE VIEW THIS AS ESPECIALLY RELEVANT WHERE WE HAVE HAD TO DECLINE A LOAN.
 - CAN ALSO BE USEFUL FOR MEMBERS WHO WE CAN HELP WITH LOANS.

WHAT ADVICE CAN PEOPLE ACCESS?

- INCOME MAXIMISATION.
 - ENSURING THAT PEOPLE ARE CLAIMING ALL THE BENEFITS THEY ARE ENTITLED TO RECEIVE.
 - ASSISTING PEOPLE WITH THE PROCESS OF CLAIMING.
- BUDGETING SUPPORT.
 - HELPING PEOPLE TO GET A PROPER HANDLE ON THEIR INCOMINGS AND OUTGOINGS.
 - WE ALSO REFER TO THIS ON THE MONEY ADVICE PAGE ON OUR WEBSITE.
 - LINKS TO BUDGET PLANNER ON THE NATIONAL MONEY ADVICE SERVICE WEBSITE.
 - SITE ALSO CONTAINS LINKS TO NATIONAL DEBTLINE, STEP CHANGE, AND MONEY SAVING EXPERT.

WHAT ADVICE CAN PEOPLE ACCESS?

- ASSISTANCE WITH APPLYING FOR DEBT CANCELLATION OR PAYMENT REDUCTION
 - COULD TAKE THE FORM OF BANKRUPTCY, DEBT RELIEF ORDER, OR IVA.
 - SHOULD BE CONSIDERED ONLY AS LAST SOLUTION TO FINANCIAL DIFFICULTIES.
 - MAKES IT VERY HARD TO OBTAIN AFFORDABLE CREDIT IN THE FUTURE AS THIS WILL STAY ON THE INDIVIDUAL'S CREDIT REPORT FOR SIX YEARS.
 - MAY ALSO BE A TEMPORARY REDUCTION IN PAYMENT FOR A PERIOD OF TIME.
 - CAN OFTEN HAPPEN WHERE SOMEONE'S EMPLOYMENT SITUATION HAS CHANGED.

THANK YOU

- THANK YOU FOR ATTENDING. PLEASE GET IN TOUCH WITH US IF YOU WOULD LIKE ANY FURTHER INFORMATION ABOUT HARVEST MONEY AND THE SERVICES WE PROVIDE.
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