

NGĀ TANGATA MICROFINANCE TRUST   
 MICROFINANCE FOR THE PEOPLE TRUST

# ***Nga Tangata Microfinance***

**Auckland Microfinance Initiative (AMI)  
University of Auckland, 15 March 2017**

**Nga Tangata Microfinance founder & director,  
Dr M.Claire Dale, [m.dale@auckland.ac.nz](mailto:m.dale@auckland.ac.nz)**

# Safe, fair, 'domestic' microfinance loans are needed in New Zealand

to break the high-interest lending cycle that is one cause of poverty, and one of the most enduring poverty traps



# Why are microfinance loans needed in New Zealand?

- **Here, it is legal to charge 500%+ interest**
- No 'interest rate' cap or 'cost of credit' cap.



## Other countries cap interest rates/total cost of credit:

- **Bangladesh:** 27% (2011)
- **Australia:** 48% max. annually, inc. fees & charges
- **USA:** 18% to 25% + max. admin fee
- **Japan:** 20% max. annual charge
- **South Africa:** 60% annual max. including charges
- **UK:** total cost capped at 100% of original sum (2015)
- 'Usury' is illegal in **21 European Union** states.



*"YOUR  
EASY  
TRADER"*

**CASH**  
CONVERTERS

**WE BUY - WE SELL - WE LOAN**

# Why is a legal cost of credit cap needed?

## Lack of financial understanding:

- In the ANZ financial literacy survey, 68% of people questioned did not understand compound interest

## Lack of options:

- Difficult for a low income person to gain, and keep, a good credit rating, that enables mainstream borrowing
- Urgent need eg for food for the family: the poorer you are, the more often crises occur

**And easy access to high-cost lenders**

# Poverty in Aotearoa

CHiLD  
POVERTY  
ACTION  
GROUP

NZ has some of the worst child health statistics in OECD:

1 out of 5 children

- doesn't have enough to eat
- is too cold in winter to sleep
- doesn't get to the Dr when unwell
- changes school frequently because the family rent their home and have no security of tenure

Nearly half these children in poverty or severe hardship have one or both parents working full time

Many of these families are trapped in poverty by high cost debt

# TRUCK VENDOR SCOPING PROJECT

## Potential Solutions

*November 2014*



Auckland  
Microfinance  
Initiative



## 2017 prosecutions to date...

### [Rapid Loans to refund over \\$1 million in unreasonable fees](#)

7 March. Internet-based Rapid Loans NZ Ltd to compensate borrowers approximately \$1.4 million following a Commerce Commission investigation into unreasonable fees.

### [First jail sentence in Commerce Commission case](#)

3 March. Vikram Mehta, owner of mobile trader Flexi Buy Limited (Flexi Buy), has today been sentenced in the Auckland District Court to two years imprisonment after taking money from customers without intending to supply goods as promised.

### [Judge criticises mobile trader for targeting the vulnerable](#)

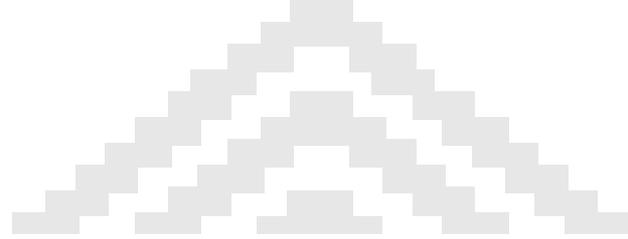
22 February. Mobile trader Bestdeals 4 You Limited (Bestdeals) fined \$47,250 in the Auckland District Court for failing to disclose key consumer information about its credit contracts and layby sales agreements.

### [Commission files charges against Auckland mobile trader, Appenture Marketing](#)

8 February. The Commerce Commission filed 24 charges against Appenture Marketing Ltd for failing to provide consumers with key contract information and for making false and misleading representations to consumers about their rights.

### [Mobile trader pleads guilty to disclosure failures in contracts](#)

25 January. Mobile trader Best Buy Limited (Best Buy) pled guilty to 16 charges relating to operation of its door-to-door sales business in Auckland and smaller North Island towns.



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**Small, safe, fair domestic lending: No interest, No fees, No collateral**

2 products:

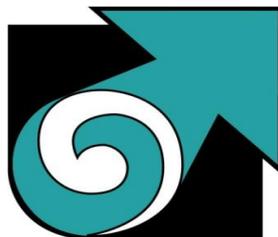
- **NILS:** asset building, family well-being, up to \$1,500 (computer, fridge, car repairs)
- **DRLS:** for relief from high cost debt, up to \$3,000
- 24 months to repay

**Outcome:** a positive financial transaction history, and progress toward financial literacy & inclusion

# Nga Tangata Microfinance Trust

- integrates financial literacy, financial inclusion, and social justice, in the delivery of its services
- evolved out of the collaboration of multiple organisations**

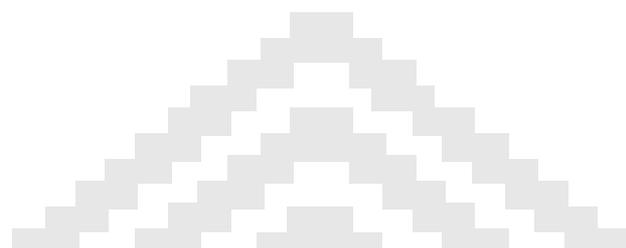
CHiLD  
POVERTY  
ACTION  
GROUP



NEW ZEALAND FEDERATION OF  
FAMILY BUDGETING SERVICES (INC.)  
TE RŌPŪ PENAPENA PŪTEA  
WHĀNAU O AOTEAROA



New Zealand Council Of  
Christian Social Services



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NGĀ TANGATA MICROFINANCE TRUST (MANUREWA) LIMITED

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NgaTangata Microfinance Trust, C/- Presbyterian Support Northern, PO Box 99890, Newmarket, Auckland 1149

## **The company directors represent:**

- **CPAG** - Child Poverty Action Group
- **Whanau o Tumanako** (Maori Women's Welfare League)
- **Methodist Mission's Lifewise**
- **MEFSC** - Mangere East Family Service Centre
  
- Directors are supported by the Trustees, and advised by Mangere Community Law Centre
- Legal documentation pro bono by Kensington Swan
- Accredited by GSM Australia & New Zealand as a NILS provider in late 2010
- Front line/client contact and support by Budgeting Services

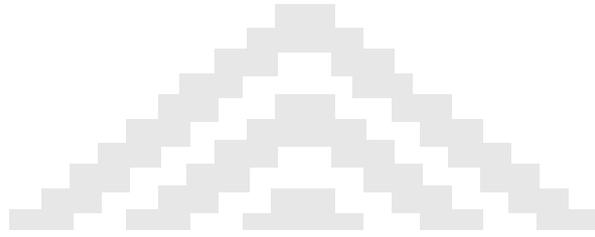
**So: collaboration of multiple organisations**

# **February 2011 offered first loans through Budget Services in South Auckland**

**By December 2016, NTM loans available from Whangarei to Dunedin**

- 85 NILS loans totalling \$95,000**
- 199 DRLS loans totalling \$356,000**

**Kiwibank loan capital: \$200,000**



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## Challenges:

- Ongoing operational funding
- Introduction of entrepreneurial loans
- Making no interest loans available throughout New Zealand
- Research: data and evidence
- Law change: legal limit to cost of credit

**Website:** <http://www.ntm.org.nz/>