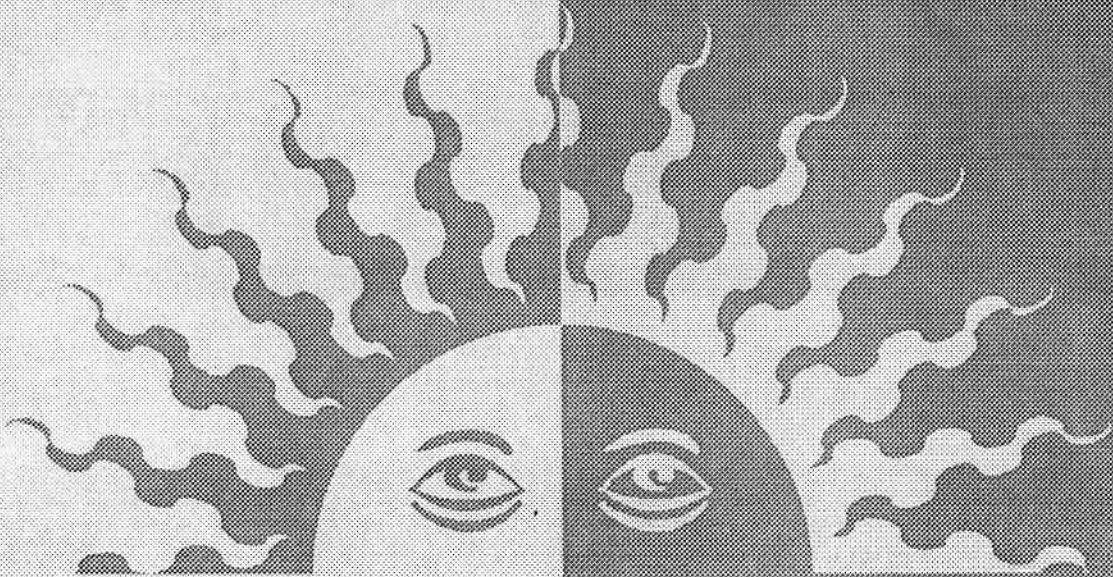


Sarawak
Women
for
Women
Society

November
1996





EVENTS COMING UP

Talk on Marriage and Divorce

6 / 11 / 96

DIC

7.30 pm

NCWO Delegates' Conference

17-18 / 12 / 96

K. L.

Angie & Stephanie going

One-Stop Crisis Centre
Para Counsellor Training

2 & 3 November

AV Room, 3rd Floor
Specialist Clinic

Talk on Mental Health

9 November 1996

DIC 2.30 pm

by Dr Mohd Abdul Rahman
UNIMAS

THE WOMEN'S LOAN FUND

Women Helping Women
(The "Angel Bank")

A BRIEF HISTORY

The idea of a women's bank is not new. It has come to the surface in Aotearoa/New Zealand from time to time in newspaper reports and in the form of a guarantee fund for women on at least two occasions. The "Angel Bank" - as the Women's Loan Fund is often called - is an experiment put in place by three women who wanted to provide money for women to use. The three women were Frances Denz, Barbara Lewis and Gwenyth Wright. They opened an account at Trust Bank in the name of the BGF Club - using the initials of their first names and making an inspiring phrase such as Brilliant Green Future out of it.

They deposited \$20 each and with a capital of \$60 began operating a fund for women. An Angel came forward with \$500 to lend to a group of women at Porirua who were making furniture and carrying out home maintenance work for clients who couldn't pay for a tradesperson. The money was used to buy materials and to meet emergency needs amongst the members of the group when they would otherwise have gone to a loan shark. At the end of the period, the Angel money was repaid and the group of women had built up a small nest-egg for themselves.

Other Angels have helped a young woman cope with a student loan; a solo mother studying through Massey University was able to attend a holiday course; businesswomen have been assisted to set up business or overcome a temporary financial crisis; others have had help and advice on climbing out of debt and preparing for financial independence.

Occasionally, women ask for financial help when they have no way of repaying a loan. Without adding to their burden of debt, other ways of helping them to overcome their problems can often be found by referral to other agencies, by friendly practical help, ongoing contact and small gifts of food and clothing.

After two years, the Fund had grown to over \$7000 supported by a choir of Angels, donations from wellwishers and the money-raising efforts of a hardworking Committee.

The Fund had been operating only since April 1992, when, in July 1994, the Community Employment Group, Labour Department, granted The Women's Loan Fund the sum of \$35,760 to help with administrative costs involved in helping women to develop confidence in handling credit and to enable other centres to set up their own Women's Loan Fund.

FEATURE

An investment in women

● More people are becoming involved in Angel funds as word gets out about the success of the Women's Loan Fund in Wellington. Herald reporter Barbara King found out more about the volunteer-driven organisation from founding member Gwennyth Wright.

While investing money in an "Angel fund" is more a social investment than a financial one, to the women who borrow from such funds it can spell the difference between success and failure.

The Women's Loan Fund is an Angel fund started in Wellington in 1992 by a group of women who saw the need for a women's bank and were prepared to invest some funds to start it.

Since then the fund has attracted 26 angels (investors) and has provided interest free loans to more than 50 clients.

The Angels are mainly women, though a few men have contributed to the fund, who are prepared to make money available to other women, and rengo interest.

According to fund co-ordinator and one of the founders, Gwennyth Wright, the term Angel has been coined from Broadway, where struggling shows are rescued by "Angels" who provide finance to keep the show going.

Ms Wright was in South Canterbury last week to share the Wellington group's fund model with interested women.

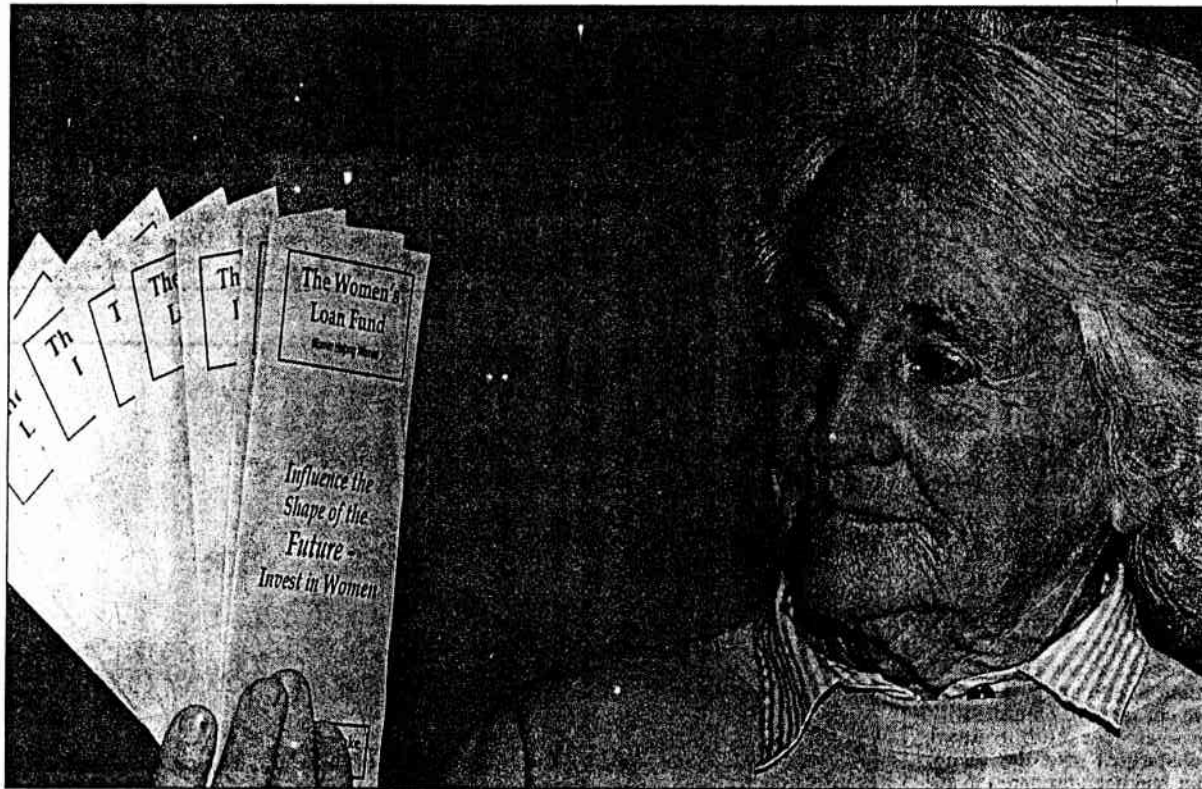
She says the interest free loans had been used by women to pay for everything from course tuition fees, keeping a shark at bay, to funding community projects such as a conference.

"The fund lends money to women unlikely to be able to borrow from a bank, because often they have no collateral or no credit record.

"What we are trying to do is put money where the money isn't."

Loans can be for just a few months or for a year, and are typically \$500, and are rarely for more than \$1000.

"While these are small amounts its



To Gwennyth Wright, Angel funding is a means of encouraging women to become financially independent and improve their access to credit.

amazing what women can do with just \$500," Gwennyth Wright says.

Being able to pay the loan back is the main criteria for borrowing from an Angel fund — not what you are going to do with it.

Gwennyth Wright tells the story of a married woman living in the Wairarapa who was accepted for nursing training course in Wellington.

"The family were just not in a position to pay for her fare into the city each day. A \$500 loan enabled her to cover those travelling costs, and she

paid it back at \$10 a week."

From an Angel's point of view it really is a Clayton's investment — the sort of investment you make knowing there is no financial return.

According to Ms Wright, while investors can withdraw their money at any time, so far only two of the 26 in the Wellington fund have done so.

"Mostly, Angel money tends to stay, revolving happily," she said.

"The average contribution has been around \$600 but people can become angels by depositing \$100 or more."

Angel money can and does make things happen, according to Ms Wright, and is a way of keeping money in the community.

"A Gambian woman told me recently of a saying in her country — give the woman the money and it goes into the family pot, from there it goes into the community."

"The Women's Loan Fund is women helping women and by investing in people invests in the community," she says.

The angels who help businesses take off

Denz
23/8/93

IT'S not a huge amount of money, but when Angela Carran started her screen-printing and textile design business \$500 was just enough to cover the cost of raw materials and to bridge the gap between orders and payments.

She'd just completed a small-business management course with the Wellington City Council's business development unit and asked her bank to extend her overdraft while she established her cash flow. When the bank refused, a small-business adviser suggested she try the Angel Bank.

The Angel Bank, an alternative lending agency for women, was established 18 months ago by city council business tutor Frances Denz, Gwentyth Wright and community employment group adviser Barbara Lewis.

It's a small, voluntary and non-profit organisation which lends small amounts of money to women who don't meet other institutions' lending criteria.

Carran prints T-shirts, table linen, adults' and children's sportswear and greetings cards with a New Zealand or Pacific theme. She supplies 15 outlets, including the museum shop and children's clothing shops in Wellington.

"I'd done a textile design course, really enjoyed it and thought 'I'd like to do that for a living,'" Carran says.

"When I started getting orders I realised I needed a loan so I could buy more materials. I heard about the Angel Bank and after a couple of meetings we signed a contract.

"I got the loan a couple of weeks ago and I have to start repayments in October. For me, it's meant a chance to do something for myself that I really enjoy and that I can make a go of. It's hard for women to get loans, especially if you haven't got property or a good income. For me, having this there was a real help.

"They check you out but they're really friendly and helpful and it's just like borrowing from a friend. I think it's wonderful that women are prepared to support each other and to help other women in their own businesses."

ANOTHER Angel Bank member had graduated from teachers college, started teaching and was repaying her student loan when her car "exploded".

Loan repayments and living expenses were chewing up most of her income. She was in no position to pay for the repairs but needed her car for work.

An "angel" lent her \$500 to be repaid within six months at around \$40 a fortnight. "I'd already had a bank loan to pay off debts from teachers college. I'd refinanced it a few months previously and I didn't think I was in a position to go back and ask for more.

"They asked what I wanted it for, asked why I hadn't gone to the bank and I think, basically just wanted to meet me. That's got a lot to do with it, they like to talk to you.

"I repaid the loan in six months. They were really good about that — just asked me what would suit me and I didn't feel any pressure to commit myself to something I couldn't manage. The repayments

Founders of the Angel Bank for women talk to Sian Robyns about their alternative lending strategies

weren't easy but I felt committed to it: because they'd been good to me I wanted to be good to them. When I'm able to, I'd love to help someone in the same position.

"It's a really good practical idea, a way of empowering women in an area that can be quite daunting for them. And for me, it was really good to see middle-class women recognising their privilege and using that to support other women in a tangible way.

"And the philosophy is, if someone can help you now, maybe you can help someone down the track. These are small amounts of money but it can mean the difference between making it and not."

Bank members or borrowers pay a joining fee of \$20 and are expected to make

'If someone can help you now, maybe you can help someone down the track. These are small amounts of money but it can mean the difference between making it and not'

their repayments on schedule — Ms Wright and Ms Denz stress this is a lending agency, not a charity, and requests for business loans must be accompanied by a business plan. Projects must be non-sexist and must not damage the environment.

So far the bank has provided loans to 10 members. No one has defaulted.

"Angels" can leave their money with the bank for an extended period, funding several projects, or lend to a specific project. One acted as guarantor for a women's walking group.

"I think being an angel is a small way of helping women struggling to start off their own businesses," the woman says.

"In this case a group of women who were setting up a walking venture needed a van to take people to and from the starting point. They had to pay a \$500 deposit to hire a van and found that was the stumbling block. I acted as guarantor and didn't even have to put any money forward, though I would have been quite prepared to do so. They're flourishing now and no longer need a guarantor."

The Angel Bank is one of several small-scale ventures established by, and for, those who are not doing so well in the new, open economy.

Others include the skills exchanges run by the People's Resource Centres in Auckland and Wellington, Christchurch's Azure Fund, which acts as guarantor to businesswomen who would otherwise not

be eligible for bank loans, and the various employment trusts and green-dollar schemes which have sprung up.

In a similar vein is Napier's Prometheus Foundation, which operates as a community savings and loans scheme and funds projects which are environmentally sound and of social value.

It's self-help, small-is-beautiful, grass-roots development stuff. And, Angel Bank co-founder Gwentyth Wright says, its time has come.

"I see this as an increasingly powerful movement. We are in an international economy but more and more people are marginalised in that economy. This is about developing local and community economies. These initiatives are incredibly important and will become more so as people take charge gradually of their own development and community and start to find ways of making their local economies work for them."

THE use of the word "angel" for lenders of almost last resort comes from Broadway theatre, Wright says. An angel steps in when no other lender will touch a production — and the show does go on.

Wright and Denz say they had been thinking about establishing a women's bank for some time. Wright has promoted it as an option for rural women, while Denz says she first considered it 10 years ago when an application for a business loan was bounced.

That was before the banking system was deregulated, and establishing a women's bank seemed a super-human task.

The idea resurfaced when Denz came to Wellington to work as a business development adviser and saw lending institutions knock back women with good ideas and sound proposals.

"The idea was to have a list of women with a small amount of money — perhaps \$500, perhaps \$1000 — they were prepared to lend to other women, and to match them with women who needed loans, while retaining a small underwriting fund in case a loan fell over.

"The goal was to empower women, to help them gain the knowledge and skills to control their own lives.

"Basically it's about making things happen in a low-key way. When you lend \$500 you don't get instant and brilliant successes. We're working slowly and gradually and we really won't know what effect it has until we've been around for five or 10 years and someone comes back to us and says 'Remember that \$500? Well, it really made things possible ...'" Denz says.

The group is now at a crossroads. There are far more requests for loans than angels to fund them, and the underwriting fund is stretched. Future options could include either a bigger organisation on a more formal basis, in which lenders receive a return, or fostering the development of other similar community-based groups.

● To find out more about Angel Banking, write to Gwentyth Wright, 5 Hanover St, Wellington