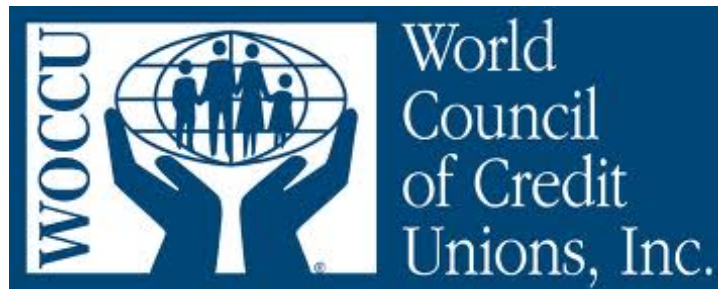


Credit Union Suitability

By Dwayne Naylor and Michael Betts





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Introduction (1)

- Anecdotal evidence of lack of access to finance
- 6th Largest Barrier out of 25 in Business Climate Survey 2013
- Initial research into credit unions
- Board approval to increase research and open dialogue with associations and credit unions



Introduction (2)

- Made contact with WOCCU
- Held discussions with Brian Branch (CEO of WOCCU)
- Dwayne Naylor (WOCCU Consultant) visits islands in April 2013
- Credit Union Suitability Report produced
- Consultation to be built around Report



What is a Credit Union?

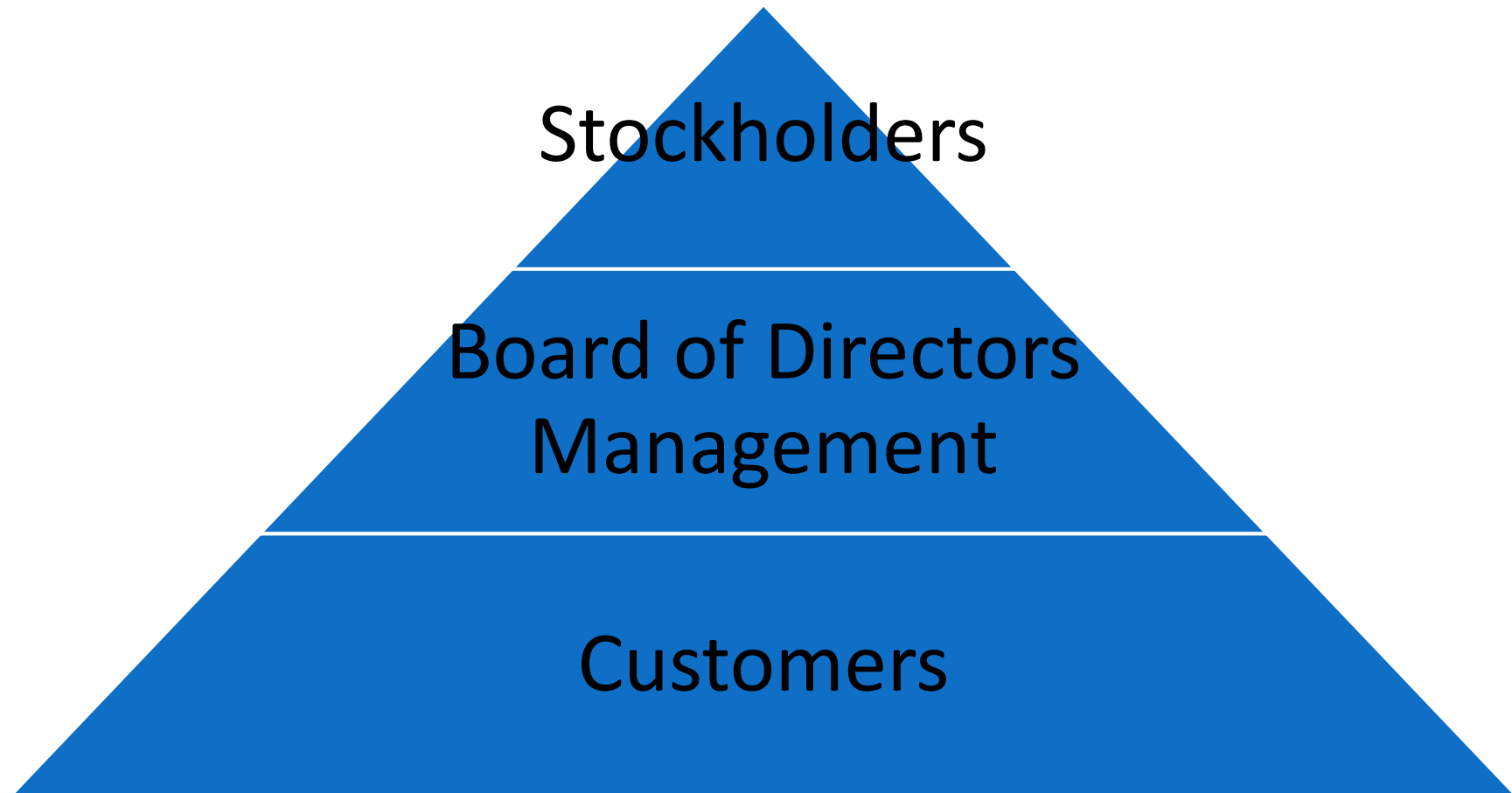
- Not-for-profit financial cooperative
- Member-owned
- Democratically controlled and managed by its members
- Directors appointed from membership

Credit Union versus Bank

Credit Union		Commercial Banks
Structure	Not-for-profit member owned	For-profit owned by stockholders
Governance	Volunteer board is elected by membership	Stockholders vote for a paid board of directors
	One member one vote	Votes are weighted on amount of stock owned
Earnings	Earnings are applied to lower interest on loans, higher rates on deposits and new products and services	Stockholder receive a pro-rata share of profits
Products and services	Full range of financial services	Full range of financial services

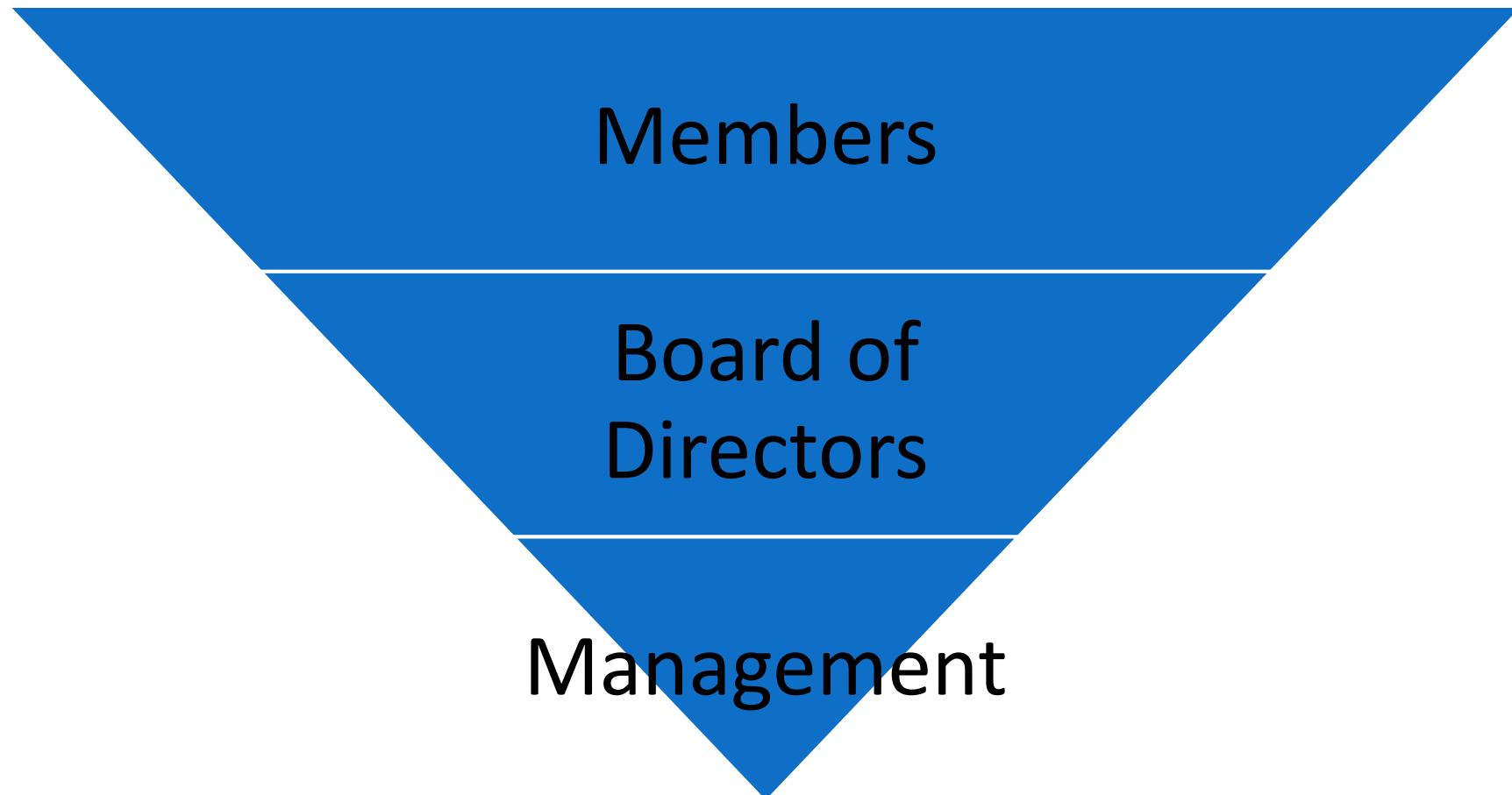


Banking Structure – For-Profit



Credit Union Structure – Not-for-Profit

“Members are the Boss”





One share equals one vote



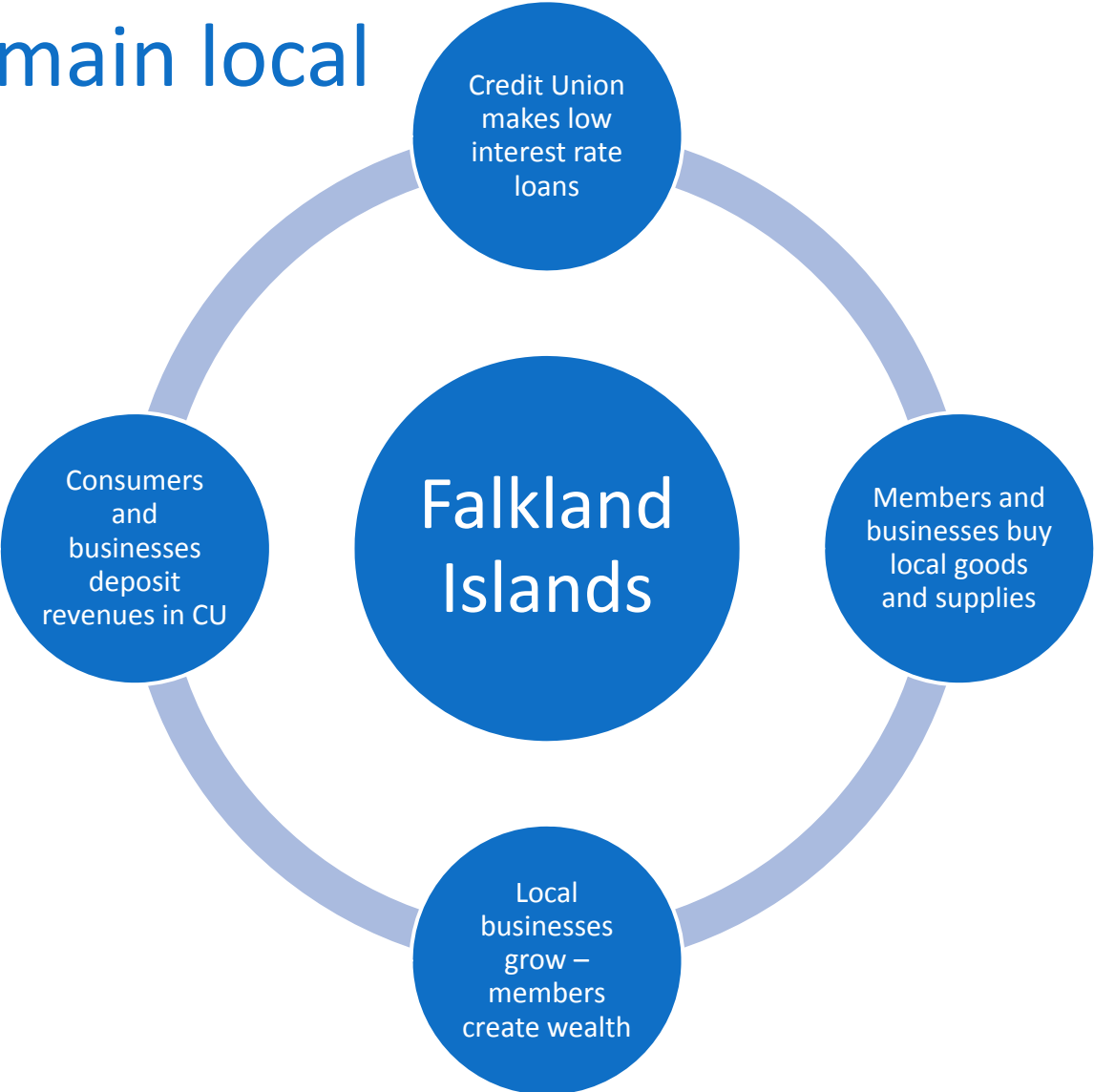
Falkland Islands Credit Union

Local ownership – Members are the owners

Local leadership – Board of Directors

Local decisions – Product, services, rates , fees

All earnings from the Credit Union and Members remain local





Market Need – Initial Responses

- Hours of operation
- Access to credit/loans
- Reduced collateral/security on loans
- Competitive rates on deposits
- Competitive rates on loans
- Lower fees
- ATM



Requirements for Success

- Community adoption
- Legislation
- Regulation
- External Auditors
- Capital
- Deposit Insurance
- Management
- Recruiting Board Members
- Telecommunications
- Infrastructure
- Ultimate goal – self-sustainability

Case Study – St. Pierre en Miquelon



Falkland Islands / Saint Pierre and Miquelon Comparison

	Falkland Islands	Saint Pierre and Miquelon
Population	2,500	6,000
Geography - Area	12,173 sq km	242 sq km
Urbanization	74%	91%
GDP per Capita	£36,000	£23,000
Primary Industry	Fishing	Fishing
Other industry	Farms, Sheep	Farms, Sheep
Hydrocarbon Industry	Hydrocarbons discovery	Hydrocarbon exploration
Banks*	1	3
Credit Unions*	0	1
Finance Company	0	1
# Branches*	1	6
# Branches per person*	2,500	1,023
ATMs*	0	4
# of ATMs per person*	0	1,531



Summary - Credit Union Purpose

- Access to lower cost credit
- Competitive rates on deposits
- Lower fees
- Opportunity for money to remain in the Islands
- Local leadership, local management, local decisions on products and services
- Important partner for growing the Falkland Islands economy



Next Steps

- Consultation ends on the 29th November 2013
- The feedback provided will determine the next steps of the project
- Results of survey are key
- Copies of the report, survey and presentation are available at FIDC



Any questions?

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