



# **Barbados Public Workers' Co-operative Credit Union**



This case was compiled by the Arthur Lok Jack Graduate School of Business in collaboration with the United Nations Development Programme (UNDP) Guyana as part of a study of progressive Caribbean businesses.

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**BARBADOS PUBLIC WORKERS'  
CO-OPERATIVE CREDIT UNION LIMITED**

## **Abstract**

The Barbados Public Workers' Co-operative Credit Union Ltd (BPWCCU) has been assisting youth development since 1986 through its Youth Savers Scheme (YSS). The YSS programme aims to inspire thrift among youth, and to educate and train them at an early age in entrepreneurial and business skills. In so doing, BPWCCU facilitates sustainable development in the community and fulfils the organisation's need to expand its membership base.

## **The Company**

BPWCCU was registered on May 6th, 1970 as The Barbados Civil Service Credit Union Limited. The name was changed on December 15th, 1977 to reflect the fact that membership was extended to employees of statutory boards and other Government entities, former civil servants, husbands, wives and children of members and employees of the National Union of Public Workers (NUPW).

The initial field of membership consisted of persons aged 18 years or older who were living in Barbados and working in the civil service of Barbados as employees of Government or Statutory Corporations (companies owned by the Government). Traditionally these members would have been from the lower income bracket. As the level of professionals grew in the Public Service, individuals in the middle-income bracket became attracted to the Credit Union.

Up to 1980 a volunteer committee managed the organisation on a day-to-day basis. Today it is

the largest of 39 credit unions in Barbados, with 2 branch offices and over 50,000 members. It operates with a staff of 112, and has assets in excess of \$361 million.

The BPWCCU is a unique financial institution. While their services are comparable and even superior to for-profit operators, their mission is very different. Operating as a not-for-profit financial institution, its profits (surplus) are ploughed back into its membership in the form of dividends and services. It is this not-for-profit philosophy that traditionally allows the credit union to provide higher dividends and interest rates on savings, and lower rates on loans.

## **The Motivation**

In the 1980s, at a time of growing competition in the financial services sector, BPWCCU was mindful of the need to embark on an aggressive membership drive. Precisely how it would do this became much clearer as its membership increased its queries about savings plans for their children and wards. This suggested there was an untapped segment of the market among the youth population. BPWCCU was facing an opportunity to achieve growth in membership, assets and the number, types and quality of products the organisation offered.

A youth-oriented savings scheme was also viewed as a means by which BPWCCU could raise funds for short to medium term lending. It was anticipated that persons saving for their children would do so over a long-term period (ages 1 - 16 years) thereby matching assets and liabilities and reducing any liquidity gaps.

## **Taking Action**

The Youth Savers Scheme (YSS) was started in 1986 to offer adult members of the credit union the opportunity to set aside funds for their children for future use, and also as a mechanism to inculcate thrift among young people. It also became a mechanism for empowering youth with skills they could use to lift their quality of life. Children from birth to age 16 may be

enrolled by a parent or guardian who is a credit union member. The account is opened with a minimum of \$25 and gains interest monthly.

In the first years of the scheme, membership in the YSS grew slowly with an estimated 669 joining in the first 5 years. This prompted a review of the product and a committee was formed to develop ideas to increase participation.

Based on their recommendations, the following new measures were introduced to encourage enrolment in the YSS:

- Scholarship opportunities at 11+ and CXC.
- Training opportunities that allow youth to develop business and entrepreneurial skills, and the proper conduct of meetings. There were also opportunities to learn to play the steel pan and promote healthy living through health seminars and preparation of dishes using local produce.
- Annual summer camp - in which young people attend career showcases and lectures from prominent business people; and participate in sports, games and other activities.
- Annual awards ceremony to recognise outstanding achievements among the youth members.

It was also thought that if young people themselves were more involved in developing the programmes, more ideas would be generated and they would have an opportunity to identify the activities and events that were of interest to them. This resulted in the formation of the YSS Executive Committee, which is elected by the attendees at the AGM of the summer camp - all between the ages of 7 and 16. They meet once a month and their function is to plan activities for the year, which include but are not limited to fund raising activities, overseas tours, health seminars, steel pan classes and visits to Geriatric homes. These efforts have seen remarkable success and an estimated 1,000 children joined the scheme in the last financial year.

## **Business Benefits**

The financial benefits from this programme have been moderate in terms of deposits. There are currently 6,956 youth saver accounts with over \$5m in savings, which represents only about 2% of the savings in the organisation. Of greater significance, however, is that more than 90% of these young members carry their membership into adulthood and continue to save with the credit union.

The credit union has seen growth in savings in this area as well as the benefits of fulfilling its social responsibility within the community. In spite of its presence in what is considered a depressed neighbourhood, no incidents of violence, robberies or vandalism have ever been reported at the credit union. BPWCCU attributes this to the tremendous goodwill it has built up via its community involvement.

## **Vision for the Future**

The YSS was initially intended as a mechanism through which adult members could save for their children. The current intention expands on this ambition by seeking to get the children more directly involved in the saving process by encouraging them to make the deposits themselves. This includes putting aside pocket money, vacation job earnings, and so on, instilling in them a sense of financial responsibility at an early age. It is hoped that this would inculcate a culture of saving in the youth, which would contribute more to sustainable development in the long run.

BPWCCU has also made a proposal to the Ministry of Education to include Credit Union Operations and Financial Planning in school curricula. This proposal stems from the observation that children who have achieved academic excellence and acquire well-paid jobs are sometimes unable to adequately manage their finances. As a consequence, some resort to poor financial practices, such as gambling, which have a negative effect on family life.

If the proposal is accepted, the initiative will also pave the way for the continued entry of young people into the BPWCCU and ensure continued growth for the organisation. To this

end, teachers of secondary schools are also being exposed to training in Credit Union history, principles and philosophy.