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THE IMPACT OF CREDIT UNIONS IN BELIZE

Presented by:
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at the
XXIX Meeting of Technicians of the
Central Bank of the American Continent
Barbados
November 1992

The views expressed in this paper are those of the author and are not necessarily those of the Central Bank of Belize.

Part I: Introduction

This paper focuses on the operations of Credit Unions as non-bank financial intermediaries in Belize. It examines the nature of these operations with emphasis on the relationship between credit unions and commercial banks, the role of credit unions in the economy and the adequacy of regulations governing credit unions.

Financial intermediation can be defined according to one textbook[1] as the gathering of funds from a large number of savers for the purpose of channelling them to a smaller but still sizable number of investors, or as described by Codrington and Coppin, the "bringing together of surplus and deficit economic entities in order to allocate efficiently financial resources"[2]. Financial intermediaries are institutions which perform this intermediation function, and these include commercial banks, investment banks, mortgage and merchant banks as well as non-bank financial institutions such as credit unions, insurance companies and cooperative societies.

A country's financial system comprises "its combination of financial institutions and financial instruments"(ibid). Any such system is therefore characterized by the interaction of all financial institutions, both bank and non-bank, as well as the availability of a variety of financial instruments. To the degree that the latter is limited, then the non-bank financial institutions can play a vital role in providing alternatives to commercial banking activities.

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1 Economics of Development, Malcolm Gillis et al

2 The Financial Structure and Allocation of Credit in Barbados, 1977 - 1987 Journal of Social and Economic Studies, Vol. 38, No. 4, December 1989.

The financial system in Belize, as in many other Caribbean countries, is dominated by the commercial banks and is characterized by the absence of a capital market. Simple measures of money supply, consisting solely of M1 and M2, are defined as currency in circulation, demand, savings and time deposits. Over the years the activities of non-bank intermediaries, especially the credit unions and cooperatives, have become increasingly significant in providing alternative savings opportunities and cheaper credit to members. Credit union shares and deposits have reached a level of $37.6 mn in 1991, as compared to commercial banks' deposits by individuals of $80.3 mn. An attempt will be made in this paper to address whether the coexistence of the two types of institutions in Belize is complementary or competitive in nature.

Part II: Overview of Credit Unions in Belize

Credit unions were introduced in Belize by Father Gainey in 1943 in an effort to promote thrift amongst members, that is , to help them set aside savings for future use. Priests were not only instrumental in the inception of the movement, but have played a vital role in its success over the years. It is notable also that many of the more successful credit unions have had or continue to have some link with the Catholic Church.

Since the membership in any credit union is much smaller than the clientele of any one commercial bank, and excludes such vital sectors as business enterprises and the public sector, who generally provide a steady flow of deposits, then the key to credit union operations is the rotation of funds. Members are therefore encouraged to borrow against their savings rather than withdrawing their funds. The resulting principal and interest payments largely provide the flow of funds necessary for the ongoing operation of the credit unions.

Of the thirty-eight credit unions registered in Belize at present, only seventeen are active. Many of the dormant credit unions have failed because of liquidity problems due to loan delinquency or non-payment. Delinquency problems often arise when members move away from areas where credit unions are located, an occurrence which is common to the rural areas as villagers tend to migrate to urban areas. Credit unions also lose members because of lack of confidence in their administration or management. They appear to be somewhat susceptible to mismanagement of funds, embezzlement, and rumours of fund mismanagement which quickly lead to distrust. As a result, credit unions have at times lost almost all of their membership to either another credit union or to a commercial bank.

Of the seventeen credit unions which are active, data could only be compiled for seven of them. These are the credit unions which have the highest membership and which are most organized. It is important to note here that the nature of the credit union movement at present is such that, of the more than 36,000 members which these seven represent, 26,314 are members of one credit union. The size of that credit union's operations compared to the other six bears out a similar ratio.

Three of the credit unions represented in the data (St John's, Holy Redeemer and Civil Service) are located in Belize City, three are located in the northern districts, and one is located in the Cayo district. Complete data on the loans outstanding, deposit and shares held and total assets for each of these credit unions can be found in the appendix. The success of these credit unions is attributable to increasing membership and relatively low levels of loan delinquency.

In the case of the Holy Redeemer Credit Union (HRCU), firm leadership and consistently strong performance over time has served to inspire confidence, thus membership keeps growing, which in turn strengthens the Credit Union each year. For years the credit union has been operated largely by the same core staff, a fact which promotes cohesive administration of the affairs of the institution. The size of the staff

(HRCU boasts the largest staff among all credit unions) and the recent computerization of operations allow for efficiency. Most notably, there are two staff members who perform collections of loan payments, as well as rent on behalf of house-owning members who reside abroad. This collection process is unique to HRCU and is vital as it results in both minimizing loan delinquency and increasing membership. These staff members 'crusade' about the credit union on their rounds, informing would-be members of the purpose and function of the credit union while encouraging them to join. The Holy Redeemer Credit Union is also the most advertised, and this, coupled with the Manager/Secretary's stint as a politician and her reputation for being capable and charismatic, has led to a very high profile, which has helped to inspire confidence among members.

The St. John's Credit Union has benefitted over the years from members' confidence in their good management even though, unlike the HRCU, the board of directors has seen many changes. On the other hand, the success of the Civil Service Credit Union hinges on the fact that membership in the union is limited to Government employees, and employees of the public sector institutions such as the Water and Sewage Authority and the Belize Electricity Board. This basically ensures a strong membership base and the use of paysheet deductions for loan repayments results in low incidence of delinquency. The Blue Creek Credit Union which operates in a Mennonite Community (a self-sustained religious community) has shown strong growth since it began in 1980. Much of this is due to the attitude of the community members who consider it a matter of pride to join the union. Most children in the community become members of the Blue Creek Credit Union by the age of three or four.

The success of the La Immaculada and the Xavier Credit Unions in the northern districts is partly because of the fact that they are located in the sugar belt, which augers well for memberships ability to save, as well as to repay loans. Also, where the La Immaculada Credit Union is concerned, a period of stagnation due to non-payment of loans and poor business practices such as irregular business hours, is now being reversed by a management which is taking positive action to recover arrears, as well as providing regular and reliable service to the members. The Xavier Credit Union also had some problems in the sixties and had become almost dormant. The intervention of priests in the parish helped to revive the union, which was subsequently reopened to the public after a period as a teacher's union.

The following is a brief synopsis of certain aspects of the operations of Credit Unions in Belize.

Credit Policies

Many Credit Unions have a three or six month waiting period before a new member can apply for a loan. Mostly, collateral consists of shares. In cases where a person needs to borrow over and above his/her shares the individual's character may be sufficient or he/she may need to provide cosigners (guarantors). Credit Unions vary in the numbers of cosigners required and the restrictions which they impose. For some, such as the St John's Credit Union, applicants need to have a single cosigner only, and while the person need not be a member, he/she must be employed and in good standing in the community in order to guarantee a loan. Other credit unions, such as the Civil Service Credit Union, require more than one cosigners and either all or at least one cosigner must be a member of the credit union. Generally, credit unions will not lend for periods over two to two and one half years since they must match the short term nature of their deposits. However, in cases where moneys for housing are made available to the credit union these moneys are used for mortgage lending[3]. The maximum loan that can be issued in any one instance is limited, in most cases, to the maximum insurance coverage provided to the credit union for any one loan, subject, of course, to qualification by the applicant.

Insurance

Credit Union savings in Belize are insured by Credit Union National Association, better Known as CUNA Mutual, of Madison, Wisconsin. Table 4 of the appendix provides a schedule for savings and loan insurance, which are effected up until a member's seventieth birthday. Whereas savings accumulated prior to this point in a members life remain covered as per the schedule, coverage ceases on any loans outstanding. The policy also comes with a rider for accidental death and dismemberment. Loans are insured in most cases up to a maximum of $20,000, except for the Holy Redeemer and Civil Service Credit Unions where loans are covered up to a maximum of $40,000. The combined savings and loans coverage therefore provides for payment of any loan outstanding at the time of a member's death, as well as payment to the beneficiary of any sum of the members savings up to a maximum of $8,000. In cases of accidental death and dismemberment, the beneficiary is entitled to double indemnity.

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3 Funds for mortgage lending have been acquired from such varied sources as the Taiwanese Housing Project and the United States Agency for International Development (USAID).

Employees of the credit unions are also insured by CUNA in case of mismanagement of funds or embezzlement, and the credit unions themselves are insured against loss due to fire or natural disasters. Maximum coverage in these cases varies according to the size of the credit union assets. As long as a police report for loss due either to embezzlement or natural disaster is presented to CUNA Mutual and the credit union premiums are paid up, then the company will reimburse the credit union within the stated maximums.

Total Assets

Over the past ten years, the total assets of the credit unions have grown from \$13.5 mn in 1980 to \$50.0 mn in 1991. Loans outstanding (at \$41.9 mn) account for the bulk of credit union assets, with the remainder consisting of funds held in fixed deposits, stocks, buildings and other assets.

Savings

The major portion of savings for most credit unions is held in shares purchased by members. The usual nominal value of a share is \$5.00, and a member is allowed one vote per share at general meetings. Share holdings are most often used as collateral for loans, which means that the shares are then frozen until the loan is repaid. As mentioned before, members are encouraged to borrow against their shares rather than withdrawing. On the other hand, savings may also be held in a deposit account from which it is understood that members can withdraw their funds without notice.

Part III: Administration of Credit Unions

The administration of credit unions in Belize is primarily the responsibility of the Department of Credit Unions and Cooperatives, which comes under the umbrella of the Ministry of Housing, Urban Development, Cooperatives and Industry. It is notable that while credit unions are financial institutions they are not administered by the Ministry of Finance, as are banks and insurance companies.

The Department of Credit Unions, under the direction of the Registrar of Cooperatives, is responsible for the regulation and supervision of credit unions and cooperatives, as well as the promotion of the cooperative movement to the general public. It is staffed by eighteen persons and its head office is in Belmopan, with a branch office in Belize City which is staffed by one person. With most of the bigger credit unions located in Belize City and the Northern Districts, and with a number of smaller credit unions throughout the country, the Departments ability to supervise the credit unions is limited by its lack of geographical proximity to many unions.

The Credit Union Act provides for inspection of credit union affairs "at least annually by or under the direction of the Registrar." This takes the form of on-sight inspections which are performed by officers of the Department of Cooperatives. Generally officers check that credit union records are properly up-dated, that pass-books reflect the institutions records, and that the policies and accounting practices employed by credit unions are correct accounting procedures which conform with the provisions of the acts and by-laws. Credit Unions are required to present annually to their members an audited financial statement as well as an account of their activities during the year. In instances where the credit union cannot afford an accountant, credit union officers are required to audit the accounts of the union for the purposes of preparing the necessary financial statements.

Credit Unions are also administered, to a degree, by the Belize Credit Union League. The unions pay membership dues to the League, which in turn performs such services as training for staff as well as for members of the various supervisory boards, provision of stationary at reasonable rates from stocks bought in bulk, acting as agents for CUNA Mutual in Belize and negotiating funding on behalf of the credit unions for use by members. Credit Unions are obligated to submit monthly financial statements to the League, and can call on the League for any 'trouble-shooting' or special assistance.

The League is affiliated with the Caribbean Confederation of Credit Unions which is in turn affiliated with the World Council of Credit Unions in Madison, Wisconsin. Aside from dues paid by the credit unions the League is funded from the interest spread of an ongoing housing scheme which it operates with two housing cooperatives.

Part IV: An Examination of Credit Union Act and Its' Contrast With the Banking Act

A Credit Union must have a minimum of ten members at all times and its objectives, as prescribed in the Credit Union Act, are;

a) To promote thrift

b) To receive the savings of its membership either as payment on shares or as deposits

c) To make loans to members exclusively for <u>provident and productive purposes</u>

In pursuit of these three objectives, there are certain powers conferred upon credit unions, such as depositing moneys in the government savings bank or any chartered bank in Belize, investing in stocks and borrowing or lending moneys to other credit unions or cooperative societies. The credit unions are also empowered to purchase, sell or lease land, to take up mortgages and to utilize promissory notes, bills of exchange, bills of lading and warrants. Credit union investments and borrowing are subject to limitations; in the case of the former, credit unions may not invest more than twenty-five percent of its capital and in the case of the latter, may not borrow moneys in excess of fifty percent of its combined capital and surplus and deposits.

Generally, since credit union members manage their own money whereas commercial banks manage funds of depositors and investors, credit union regulations are much less restrictive than are those of the commercial banks. While there are regulations designed to protect commercial bank depositors funds from loss through fraud and mismanagement, the members of a credit union are expected to make an informed and democratic decision as to who they will trust with their money.

Aside from the limitations on lending and borrowing there are stipulations in the Credit Union Act for the maintenance of Guaranty (reserve) funds and educational funds. The former is intended to be a hedge against losses (primarily bad-debt), while the latter is intended for use toward the education of either union members or staff. However, there are no stipulations as to the manner in which these funds must be held nor are there cash reserve requirements.

A comparison of credit union and commercial bank loan/deposit ratios, found in Chart I of the Appendix, shows the effects of monetary policies, specifically reserve requirements, on the credit activities of commercial banks. Except for the activities of one commercial bank which was tempered after 1985, evident in a movement of the systems' loan-deposit ratio to below one-hundred, the credit policies of commercial banking system were restrained by reserve requirements. Even in the particular case where the fore-mentioned commercial bank's ratio continuously exceeded one hundred percent until as late as 1989, the regulation was still adhered to since the bank simply accessed funds from its head-office in order to meet the high loan demand and therefore avoided the use of its' reserves.

On the other hand, the loan/deposit ratios of the credit unions have been maintained over the years at above one hundred, demonstrating the absence of a requirement for them to hold reserves in a stipulated manner, such as fixed-deposits or savings. Also, whereas the commercial banks are required to hold their reserves with the Central Bank, which basically takes it out of their control, there are no directives as to where the reserves of the credit unions are to be held, which leaves them with control over these funds and therefore enables to "borrow" it from time to time.

The two Acts also noticeably depart in the requirements of personnel. The Banking Act provides extensive criteria that an individual must meet to become a bank manager, such as he should not be a bankrupt or the past manager of an institution which became bankrupt, and should not have been found guilty of dishonesty. On the other hand, while the Credit Union Act requires administration by a board of directors, a supervisory committee and a credit committee, there are no character requirements for a person to be a manager or officer of a credit union except for the vaguely implicit suggestion that comes with the allowance that a member who is no longer of good standing may be expelled subject to agreement by a two-thirds majority of the board of directors.

The other major difference between regulations of the two types of institutions is that, whereas there are no directives on the operations of commercial banks with respect to profit-making, credit unions are prohibited from conducting business with non-members, which has the immediate effect of limiting the amounts of revenues. This is why, as mentioned before, most businesses and the public sector do not deposit moneys in the credit union. Also, the interest charged on loans and paid on shares by the credit union is limited by the regulation to a maximum (ceiling) of one percent per month (or twelve percent per annum) on the declining balancing in the case of the former and to a maximum of five percent in the case of the latter. In contrast, commercial bank interest rates are set by the Central Bank as provided for by the Act. As a result, commercial banks' weighted average deposit rate stood at 6.4 percent as at the end of December 1991 while the weighted average lending rate stood at 14.3 percent. Commercial bank earnings spread through interest rates is therefore greater than 7.9 percent per annum given their method of add-on interest, whereas that of the credit unions is less than 7.0 percent per annum since it is charged on the declining balance.

Part V: An assessment of the Impact of Credit Union Activity

This section entails the analysis of quantitative data such as credit union and commercial banks savings, loans and total assets, as well as Gross Domestic Product (GDP). Whereas earlier presentation of loan-deposit ratio includes all commercial bank deposits, commercial banks loans in this section refer to personal loans and mortgage loans to individuals. This is comparable to credit union loans, the bulk of which is extended for personal spending, home construction and repairs and education. Credit unions cannot extend credit to businesses except in cases where businessmen are members of the union and cannot accept deposits from or conduct business with the public sector. The data used covers the twelve year period from 1980 to 1991 and can be found in the appendix.

The importance of credit union activity in Belize, as measured by the share of both credit union savings and loans to GDP, has grown over the last twelve years from 3.5 percent to 6.0 percent in the case of savings and 5.7 percent to 6.0 percent in the case of loans. In comparison, the proportion of savings to GDP by individual clients of the commercial banks has grown from 8.4 percent to 12.2 percent, while that of loans has increased over the period from 11.4 percent to 18.2 percent. A comparison of the rate of increase in the ratio of loans to GDP for both types of institutions shows that the ratio has increased by 51.1 percent in the case of the credit unions and 59.7 percent in the case of the commercial banks.

An examination of the relationship between commercial banking and credit union activity involves a look at the rate of growth in both assets and loans of the two institutions as shown in Charts II and III of the Appendix. Whereas in both charts, the rate of growth in credit union assets and loans have been relatively stable over the review period, that of the commercial banks demonstrate certain peaks and troughs. This difference in trend is a manifestation of the restrictions on commercial banking activity by monetary policy as opposed to the lack of constraint on the activities of the credit unions, which are not subject to any policy directives, restrictions or requirements by the Central Bank.

In the case of both assets and loans of the commercial banks, the charts show that the rate of growth of these two was lowest and negative in 1985, which falls within the period 1984-1986 when Belize encountered serious balance of payments problems and sought assistance from the International Monetary Fund (IMF). The austerity measures which were implemented under the Fund's stand-by arrangements included, among other things, increasing both interest rates and reserve requirements as well as imposing a restriction on the commercial banks from coming to the Central Bank discount window except in cases of dire need. As a result, commercial banks' loans, and consequently their assets, declined.

A consideration of chart IV of the Appendix, which graphs the ratio of credit union loans to commercial bank loans, shows a mirror trend to the movement of commercial banks loans and deposits. Chart V graphs the growth in commercial bank loans along with the ratio of credit union loans to commercial bank loan over the period.

For every year that the assets and loans of the commercial banks decline, most notably 1982 and 1985, the ratio of credit union to commercial bank loans peak. In fact, this ratio was highest in 1985 and 1986 (55.8 percent and 51.1 percent, respectively) and declining or lowest during 1987-1990. This is a directly opposite trend to the 1985 trough and the 1987 peak in commercial bank loans. It is notable here that in 1987 Belize experienced real growth in GDP of 12.5 percent.

These variations in trends where commercial bank and credit union loans are concerned indicate that the two institutions are **not** in direct competition for the deposits of individuals. Simply, the trends suggest that when individuals cannot access loans from the commercial banks due to austerity measures or the banks own restrictive or precautionary policy they seek credit from the credit unions. The theory amongst credit unionists that the unions boom in time of lean and trough in times of plenty is also evident in chart IV and to a lesser extent in charts II and III.

The 'kicking-in' function of the credit unions, where they substitute for commercial banking activity when necessary, also occurred during the years 1988-1990, when the commercial banks found themselves in a position of being "too liquid" and raised the minimum level of fixed deposits to $25,000. It was during this time that credit unions started offering fixed deposits to their members in an effort to assist those who found it impossible to meet the commercial banks' minimum. While the numbers of members who were able to take up the credit union offer was small, the resulting deposits were substantial and certainly served to improve credit union activity.

Part VI: Conclusion

Credit union activity over the past eleven years, then, has become more significant both in term of its' contribution to GDP and its' interrelationship with commercial banking activity. The tendency of the credit unions to 'kick-in' in times of economic crisis or self-imposed restrictions on the part of the commercial banks, coupled with otherwise smooth trends in the growth rate of the unions assets and loans, suggests a complementary relationship with that of the commercial banks. However, the almost exactly opposing (to banks' growth rate of assets and loan) trend in the ratio of credit union loans to those of commercial banks makes it obvious that individuals consider the services of the two institutions substitutes.

There appears to be a restriction in the activities of the credit unions which may be merely a product of the nature of the institution. Certainly, credit unions are unable to compete with the commercial banks when it comes to their ability to provide certain conveniences, such as checking, saving-checking and the various other types of deposit instruments which the commercial banks operate. The relationship between the two maybe somewhat competitive if certain credit unions have their way and the regulations are changed so as to allow them to operate checking accounts. This in itself is a controversial proposal since, under the Banking Act, a bank is an institution which accepts demand deposits, which means that a credit union providing the same facility could no longer be termed non-bank. Certain credit unions are poised to cross those lines, and definitely this should put them in more direct competition with the commercial banks.

Aside from the prohibition from operating current accounts which, while not stipulated, is just as binding in its absence from the Credit Union Act, there are other facets of the regulation of credit unions which come under scrutiny from time to time. Two of these are the separate administration of commercial banks and credit unions, which leaves the latter outside of the scope of monetary policy, and the limitations placed on the amount of dividends they can declare on savings and the interest they can charge on loans, which some credit union officials feel should be revised. In the case of the former, the nature of credit union activity is such that there is no need for the Central Bank to directly control them. Given the restrictions of accepting deposits from or extending credit to members only and therefore their inability to accept public sector funds, which is often a tool for restraint, the 'leaking' activities of the credit unions in times of tight monetary policy is minimal. Any attempt to get around this should be couched not in a call for regulation by the Central Bank, but rather in the inclusion of these institutions as they are in some sort of larger monetary policy 'committee' where moral suasion and exchange of information and ideas, which indeed are the most effective policies in Belize and which are not enshrined in any regulation, can be practiced.

In the case of the restrictions on rates charged and paid by the credit unions, the smaller credit unions seem to find it more unacceptable than do the larger ones who are obviously benefitting from economies of scale and/or more organized management.

Some argue that the present spread between rates is sufficient for credit unions once they are properly operated. Perhaps the key to both 'problems', would be for a more aggressive approach to the governing of the credit unions by those who are directly responsible.

Finally, the make-up of the movement at present leaves room for concern as to the future survival of the smaller credit unions. The disproportion which exists in terms of comparative size and volume of operations is a direct result of the differing policies among the unions, especially with regard to credit. Since the initial concern of many potential credit union members is the availability of credit, then credit unions need to examine their credit policies, especially with respect to the three to six month waiting period. Many credit union personnel claim that the waiting period exists in order to allow them to observe the new member's credit patterns. This seems less than practical since the voluntary savings ability of many households does not necessarily attest to their ability to meet a regular obligation, such as a loan payment.

APPENDIX

Table 1: Credit Union Data

Period	Credit Union Assets	Credit Union Loans	Credit Union Savings	Rate of growth Credit Union Assets	Rate of growth Credit Union Loans	Rate of Growth Credit Union Savings
1980	13,491	12,187	10,596			
1981	15,004	13,200	11,787	11.21	8.31	11.23
1982	16,032	14,116	12,210	6.86	6.94	3.59
1983	17,510	15,073	13,212	9.22	6.78	8.21
1984	19,592	16,730	14,788	11.89	10.99	11.93
1985	21,853	19,105	16,063	11.54	14.20	8.62
1986	23,782	20,750	17,393	8.82	8.54	8.28
1987	26,909	23,284	19,448	13.15	12.21	11.82
1988	31,091	26,748	22,693	15.54	14.94	16.69
1989	36,255	31,348	27,115	16.61	17.20	19.49
1990	42,830	37,025	32,387	18.14	18.11	19.44
1991	49,972	41,927	37,627	16.68	13.24	16.18

Table 2: Commercial Bank Data

Period	Comm. Bank Assets	Comm. Bank Loans (Individuals)	Comm. Bank Loans (All Sectors)	Comm. Bank Deposits (All Sectors)	Comm. Bank Savings (Individuals)	Rate of Growth Comm. Bank Assets	Rate of Growth Comm. Bank Loans (Individuals)	Rate of Growth in Comm. Bank Savings (Individuals
1980	150,604	30,580	91,892	94,143	29,842			
1981	170,075	35,217	108,909	105,634	25,862	12.93	15.16	-13.34
1982	185,868	32,661	132,344	114,057	23,159	9.29	-7.26	-10.45
1983	207,879	41,554	141,431	138,439	27,167	11.84	27.23	17.31
1984	225,225	46,167	161,542	141,977	27,662	8.34	11.10	1.82
1985	217,296	34,237	143,898	150,024	27,998	-3.52	-25.84	1.21
1986	233,066	40,594	136,283	173,670	33,280	7.26	18.57	18.87
1987	270,244	60,388	165,129	211,829	40,669	15.95	48.76	22.20
1988	316,365	78,516	211,878	246,274	56,096	17.07	30.02	37.93
1989	384,650	93,766	241,055	302,719	63,294	21.58	19.42	12.83
1990	443,365	106,493	280,968	361,164	69,172	15.26	13.57	9.29
1991	481,342	119,692	335,977	412,288	80,328	8.57	12.39	16.13

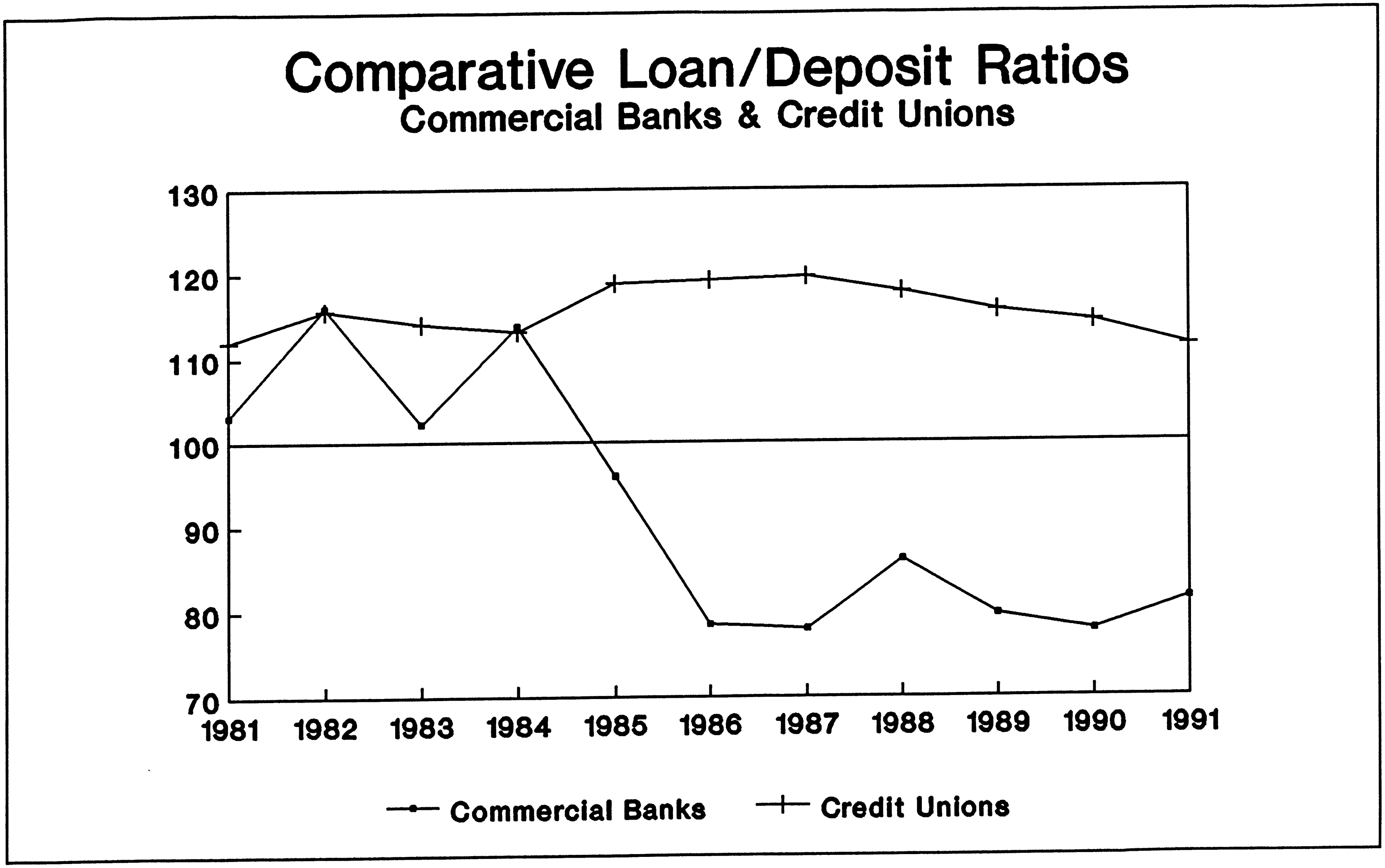
Table 3: Selected Indicators

Period	GDP Current	Ratio of Comm. Bank Savings to GDP	Ratio of Credit Union Savings to GDP	Ratio of Comm. Banks Loans to GDP (Individuals)	Ratio of Credit Union Loans to GDP	Ratio of Credit Union Loans to Comm. Bank Loans	Ratio of Comm. Banks' Loans to Deposits	Ratio of Credit Union Loans to Deposits
1980	306,143	9.75	3.46	9.99	3.98	39.85	97.61	115.01
1981	308,667	8.38	3.82	11.41	4.28	37.48	103.08	111.99
1982	290,722	7.97	4.20	11.23	4.86	43.22	116.03	115.62
1983	303,495	8.95	4.35	13.69	4.97	36.27	102.16	114.09
1984	339,371	8.15	4.36	13.60	4.93	36.24	113.78	113.13
1985	335,380	8.35	4.79	10.21	5.70	55.80	95.92	118.87
1986	359,314	9.26	4.84	11.30	5.77	51.11	78.47	119.23
1987	435,904	9.33	4.46	13.85	5.34	38.56	77.95	119.66
1988	478,636	11.72	4.74	16.40	5.59	34.07	86.03	117.87
1989	559,981	11.30	4.84	16.74	5.60	33.43	79.63	115.61
1990	615,714	11.23	5.26	17.30	6.01	34.77	77.80	114.32
1991	656,766	12.23	5.73	18.22	6.38	35.03	81.49	111.43

Table 4: Insurance Coverage for Credit Union Savings and Loans

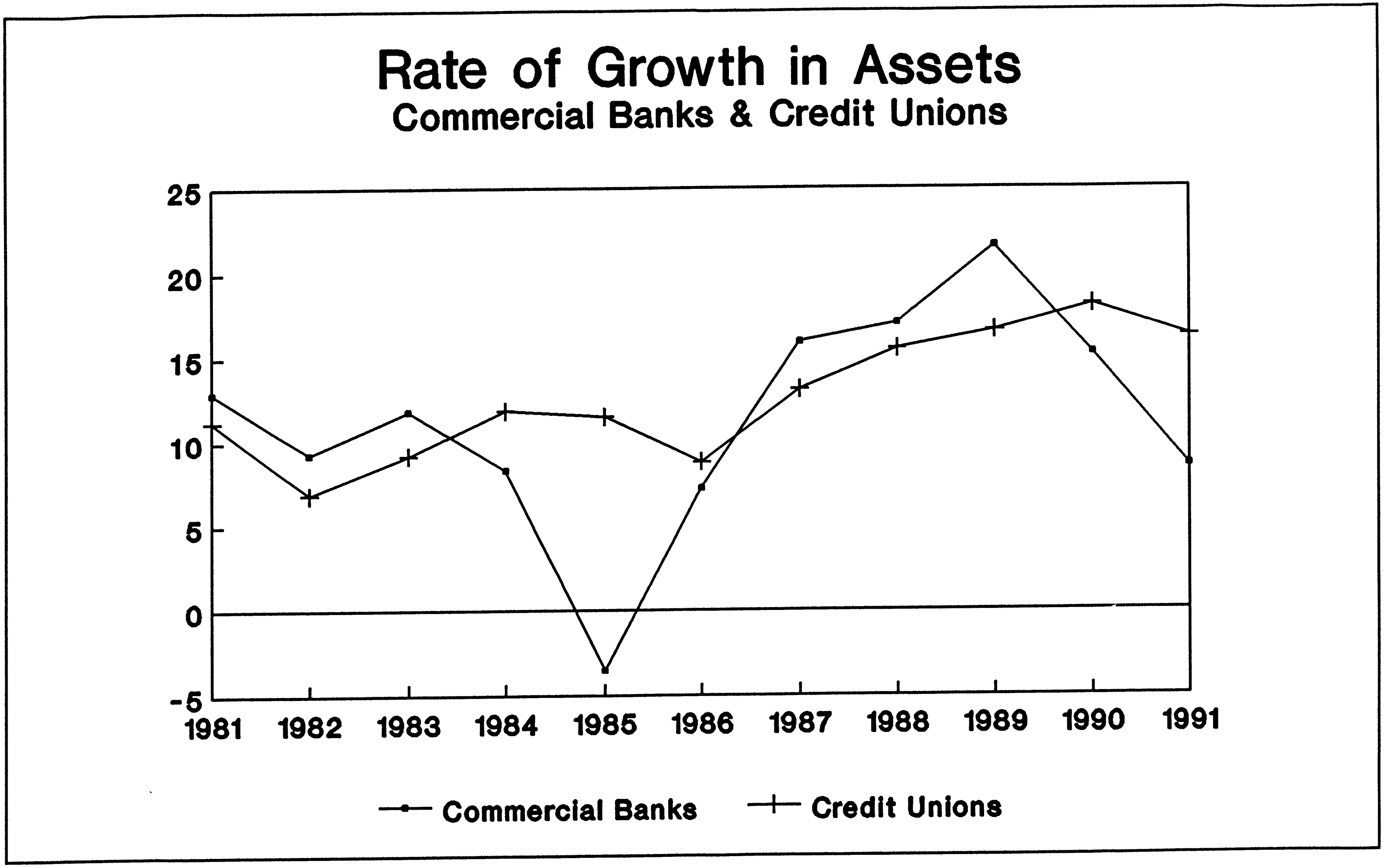
Savings effected or Loans Incurred by Member:	Percentage Covered
up to age 55	100
between ages 55 & 60	75
between ages 61 & 65	50
between ages 66 & 70	25
over age 70	0

Chart I



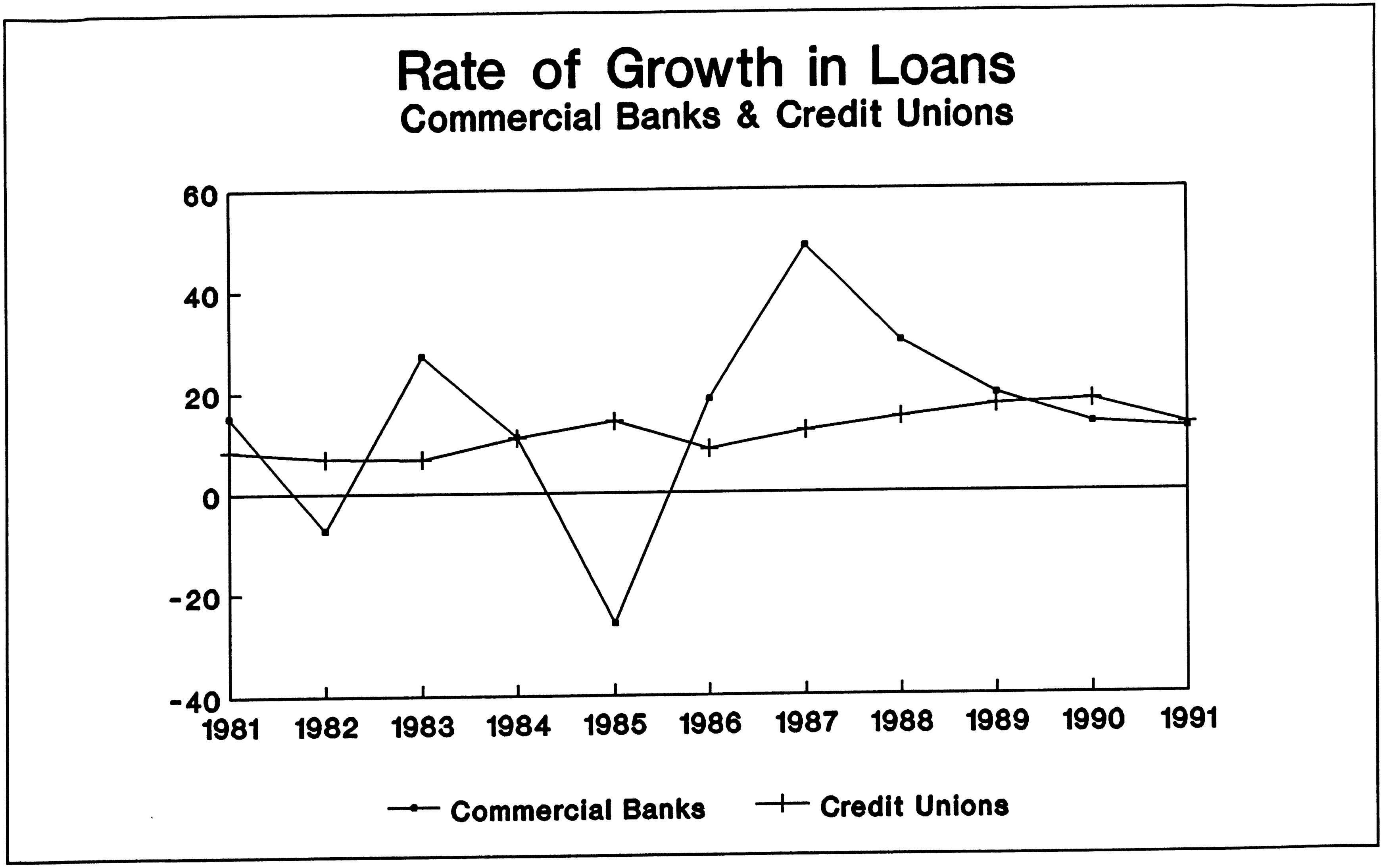
Comparative Loan/Deposit Ratios
Commercial Banks & Credit Unions
130
120
110
100
90
80
70
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
Commercial Banks
Credit Unions

Chart II



Rate of Growth in Assets
Commercial Banks & Credit Unions
25
20
15
10
5
0
-5
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
Commercial Banks
Credit Unions

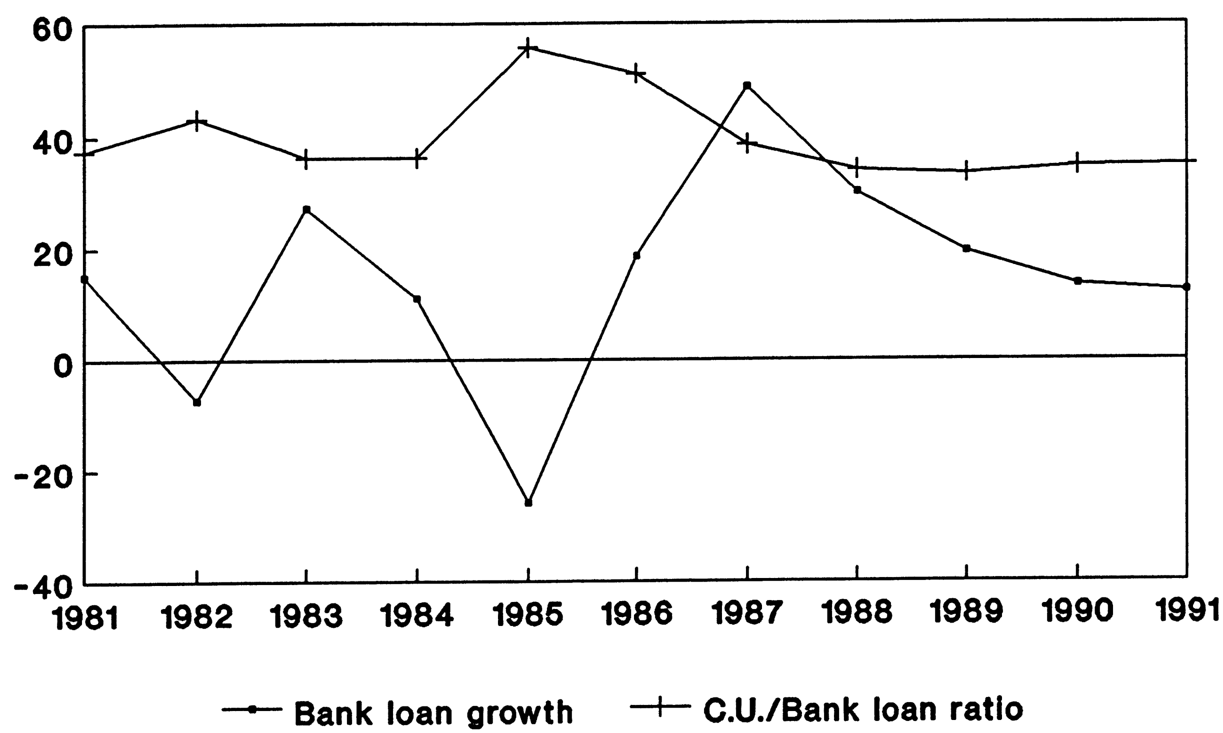
Chart III



Rate of Growth in Loans
Commercial Banks & Credit Unions
60
40
20
0
-20
-40
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
Commercial Banks
Credit Unions

Chart IV

Growth in Comm. Bank Loans and Credit Union/Comm. Bank Loan Ratio



Comm. bank personal & mortgage Loans

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