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# ACCESS TO FINANCIAL SERVICES FOR WOMEN IN BUSINESS IN THE COOK ISLANDS

## Abstract

This research is intended to enrich the local understanding of issues that women have with relation to obtaining finance to either commence or further develop their business aspirations. It is expected to inform further program development under this project to assist women's economic participation, to ensure that value for investment is achieved in the next stages of the program and funds are targeted to where they will have the most positive impact and outcomes for women.

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COOK ISLANDS GENDER EQUALITY AND WOMEN'S EMPOWERMENT  
PROJECT 2014-2016 (EDITOR – MAUREEN HILYARD)

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## **Section 1. EXECUTIVE SUMMARY**

This research was commissioned by the Ministry of Internal Affairs Cook Islands Gender Equality and Women's Economic Empowerment Project. The research is intended to enrich the local understanding of issues that women have with relation to obtaining finance to either commence or further develop their business aspirations.

The research is expected to inform further program development under this project to assist women's economic participation, to ensure that value for investment is achieved in the next stages of the program and funds are targeted to where they will have the most positive impact and outcomes for women.

A body of international research exists that supports the claim that women develop, work in and support their families in micro, small and medium business. The latest International Labour Organisation's Global Report asserts that women run a third of the world's business but that they are represented mainly in micro and small business. There are no definitive figures that have assessed how many women in the Cook Islands are in micro and small business, the proportions used in this research have been estimated using available data from other local and international research reports, the Cook Islands census 2011 and from a random survey of the Punanga Nui market.

Women face a number of the same difficulties as their male counterparts in becoming established and maintaining their business. What this research aimed to reveal was whether women faced gender-specific problems in accessing finance and what the obstacles or barriers are.

The research was also to investigate any alternative models for business in the Cook Islands that would be suitable for women. Business cooperatives where groups of women may come together to develop and market a common product or service was the single identified alternative model for examination that has been included in this research.

The research also led to the development of a plain English resource guide for women entrepreneurs about finance options. This resource is to be translated into Cook Islands Maori language for distribution by the project.

The researcher worked in cooperation with one other finance researcher tasked with gathering all information related to business taxation. Other researchers under the project were tasked with examining training needs, gathering and analysing policy that related to women's economic development and the researchers shared their information with each other through regular meetings during the research period.

This research is largely informed by people who work in the finance and business development industries. Finance providers were interviewed about their products that are available for women in business. No disaggregated data is collected by credit providers on their loans portfolios that could assist the research. A small sample of women in micro and

small business were interviewed to gather information about their own finance experiences to help identify the particular difficulties that women might face.

The main findings of this research are that women do face obstacles in obtaining finance for their business start-up, that further and better investment in business training is needed and that there is potential in sector developments that show distinct potential for women's participation but are as yet unsupported by government as the leader in the country's economic development.

There are relatively less obstacles for obtaining finance for existing business growth as long as the business owners have conformed to the basic principles of business practice that would assist the lender to assess how the business is progressing.

The obstacles to obtaining finance are not gender specific obstacles that are imposed by the lenders so much as obstacles that are the result of a lack of investment by government into gender targets for business training, business development and sector development. An example about sector development is the lack of investment into the cultural and creative industries sector where women are over-represented as craft manufacturers. Another example is the rapidly growing need in the Aged Care industry where potential growth for women's self employment as professional service deliverers is not supported by the provision of accredited training on shore. The lack of sector development in affordable childcare services is another barrier that women in business experience, the expense of which must be factored into both time management and budgetary considerations.

Skills and expertise in business management and marketing are elements that are well regarded by financial backers along with the viability of the product or service being sold. A successful history of personal and business credit helps reduce the element of risk associated with lending. Cook Islands women that want to start up micro and small business need to gain more knowledge about how to manage these elements and how to run a business, before launching into the market.

Women's participation in business is essential to economic growth. Recommendations from the research include the provision of more training options that are targeted towards women, for investment in sector development where the representation of women can be expected to be in the greater proportion and also investment that encourages innovative entrepreneurs, where women are breaking ground in new business approaches, products or services.

The following recommendations have been made to address the issues identified through this research project AND through the stakeholder sessions that have been carried out during the project:

1. Gender equity policy needs to be promoted and the GADD of Internal Affairs need to be the driver and to actively encourage all Ministries to have an effective and

working policy – if Government doesn't drive equity, it is unlikely that the private sector will follow

2. Promote the need for gender policy to the financial institutions
3. Government should open discussions with the banks and with BTIB for data collection. At present there is no need or requirement for the banks to collect or disaggregate data on their loans portfolio.
4. BTIB should be strengthened with appropriate gender policy and training for the Board and staff. The Board of BTIB are responsive to pressure from industries and will consider proposals for the revolving fund. A future loan scheme through the BTIB revolving fund could be aimed at assisting women either individually or as a cooperative.
5. Assist general consumer awareness and education about loans, loan contracting and borrowing through the Consumer Commission publishing new materials in English and Cook Islands Maori
6. Enabling legislation and policy for the development of co-operatives as a business model
7. Training for micro, cottage and small business owners about simple book-keeping and planning should be available through BTIB, at the right level for the business owners and be available on an ongoing basis at least once per year.

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Researcher

## Section 2. RESOURCE GUIDE FOR WOMEN IN BUSINESS

### Part 2.1: What are the financial needs of Cook Islands women in business?

All businesses require investment or financing at start-up. Whether it is in purchasing stock or supplies, equipment, payment for staff, renting premises, marketing materials or setting up the administration, there are many costs to be considered before launching into business.

**Business planning** before starting up, or before expansion, is the most sensible approach to making sure that any business owner has considered all of her potential expenses and included them in the budget.

A good Business Plan will help you to crystallise your intentions about your business into a well-considered approach. By expanding your thoughts into goals and actions that are specific, measurable, achievable, realistic and timely - or SMART – you will work through all of the needs and the risks of your business venture **before** you take the next step - commitment.

Your business plan will be about more than finance, but finance will be the critical part of the plan on which everything else will depend. Not only is finance needed at the start-up of business to get you up and running, but you will need to include the ongoing expenses that you will have daily, weekly or monthly to operate your business. A plan that includes your projected income and expenses is called a **cash flow** forecast. It does not need to be a complex document but it will be useful as a guide, so that you know what to expect each month. If you wish to obtain financial backing from any outside source, you will need to prepare a budget and a cash flow.

A cash flow forecast can be as simple as listing your main income and expenses each month. Here is a sample of a simple **six month cash flow** forecast for a model home based clothing manufacturing business with three staff, selling at the Punanga Nui Market on Saturdays only, in Rarotonga:

	July	August	Sept	Oct	Nov	Dec	TOTAL
<b>Income</b>	4weeks	5 weeks	4weeks	5 weeks	4weeks	4weeks	26 weeks
Sales	<b>10,000</b>	<b>12,500</b>	<b>8000</b>	<b>6000</b>	<b>3000</b>	<b>2000</b>	<b>51,500</b>
<b>Expenses</b>							
Electricity	240	300	240	180	120	90	1,170
Labour	4,800	6,000	4,800	3,000	2,400	600	21,600
Materials	2,500	2,500	2,500	500	200	100	8,300
Transport	500	250	200	250	200	500	1,900
Market fees	120	150	120	150	120	120	780
Equipment maintenance	250	250	250	250	250	250	1,500
	<b>8,410</b>	<b>9,450</b>	<b>8,110</b>	<b>4,330</b>	<b>3,290</b>	<b>1,660</b>	<b>35,250</b>

You will see that the number of weeks in each month varies and that the estimated income from sales reduces each month. This example forecast uses the projected number of tourists/visitors to Rarotonga annually who will represent about two thirds of all of the sales for this business. July to September is typically the peak season for tourism.

Sales will fall as the number of visitors decreases. This business may downsize over the low tourism season January to April. Or it may be the time when staff members take holidays and when hours might be reduced. It could also be the time when new designs are created and a build-up of stock for the next season will commence. In other words, sales might decrease, but manufacturing may continue during that time.

A cash flow forecast shows you where the “ups and downs” of your business’s cash will be. In this example

- the transport amount is calculated to include weekly fuel and a little set aside for maintenance
- market fees are fixed and are an expense that will not change
- electricity costs will rise and fall with the amount of manufacturing that happens each month
- labour costs will rise and fall in line with the need for manufacturing, but a salesperson at the market will be needed each Saturday to sell whatever stock is on hand
- materials will be required in line with the amount of manufacturing that will be completed and **when** more stocks will be needed

A cash flow forecast is essential for you to understand what your business’s financial needs are. The sales figures become your targets for what you will need to cover the cost of your expenses. In the example above the balance of business income is \$16,250. This income might then be applied to costs over the **next** six months to keep the business running and create stocks for the next busy period. From the example we can also see that this business should be registered for Value Added Tax (VAT) as it is expected to have income of more than \$40,000 in a complete year.

If you decide to invest your own money or savings into your business, this is called your **Equity**. Starting a business can strain your personal finances. It may be some time before your new business is profitable and can provide you with a steady and reasonable income. Before you decide how much to put into your business you must think about what you will need for your household and other personal expenses while you are establishing your business.

You do not want to put either your household or the financial success of your business at risk. A budget for your personal needs will be useful so that you can separate your **business finance** and your **personal finance**. This separation will be essential for business owners, particularly when it comes to calculating your taxes each year and if you want to draw a wage from your business.

If a business is successful, it may be able to grow on the strength of its own **income** – the money that comes in; **turnover** - the amount of sales and **profit** – the increased amount of worth after each year of trading. Even if a business is successful and can finance its own future development, there may be reasons why you, as a business owner, may choose not to tie up your business cash, but to borrow instead. For example, interest rates may be low at the time and your projected income may be high so that you could pay off a loan quickly while still meeting all the operational costs of your business. You may wish to hold on to your cash in case you anticipate that you may need to quickly replace some ageing or outdated equipment, or to move premises if a lease is expiring. There are many reasons why a business should have reserves of cash to allow for unexpected or possible events. In the Cook Islands for example, we must plan for hurricanes during the summer months, whether they occur or not.

When starting up a business you will need to work out how much money you will need and whether you can afford to start the business with your own money or if you will need extra financial support. The first consideration will depend on whether you are starting a new business or buying an existing one.



You will need to think about costs for

- any permits you may need
- connection of phone and power
- insurance
- legal and accounting fees
- furniture, equipment, office supplies
- fit-out of premises if needed
- advertising and marketing materials
- stock
- working capital - cash to operate until your business starts making income.

Don't underestimate what you will need, be realistic with your costs so you know what to expect. If contributions of cash or materials, equipment or any other item that is needed for the business are made by business partners, co-owners or others, you will need to be clear about the ownership of the items or where the cash is to be spent, so there is no confusion in the future. Writing assets down into an **asset register** will be useful to your business and will make the distinction about what the business owns and what is owned by others.

If you are looking at expanding your business, you will also need to figure out the new costs that will be associated with that growth. Some of the above mentioned costs may apply. Or, if you are thinking of introducing a new product or increasing your stock, you will need to know how much it will cost you to create that product, so that your pricing for sales is appropriate. This approach is called **unit costing**, it means that you calculate all of the material, production and overhead costs to produce one item. Logically because of any fixed overhead costs (eg: rent) the more units you produce, the cheaper it should become.

You will have to think carefully about what your financial needs are for your business. You may also need to consider what sort of training or assistance you will need to help you understand all of the practical matters that go with being in business. After all, you would not start up a business if you thought it would be temporary or last only a few months. If you mean to be successful and see yourself in business for the long term, then you will need to know as much as possible about **running a business**, so that you make good decisions.

(Refer to the Project Research Paper on *Training and Capacity Building* by Fox & Thompson)

## **Part 2.2: What is available locally to meet women's business finance needs?**

Borrowing money for your business can be done in various ways. The most common ways for micro and small business owners are borrowing from family, creditor funding or formalised loans through financial institutions like banks and finance companies. There are also some other avenues that are less common, but worth mentioning in this section such as venture capital, using superannuation, grant schemes and local government-funded small business support loans.

### **2.2.1 Family and Friends**

Borrowing from family and friends has advantages and disadvantages and if you wish to undertake borrowings this way, you will need to ensure that the disadvantages are reduced as far as possible. Your family or friend may see lending you money for your business as a way of helping you while making some interest on their spare cash at the same time. They may also be happy to lend you

money without interest and are likely to be more flexible in the terms they require from you than a financial institution would.

If you make an arrangement with your family or a friend, a written agreement will help you overcome potential disputes in the future if, for some reason you are unable to meet the terms. Loan agreements that are made verbally and that are based on trust only, cross the boundary between personal and that which is professional or commercial. You will need to ensure that your lender understands that they are providing you with loan funds that will be paid back, not that they are purchasing equity in your business. You will need to discuss a repayment plan. Using your cash flow forecast will help you to determine how much you can safely afford and it will help them to understand your financial position.

It is not uncommon to hear of disputes between family members or friends regarding unpaid loans and you are advised to make your arrangements formal, to obtain legal advice and have a proper agreement drafted by a legal professional. This document will also help to confirm that your loan is for business and not for personal reasons.

Your agreement should include **at least** the following:

- the term of the loan, the payment amount, and the repayment schedule;
- if there is to be interest charged, then an agreed interest rate and the method of how it is to be calculated and/or compounded eg daily, monthly or annually
- any special terms that you may agree with your family such as no payments for the first year or interest-only payments for a specified period or payment dates that are tied to sales income.
- what will happen about late or missed payments, including whether there will be penalties and what the penalties will be;
- what will happen if the business fails – how the loan will be repaid and by when

If you borrow from your family then the first consideration you make should be to preserve the family relationship. Taking these precautions will help you and your family to understand the loan arrangement clearly.

### **2.2.2 Creditor Funding**

Trade creditors are those businesses that supply you with goods on good credit terms that let you sell your stock for cash before their payment is due. If your business is in a position where you have trade creditors, it may be possible for you to use this interest free period to your advantage. Buying at the beginning of the month and paying at the end of the month is common for the types of business that simply buy and sell ready-made goods. You get the weeks in between to sell the product on and make a profit. You can build up a reasonable profit this way to reinvest in your business.

The main considerations for this type of credit are:

- that you make sure you maintain the terms that you have agreed with your creditor or you risk having your account cancelled and your business having to pay cash on the delivery of your purchases;
- you should avoid buying more stock than you can sell for the period of credit;
- avoid making mistakes with your orders where you then have “dead” items that you can’t sell but you still have to pay for.

### 2.2.3 Banks

The most common source of finance for business is loans that are available from the three commercial banks in the Cook Islands: ANZ, Westpac and the Bank of the Cook Islands. All are regulated by the same legislation, share similar methods of practice and supply similar loan products.

These products are mainly **term loans** either **personal or business** – either secured or unsecured, credit cards, overdrafts and home mortgages all of which can be used for business purposes. Interest rates can be variable or fixed. Credit checks are carried out locally to find out if a potential borrower has any previous history of credit. Off shore assets and borrowings are not usually researched or included in decision making. Each loan application is treated on its own merits, as there are many variables in each borrower's personal and business situation that influence the bank's decision to approve a loan application or not. Business planning and your experience in the field of business are very influential factors.

### 2.2.4 Insurance

In some cases, an insurance that indemnifies the lender (the Bank) from losses can be a condition of a bank loan, included in the loan agreement and the cost of the insurance premium can even be included in the amount borrowed. Loan protection insurance is not a requirement from any of the banks in the Cook Islands at present, although business or other types of insurance may be required depending on the type of loan sought. For example, if a loan is agreed for the purchase of a vehicle, the lender may require the vehicle to be kept insured for the term of the loan against damage.

### 2.2.5 Securities

Securities or collateral are the assets that can be used to offset the risk of non-payment of a loan. They are basically the assets that the lender can take and turn into cash if the borrower fails to pay back their loan.

Securities required for **secured** loans can include property, cash deposits, guarantees or a requirement for a co-borrower. A **business loan** may also be secured by plant and equipment, furniture and fixtures and by inventory, or the stock you have. Depending on the amount of security required, even personal assets such as your house, car, stocks and shares can be additional securities required for a business loan.

### 2.2.6 Guarantors and Co-Borrowers

Binding a guarantor or co-borrower to the repayment of a loan can be a condition of either a personal or a business loan. The guarantor signs a guarantee that if the loan is not repaid by the borrower according to the terms of the loan agreement, then the bank has the right to pursue payment from the guarantor. In this arrangement, a guarantor is usually called in once the borrower has defaulted on their loan.

Any person who guarantees a business loan could be putting their own personal assets at risk in addition to the assets of the business.

A co-borrower is a person that takes on all of the responsibilities of servicing or repaying a loan at the same time and under the same conditions as the principal borrower. If the principal borrower

does not make payment, then the co-borrower will be automatically advised that payment is due and is equally responsible for making the payment.

### **2.2.7 Personal Loans**

A personal loan will usually require the borrower to have a credit history that can be demonstrated, evidence of current wages or salary and sometimes, a tax return. Depending on how much is to be borrowed, a loan can be either secured or unsecured. Unsecured loans will typically attract a higher interest rate as they are perceived to have a higher risk of repayment failure.

Once the funds are distributed to your account, your bank will probably not contact you as long as the repayments are being met.

### **2.2.8 Business Loans**

The most important requirement to qualify for a business loan is that you must have a business. You will also need to convince the lender that your business is viable and that your plans for expansion and growth are appropriate for the business, well researched and thought out. The level of detail required for a business loan is usually significantly more than that required for a personal loan.

These details may include any of the following:

- a detailed Business Plan
- a credit history for the business
- financial statements and tax returns for the past two to three years, usually compiled by a professional accountant
- copies of contracts with vendors, suppliers and customers
- evidence of company registration
- VAT registration

Interest rates for a business loan can sometimes depend on the length of time the business has been operating as well as the amount of security that is available for the loan. If a business loan is secured only by stock (which often has a “shelf life”), the term would be shorter and the interest rate higher than a loan secured by property or real estate. It is important when deciding on what option you will use, to know the specific features of each loan or credit product on offer by your bank **and** its competitors. Checking for better terms and interest rates makes good business sense.

In general, a business loan has the following characteristics:

- the maximum amount you can borrow will depend on your ability to make repayments and will also depend on the quality and value of the security that you can offer eg: commercial or residential property that you own
- the interest rate can be either fixed or variable and would be calculated daily and then charged either weekly, fortnightly or monthly
- a fee for establishing the loan will be charged
- repayments would be made by automatic deduction

Asking the bank to discuss the terms with you and to explain any clauses in the loan contract that you don't understand makes good sense. You will need to know:

- what the loan establishment fees are
- if there are any penalties for paying off your contract earlier than the scheduled time

- if there are circumstances where the bank is allowed to call the loan due at a specific time meaning that the business would have to pay the entire outstanding amount of the loan
- if there are circumstances where your loan can be purchased by any other financier or financial institution
- whether you will need to provide a financial report on your business to the bank for each year of the loan. With some banks an annual review of your business relationship may be carried out by the bank so that the bank can assess

**Before you sign any contract it is important that you read and understand the terms and conditions well and that you are in agreement with them.**

### **2.2.9 Business Overdrafts**

Occasionally when a business experiences brief periods where cashflow is a problem, a business overdraft may be a useful solution to help the business over that problem period. An overdraft allows you to withdraw more funds from the bank than you actually have in your account. Overdrafts may be useful when a business has to make payments to creditors but hasn't yet received money that is owed to it from debtors.

An overdraft is a formal arrangement with the bank that you must apply for so you may also have to provide securities and pay an establishment fee. A business overdraft will typically **not** have a fixed repayment so you are in charge of clearing the overdraft as quickly as possible so as to attract the least amount of interest on your outstanding balance. Once the amount that you have overdrawn returns to nil, you have cleared that overdraft. In general banks charge higher interest rates for offering their customers the convenience of business overdrafts so it is wise to understand what the interest rate is and to use this facility only in the short term.

Overdraft charges are made up of three components. The first is the base interest rate. The second is the part that is specific to you as the borrower and is calculated on how good or bad a risk the lender assesses you to be. This is called the "margin" for risk. The third is the monthly fee that can be charged for the overall overdraft facility whether you use it and the account is overdrawn or not. So once your overdraft is paid and you no longer require it, it will save you some bank charges to close that facility. You will need to ask your lender what each of the rates will be in your case.

You may be able to clear the overdraft and then use it again in the future. If that is the case, you should remember that interest will be charged at the rate of the day, not at the rate that was in use when you made your application to the bank.

### **2.2.10 Understanding Interest Rates**

A key factor in deciding whether to take out a loan or not, will be the interest rate. Banks offer their customers the opportunity to borrow money at an Annual Percentage Rate. Before you sign up for the loan you will need to understand how interest will be calculated on your loan.

In a simple calculation, if the rate offered is 10% and the amount borrowed was \$1,000 for five years and the interest was paid **annually** then \$100 in interest would be paid annually and a total of **\$500** in interest over the five years of the loan.

However, this is not usually how interest is calculated by the banks. Interest is often calculated and charged **daily** on the outstanding balance of the loan and compounds. Compounding means that whatever the outstanding balance is on each day, interest is charged on that balance, divided by

365 days and then added to the outstanding balance. So on the first day of the loan you would owe \$1000 plus 10% interest for a day (\$100 divided by 365 – 0.27 cents approximately). The next day you would owe: \$1000.27 – the amount that you borrowed plus the first day’s interest. Each day after that interest will be calculated on a new outstanding balance and you will pay interest on both the amount you have borrowed as well as interest on the interest. This is how the interest would look each year and at the end of five years.

Year	Year Interest	Total Interest	Balance
1	105.16	105.16	1,105.16
2	116.21	221.37	1,221.37
3	128.43	349.80	1,349.80
4	141.94	491.74	1,491.74
5	<b>156.87</b>	<b>648.61</b>	<b>1,648.61</b>

But it is NOT quite this simple. Generally establishment fees for a loan are also added in. So let’s look now at a loan of \$1,000 plus a \$200 establishment fee at 10% annual interest rate:

Year	Year Interest	Total Interest	Balance
1	126.19	126.19	1,326.19
2	139.46	265.64	1,465.64
3	154.12	419.76	1,619.76
4	170.33	590.09	1,790.09
5	<b>188.24</b>	<b>778.33</b>	<b>1,978.33</b>

As you can see the final amount of interest is \$978.33. This means that by adding in the fees, the **effect** is equal to having to pay an interest rate higher (13.65%) than the 10% first offered by the lender. It is always useful to ask your bank to advise you of both the Annual Percentage Rate **and** the effective rate after compounding. There are also several interest rate calculators online that you could use to check on interest rate calculations.

Naturally, payments will be made during the years to pay off the loan. Repayments are usually made monthly so at the date of payment the outstanding balance will reduce, then interest and compounding will recommence.

Usually at the commencement of a loan term, more interest is paid as the balance is higher. Another important factor to consider is whether the rate is fixed (so it remains the same) or variable (meaning that it can rise or fall in line with inflation and economic factors).

All interest is not calculated in the way described above. For different credit products, interest is calculated differently according to a formula that includes the base rate set by Treasury, economic indicators and “margin”.

**It is always wise to check the interest rate and how that interest will be charged when you are exploring credit options for your business.**

### 2.2.11 Other Finance

a) **Venture Capital** is where an investor or group of investors provide funds and become involved in a business either at start up or to assist business growth. Overseas where there are larger investment opportunities, venture capital funds are managed by a Venture Capital Fund manager or company.

The requirements to access venture capital funds are specific and detailed and the investigative process, referred to as “due diligence” is rigorous. Venture capital is a concept not typically used in the Cook Islands and rarely for small business. If you have an interest in finding a venture capitalist to support growth in your company or business, then an approach to a commercial lawyer would be the first step.

b) **Superannuation funds** People who have paid into the national Superannuation fund have access to the funds when they reach 60 years of age except in the case of forced early retirement. A “lump sum” withdrawal can be made on retirement of up to 25% of the total balance of the members account. In some instances, retirees use these funds to invest in business.

c) **The \$\$ value of training** There are various options for training and practical skills development that are discussed elsewhere in this project. These options may be at low cost or free of charge in which case they alleviate the burden on business owners of paying for courses.

### 2.2.12 Government Resources

Government assistance for small business is most commonly available for free or low cost advisory services, information, training for business planning and other aspects of managing your business and guidance with marketing. In the Cook Islands, it is the Business Trade and Investment Board’s role to assist business development in this way.

Government financial assistance is not usually available for grants or loans to enable individuals to start or buy a business, or to help existing businesses overcome a shortage of funds. However there are some specific funds available either for specific industries or for particular purposes:

#### a) The **Cook Islands Pearl Authority** (CIPA)

Marketing Revolving Fund assists registered pearl traders to buy stock from the Pearl Exchange and then repay it as the stock is sold. There are strict conditions attached to this Fund, applications are assessed. The fund enables existing retailers and wholesalers to borrow funds specifically to purchase pearls from the Pearl Exchange to sell on. Applicants must be assessed by CIPA as having a viable and trading business, before loans can be made. Cash is not transferred, as applicants purchase the value of their loan in stocks from the Pearl Exchange.

Maximum Loan: \$10,000                      Availability: Ongoing as funds become available from existing loan repayments.

Purpose: To assist pearl retailers and wholesalers to increase their stocks and increase sales

Conditions: Registration as a viable pearl trader. Applications must include a cash flow and repayment plan

b) The **Business Trade and Investment Board** Revolving Fund. The BTIB distributes a \$500,000 government fund amongst a limited range of schemes to support business development. The BTIB Board determines the types of loans it will introduce and the duration of each loan product. There are no loan schemes that are available on an ongoing basis, as the Board is able to change its loan schemes to be responsive to emerging business developments. In 2014, four schemes have been available aimed at export, vanilla growers, agriculture and general business.

b.1) The Vanilla Industry Loan Scheme                      Maximum Loan: \$10,000

Availability: Once per year

Purpose: equipment and marketing      Conditions: Available to existing vanilla growers only

**b.2) Sustainable Export** Maximum Loan: \$20,000  
Purpose: to establish or expand export of a local business product or produce

**b.3) Business Development** Maximum Loan: \$3,000  
Purpose: to develop a new product or service, mainly for existing business but occasionally for a start-up business

**b.4) Agriculture Development** Maximum Loan: \$3,000  
Purpose: to develop a new product or service. This scheme followed an agriculture business workshop, attendance at the workshop was a pre-requisite to applying for assistance under this category.

Conditions apply to all BTIB loan schemes. All applications to the fund are assessed by BTIB against criteria established for each scheme. Loans are fixed at 5% interest. After assessment by BTIB's loans application personnel, applications then go the Board for approval. BTIB has an arrangement with the Bank of the Cook Islands to administer the loans. Normal bank practice applies to loan repayments and collections if there are defaults.

### **Part 3: Understanding credit history and why it is important to business**

A credit history is a report on your personal or business credit that will stretch back to your first credit transaction since credit reporting came about in the Cook Islands. A credit history can include any kind of loan, mortgage, credit card, hire purchase and even credit accounts with utilities like power and telephone. Credit checks are made between the Cook Islands banks when a person applies for a loan, so they can see whether you have a loan with another bank and how you performed.

Credit checks are only available on power and telephone accounts for those people who have automatic deductions from their bank accounts for these payments. Only your credit history in the Cook Islands is used by the local banks to establish your past record of paying for loans, your overseas history is not considered. The local banks do not use a scoring system or rating (that is commonly used in New Zealand or Australia) to decide whether you are a high or low risk for non-repayment; they use any past performance as part of their overall assessment of your application. Your ability to manage your own personal account and any history of savings may also contribute to your credit history.

A credit history is important to establish for your business mainly so that you can obtain credit in the future. Showing a potential lender that you have a good history of paying your loans is important for them to have confidence in you and to assess what kind of "risk" you will be. The better your business credit history is, the more likely that your trade creditors and lenders will be to offer you credit with lower securities or a reduced interest rate.

### **Part 4: The best financial product to suit your small business.**

Deciding on the best financial product to suit your business depends on a number of factors. The most important ones are:

- interest rate and fees
- flexibility and securities
- amount and the length of time you will need to repay it
- the purpose of the loan



It is not possible to determine which loans will be better for a small business without considering these factors alongside the other critical factor: you or your business as the borrower and your credit history.

If your business is a **micro business** in the Cook Islands it may have these characteristics:

- Owner operator only
- Works from home
- Sells roadside, to select customers or at markets
- Not registered as a company or business
  - Not VAT registered – annual turnover less than \$40K
  - Combines business with home and other income

The **type** of business you do may be:

- Catering/cooking: Hot and cold ready to eat foods, baked goods, preserves, fresh fish
- Craft: Tivaevae, jewellery, house ware, home decor
- Produce: fruit, vegetables, flowers, herbs, plants
- Art - Paintings, prints, sculpture
- Fashion: sewing services, pareus+

You may qualify for a business development grant and for any of the free training provided by the BTIB. You may wish to get your business up to the next level or just to improve the way you are doing things so that if you decide to grow you have a pathway to follow. Many micro business owners in the Cook Islands do not pay tax and wish to stay out of the taxation loop. Simple things like maintaining an account book of income and expenses will set you on the road to book-keeping that will help you to meet your tax obligations and avoid future problems with taxation.

If you do not have a business plan and a good credit history, it is likely that you will have some difficulty in obtaining a business loan and may need to use personal options to assist you. Personal loans that are secured will be an option you may need to consider as unsecured personal loans, credit cards and overdrafts will attract higher interest rates.

If your business is a **small business** in the Cook Islands it may have these characteristics:

- Owner operator plus staff
- Works from business premises
- Sells to a customer base and/or direct to the public
- Registered as a company or business
- Annual turnover less than \$250K
- Company registered and VAT registered
- Maintains business separate to household income and expenses

The **type** of business you do may be:

- Food/Beverage
- Wholesale
- Retail
- Services
- Accommodation

Taking on a financial commitment will also be subject to a range of variables in your own company. In order to make a good decision about what is the best loan or credit product for you, you will need first of all to do some homework and find out what is available to you from any or all of the sources previously mentioned. If you have good security, such as land or property, then you will be a better prospect for lenders who will have something real to secure the debt against. If this is the case you can afford to “shop around” and may be able to negotiate for a good deal.

You should ask for the calculation on repayments over the full term of the loan so that you can compare that with your business budget and cash flow and be sure that you will be able to make all of the repayments even in the months when business may be slow.

You should be able to take away any credit contract so that you can read and understand it before you sign it. Ask questions of the lender so that you are clear about what the meaning of the clauses in the contract are about.

## **Part 5: Business examples**

### **5.1. Mere’s Maniota**

Mere is 63, a pensioner and a planter. She grows vegetables and fruit in her backyard that she sells at the Punanga Nui market place. She puts in a seasonal crop of Maniota that she harvests once per year. At that time she sells her peeled maniota at the market, in “ready-to-cook” 2kg bags at \$10 per bag. Mere averages \$100 per week without the maniota, but once a year she has to try to sell about 250 kilos of maniota that only has a “shelf-life” of a few weeks. If successful she can make \$2,500 from the maniota sales. Her only assets are her home and land and an old truck.

Her work is labour intensive and as she ages she will become less able to do her own planting. She doesn’t want to expand because she doesn’t want to have to pay too much tax, but she does want to continue to run her micro business as the local pension isn’t enough for her to live on. She understands that the business will only be able to continue as long as her health permits. Her average income for the year is around \$12,900. She doesn’t separate her business income from her household income as she needs the money to live on.

#### ***What are her options?***

- a) She could “share crop” with someone else and share the labour as well as the crop sales, bringing her back under the \$11,000 tax free threshold
- b) Form a small group of people in the same situation as her to work together, sharing labour, costs and sales
- c) Try to sell her entire harvest to one or two customers in the food trade by searching them out and negotiating
- d) Stop planting maniota and having to harvest all at once. Turn to a longer term planting such as raising shrubs, ornamentals and palms for the landscaping market that she can sell during the year.

Mere doesn’t want to expand her business and she doesn’t need to borrow money to carry out her business. What she does need though is to work smarter as she ages and to keep a record of her income and expenses so that she can minimise her tax. She should also consider sharing her crop with a younger worker and planning for someone else to do her larger planting when she cannot do it herself.

## 5.2. Kura's Cupcakes

Kura is a single woman of 38 with two school age children. She works from home making cakes, cup cakes and muffins to supply to local food outlets. She started her business four years ago and now has 12 regular business customers, some of whom she supplies daily and others weekly. Kura works early mornings and during school hours so that she can be at home for her children.

She bakes around 80 cupcakes and muffins six days per week (480) and bakes cakes on orders, usually 10 per week. She sells her cupcakes for \$1.50 each and her cakes for \$25. She makes approximately \$970 in sales per week and spends on average \$370 to \$400 to make her goods. Her business is not registered, she trades under her own name but she is VAT registered and manages her own accounts.

Kura owns her own home and prefers to work from home. She would like to streamline her business and make it more efficient so that her "home space" and her "work space" have some separation. She wants to modify her kitchen, buy a wider oven, a commercial mixer, a larger refrigerator and create a working pantry to keep her bulk supplies tidy. She has worked out that it will cost her around \$6,000 for the equipment and another \$8,000 to extend her kitchen. Her car is also old and she will need to upgrade soon to continue to make her deliveries around the island.

### ***What are her options?***

- She could apply for a personal loan to do one thing at a time so that each time the loan is small and more manageable.
- She could apply for a personal loan to do the extensions, pay it off and then save up and purchase one piece of equipment after the other, leaving the vehicle until last and upgrading to a good second hand one.
- As Kura has equity in her home, she could apply to the bank for a personal loan for the equipment and extensions only, pay it back as quickly as possible and then look at updating her car with another personal loan
- If she includes updating her vehicle at the same time, she could seek a mortgage on her home which would give her a better, lower interest rate

Kura has a number of options available to her because her business has been established for four years, she keeps her accounts in order, she has equity in her business and she has security- her own property. Her needs are modest and she has found the best prices for the equipment and building work that she needs. As she is only earner in her home, she has budgeted for what she can afford in repayments, while maintaining her household. She is able to maintain her business in its current mode for at least another year. If she is able to save money, she may not need to borrow for her equipment but pay for items one at a time.

## 5.3. Ana's Craft Workshop

Ana is 55 and was a high level government worker overseas. She owns a small property in Australia and has private Australian superannuation. When she returned to the Cook Islands 5 years ago to take care of her ageing mother she got a job in government well below her capability and worked in the position for three years. She decided to make her hobbies into making her living and start her own business. She works from her mother's home and makes jewellery, bags, clothing and accessories from new and used fabrics and sells them either through the market or by direct orders locally and through her facebook page on the internet.

She cannot keep up with demand and averages sales of \$2,000 per week during the high tourism season reducing to around \$300 – 500 during the hot summer months. Averaged over the year she makes a better living than in her government paid job. Her home and business have mingled because of the space she has taken over at home, use of household power and equipment that she owns personally. She has registered her company, is VAT registered and keeps her accounts in order and separated from the household expenses.

Ana wants to expand so she can keep up with demand for her products. She would like to establish a workshop where she can have all of her working equipment and materials in the one place, where her customers can come without stepping into her personal space and where there is a business atmosphere for her and her customers to enjoy. She doesn't want to tap into her superannuation as she believes that is for her retirement.

She approached her bank to see what kind of loan she could obtain, to establish herself in premises with some new equipment. Despite her owning a property in Australia and having an extensive credit history there, she was not able to borrow more than \$12,000 unsecured on her business income in Rarotonga. Ana needs at least \$20,000 to set herself up. She considered borrowing the money and also using her credit card to its maximum, but then felt that the high interest on the credit card would be too much of a burden and she needed to keep it available for emergencies in case she had to take her mother overseas for treatment.

***What are her options?***

- a) Use *some* of her private superannuation to establish her business. As she is 55 she is eligible to take some of her superannuation, but will have penalties such as tax to pay
- b) Take the loan before the high season, use the increased income during that time to pay off the loan quickly, update the equipment as and when she can afford to.
- c) Build the workshop onto her mother's home or property in affordable stages - as Ana will inherit the home she will not lose her investment

***Borrowing is not the solution for all businesses. In some cases, having a plan of action can help a business owner sort out their needs and priorities and find alternatives.***

<b>Part 6. Alternate Business Model</b>
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### **6.1 Business Cooperatives**

A co-operative (coop) is a business organisation that is owned by the members. A coop is suitable for groups of at least five members who become shareholders in the coop. Members buy shares in the co-operative to become shareholders. The money can be used for start-up and for a range of equipment and stocks or for premises and employees. On a micro to small business scale, the shareholders could also be the employees and carry out the functions needed for the coop. Every shareholder is expected to contribute to and help manage the coop.

The purpose of forming a coop is to provide a service to members, for example buying and selling stock or co-ordinating the production of stock, rather than for the co-operative to make any financial gain for itself. Cooperatives are also set up to use a democratic style of management and to share resources, including training for the members.

Like the company business model, a coop is a separate legal entity. However in a coop the members own and control the business, rather than investors. Although they may have different levels of

contribution all of the member/shareholders have equal voting rights. Some members may produce stock for sales; others may do the marketing, selling or administration. The shareholders, employees and management are not liable for any debts of the co-op personally, unless those debts are the result of negligence or fraud. A coop usually only allows a limited amount of profits to be distributed to members/shareholders, although some may not allow any.

An example of this kind of business on a large scale is Fonterra in NZ, which is a dairy co-operative. Dairy farmers make up at least 60% of the shareholders and supply the co-operative with milk. In the Cook Islands, there is one agricultural association that is incorporated as a coop. There are no women's co-operatives currently operating in the Cook Islands.

Cooperatives offer an alternative to the company model for groups of women who share a common service or product, who might be located close to together on one island or who may have limited means to start up business but can share their skills, materials or equipment.

Working together to design and run the business can be particularly useful for women who can factor in their family commitments so that the business is "family friendly". For example, the business might operate only during school hours and school terms so that mothers can be at home when their children are at home. Breaks for breast feeding and providing a crèche for babies may be a part of the business plan. These practices can be decided by the members/shareholders when they design and set up their co-operative.

Cooperatives in the Cook Islands can be established under the Incorporated Societies Act 1994, but are limited by the rules under this Act for the distribution of profit and for the payment of staff. To develop specialised articles under the Companies Act 1970 -71 (which is an Act that applies the New Zealand Companies Act 1955) obtaining legal advice would be an appropriate step.

## Template 1

### SAMPLE Basic Cash Flow

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Totals
<b>Income</b>													
Sales													
Interest													
<b>Total</b>													
<b>Expenses</b>													
Accounting													
Electricity													
Equipment													
Insurance													
Marketing													
Raw Materials													
Rent													
Staff wages													
Supplies													
Telecom													
Training													
Transport													

<b>Total</b>													
<b>Difference</b>													

Items listed above can be broken down further. For example “Transport” can be further divided into fuel, vehicle maintenance, vehicle registration, WOF and insurances. “Marketing” may include advertising, internet media, printing of business cards and brochures and so on. “Staff” can include full time, then part time and casuals. You can add more rows to this template or create a new one in a computerised spreadsheet that will also do your calculations for you. Every business will have a range of income sources and expenses that is particular to their own business.

### **Section 3. REPORT ON THE RESEARCH STUDY**

#### **3.1 Introduction**

This project was to examine what finance options are available for women for business start-up or for business growth. It was to apply the findings against three theoretical business models to provide examples of how to best utilise what is currently available. Statistics on women’s experiences with obtaining finance were to be gathered if possible. Information about co-operatives was also be reported in this study as another form of business model that may be suitable for clusters of women. It also reveals the type of training that women would benefit from with regard to finance.

#### **3.2 Methodology**

The research was carried out using face to face consultations and an examination of written materials provided by BTIB and MINTAFF. Questionnaires used are attached at Appendix 1 and 2. Additional resource material on credit and business models was sought on the internet. The researcher then wrote a chapter of the intended resource for women in line with the headings/sections required.

#### **3.3 Findings**

Many women in small business in the Cook Islands have started out with an idea, some determination and the assistance of family backing to get going. Finance has been a hurdle for many that they have overcome by understanding their customer’s needs, not over extending themselves and not growing too fast too quickly. Those that have not followed this pattern, are either not in business now, or are facing serious struggle to stay afloat.

##### **3.3.1 Borrowing from Family and Personal Savings**

These are common sources of funds for micro business and small business start up. Arrangements are made either formally or informally. Statistics on the extent of family borrowings and how those borrowings are distributed by gender are not available as there is no mechanism for checking or assessing this strategy. Face to face discussions with small business owners and market stall holders indicate that most have borrowed either cash or resources from family at some stage. Most of these arrangements are informal. Some have experienced discord in the family because of the loan.

### **3.3.2 Statistical Data**

All banks in the Cook Islands treat their men and women customers in the same way and there are no special provisions or recognition of gender as a factor to be considered in loan applications. None of the banks gather the type of data that would establish a situation report on the number of women with current business borrowings, the extent of the borrowings or the number of loan applications by either sex that have been declined. A change of policy and data collection would need to be decided by the banks if they were to proceed this way as there are no legislative requirements for the banks for disaggregated data by gender.

### **3.3.3 Analysing Credit Products**

All credit products could not be analysed unless there is a business **and** a business need to process them against. Rather than attempt to determine whether a loan could be “good” or “bad” for a business without having any context to position the business, the researcher resolved to shift to a less subjective model and to provide case examples.

A breakdown of how a credit product should be analysed by consumers is included that covers matters such as how interest rates are calculated and what consumers should be aware of before deciding to borrow using any credit product.

### **3.3.4 Information from the existing government resources**

The task of gathering information has revealed where gaps in information exist. There is a lack of available disaggregated statistical data. Definitions that establish what is a micro, cottage or small business also need to be officially resolved by the Business Trade and Investment Board.

Business planning for micro, cottage and small business needs to be provided through a training opportunity at least once a year. There have been recent workshops carried out by the ANZ Bank and by the Business and Professional Women’s Association to provide one-off training as a response to a perceived need in the community.

Business planning models required for business loans are too complex for the micro and cottage industries in the Cook Islands. Understanding the basics of keeping a written record of accounts together with some starter planning would be beneficial for these businesses that could build up slowly into the more complex plans that are a requirement for business lending/borrowing where a if they choose to borrow money to grow. The current Business Plan model developed by BTIB needs unpacking into a step by step model to a full business plan that will make it simpler to follow and to carry out the research needed before being able to construct the plan.

### **3.3.5 Consumer Information**

There is a demonstrated need by the public for consumer information about products and buyer’s rights and obligations when entering into purchasing or borrowing. Information in user friendly terms and translated into Maori would be useful for borrowers to avoid mistakes when deciding on a loan and knowing what their rights are. This material could

be developed as a series of written fact sheets or an app that could be downloaded and freely available to the public.

### **3.3.6 Cooperatives**

There is only one officially registered cooperative in the Cook Islands that was formerly the Titikaveka Grower's Association. Articles of Incorporation were developed by a local lawyer for the Coop but he was unavailable for interview until late January when he returns from overseas. At that time, he will share the information about he was able to create this entity and move from an incorporated society to a cooperative company model. No assessment has been made to date on how the Coop is functioning.

This is an area that needs closer examination for its potential for groups of women and for groups in the Pa Enea. For example, the Maire industry has operated as a pseudo cooperative in Mauke and may benefit from this type of structure. Craftswomen who make one or two products may benefit from joining with others who have a similar customer base.

### **3.3.7 Women with disabilities**

The needs for **business finance** for women with disabilities do not depart from the needs of women entrepreneurs in general. Banks will make themselves available for their customers with disabilities to discuss finance options as will the government service providers: BTIB and CIPA.

Some of the needs that women with a disability may have with regard to finance, are to first consider how they will operate a business with their own particular disability, how it will affect their business **set up** and **operations** and how much will it cost to make modifications, or to employ others to meet their specific needs. There is no special funding program available that would assist women with disabilities into business, in the Cook Islands. If they are receiving the Disability Benefit, their income from wages paid by the business could affect their Benefit payment.

## **Section 4. RECOMMENDATIONS**

The following is recommended to address the issues identified through this research project AND through the stakeholder sessions that have been carried out during the project:

- 4.1 Gender equity policy needs to be promoted and the GADD of Internal Affairs need to be the driver and to actively encourage all Ministries to have an effective and working policy – if Government doesn't drive equity, it is unlikely that the private sector will follow
- 4.2 Promote the need for gender policy to the financial institutions
- 4.3 Government should open discussions with the banks and with BTIB for data collection. At present there is no need or requirement for the banks to collect or disaggregate data on their loans portfolio.
- 4.4 BTIB should be strengthened with appropriate gender policy and training for the Board and staff. The Board of BTIB are responsive to pressure from industries and will consider proposals for the revolving fund. A future loan scheme through the BTIB revolving fund could be aimed at assisting women either individually or as a cooperative.



4.5 Assist general consumer awareness and education about loans, loan contracting and borrowing through the Consumer Commission publishing new materials in English and Maori  
4.6 Enabling legislation and policy for the development of co-operatives as a business model

4.7 Training for micro, cottage and small business owners about simple book-keeping and planning should be available through BTIB, at the right level for the business owners and be available on an ongoing basis at least once per year.

## Section 5. RESOURCES

### Interviews

- Westpac Bank
- ANZ Bank
- Bank of the Cook Islands
- Business trade and Investment Board
- 9 Local women business owners in small or micro businesses and women in a cottage industry
- Disabilities Council coordinator
- National Superannuation Fund

### Reference material

- Indicators of the economic empowerment of women in the Cook Islands, November-December 2013, Report prepared by Peter Gardner (ADB consultant)
- BTIB Business Planning template

### Internet

- [www.sorted.org.nz](http://www.sorted.org.nz) credit history agency
- [www.startupnation.com](http://www.startupnation.com) Business and Personal Loan start up funding forum
- [www.thecalculatorsite.com](http://www.thecalculatorsite.com) interest rate calculator
- [www.smallbusinesschron.com](http://www.smallbusinesschron.com) business online chronicle
- [www.pcf.org.nz](http://www.pcf.org.nz) pacific business development fund
- [www.pacificcooperationfoundation.wufoo.com](http://www.pacificcooperationfoundation.wufoo.com) pacific business development fund
- [www.nzvif.com](http://www.nzvif.com) venture capital investment
- [www.moneysavingexpert.com](http://www.moneysavingexpert.com) interest rates
- [www.smallbusiness.wa.gov.au](http://www.smallbusiness.wa.gov.au) small business development
- [www.moneyallocator.com](http://www.moneyallocator.com) personal loans
- [www.math.hawaii.edu](http://www.math.hawaii.edu) compound interest
- [www.interest.co.nz](http://www.interest.co.nz) interest rates
- [www.economics.about.com](http://www.economics.about.com) “real” interest rates
- [www.cab.org.nz](http://www.cab.org.nz) credit checks and history
- [www.bankingabout.com](http://www.bankingabout.com) business loans
- [www.asb.co.nz](http://www.asb.co.nz) loan overdrafts
- [www.anz.com](http://www.anz.com) cook islands credit products
- [www.westpac.co.ck](http://www.westpac.co.ck) cook islands credit products
- [www.bci.co.ck](http://www.bci.co.ck) cook islands credit products
- [www.sba.gov](http://www.sba.gov) cooperatives

## Appendix 1. QUESTIONS FOR FINANCE PROVIDERS

1. What are the loan products that are available for women starting up small business? Are these products generic – available to both men and women?
2. Are they different from loans to **develop existing** business?
3. What are the criteria for obtaining a loan for each of these products?
4. Are there any other assessments that you use to determine the viability of a borrower?
5. Have you carried out a risk assessment across the Cook Islands to determine the profile of high/low risk potential borrowers? Is that information available to this project?
6. Can you explain what type of customer credit history is required by you as part of your assessment? Do you use a scoring system and if so, how does that work?
7. How do you determine what is the best option out of your products for applicants? Can your customer only have the product that you choose for them?
8. Do you use a standard contract for borrowers? Do you use the same contract for co-borrowers or guarantors?
9. (Banks) Is it Cook Islands specific or used overseas as well?
10. Do you have a policy that regulates consumer credit management?
11. What legislation do you use to regulate your consumer credit management and portfolio?
12. What type of securities do you require for a loan? eg: mortgage, property, co-borrower, guarantor
13. Is the borrower required to purchase a credit insurance product with the loan or at what point is credit insurance is optional/not optional?
14. What options are available for your customer to purchase credit insurance from you or independently?
15. How do you assess a borrower's capacity to repay the loan and decide on instalment payments?
16. If there is a default on payment, what mechanisms are available to your customer to negotiate/re-negotiate their loan with you?
17. Are the interest rates that you provide fixed for each product or do they vary? How do they vary?
18. Do you collect data on your loans that would show how many women have business loans, or personal loans tied to their business?
19. Do you collect data on the amount and type of loans that women have currently borrowed from you?

20. Do you collect data on the success/failure of women customers in repaying their loans?
21. Do you collect data on the rejection of loans for males/females?
22. Do you collect data that demonstrates the difference between men and women's loans for Q 17, 18 and 19?
23. Do you consider that your women customers are treated the same way as your male customers? Do you have a gender equity policy?
24. Are there any comments you would like to make?

## Appendix 2. QUESTIONS FOR CASE STUDIES

### Questions

1. Where did you go for a loan?
2. Why did you choose this option?
3. What expectations or criteria were asked of you? eg Did you have to provide a business plan?
4. Did you have a credit history of any borrowings before seeking a loan from this source? Can you explain?
5. Were you offered a loan? If yes, what type of loan, eg: business, personal, line of credit, credit card?
6. Was it the loan that you were expecting to get? If not, what type of loan were you hoping to get?
7. Did you have to provide any security for the loan? eg: goods, property, a guarantor or a co-borrower?
8. What were the terms of the loan eg : length of loan, repayment schedule, interest rate?
9. Were the repayments appropriate for your budget?
10. Were you satisfied with the loan that you received? Was it appropriate for your needs at the time? Please explain
11. Were you satisfied with the assessment that was made of your credit worthiness? Please explain
12. Are there any other comments you would like to make?