

**Address by the Senator the Honourable Mariano Browne,
At Opening of the Customer Service Centre
of the
Venture Credit Union Cooperative Society Limited
February 13, 2009.**

Charles E Percy – President

Members of the Board

Fellow Co operators

Distinguished Guests

Ladies and Gentlemen

Members of the Media

Mr. President and Members of the Venture Credit Union, I thank you for your kind invitation to address you on the commissioning your New customer service centre. An occasion such as this is an important opportunity to meet and talk in small groups and to share ideas on the future and some times to explain the past.

I must confess that I do have a more than passing interest in the Credit Union movement and some memory of this credit union having in another life acted as auditor of one of your predecessors (Grafstaff) and I was also a Credit Union President for 7 years (Cathedral Credit Union).

Today is a time for sober and mature reflection if only because of the the turbulent times in which we now live.

Chaos Theory tells us that it is impossible to predict the future as the world in which we live is a result of an innumerable outcomes of interconnected parties. Therefore the best that we can do is to determine the future we wish to have and to take massive an determined action to make that vision a reality. That view is encapsulated in a simple sentence which says and I quote :

“ all life conscious systems must change and adapt or become dysfunctional”

In looking at your past, it is clear that you have understood this and have acted to make your growth plans a reality. The evidence is clear and irrefutable. This year you celebrate your 12th anniversary of the amalgamation Hydro agri credit Union and Grastaff credit union in the next three weeks, as well as the merger with couva Community credit union in 2001. In understand that another merger is in the offing and it now awaits the approval of the commissioner of cooperatives.

During that time Venture has Venture has grown from a membership of 2522 with \$50 million in assets to over 11000 members and an assets base \$342 million. And it is good that we should celebrate those successes as seek to develop paradigms of success in the Credit union movement.

I say all this in the context of the difficulties which exist in the wider world of finance in other countries and in our own markets. But these recent development in our own market are an indispensable part of the business of growth and delopment. And all societies must pass this way .. and sometimes more than once.

With respect to the current developments that have occurred in our own market, I want to point out that of the approximately 170 members of the IMF all have experienced financial crises. And these countries include all

the major economies of the world, the USA, France, Germany, England, Russia, Japan. Indeed the USA have had at least 3 in the last 80, in the 1930's , the 1980's and as we speak.

That is part and parcel of the business of growing up of becoming a developed country. And we must solve these issues ourselves. That is the task of a responsible mature democracy and it is part of the business of nation building.

There are at least two lessons which are consistent between countries and between crises.

The first lesson is that business often fail when they move away from their core business. That is not to say that it is impossible to move away from your core business model. There are many example of success in this regard. We are all familiar with the cell phone. Who would remember that Nokia one of the biggest names in this business started life as a furniture manufacturer in a small town in Finland. Or that Hyundai, started life as textile retailer. Or that Honda and Suzuki started life as motorcycle manufacturers.

So change is possible; it is possible to move away from your core business but it does require other attributes.

The second lesson is the importance of management. A study was done by the office of the Comptroller of Currency which was the agency responsible for the oversight of the banking sector and the savings and loans institutions. It is a small publication approximately 40 pages. After reviewing all of the failed savings and loan institutions and comparing the experiences with those that survived there was one critical variable only : management.

These two points are critical to the success of any organization as they move forward. Many comments have been made with respect to the adequacy of the regulation. But the reality is that regulation will always be behind the market.

Ladies and Gentlemen, any thing the mind can see and believe it will achieve. But it must take place in the mind first. In defining a vision for the future of Trinidad and Tobago and the development of both of the economy and the society we must build institutions and institutional capacity in the private and the public sectors and in partnership. This task is not to be underestimated and requires dialogue and feedback.

Today, there are already well defined governance rules and practices that apply to the management of many credit unions. But it is also known that in too many cases they have not worked well. The new legislation seeks to strengthen corporate governance within credit unions, among other things, by establishing 'fit and proper' requirements for members of the board and statutory committees and by providing for greater transparency and disclosure by the board to the members.

While this is not legislative in nature, it is nonetheless worthwhile to suggest an expanded role for credit unions, that is, to promote the entrepreneurship of your members. Credit unions can by the reorientation of your lending policies and through the education process, channel members' savings into productive activities and make small entrepreneurs out of many of your members.

I have attempted today to assure you that it is the policy of Government to support the credit unions and the key role that they play in the financial services industry. The Central Bank is also committed to supporting credit unions and they have thus far demonstrated this in their receptivity to feedback throughout the consultative process with respect to the introduction of new legislation.

Credit unions are also encouraged to consider not only the legislation but also the forces that are contributing to the need for legislative change in adapting their methods of doing business and in providing for the expanded needs of their members.

I trust that you will agree with my thoughts on the need for credit unions to look at how they operate given the wave of globalization and the accompanying increased competition, advanced methods of service delivery of products and services, and the need for greater prudential management in the new legislation.

Mr. President, ladies and gentlemen, I thank you again for inviting me to be with you. Please accept my best wishes for the continued success of your credit union. Thank you.