

LOANS COMMITTEE REPORT FOR THE YEAR ENDED JUNE 30, 2017

INTRODUCTION

The serving members of the Loans Committee during the period under review were: Mr. Christian Tagbor (Chairman), Mr. Sampson Narteh (Secretary) and Madam Priscilla Osei (member).

As provided under the Section 42 of the Union's by-laws, the committee exercised oversight responsibility with respect to the Association's lending and other credit functions. Added to this we also fulfilled our core mandate by

- Reviewing loan applications for approval
- Recommending changes in loan policies to the Board of Directors
- Working with the Board of Directors and management to offer new or improved loan programs
- Monitoring loan repayment

LOANS MADE

In effect, a total of 3533 loans amounting to GH¢10,889,105 was disbursed during the reporting period. The breakdown in terms of the loan types and amount are presented in the table below:

	NUMBER OF LOANS MADE	%	VALUES OF LOANS MADE	%
BACK TO SCHOOL LOAN	54	1.52	52,140.00	0.47
PERSONAL LOANS (WITHIN SAVINGS)	2295	64.95	3,076,438.00	28.15
PERSONAL LOANS (ABOVE SAVINGS)	994	28.13	6,770,076.00	62.17
BUSINESS LOANS	183	5.17	986,851.00	9.06
SHORT TERM LOANS	7	0.23	3,600.00	0.15
TOTAL	3533	100	10,889,105.00	100

A look at the Year's Performance revealed that:

- ❖ Total loan delivered increased moderately by 15.2% from GHC9,232,659 in 2016 to GHC10,889,105 in 2017.
- ❖ Detailed analysis of loans disbursed showed that a larger proportion of the loans disbursed ie 76.08% were used to finance business activities including trading, import and export, commercial transport, construction, food vending, fashion designing, just to mention a few. Also 22.52% was used for provident purposes such as school fees, rent, housing project and others whilst the remaining 1.4% went to fund agricultural activities like poultry farming, crop farming etc
- ❖ More than half of the number of loans delivered (64.94%) were loans within members' deposit. In a similar manner 62.17% the value of loans disbursed were loans above savings with an average loan size of GHC6,810 per member.
- ❖ The prevailing challenging economic environment in Ghana and its attendant problems has resulted in contraction in loan demand especially business loans.
- ❖ Diversion of loans to purposes other than what the loan was applied for continues to be the prime cause of loan delinquencies among borrowing members.
- ❖ Though there has been improvement in loan delinquency, still some members do not adhere to their loan repayment schedules and therefore do not pay their loans on time.
- ❖ More so the committee in collaboration with the board and management has reviewed application forms for loans above savings to capture all the relevant information that the committee needs to inform its decision on each loan.

WAYFORWARD

- ❖ As a committed union that is responsive to the needs of its members, North Tema has designed and will implement two new and innovative loan products within the 2017/2018 financial year, namely salary loan and group loans.
- ❖ Once more, as the Union's primary source of income is its interest on loans, the Committee will continue to be dedicated to its responsibilities by aggressively pursuing members who default on loan repayment.
- ❖ Again the society will remind borrowers of their loan repayment commitment through SMS

- ❖ We also plan to provide adequate information at our various banking halls to educate members on their responsibilities as borrowers to enhance healthy loan delivery and recovery in the union.
- ❖ We also admonish members to share their success stories with family members, friends and co-workers to persuade them to join the union.

CONCLUSION

The Committee would like to show gratitude to the Board, Management, Staff and the entire membership for their support and co-operation throughout the financial year.

Thank you and may God Bless you.