

# Saint Lucia League Newsletter

JAN - MARCH 2017 | QUARTER 1 | ISSUE 13

Co-operative Societies Bill Update

Credit Union League Building Opening

CCCU Board & Sector Meeting



## Building Our Future, From Whence We Came

For three years now the League has been reporting on it's most visually grand venture, the aquisition of it's own home. On January 26 2017, the culmination of these efforts came to be as the organization began operating from the new location. To double up hype, the League also meticulously chose to open its big blue doors on it's 40th anniversary, sealing the moment. The opening ceremony was as grand as the gesture, as Credit Union stalwarts, Member societies, affiliates, the public and even the pioneers of this generation and the last were all in attendance, celebrating with their League.

*"...Today I stand before you, as a Glorified immediate Past President of the League, basking in the ambiance of this joyous moment that I longed to have celebrated..."*

- Former President of the League - Linus St. Clair

Mahatma Gandhi - "A small body of determined spirits fired by an unquenchable faith in their mission can alter the course of history".

Words the Board, management, staff, affiliates and members of the League will forever resonate with as the success of this project hinged on the effort injected by one and by all. The obtaining of the property was conceptualized by the Management and Board in 2014 and since then they sought to bring forth the idea of finding a new home on the William Peter Bouevard. From the location to the colour scheme were all surgical-level decisions to articulate the objective of the League as a secondary body.



The grand opening ceremony was by all means a success, as the League and it's members were graced with representatives from the F.S.R.A, the Castries Mayor, CAPITA Financial, Co-operative Pioneers, Credit Union members and non-members, and the President of the Caribbean Confederation of Credit Unions (CCCU) Mr. Aaron Moses, who was the keynote speaker.





**Aaron Moses - President of CCCU**



**Ribbon Cutting by League Founders**



**Former League Directors 2014-2016**



The League would like to thank all participants and well-wishers involved with the project and those who chose to celebrate with us in our success.

# Caribbean Confederation of Credit Unions Board & Sector Meeting

The CCCU as the tertiary support organization for Credit Unions and Co-operatives in the region paid a courtesy visit to our National Movement on Thursday and Friday, March 23<sup>th</sup> and 24<sup>th</sup>. During their visit the CCCU engaged in a number of meetings in an attempt to lend an ear to the sector and meet with Stakeholders. After a high-level meeting with the League, it's Management and Delegates, the group met with Hon. Dr Ubalduus Raymond, Minister within the Ministry of Finance, with responsibility for Credit Unions. Minister Raymond met with League Delegates along with the CCCU Delegation to specifically speak on the Co-operatives Society Bill, currently being worked on. This particular legislation has created a stir among the Co-operative Sector as many are not pleased with the particulars of the Bill. Some calling it "... detrimental to the Credit Unions and the Co-operative Business Model..."



The visit concluded with a "Town Hall" style Sector Meeting with representation from the Credit Unions at the Bay Gardens Inn's Conference Room. This meeting discussed some of the ills faced in the Movement and also served as a forum to share innovative business strategies.



## Any Other Business?

At the Sector Meeting of March 24, the CEO for CUNA Caribbean Insurance, Mr. Goindoo announced that the organization will be opening its office to serve the OECS right here in Saint Lucia. It was also an opportuned event to also announce that this new entity will soon find its home at the Co-operative Credit Union League Building on the William Peter Boulevard in Castries. Goindoo has promised that the OECS Movement will soon be able to utilize CUNA's full complement of products in the near future. For the majority of it's existence, CUNA Caribbean Insurance has been an ally to the Credit Union Movement, as they were born out of it and naturally subscribe to the same belief system of conducting business. The League looks anxiously forward to housing the CUNA organization and it's mission.



# Co-operative Societies Bill



The League, now with the ear of the CCCU continues to work on this Bill to ensure that its enactment is ultimately in the favor of Co-operatives. As the League continues to agitate for changes within the Co-operative Societies Bill, the CCCU has indicated their full endorsement of the League's stance on the matter. The CCCU articulated that the Saint Lucian Co-operative Movement is in a 'strategically fortunate' position for being pro-active and not yet allowing this less-than-enabling piece of legislation become an act. The League will continue to act along its path and work with the CCCU. The League will be looking to capitalize on its position knowing that Co-operatives in the region are having immense difficulty with this new legislation.

## Sector Statistics

	MEMBERS			TOTAL SHARES			2015	TOTAL DEPOSITS			TOTAL SAVINGS; SHARES & DEPOSITS		
	2015	2016	%	2015	2016	%		2015	2016	%	2015	2016	%
TOTAL	87,074	92,113	5.47%	\$ 392,372,118.36	\$ 457,249,912.55	14.19%	\$ 88,201,907.91	\$ 167,350,837.65	47.30%	\$ 480,574,026.27	\$ 699,653,613.10	31.31%	

OUTSTANDING LOANS			TOTAL ASSETS			TOTAL RESERVES		
2015	2016	%	2015	2016	%	2015	2016	%
\$ 482,973,276.53	\$ 565,419,044.63	14.58%	\$ 670,558,969.97	\$ 776,310,361.07	13.62%	\$ 58,483,936.00	\$ 57,021,708.09	-2.56%

RETAINED EARNINGS			PERMANENT & EQUITY SHARES		
2015	2016	%	2015	2016	%
\$ 34,327,849.81	\$ 28,853,314.10	-18.97%	\$ 26,971,979.83	\$ 53,424,847.52	49.51%

# Credit Union Feature

Every Newsletter the League tries to articulate a major milestone in the activities of our members and how they innovate and reinvent themselves to better serve the Movement. This issue we have the utmost pleasure in voicing the rebranding of the St. Lucia Workers Minors Account.

Workers Credit Union Limited first introduced the minors account in 1998 as a savings account for children age 0 to 16 years. The former minors account has been relaunched with a new perspective. The goal is to effectively meet the needs of kids to enable them to be financially fit. The St. Lucia Workers' Credit Union Ltd recognizes the need to save for your children's dreams to avoid being overwhelmed with your financial position when situations arise. The decision to revamp the former minors account came about with a need to empower children to dream big, aim for greatness and to excel.

One of the key factors to achieving that greatness can be obtained through building early savings. The St. Lucia Workers' Credit Union Limited acknowledges that children's dreams are important and parents and guardians have a great desire to see those dreams fulfilled. This reality is the driver of this new product The Workers' Young Dreamers Account: "No Dream is impossible to achieve so dream big". The product is specifically designed to encourage savings for children because the dreams we help build today can help shape their tomorrow. The League applauds the effort of the Workers Credit Union for extending their portfolio, especially when it caters to the youth. Let's together encourage thrift in our next generation for their dreams should be limitless!



**You are never too young to start saving money and planning for tomorrow!**

**St. Lucia Workers Credit Union Young Dreamers Account offers special features and incentives to help keep our children financially fit.**

## BENEFITS

- Special Discounts from partners
- Special pass books
- Special prizes
- Swimming Membership
- Summer Internship program membership
- Club Ambassador program
- Scholarships for top performing members
- Discounts on school books and uniforms
- End of Summer empowerment programs
- Special Bonus savings plan

## FEATURES

- Must be under 16 years
- Minimum opening balance of \$10
- Account holder can sign on the account at 16 years of age
- Special Membership card
- 1% above Minimum savings interest rate

- Parent must provide their ID and the child's birth certificate upon opening account
- No withdrawal policy (Except under special or emergency circumstances)
- Parent/guardian must be a member of the credit union.



Tel: 451-7705 | 519-7928  
Email: sluwcu@candw.lc

# Members Financial Performance

PEARLS RATIOS	RATINGS						Q4 (2015)		Q4 (2016)	
	Standard	1	2	3	4	5	Pearls Rating For the Movement			
							PEARLS RATIO	PEARLS RATING	PEARLS RATIO	PEARLS RATING
<b>PROTECTION</b>										
Provision for Loans Delinquent >12 months	100%	>=100%	99%-80%	79-60%	59-40%	<40%	45.13%	4	-6.70%	5
Provision for Loans Delinquent < 12 months	35%	>= 35%	34-25%	24-15%	14-10%	<10%	277.91%	1	250.08%	1
<b>EFFECTIVE FINANCIAL</b>										
Loans/Total Assets	80%	>=70%	69-60%	59-50%	49-40%	<40%	71.06%	1	83.48%	1
Savings Deposits/Total Assets	80%	100-70%	69-60%	59-50%	49-40%	<40%	79.73%	1	91.51%	1
*Net Institutional Capital/Total Assets	Minimum 10%	>=12%	11.9-10%	9.9-7%	6.9-4%	<4%	19.74%	1	23.25%	1
<b>ASSET QUALITY</b>										
*Total Delinquency/Gross	Max 5%	>=5%	5.1-6%	6.1-8%	8.1-10%	>10%	9.65%	4	9.23%	4
Non-Earning Assets/Total Assets	Max 5%	>=5%	5.1-7%	7.1-9%	9.1-11%	>11%	8.74%	3	10.01%	4
<b>RATES OF RETURN</b>										
*Operating Expenses/Total	5%	>=5%	5.1-6%	6.1-8%	8.1-10%	>10%	2.98%	1	3.86%	1
**Net Income/Average Total Assets	2%	>=2%	1.9-1%	0.9-0.5%	0.49-0%	<0%	7.64%	1	3.29%	1
Fixed Rate Loans & Invests. > 5 years/ Net Capital	150%	>100%	100%-150%	150%-250%	251%-350%	>350%	155.87%	3	171.65%	3
<b>LIQUIDITY</b>										
*Liquid Assets - ST Payables / Deposits	Min 15%	>=15%	14.9-12%	11.9-8%	7.9-4%	<4%	22.34%	1	22.92%	1
<b>SIGNS OF GROWTH</b>										
Growth in Total Assets	Min 10%	>=10%	9.9-8%	7.9-6%	5.9-4%	<4%	7.82%	3	12.94%	1
* Indicates Key Ratio.							<b>Average Rating</b>	<b>2.00000</b>	<b>2.00000</b>	
**Net Income is a key ratio. However, if the credit union is very well capitalized less emphasis can be placed on net income.										

The overall Pearls rating for the movement is satisfactory at 2.0. Key areas for improvement are provisioning for loans greater than 12 months and again asset quality. It is important that we protect our members' investments. From a balance sheet standpoint, a loss on a loan is still a loss of an asset. Yet, on an operating basis because of the loan loss provision, cash flow remains available. The loan loss provision ensures that Credit Unions will have adequate capital to provide services to its depositors. The practice of Loan re-scheduling is highly practiced in the financial sector as a solution to loan delinquency. However, please consider this excerpt from Ireland Credit Control Policy as an insight into loan Re-scheduling.

*"...Loan re-scheduling may be facilitated due to the changed circumstances of the member and where this is the only option available to the member to get their loan arrears in order. Loan re-scheduling must never be used to purposely conceal loans delinquency and must only be done at the member's request. Re-scheduled loans are similar to new loan applications, except that no additional funds are being loaned. A new credit agreement should be issued for all reschedules, even where the arrangement is intended to be temporary..."*

Where a loan is guaranteed, the guarantor must be involved in the reschedule process. Both the credit officer writing up the revised credit agreement and the credit control officer (who knows the state of the account best) should meet the member to set out the new agreement. Both officers must satisfy themselves that they have sufficient new and verified information from the member that will allow the member to keep to the new agreement.

The credit control officer will also need to make a judgement in each rescheduled case as to the level of bad debt provision required for each loan. At a minimum, the existing provision should be retained until the credit union is satisfied that the member can keep to the new arrangement. All rescheduled loans must be recorded in the rescheduled loan book unless the computer system can flag the loan as rescheduled for the remainder of the loan term.

Re-scheduled loans should be specially monitored for default. An immediate and advanced level of credit control action must take place when a rescheduled loan defaults and the level of provisioning should be reviewed.



## 5<sup>th</sup> Co-operative Principle

Education, Training & Information

As part of the Sector Development aspect of the League's agenda, the organization was successful in hosting a training session which targeted the much discussed Reporting Form from the industry's Financial Regulator. This session was held at the Financial Administration Center in Point Seraphine on March 28, 2017 and was facilitated by the Senior Manager of the Financial Services Regulatory Authority, Mrs. Nathalie Dusauzay. The Credit Union Movement must continue to strive to be compliant with regulations by punctually and accurately fulfilling all the criteria of the FSRA reporting form. This form is needed to portray the Movement's financial profile, and together with the sector's PEARLS monitoring system, maintains the most efficient use of member's funds. In attendance were 21 staff from our societies and the full compliment of the FSRA's team, all of the above eager to learn about the procedures and needs of each entity. Scheduled trainings for the upcoming quarter would include 'Education Committee Orientation', 'Loan Recoveries' and 'The Roles & Functions of the Board & Supervisory Committee.'



# International Credit Union Day 2017

Though the theme from the World Council of Credit Unions is still being developed, the ground work is already under foot as the League focuses towards International Credit Union Day celebrations in October 2017.

This year, the League plans to co-ordinate a Co-operative Credit Union Gala during ICUD as the culmination event of the season. The purpose of the event is to articulate and recognize the social investment to the Movement in the form of capital, products, acts and/or the contribution of labour. You can expect more information in subsequent correspondence.

## Protocol Being Established...

We would like to acknowledge the official seating of the 2 most recent installments in the Management of the Royal Police & Allied Forces and the Hospitality Credit Union, Mr. Trevor Lamontagne and Mr. Richard Sutherland respectively.

The League writes to congratulate the newest additions to the Management of the Movement and look forward working with them both in the near future.

## Co-operative Education For All

Whilst the organization co-ordinates it's training sessions are often geared towards the Staff, Management and or Boards of the Credit Unions, the League in it's relentless pursuit to impart Co-operative Knowledge has simultaneously been working with the Co-operators and Members of tomorrow, the youth. Since this initiative was commenced last year, the League has recently completed it's 3rd session in this vein, educating the 5<sup>th</sup> Form students of the Vieux Fort Comprehensive Secondary School on all things Co-operative and Credit Unions.

Facilitating these sessions are the organization's home-grown team comprising of the Financial Services Officer, Elsa George, who emphasized on the critical importance of savings, early financial management practices and personal fiscal goals and our Business Development Officer, Philand Henderson, who sought to educate the group on how the philosophies of the Co-operative Movement should be used to better their socio-economic conditions. The League will undoubtedly continue to elaborate on this effort as knowledge is never complete.

