

Denton Rarawa: The credit union movement in Solomon Islands

Address by Mr Denton Rarawa, Governor of the Central Bank of Solomon Islands and Registrar of Credit Unions, at the International Credit Union Day Celebrations, Honiara, 20 October 2011.

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Chairman, SICUL

General Manager, SICUL

Directors and Members of Credit Unions

Representatives of partner organizations

Participants

Ladies and Gentlemen

Let me thank the organizers for inviting me to say a few words at this event to mark the International Credit Union Day. It is an honour to be here this morning to deliver this address as part of celebrating and observing the International Credit Union Day with the rest of the world.

Today the International Credit Union Day is celebrated all over the world in recognition of the many positive contributions that credit unions have made in the lives of millions of their members around the world.

Our theme for this year: “**Credit Unions Build a Better World**” – fittingly highlights the economic and social contributions credit unions make to their members and communities worldwide. It is important that we acknowledge the contribution of credit unions as an important vehicle for social and economic development. I will return to this theme later in my speech.

Credit unions are owned by the members and aim to provide affordable financial services to improve their living standards.

In the words of the founder of the movement, F. W. Raiffeisen, “*credit unions must not confine itself to granting loans. The main objective should be to control the use of money, and improve the moral and physical values of people and their will to act by themselves*”.

It is therefore important that we view credit unions not only as institutions where we can borrow money rather credit unions should be seen as vehicles for (members) to improve their livelihoods through;

- financial self-reliance;
- financial discipline – save first before spending;
- borrowings for productive purposes including creating self-employment opportunities.

Solomon Islands context

Recently we have started observing the International Credit Union Day in Solomon Islands.

This was in recognition of the global reach of the credit union movement and to celebrate the achievements and contribution of credit unions in the country in delivering financial services to their members and the Solomon Islands economy.

For many years, credit unions have demonstrated that they can provide micro-finance services to their members in our communities.

Credit Unions therefore, are an important part of our financial system and have the potential of advancing national development that could improve the living standards of people in the country.

Stakeholder commitment

The Office of the Registrar of Credit Unions and the Central Bank are committed to supporting and promoting the credit union movement in Solomon Islands particularly through its support to the Solomon Islands Credit Union League (SICUL). This is to assist the League perform its role in supporting the growth of credit unions in the country.

The Central Bank has promoted micro-finance and recently taken the lead in promoting financial inclusion in Solomon Islands. Our participation in this global event is a reflection of the strong commitment to the development of the credit union movement in the country.

But the Central Bank cannot do this alone. It needs the support of all stakeholders and partners to work together to ensure that the credit union movement in Solomon Islands grow and prosper. In this connection, I am encouraged by the presence of all of you this morning. It is an indication of your support and commitment towards the growth of the credit union movement in this country.

I am also encouraged by the pragmatic presentations and topics for group discussions later during the day. This assures me that we all have the interest of the movement at heart and that we are constantly discussing and exploring new ideas on how best we can develop and progress the movement forward.

Before I conclude, let me return to our theme for today. We are saying that “**credit unions can build a better world**”. Is this possible? Do we have the clout and capacity to build a better world?

This may seem far-fetched but I think in our own unique way, credit unions can help build a better world. They can start by improving the livelihoods of their members, by helping them to save money for the future. Or credit unions can assist their members borrow funds to start small income generating projects that help raise their standard of living. Once this happens successfully, the family of members benefit, in turn their communities benefit and the country benefits or the world at large benefits. So yes, credit unions can help build a better world.

In advanced countries, large credit unions have become fully fledged commercial banks providing financial services to more people and businesses in those countries. Our credit unions in Solomon Islands may not yet be in a position to operate as commercial banks even in the medium term, but there is nothing stopping well managed credit unions from expanding in the future.

This leads me to another area I want to highlight for our attention. Our credit unions suffer from poor governance and weak management. If our credit unions are to build a better Solomon Islands in line with our theme for today, then we have to address our weaknesses and shortcomings. Some of these issues may seem trivial but it is important that they be addressed sooner than later.

Acknowledging the challenges

And yes, there are challenges facing the credit union movement in this country. But as stakeholders and partners in promoting credit unions in the country, we all need to respond to these challenges.

It is also important that we return to the original principle of credit unions – the idea that established credit unions in the country, that is, to harness and build a brighter future for our people and the economy.

Credit unions have a lot to offer for their members and the nation, if the right legal and institutional frameworks are in place.

Conclusion

In concluding, let me re-iterate that given the important role that credit unions play in the economy, the Central Bank pledges its continued support to the credit union movement in the country. And our co-hosting of this event to commemorate the International Credit Union Day today is a reflection of that support.

Thank you very much.