

# **COMMENTS ON THE CREDIT UNION MOVEMENT IN BARBADOS**

## **BELIZE WORKSHOP 14<sup>TH</sup> FEBRUARY 2009**

**Credit unions are financial institutions with a social conscience. These people-focussed organisations were born out of adversity in the nineteenth century in Europe and spread to the Americas in the early twentieth century.**

In Barbados, from humble beginnings, the credit union movement has grown to unimaginable proportions to become a significant player in the financial services landscape. Today some thirty nine credit unions dot the islands' landscape with a combined membership of 150,000 persons out of a total population of approximately 270 thousand.

Credit unions provide access to affordable financial services and are an effective vehicle for achieving meaningful social change. Through member education and exposure to economic democracy, credit unions contribute to the creation of a more socially inclusive society.

The statistical picture on the movement in Barbados is as follows:-

- Total Assets of over BDS\$1.1 Billion dollars
- Loan Portfolio of approximately BDS\$750 Million dollars.
- Recently celebrated 50 years of existence.

### **ADMINISTRATION**

- Single Regulatory Body – Office of the Registrar of Co-operatives which is a department of government
- Apex body – Barbados Co-operative Credit Union League (BCCULL)
- Legislation – Co-op Societies Act passed in December 2007.
- Credit Union Movement may be reclassified under an agency being set up for non-financial institutions such as Pension Funds, Insurance Companies, etc.

## IMPACT OF GLOBAL FINANCIAL CRISIS

Slow down in the economy. Private sector downsizing (capital projects)

Job Losses likely as the tourist arrivals are reduced.

Savings level could be become stagnant or reduced.

Remittances from abroad slow to a trickle as persons lose their jobs especially in the USA and Europe.

Loan portfolio threatened as delinquency could become a major headache.

As our nation grapples with the myriad challenges of globalisation, restructuring our economy, new rules of trade and the new global political realities, the credit union movement has an increasingly important role to play.

**Movement in Barbados has gone through such a crisis like this before.**

- Structural Adjustment in the early 1990's.
- Major Job Losses especially among the female population.
- Movement was seen as the saving grace.
- Showed resilience and human character.
- Movement grew as other financial institutions made it difficult for persons to get loans.

## PLANS

- *Preparing to institute similar rescue policies should it become necessary.*
- *Government is of the view that CU's are in an enviable position to seize opportunities that the Global Financial Crisis can present.*
- *Increase communication with members – financial counselling, education. Etc.*
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