

Loan Stars Help Firms Beat Crunch

BY TOM SCOTNEY LEGAL; FINANCE EDITOR, BIRMINGHAM POST (UK)

The Black Country Reinvestment Society (BCRS) the community- based business loans company based in Wolverhampton, is celebrating after doubling its lending to small businesses affected by the credit crunch to more than pounds 1 million this year.

The society, which has recently relocated to Wolverhampton Science Park, was formed in 2002 as a small loans ethical lender. It lends up to pounds 50,000 to small businesses and has also recently made a loan to its 100th client.

BCRS chief executive Paul Kalinauckas said: "There is now a realbuzz around BCRS. It's taken us five years to get where we are today and this is now a period of rapid but controlled growth for us. We are now in a much stronger position, having built up from a pounds 500,000 lend in 2007, through pounds 1 million this year. We are aiming for a pounds 1.5 million lend per year. "Thanks to our recently established relationships with the Co- operative Bank and Unity Trust Bank, we now have the scale and strength to deliver longer term success to our clients.

"We pride ourselves on our personal touch; many of the high street banks have moved away from this and it has been to their cost. The financial landscape is changing and customers no longer get the same kind of support and comfort from banks. "

The BCRS model is of an approachable lender and we assess each individual case on its merits. We operate very much with a traditional lending ethos rather than relying on computer modelling. "It is natural for a bank to consider how to maximise profit in the first instance, whereas BCRS prefer to think how to work in partnership with clients in a productive manner, but from a mutual perspective.

"BCRS consists of a group of people with the same value system who have worked together to create this vehicle. It couldn't work if our ethic was driven by greed." BCRS is an independent organisation backed by both public and private sector investors and by philanthropic individuals interested primarily in a social rather than a financial return. It often lends alongside banks and other finance providers as part of a package.

Charles Hanmer, BCRS chairman said: "We have a solid, pioneering Black Country ethic and have concentrated on building our brand, raising market awareness in our product, consolidating our greater market positioning and our client perception. "Just a few years ago, words like 'mutual' and 'ethical' carried connotations of an old-fashioned, working class approach to money and lending, but after the cataclysmic revelations in the banking industry recently, people are looking more closely at what happens to their money. "They want comfort. There is a marked return to local savings institutions and building societies, where you can talk to someone and explain your business plan properly, without entering a tickbox discussion or, at worse, an automated response." Mr Kalinauckas added: "We see in our dealings with all the major banks that credit conditions are tightening. "Until recently there were a great many deals around; banks would compete against each other on price and the level became unsustainable.

Most sound businesses experience cash flow issues from time to time-without ready access to credit, these can threaten the viability of the business. "It is crucial for the survival of our region that these businesses receive the right support when they need it, and BCRS can offer a flexible solution." "We aim to grow BCRS steadily and will continue to be flexible as the market changes and adapts to the ongoing financial situation. "We have only scratched the surface of what is possible and we aim to scale up to a pounds 5m lend within the next five years.

We are not into get rich quick schemes. There is a lot more we could do to help local businesses out there, and we are looking to connect with them.