

OPENING REMARKS OF THE CHAIRMAN FSA AT THE CREDIT UNION WORKSHOP

AND REGULATORY MEETING, AUGUST 20-22, 2014,

ST. VINCENT AND THE GRENADINES

Salutations:

I have been afforded the very pleasant duty of offering opening remarks at this CARTAC sponsored, credit union workshop and regulatory meeting. I recognise, that while this is certainly not the first such gathering of regional regulators, this meeting holds some significance for us in St Vincent and the Grenadines. It is the FSA's first hosting of a Regional regulatory event such as this- the FSA having been established only in late 2012 and secondly, because it comes on the heels of significant and important developments in the financial services industry as a whole, which have the potential to impact the operations of Credit Unions, as well as other financial institutions.

It is widely accepted that the co-operative business model has been proven to be a good and economically viable one. The success and tenacity of co-operative institutions and the organizations which sponsor and support them, attest to the fact. The Credit Unions, Savings and Loans Associations, Building Societies and other financial co-operatives, in particular, while falling into the same realm, also bring their own peculiarities, and bear distinguishing from other co-operatives, by virtue of the financial nature of their business.

The co-operative spirit is nothing new to our Region. Caribbean people have a history of pooling resources- whether labour or finances- through the “coup d’main” or the “sou-sou” which by far predate the credit unions. It is part of our history, part of our culture and a way of being that we must cherish.

The credit unions, embody that spirit and from modest beginnings, with the establishment and growth of the credit union movement in the early 1940’s, have become institutions of economic and in a few cases, systemic significance. Recent statistics show that total assets of CUs in the Region were as high as USD 5.2billion of which USD840 million comprised the OECS. Shares and deposits

represented as much as 13.4% of GDP in the OECS; the rate of penetration in the Caribbean was more than 40%, while in the OECS, it is as high as 75%.

Clearly, these are institutions for which sustainability, safety and soundness become of paramount concern because of the potential to cause economic and social hardship, financial shocks and the ability to affect public confidence in the financial system in the event of failure. We, in St Vincent and the Grenadines, have the first-hand experience.

But I am sure that I am preaching to the already converted! This is by no means an easy job or light responsibility that you carry as regulators of credit unions, or of any other sector for that matter. As always, it will demand an even-handed approach that accomplishes the objectives of good and appropriate regulation and fostering of an enabling environment for stability and future growth of the financial co-operatives.

I have looked at the Agenda for your workshop and congratulate you for very relevant and timely topics. I note the follow-up from your last meeting to

formalize a body that encompasses the current regulatory and supervisory dispensation for the sector. Undoubtedly, a move in the right direction that could provide a focal point for dialogue and education among regulators and with the industry, as we navigate the ever changing standards affecting the financial services, whether Basel Capital Accords or the FATCA rules.

No regulatory meeting would be complete without reference to the very topical financial stability and soundness indicators which are today's imperatives for participants in the financial services sector. I trust that your deliberations will also involve dialogue and solutions on other practical aspects, some of which we have been confronted with in St. Vincent and the Grenadines- for example, development of National Financial Crisis Strategies and Plans, Deposit Insurance schemes and other safety nets in times of distress and establishment of credit bureaus- all important parts of the overall infrastructure to support the efficiency of both the regulator and the regulated.

You will obviously have many matters for your consideration and we will be your hosts for the next 3 days. We look forward to sharing our Hairoun hospitality and

to ensuring your comfort and safety. We also take the opportunity to remind you that you are located on one of our most popular local beaches. I sincerely hope that there will be time enough for you to enjoy.

I wish you successful and fruitful deliberations over the next few days and very pleasant memories of your time here in St Vincent and the Grenadines.

Thank you.

August 18, 2014