

## **IECCU – Report of the Board of Directors – 2013**

### **Opening Comments**

The year ended 2013 could be described as a continuation of the economic challenges that began in 2008 and in fact one may argue has not really ended in light of the challenges inherent in the journey in which we are all engaged. These challenges however, may be seen through different eyes. The pessimist recognizes only that the door is closed. The optimist on the other hand, notices the windows of opportunity and climbs through them to gain access to improved prospects. This however, requires patience, strength, sacrifice and a fresh outlook at one's circumstances. These opening remarks are by no means an encouragement for imprudence, indiscretion or burglary, but rather serve as a reminder of what is required to succeed in hard times. Your Credit Union has sought to do just that, identify the opportunities and leverage them for the advantage of our members. But this is not always easy. It means adjustment, hard choices and sometimes a venture into uncertainty.

The economy showed few signs of improvement. On the contrary a report by Economic Commission of Latin American and the Caribbean (ECLAC) projected that growth for 2013 would be 0.1% even with an International Monetary Fund (IMF) deal. Fitch, the international ratings agency revised its outlook for Jamaica's credit worthiness to negative putting us on watch for a downgrade in the short term, barring economic improvements. The agency advanced that Jamaica must secure an IMF deal to boost confidence and provide relief to the weakening dollar. It also opined that higher interest rates could return to help protect the dollar and also since Jamaica's creditors will view Jamaica as a riskier borrower<sup>1</sup>. Oil prices oscillated between \$96 and \$105<sup>2</sup> per barrel. This situation reflected international economic uncertainties.

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<sup>1</sup> Cubiz, January 21, 2013

<sup>2</sup> <http://www.macrotrends.net/1369/crude-oil-price-history-chart>

Locally Treasury Bill rates rose from 6% at the end of 2012 to about 6.31 in January sending a worrying sign that interest rates may rise further. It ended the year at 8.25%. Inflation at the end of the year was about 9.7%.<sup>3</sup> The stock market index declined to 80,633 points in December having started the year at over 92,100 points. Rising interest rates were at a cost of protecting the dollar and minimizing inflation.

IECCU continues to navigate through the economic challenges while trying to assist members in finding economic value and safety. Our growth can be quickly measured by our asset base increasing to \$1.5B a modest growth of 2.6%. Savings grew to \$1.02B, a growth of 2.8%. However we recorded a positive return of \$17.2M, mainly from delinquency reductions a significant improvement on last year's position.

### **Board of Directors**

The Board of Directors comprised of Bernita Locke, President, Franklin Johnson, Vice-President, Christopher Givans, Secretary, Derrick Logan, Treasurer, Wilfred Ball, Kenneth DaCosta, Winston Delahaye, Fray Ellis, and Carmen Singh. The table below reflects the attendance at Board meetings for the period.

<b>Members</b>	<b>Possible Meetings</b>	<b>Attended Meetings</b>	<b>Excused</b>
Kenneth DaCosta	12	11	<b>1</b>
Franklin Johnson	12	10	<b>1</b>
Bernita Locke	12	12	<b>Na</b>
Derrick Logan	12	9	<b>2</b>
Fray Ellis	12	7	<b>2</b>
Carmen Singh	12	10	<b>2</b>
Christopher Givans	12	12	<b>Na</b>
Wilfred Ball	8	8	<b>Na</b>
Winston Delahaye	8	8	<b>Na</b>

Board Members attendance report

<sup>3</sup> [http://www.boj.org.jm/statistics/econdata/stats\\_list.php?type=9](http://www.boj.org.jm/statistics/econdata/stats_list.php?type=9)

## **Operations**

A summary of the activities in member services is provided below.

Members	Internet Banking	New FIP	Goal Accounts	debit cards
9661	537	29	280	2793

We continued our focus on improving service delivery and recognize that this is best achieved by combining human factors with effective processes. Regrettably we lost some employees to opportunities local. This provided upward mobility for others as well as the introduction of new employees in other cases. Whilst no employer can always retain their choicest employees, we will do what we can to provide the best conditions of employment. We invested in staff by investing in courses in human resource management, Proceeds of Crime Act, Advanced Excel Securities Management and provided educational support for approved study. We will continue to strengthen the team by supporting their professional and intellectual development.

Policy review has become an area of significant concern. In order to remain relevant to members while addressing our obligations to our regulators we have revised several policies and must continue to do so in a timely manner. This is particularly important in an environment of technological, social and economic change where changing practices outpace policy review. We continue to review our policies to remain strong and relevant.

## **Marketing**

The past year was weak for Marketing activities as we had a vacancy for the year. Having filled the position in 2014 we expect a better schedule of activities during this year.

Our efforts to promote savings have received encouraging results as seen in the table below.

Savings type	2012		2013	
	Nos.	Amt \$	Nos.	Amt \$
Early Start	653	9.7M	675	10.9M
Golden Harvest	118	24.8M	106	28.7M
Partner Plan	30	1.6M	67	1.3M
Savers Club	7	2.9M	28	2.2M

Select Savings products

It is interesting to note then the table suggests an overall increase in the rate of savings, particularly for the youth account referred to as the Early Start. We commend those who make the effort to save in spite of the challenges.

### **Montego Bay**

The Montego Bay office continues to provide service to members in the western region. The table below highlights our activities, showing a 15% increase in deposits and an 11% increase in loans.

<b>ACTIVITY</b>	<b>2013</b>	<b>2012</b>
new accounts	13	38
Deposits	\$19.3	\$16.7M
Transfers	\$10.7	\$5.1M
Withdrawals	\$5.8	\$3.9M
debit cards issued	13	31
loan granted	\$44M	\$39.5M
Enquiries	1,524	1,618

Performance of Montego Bay office

We will continue to facilitate ease of business for members in the west and strive to do so more efficiently.

## **Information Technology**

Internet Banking continues to gain interest. At the end of the year approximately 850 persons or three times the last report were on-line. We encourage our members to take advantage of this initiative so that they can have 24 hour access to their account information and the means to reduce the cost of calling or visiting the office to make an enquiry. We continue to encourage members to use this tool to assist in managing their finances.

Through the League security improvements were made to the debit card platform to strengthen anti-fraud capabilities and improve access. We implemented JCUES, an IT platform that facilitates mobile applications to check balances, top-up prepaid mobile phones and bill payments. In time "Mobile Money" technology will be explored.

The web site was completed at the end of the year and is now being used as a better marketing tool. You would have seen that information regarding repossessed vehicles and important notices are posted directly to the site. We also improved the security of the site to prevent illicit access.

As a part of a larger Credit Union user group and in order to benefit from improvements in security and facility, we have upgraded our primary software. This took place in the early months of 2013 and facilitated the introduction of an automated bank reconciliation system. We experienced some teething pains during the year as we ascended the learning curve but we are now better able to undertake the reconciliations more efficiently.

## **Delinquency**

By far the greatest challenge for 2013, delinquent loans continue to stubbornly affect our performance. We acceded to our members suggestion that we employ debt collectors to assist in the process. We hope no-one here has had to be contacted by the collectors and regret that there are additional costs involved if such was your misfortune. The ratio has declined in 2013 and ended the year at 10%, a decline of three percentage points.

### **League**

The League continued its role as an effective voice for the credit union movement and worthy representation for its members. It completed a transformation process to put itself in a better position to support Credit Unions and wider clientele in the future.

### **Condolence**

On behalf of the membership of the credit union, we express our sincere condolence to the families and close friends of Melvin Chung, Gerard Fontaine, Franklin Hall, Christine Johnson, Patricia Lee, and any other not mentioned here. Their contribution to our Credit Union will be greatly missed. We remember too those who lost loved ones to crime and other tragedies.

### **Conclusion**

In concluding, and on behalf of my colleagues on the Board, I must thank each one of you, our members, for your continued loyal support. Despite the difficulties and challenges of 2013 and even greater travails expected in 2014, we are sure that our partnership will foster mutual successes. We are committed to finding innovative and effective ways to meet your needs within the guidelines of best practices. Let our credit union, the Insurance Employees Co-op Credit Union be your financial institution of choice as you consider where to place your savings and where you approach for loans.

May God continue to bless and strengthen each and every one of you.

For and on behalf of the Board of Directors,

Bernita Locke

President