

Feature Address

By the

*Minister in the Ministry of Finance
Senator the Honourable Mariano Browne*

on

*The Launch of Public Services Credit Union's
Onyx International Visa Debit Card*

At

PSCU Headquarters

24 Sackville Street, Port of Spain

Board of Directors of PSCU

Mrs. Jennifer Baptiste-Primus – President – PSA

Members of Staff of PSCU

Members of the Tobago Advisory Committee

Members of the Credit Committee, Supervisory Committee,
Education Committee

Specially Invited Guests

Mr. Gary Awai – Group Treasurer of Intercommercial Bank Ltd

Ms. Anna Marie Metivier, Manager Marketing & Electronic
Banking

Other representatives of Intercommercial Bank

Mrs. Janet Peters – General Manager PSCU

Members of the Media

Distinguished Ladies & Gentlemen

Good afternoon!

It is a great honour for me to have been invited here this afternoon to address you at the launch of your Onyx Visa Debit Card.

I want to congratulate the Directors for their vision in undertaking what is a significant investment in technology and a widening of the process of financial intermediation. I also want to congratulate the Public Services

Credit union for its wisdom in developing a relationship with a banking partner, and Intercommercial Bank for its foresight in deciding to partner with the Public Services Credit Union. May the relationship endure and be mutually profitable.

I also want to endorse the choice of instrument: the Visa Debit Card. It is an excellent choice. I can speak with some authority on the card as in my previous life I introduced it to the financial market in Barbados to great affect and indeed introduced it to Intercommercial Bank in its early years. I take no credit for the current event and my presence here is entirely fortuitous.

The VISA brand is instantly recognizable, credible, robust and international in its reach and scope. In addition, the Visa Debit Card, also known as the Visa Cheque Card is a flexible and strong financial instrument which will give members great flexibility in this age of communication and movement. Providing you have enough cash in you account, you need not go to a bank to obtain foreign currency. You simply travel with your card wherever you may go.

This is indeed an important step in for Public Services Credit Union in your quest for financial growth and development as you seek to improve the

services which are available to your members and to deepen your participation in the financial sector.

I place the emphasis on the term “financial sector” deliberately. There have been many arguments over the years as to where Credit Unions should be positioned. As a former Credit Union president and a continuing ordinary member of the movement, there has never been any doubt in my mind that credit unions are an important part of the “peoples” financial sector.

Whilst the movement has developed from the grassroots, and indeed the movement was founded in response to the paucity of financial offering available to the public and remains very much of a grass roots organization, the Credit Union movement must change as it grows. This will be reflected in the increasing sophistication of the range of products offered, and the depth of its integration with the rest of the financial sector. That is evidenced by our presence here this afternoon.

Indeed, the movement has been successfully able in the past to resist the attempt to impose a regulatory regime or at least to the adoption of a

regulatory system outside of the movement. Self regulation is a key feature of free market systems and it does work... for a time.

Deregulation had Ronald Regan as its leading proponent in the US market in the early 80'. Indeed he was so successful in deregulating the financial sector in US that banks, once dominant in the financial services sector holding more than 70% of financial assets and with the unique ability to issue cheques, are now just another player holding some 25 % of the assets of the financial system.

The developments in the International arena highlight the speed with which change will come about. In two days one longstanding financial giant Lehman Bros, went into Chap 11; another, Merrill Lynch, was purchased by Bank of America and another giant American Insurance Group tottered and had to be rescued. Two weeks preceding this, it was the turn of Fannie Mae and Freddie Mac institutions at the base of the US housing market and a significant issuer of bonds purchase by many financial institutions. And in the local market Credit Union movements have been buffeted by developments in its ranks.

All of these developments underline the need for patience, and a clear identification of the business you are in and a need to pay attention to basics and risk management.

The intervention yesterday by the US Administration in the economy that places almost a mythical emphasis on the role of free markets is a clear signal that era of deregulation is over. It is now abundantly clear that “free markets” require a referee. Yesterday the US President invoked laws which were last used in Great Depression; in his words “intervention was not only warranted it is essential”

Why? Very simply, in one word.....confidence. It is the bedrock of any civilized society and indeed of any financial system. No system can survive without it. Further more; recovering confidence is a very costly affair. Even the USA will be stretched. And the cost is not counted in the cost of intervention only, the World Bank estimates that financial crises cost at least 1% -3% of GDP in the 5 years following a crisis.

And why would governments intervene? Because ultimately, the public will demand intervention either legislatively or with money. And in some situations the cost of a loss of confidence is catastrophic.

So what do we have to look forward to? Well Government's legislative agenda will have to be accelerated. On the table are the following bills:

1. A new Financial Institutions Act
2. A new Securities act
3. New credit union act

All designed to improve the institutional strength of the financial system.

The macro economic variables are strong and the financial system well capitalized and vibrant. We need to keep it that way.

Ladies and Gentlemen congratulations and good luck.