

## **Kent Savers Annual General Meeting – 31<sup>st</sup> March 2021**

### **Chief Executive Officer's Report**

“Unprecedented” is a word we’re all over-familiar with, and I’ve come to hate. So for Kent Savers I’ll say last year was definitely unparalleled. We rose to the challenges of maintaining uninterrupted services through all three lockdowns, with all staff set up and rotating remote and office-based working, and I’m proud of the effort we’ve made in supporting so many of our borrowers whose financial circumstances suddenly and shockingly deteriorated.

In the last 12 months we processed 1,385 new member applications – that’s an average of 115 per month, and in December it peaked at over 230. In the same period, we received 1,172 loan applications – the highest in November was 172 loan requests processed in the month. In response to Covid, Over the year we have awarded 115 temporary debt relief arrangements for borrowers impacted by the lockdowns, suspending either interest or capital repayments for period from 3 months to up to 12 months, depending on their current circumstances and affordability and future likely wages or benefits entitlements. Each temporary voluntary arrangement is individually discussed and documented.

These numbers show the work volumes that the team has been managing. The additional Covid impact, which has involved addressing non-payments, assessing borrowers claims for relief and following up on reduced payment plans, has been very significant. Another major Covid impact is the deterioration in the credit quality of loan applications, so we’ve been approving less than 50% of the requests we receive. Poor quality credit and increasing non-payments will continue as a “long Covid” impact on our business well into next year.

#### **Team and Directors**

The officers and managers have all gone above and beyond this year – the teamwork and support for each other had been invaluable. We’ve also welcomed Jane to the team as a part-time Arrears Management Officer – her post is funded by generous grant funding from KCC and Canterbury Council in response to our specific request for extra resources to address our increasing delinquency rate and support borrowers in genuine financial hardship.

There are also many new faces on the Board and Supervisory Committee this year – their commitment and belief in the Credit Union cause, and willingness to volunteer their time and expertise, is very reassuring and motivating for me in particular, and the rest of the team.

### **Lending Products**

A major portion of our loan book has been issued from the underwritten Housing Loan Fund that we continue to operate for Bexley Council. We are in regular contact with their Housing and Senior Management teams about their future plans for welfare loans in general and the Loan Fund with us from next year. It's an important part of our business and we are hopeful we can reach an agreeable basis to extend and increase the Loan Fund scheme with them.

Child Benefit Loans is a new product that we started last year, these are small loans repayable directly from HMRC Child Benefit payments over a maximum 1 year term. They're designed to attract young parents who are most vulnerable to using the high-interest payday or home loans, so we apply slightly lower credit scoring requirements than our standard personal loans. They have proved very popular, with lots of interest being created from our social media ad campaign funded by a grant from Kent Community Foundation. They generate a lot of repeat Top-Up loans and analysis has shown they also outperform our personal loans in terms of non-payment and defaults, so we have plans to promote this product more widely.

### **IT and online systems**

We have received some very positive feedback from members on our new improved online access to joining forms, account information, and loan applications. With our new Systems Partner incuto, we have transformed the member onboarding journey which is now fit for modern day customer expectations. The new Mobile App is growing in usage, and other system improvements include speedy Open Banking access to bank statements integrated into the new TransUnion credit check service, improved online ID checks, digital signing of credit agreements, and improved mass email communications. Our next exciting milestone will be our new Website launching next month – it will be a more user-friendly tool for existing and prospective members, as well as an updated “shop-window” for our other interested partners and stakeholders.

## **A final note on Covid**

I already mentioned the volume of voluntary debt arrangements we have been managing for our most financially vulnerable borrowers. As part of this exercise, we have also been adapting and bedding in revised collections and recovery practices to ensure as much as possible we're not adding additional stress or anxiety to individuals and families who are struggling to make ends meet. As a Credit Union we differentiate ourselves from the commercial lenders in treating our customers as people not numbers, and in building relationships that recognise when unforeseen circumstances arise. Whilst our repayment forbearance policy is impacting the Credit Union's financials in the current period, we are already seeing evidence that the time and effort the team is spending listening to and responding to those borrowers' situations is positively influencing their attitudes to us, improving the relationship of mutual trust and ultimately securing positive repayment commitments when circumstances improve.

So, thank you again to the Kent Savers team, to all our members, in particular those who have supported us with donations from their savings accounts, and to all the Board.

The year ahead will be another busy one. I'm sure we'll be successful in continuing to demonstrate to increasing numbers of individuals, organisations and importantly the local councils across our common bond, the role we play in supporting financial resilience in our communities is more important now than ever.

Catherine Parker

CEO, March 2021