

## **Workshop: 1B, What are Social Lenders looking for? by Sue Cooper.**

Background – Sue worked for Triodos Bank lending to charities big/small.

Looking at social lending/enterprise in collaboration with government too.

Market research doesn't need to be huge detail.

Key people can be an issue, impacts on essential tasks if only a small team.

Lending often relies on a judgment call.

Financial information is not only information relied on by Prometheus.

Security of loan is required by Prometheus but not necessary for community trusts.

YOU HAVE TO ASK LOTS OF QUESTIONS IF YOU ARE LENDING.

Social lenders have to understand how NFP organizations make decisions and the language used by the sector.

Examples:

CBEC Kaitia - Picks up services that are not being done well or at all by private providers.

Lower Hutt Women's Centre – Repaid loan so considered a success. Brought the building from council. Developed repayment plan from donor base.

Questions from the floor:

*Does Prometheus take an active role in supporting applicants?* Yes- signpost people to marketing support.

*Why didn't Lower Hutt Women's Centre not go to the bank?* In efficient capital – not full deposit.

*Have Prometheus explored less security based model? Something more like micro-finance?* Do work with personal guarantees. Start ups not Prometheus primary market.

*Do they provide post funding mentoring support?* No – more monitoring.

Bad debt rate of Prometheus is very low approximately 2.4% compared to traditional banks.

Issues:

Miss perception of Social Enterprise by business and Not For Profit sector.

Competition

Credit rating

Market research

Business/maturing planes

Who is client base?

Can they pay back?

What is the skill base: running a small, cash flow, people skills, can they make it work?

How many people will benefit.

Social Enterprise fundamental good.

Environmental impact

Background of group

Challenges for SC sector? Feasibility plans – lack of resources/skills to do so.

Changeability one of 17 groups to access funds from DIA Internship scheme.

Trends: Prometheus wants to know what the metric value is first. Then look at the standard level- information.

Challenges: Supply and demand to borrow: understanding of social lending so that it can be increased.

Groups would like to have extra resource to do feasibility research.

Action: FIS (Fund view) – feasibility funding: FIS looking to collect info on Social lenders.

Action: Awareness of this. Borrowing communities: guarantee to pay \$x into pot gross guaranteed by other borrowers.

Next steps: Awareness of start up capital funds.

Issue: Financial literacy an issue, national banks working on but not Prometheus.

Issue: Understanding what similar organizations get funding wise but CAPACITY is an issue.

Action: Getting the language out there and understood including “sweat equity”.

Next Step: People need to learn from each other e.g. knowledge exchange (Hugo Rolo)