

# SAINT LUCIA LEAGUE NEWSLETTER

JULY-SEPT 2017 | QUARTER 3 | ISSUE 15

IFRS9 Accounting Standard

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Dreams Thrive Here! (ICU-Day)

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ATM Project Update



*“...The Co-operative Business Model instills values such as community, equity, self-responsibility, democracy and honesty. With concepts such as these at the very base of our structure, one cannot help but to be genuine and sincere during daily efforts...”*



## LEAGUE TACKLES NEW ACCOUNTING STANDARD

Subsequent to receiving notice on the new accounting standard (IFRS9) to take effect for the 2018 financial year, the League quickly took up a 2-fold effort to ensure the Movement's readiness. Firstly, efforts were made to take a legislative stance on this new standard by way of a position paper to the sector's Regulator, and the Institute of Chartered Accountants. It is felt that Credit Unions as financial institutions, adhere to the Co-operative Business Model and have been relevant and effective in its service to members globally, and should be considered during legislative developments which may erode the operations of our unique business. The League also partnered with KPMG of Barbados to research and present this position paper with the intention of securing a standard most-applicable to the sector. Additionally, the League secured KPMG as facilitators to educate the Movement on the standard regardless of the outcome of its lobbying efforts. This training will take place on October 6<sup>th</sup> 2017 at the Copacalm Hotel and will be a complimentary session courtesy of the League & KPMG.

## DREAMS THRIVE HERE



As known by every true co-operator, International Credit Union day is celebrated on the 3<sup>rd</sup> Thursday in October every year and is accompanied by a theme that seeks to highlight a function, difference, or expectation of our Movement. This year, ICUD and by extension Credit Union Month will be celebrated under the theme "Dreams Thrive Here." This theme articulates the empowerment experienced by our members during their various interactions with their Credit Union. This day denotes the steadfast work of the Movement as we highlight our achievements along the way, grand and humble.

The League believes that it is the generation of now who is charged with the responsibility of continuing the legacy paved by the Credit Union Pioneers, and it is up to this generation to carry the mantle and venerate its authentic difference in nature of structure, intended purpose, and method of operation.

This year, in addition to our journey of educating Co-operators and Non-Co-operators alike, the League will be hosting our first ever Credit Union Awards Gala at the Sandals Halcyon Hotel on the 21<sup>st</sup> of October.



The purpose of this event is to recognize the hard work injected by the many volunteers, members, managers and Credit Unions. There was much delight in conceptualizing this event, as we were excited in coming up with the different categories for recognition. Categories would include, Credit Union Manager of the year, Credit Union Volunteer of the year and Credit Union of the year, just to name a few. The League looks anxiously forward to providing an environment where boards, staff, management and volunteers from all societies can socialize and acknowledge their successes together.

Please send to the League how you and your members celebrated Credit Union month this year for inclusion in our next newsletter.

## FORECLOSURE LEGISLATION

The Ministry of Finance met with the League to share a recommendation paper which emanated from a regional Committee formed by the ECCU to provide recommendations on the harmonized legislation for foreclosure. It was indicated that the Department required the views of all stakeholders which included Credit Unions, on the recommendations. The comments on the recommendations noted would in turn guide the recommendations made by the Government of Saint Lucia. The recommendations and the report on foreclosure will be forwarded to Managers, the feedback of which permit further discussions coming from the sector. This discussion would serve as the conduit for a formal document to be developed on behalf of the Movement for submission to the Department of Finance.

CREDIT UNION MONTH EVENT SCHEDULE 2017		
EVENT	MEDIUM	DATE
CREDIT UNION AWARDS GALA	LIVE	21-OCT-17
PR. BLASTS	CHOICE P.R. DAILY	TBA
PRESS RELEASES	NEWSPAPER, ONLINE NEWS FORUMS	3-OCT-17 & 19-OCT-17
MAGAZINE EDITORIAL	BUSINESS FOCUS	OCTOBER ISSUE
AWARENESS THROUGH SOCIAL MEDIA	SOCIAL MEDIA	OCTOBER
RADIO INTERVIEW	THE WAVE MIKE & MASANA	16-OCT-17 9:30AM
TV ADVERTISEMENTS	CHOICE	OCTOBER
PRESIDENT'S MESSAGE TO THE NATION	NTN, CHOICE	19-OCT-17
CREDIT UNION AWARENESS	DBS STREET VIBES	19-OCT-17
CREDIT UNION EDUCATION SESSION	LIVE SIR ARTHUR LEWIS COMM. COLLEGE	TBA
INTERVIEW ON ICUD	CHOICE DAILY BUZZ	18-OCT-17

## YOUTH EDUCATION

During Quarter 3 of this year was the League's Youth Training seminar which sought to address the need for enlightening the youth on the structure and operations of the Co-operative Business Model that Credit Unions adhere to. This session, held in July, was a 2-day workshop executed by the League and Mrs. Althea Caesar, Deputy Registrar in the Ministry of Agriculture, Fisheries, Physical Planning, Natural Resources and Co-operatives. Mrs. Caesar was chosen as the facilitator due to her extensive knowledge of the Co-operative Business Model and her day-to-day experience in guiding the Co-operative Enterprises from creation to development. The session was opened to volunteers of varying degrees within the Movement, and other organizations that frequently interact with the League and its members. It was felt that sensitizing these affiliated organizations would give them a better appreciation of our unique business model and would hopefully enhance their operations within our sector.

This session, entitled, "Exploring the Co-operative Business Model" was attended by representatives of the National Youth Council who gave a short presentation at the beginning of day 2 on its expectations of the session and of its budding relationship with the Co-operative Movement. Throughout both days the facilitator chose to delve into topics such as challenges, roles, advantages, structure and differences of the Co-operative Business Model.

## NEW AML MOVEMENT POLICY

The League was notified that the FSRA had released correspondence which was dated August 2, 2017 informing of the mandatory requirement for all Credit Unions to complete an independent AML audit by July 31, 2018. To assist, the League's intention to solicit proposals from certified AML professionals who would be qualified to conduct the audit. The League is currently reviewing these proposals and will communicate to its members a suggested 'Shared Resource' approach.

## LEAGUE BIENNIAL DEVELOPMENT MEETINGS

In our attempt to develop our relationships with our members individually and collectively, we strategised a wholesome and systemic approach in accomplishing this desired result. Emanating from this need, was the League's decision to implement Biennial Development Meetings with each Credit Union.

To bolster these relationships, Mr. Henderson as the League's Business Development Officer will be meeting with the Management and Boards (where available) of every Credit Union to discuss topics such as current challenges, expectations of the League, ongoing projects of the Movement and to ascertain the society's statistics.

## SECTOR FINANCIAL PERFORMANCE

PEARLS RATIOS	Standard	RATINGS					Q2 2016		Q2 2017	
		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%	59.73%	4	62.83%	3
Provision for Loans Delinquent < 12 months	35%	>= 35%	34-25%	24-15%	14-10%	<10%	116.40%	1	20.51%	3
<b>EFFECTIVE FINANCIAL</b>										
Loans/Total Assets	80%	>=70%	69-60%	59-50%	49-40%	<40%	45.72%	4	38.69%	5
Savings Deposits/Total Assets	80%	100-70%	69-60%	59-50%	49-40%	<40%	52.69%	3	46.76%	4
*Net Institutional Capital/Total Assets	Minimum 10%	>=12%	11.9-10%	9.9-7%	6.9-4%	<4%	17.27%	1	9.82%	3
<b>ASSET QUALITY</b>										
*Total Delinquency/Gross Loan Portfolio	Max 5%	>=5%	5.1-6%	6.1-8%	8.1-10%	>10%	11.51%	5	4.79%	1
Non-Earning Assets/Total Assets	Max 5%	>=5%	5.1-7%	7.1-9%	9.1-11%	>11%	3.98%	1	2.63%	1
<b>RATES OF RETURN</b>										
*Operating Expenses/Total Assets	5%	>=5%	5.1-6%	6.1-8%	8.1-10%	>10%	1.00%	1	0.88%	1
**Net Income/Average Total Assets	2%	>=2%	1.9-1%	0.9-0.5%	0.49-0%	<0%	4.83%	1	0.82%	3
Fixed Rate Loans & Invests. > 5 years/ Net Capital	150%	>100%	100%-150%	150%-250%	251%-350%	>3	77.97%	1	108.44%	2
<b>LIQUIDITY</b>										
*Liquid Assets - ST Payables/ Deposits	Min 15%	>=15%	14.9-12%	11.9-8%	7.9-4%	<4%	48.71%	1	17.03%	1
<b>SIGNS OF GROWTH</b>										
Growth in Total Assets	Min 10%	>=10%	9.9-8%	7.9-6%	5.9-4%	<4%	4.72%	4	4.10%	4
* Indicates Key Ratio.							<b>Average Rating</b>	<b>2.25000</b>		<b>2.58333</b>

\*\*Net Income is a key ratio. However, if the credit union is very well capitalized less emphasis can be placed on net income.

For this quarter the Movement's overall performance remains at an acceptable rating. There is a cause for concern in the area of the loans over total asset which shows signs of decline.

The ratio measures the percentage of total assets that are invested in the loan portfolio, its certain what percentage of assets that are in the form of members loans. A Credit Union should earn more on their loans than on investments so this ratio should be maximized. Best practice suggests that this ratio should be at 70% or more in order for Credit Unions to generate sufficient income over time and to ensure sustainability.

### LEAGUE CFF MESSAGE

The Credit Union League's Central Finance Facility is making *Dreams Thrive* though our new Stimulus Loan Funding Package. It is geared to assist in meeting the needs of your members by giving support to large loan request that may affect your liquidity levels. No member should be turned away!

Our interest rate remains competitive under this package because the key to make our Credit Unions Thrive.

Contact the League's office for more details.

## ASSIST OUR SISTERS

During late August to mid September the Caribbean Region witnessed an influx of atmospheric anomalies resulting in a number of catastrophic storms and hurricanes. Most notable to our space was the passing of Hurricane Irma which attacked Anguilla, Barbuda and the other Leeward Islands, followed by Hurricane Maria which caused immense damage to Dominica. Similar to our intentions in 2015, the League will be soliciting assistance from all Credit Unions to provide some relief to our sister islands.

## STRENGTH IN UNIFORMS

Emanating from the analyses and feedback of the Movement's presence during Credit Union Month in 2016, it was felt to be a good idea to have the serving members of the Movement represent ourselves in one uniform during our Credit Union Month activities. The League will be co-ordinating with each Credit Union during this time to ascertain their interest.

## INTERNATIONAL CO-OPERATIVE DAY

This year, the League chose to include International Co-operative Day as part of its annual visibility profile. As mentioned earlier, the League held a training session on "Exploring the Co-operative Business Model" in July of this year as part of its activities. "Co-operatives Ensure No-One is Left Behind" was the theme behind this year's thinking. An almost centurion-old tradition is acknowledged this time of year and with it comes the blessings and reassurances of those who created it so that we execute.



Seeking to personify the focus of the Co-operative Movement, 'Ensuring no one is left behind' could not be a more appropriate theme for the celebration. Co-operatives have always been 'People-first' institutions and reflects that philosophy through their operations. The slogan for this year seeks also to elaborate on the very first Co-operative principle which denotes complete 'Voluntary and Open Membership' to those who accept the terms of membership. Co-operatives being an international model means access to extend these solutions to a multitude of sectors and industries globally. Many of which are propelled by a profit-maximization concept that fosters further inequality simply because of the avarice of a few. Whether it be farming, transportation, fishing, credit facilities, insurance, medical and more, the honest application of the Co-operative principles contribute to positive social impact of all demographics. International Co-operative Day has been celebrated on the 1st Saturday of July since 1923.

## CUMAS MEETING

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The League's quarterly Management meeting was held on September 26<sup>th</sup> 2017 at the Mon Repos Eastern Credit Union- Mon Repos Branch. The agenda items which were discussed were as follows:

- i. Introduction of New Managers
- ii. Salary Ranges
- iii. ATM/Debit Card Project
- iv. Credit Union-Biannual Development Meetings
- v. Creating National Impact
- vi. Co-operative Societies Bill
- vii. Credit Union Month
- viii. Hurricane Disaster Relief
- ix. New FSRA Requirement
- x. Foreclosure Legislation

For a more in-depth review of this meeting and the items discussed, please see CUMAS Meeting September 26<sup>th</sup>, 2017 which was circulated to the General Managers of each society.

## GENERAL MEETING

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On September 24<sup>th</sup> 2017 the League convened a meeting with all delegates to discuss the following.

- i. Amendment of By-law 10 - This was tabled to conform with the IASB's standard for Equity Shares, however was withdrawn. Delegates requested that the resolution be revisited and tabled at another Special General Meeting.
- ii. Shared Compliance Officer Proposal - Delegates in attendance requested that this proposal be resubmitted to all Credit Unions.
- iii. OECS Credit Reporting Bill & Regulations - It was requested that this document be circulated to the Boards and Delegations of all the League's members.
- iv. Maximum Liability Decision - The resolution to fix the maximum liability was approved unanimously by all delegates present.

## ATM PROJECT - UPDATE

Currently the League as this Project's Administrator and CAPITA Financial are working with third party software providers on the technological logistics of the project. Though the agreement governing the project is in the final stages of preparation, the League has ensured that during this time we have secured the latest technology going forward. Given current and emerging global financial technology trends, there was a growing need to shift the focus to the future operations of this system. This led to the group ascertaining the latest technology in ATM standards for both the cards and machines. As opposed to the initial magnetic stripe system first envisioned, the members using the system will experience the industry's "Chip & Pin" (EMV) standard, considered to be the most secure and efficient on the market today. Two major benefits of this system is improved security associated with fraud reduction and more precise control by the with 'off-line' transactions.