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***SUCCESS IN LENDING
WORKSHOP***



WHERE I FIT INTO TRANSERVE STRUCTURE

- INTRODUCED EXECUTIVE DIRECTORS (PAID SENIOR STAFF)
 - 3 **EXECUTIVES** INCLUDING CEO (APPOINTED) – SHARE SMF RESPONSIBILITIES
 - 9 NON-EXECUTIVES -‘NEDS’-(ELECTED AT AGM)
 - 1ASSOCIATE DIRECTOR (APPOINTED)
 - CO-OPTEE’S / ADDITIONAL ASSOCIATES (AS NECESSARY)

SUCCESS IN CU LENDING

- TRANSERVE - HISTORY AND PERFORMANCE
 - THE PROBLEMS OF LOW LENDING
- SOME SUCCESS FACTORS - WHAT WORKS FOR TRANSERVE
 - DEVELOPING NEW PRODUCTS AND APPROACHES?

1996 - 2016

1996

Formed as Mainline bus co-op CU in So Yorks.

1998

Mainline de-mutualized and sold to First Bus

1999

Changed name to TransaveUK CU and expanded to UK First depots

2010

Expanded to new bus companies such as London United

2012

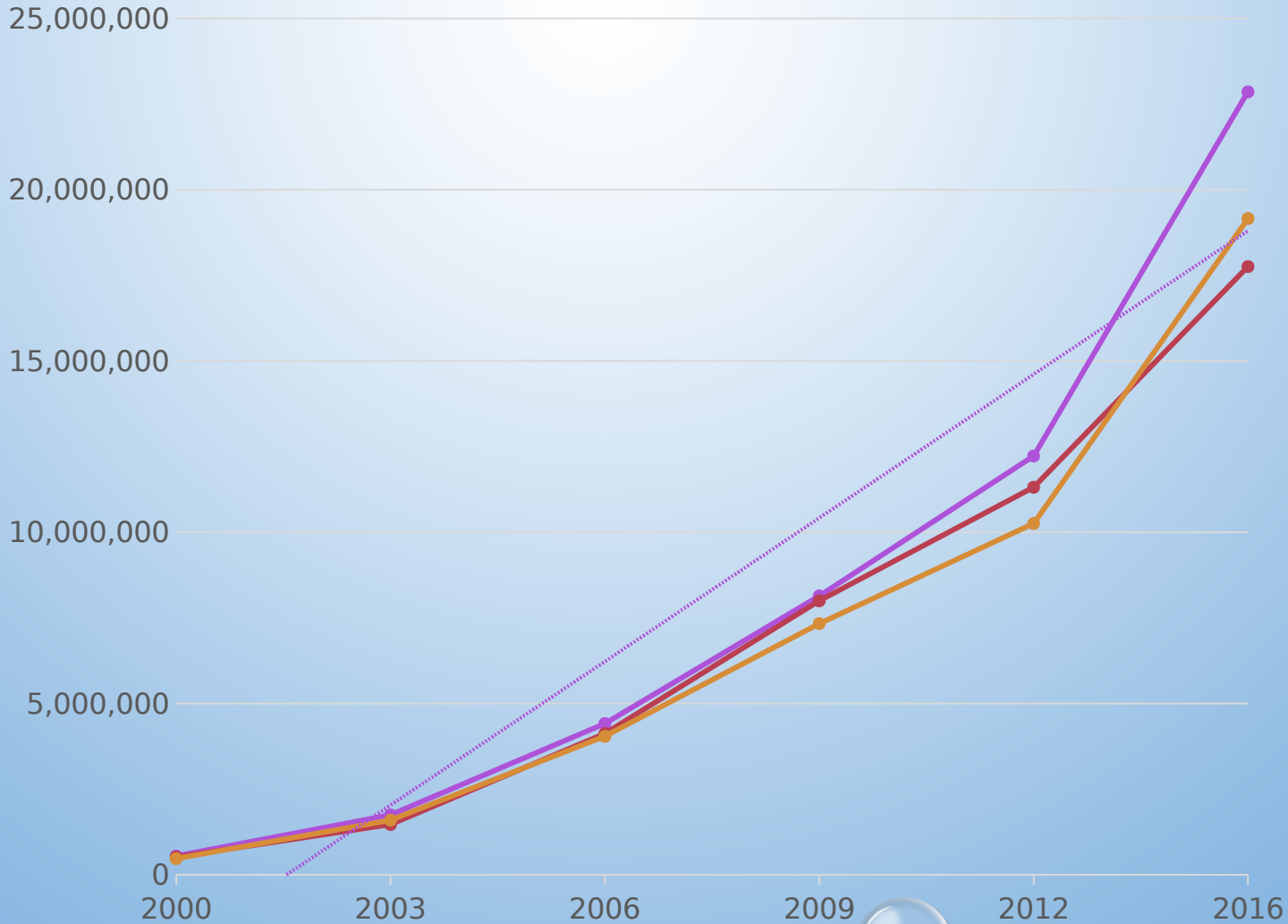
LRO : Added whole range of Non-Transport Common Bonds including So Yorkshire based employees

2015

Now includes Employee-owned Mutuals, Health professionals, SYPolice, S Yorks employees, etc. as well as UK Transport

2000 - 2016

ASSETS, LOANS & SHARES



AVERAGE LOAN RATIOS 1996 TO 2016

- LOAN TO SHARE AVERAGE

100.5%

(HIGH=112% LOW=92%)

- LOAN TO ASSET AVERAGE

92%

(HIGH=99% LOW=78%)

- BAD DEBT TO LOAN BOOK

2.5%

(HIGH=4% LOW=2%)

- ACTIVE MEMBERSHIP

11,000+



THE PROBLEM OF LOW LENDING RATIOS

- WHAT IS YOUR CU LENDING RATIO?
- EITHER LOAN TO SHARES OR LOAN TO ASSETS

THE PROBLEM OF LOW LENDING RATIOS

- DECEMBER 2015 CU MOVEMENT HAD 56% LOAN TO ASSETS (2014=57%) OR 65% LOAN TO SHARES (2014=67%)
- PEARLS RATIO TARGET (WOCCU) IS 70-80% LOAN TO ASSETS
- WHAT ARE THE EFFECTS OF LOW LEVELS OF LENDING?
- CAN YOU LEND TOO MUCH?
- IS THIS ALL OUT OF OUR HANDS (ECONOMIC ENVIRONMENT?)

SOME SUCCESS FACTORS (1):

- LUCK OF THE COMMON BOND – ‘LESS RISKY’ MEMBERSHIP / REPAYMENTS?
 - EMPLOYEES ONLY
 - SOME FIRMS HEAVILY UNIONISED – ‘OPERATORS’ SYSTEM OF REP’S.
 - **PAYROLL DEDUCTIONS** (AND FINAL SALARY RECOVERY) – OUR DEBT IS MOSTLY DD’S
 - LESS THAN 1% CASH! (90% PAYROLL, REMAINDER DD’S ETC.)
- RESPONSIBLE LENDING, BUT NOT TOO RISK AVERSE
 - USE ALD (EXPERIAN) BUT OTHER FACTORS AS IMPORTANT (OR MORE)
 - AFFORDABILITY TEST DONE ON RECORD / ALD / DECLARATION – NO BANK STATEMENTS, PAYSLIPS, ETC.
 - LOW RISK FACTORS (SEE ABOVE) SO CAN BE COMPARATIVELY LENIENT ON LENDING CRITERIA

SOME SUCCESS FACTORS (2):

- SPEED IN STAGES OF LOAN APPLICATION / APPROVAL / PAYMENT
 - APPLYING ONLINE OR VIA OPERATORS IN DEPOTS / BRANCHES
 - QUICK APPROVALS
 - E-SIGNATURES (VIA DOCUSIGN)
 - FROM APPLICATION TO MEMBERS BANK WITHIN 3 DAYS (OR 2 HRS FAST PAYMENT)
- CHANGED STRUCTURE OF CREDIT UNION
 - SCRAPPED CREDIT COMMITTEE (LOANS NOW APPROVED BY STAFF
 - INCIDENTALLY, ALSO SCRAPPED SUP. COMM. (OUTSOURCED INTERNAL AUDIT FUNCTION INSTEAD) AND TREASURER, VICE-CHAIR, HONORARIUMS, ETC.
- USE APPROPRIATE, SECURE AND FUNCTIONAL SOFTWARE
 - WE NOW USE PROGRESS
 - LINKS 100'S OF DEPOTS IN REAL TIME, ALLOWS 'OPERATORS' / REPS TO HELP MEMBERS
 - APPS AND LOG-INS WORKING WELL

SOME SUCCESS FACTORS (3):

- **MONITOR LENDING LEVELS (AND TAKE ACTION)**
 - TAILORED TARGETS TO YOUR UNIQUE CU
 - MONITOR AND HAVE PLANS FOR ADVERSE FIGURES
- **SIMPLE, CLEAR PRODUCTS**
 - NO COMPLICATED LOAN PRODUCTS
 - SIMPLE QUALIFICATION FOR LOANS AND ONLY NECESSARY QUESTIONS ASKED
 - PRODUCTS TAILORED TO OUR PARTICULAR MEMBERSHIP
- **COMPETITIVE INTEREST RATES**
 - APR'S NEED TO BE COMPETITIVE WITH HIGH STREET AND OTHERS
 - BUT... NOT THE ONLY DETERMINING FACTOR (AND LITTLE UNDERSTOOD)

LOAN PRODUCTS

SHARE ATTACHED LOANS (MAX. 2.5X SHARES)

UP TO £2,499 **15.64% APR**

£2,500 TO £4,999 **14.16% APR**

£5,000 TO £7,499 **12.68% APR**

£7,500 TO £10,000 **8.8% APR**

'GLIDE' LOANS (NOT LINKED TO SHARES, 'UNDERWRITTEN' BY COMPANY SHARES)

UP TO £10,000 **4.0% APR**

INSTANT LOANS (TRIAL - NOT LINKED OR ATTACHED TO SHARES - 3 MONTH REPAYMENT PERIOD MAX)

UP TO £500 **30.0% APR**

DIRECT DEBIT PAYERS (APPROX. 10% OF MEMBERS) LIMITED TO 2XSHARES, £5,000

INTRODUCE NEW PRODUCTS TO STIMULATE DEMAND?

- SOME 'NICHE' PRODUCTS WORTH DEVELOPING (BUT NOT ALL?)
 - 4 EMPLOYEE -OWNED COMPANIES PASSED COMPANY SHARE LOANS TO US
 - VERY SECURE - UNDERWRITTEN BY EMPLOYERS, HIGH COMPANY SHARE VALUES, ETC.
 - INSTANT LOAN TRIAL - HIGH APR / LOW REPAYMENT PERIOD
 - MORTGAGES NOT ATTRACTIVE / POSSIBLE AT MOMENT FOR US **ON OUR OWN**
 - WARY OF CAR LEASING OR LOANS **ON OUR OWN**
 - NOT CUCA / CURRENT ACCOUNT (BELIEVE LACK OF FUNCTIONALITY AND COST AT MOMENT?)

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**THANK YOU AND ANY
QUESTIONS?**

