

Richard Doornbosch: People over profit - the benefits of cooperatives - relevant as ever

Opening speech by Mr Richard Doornbosch, President of the Central Bank of Curaçao and Sint Maarten, at the 25th International Annual International Leadership Conference, Willemstad, 6 June 2025.

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Introduction

It is a true honor to be with you today at this impactful Annual Leadership conference here in Curaçao, an island where cooperation is not optional but a necessity. We are living in what you have aptly called the disruptive age. An era in which leaders must navigate technological, environmental, and social change.

I will argue that in this era, the key cooperative principle of people over profit has enduring relevance. However, this is not business as usual. During this conference you will delve into the strategies credit unions need to thrive in today's financial world. What I will do is ask three hard questions you need to be able to answer or at least consider when formulating your strategies.

On behalf of the Central Bank of Curaçao and Sint Maarten, I extend a warm welcome to each and every one of you.

I am pleased to see the energy, enthusiasm, and diversity represented here today. Leaders and professionals who share a commitment to strengthen the credit union sector, not just for today's members, but for generations to come.

People Over Profit

At the core of the credit union sector lies a guiding value that sets you apart within the broader financial system: people over profit. This principle is not incidental- it is a deliberate and defining element of your institutional model. And it finds its most concrete and consistent expression in the seven internationally recognized cooperative principles.

These principles- (1) voluntary and open membership, (2) democratic member control, (3) member economic participation, (4) autonomy and independence, (5) education, training and information, (6) cooperation among credit unions, and (7) concern for community- are not mere formalities. They represent a coherent framework that ensures accountability, transparency, and equitable treatment of members.

In a world marked by rapid technological advancements, societal shifts, and economic uncertainties, these cooperative principles provide a stable foundation. By responding to the need for social relevance, sustainable economic models, and participatory governance, these principles are well-suited to address contemporary challenges and contribute to a stable and forward-looking organizational culture.

As a supervisory body, the CBCS views the framework of credit unions both as a strength and a safeguard because in a world where many feel left behind by traditional financial institutions, credit unions stand for inclusion, trust and service to communities. Because of their uniqueness, credit unions are in a strong position to help address financial inclusion. To fulfill that purpose the credit union sector must, however, evolve.

To do so, I will outline three key questions you need to be able to answer:

1. Why are we a cooperative organization?
2. What is or should be the added value for our members?
3. How should we embrace innovation and technology to ensure competitiveness and compliance?

Where We Are Today

Allow me to first begin with some personal connection and to reflect on our local context. I come from a family rooted in cooperation. My parents are both from Groningen, a traditional agricultural region, up north in the Netherlands. My grandfather was one of the founding members of the AVEBE, a cooperative that organized farmers after the First World War in 1919 to ensure fair pricing of their products. AVEBE is now a multinational in the food industry but still owned and governed by its 1900 members that are all farmers. The operations have changed greatly but the foundation remains the same. To serve each other.

The same principle guided the origin of credit unions in the Caribbean in the first half of the 20th century. They were set up as a social instrument to give workers and small independent entrepreneurs access to savings and credit services. Since then, the credit union sector has been essential to Caribbean communities. However, the necessity for cooperatives remains present. Not everyone in the Caribbean can put his or her money in a bank account to save, not all entrepreneurs have access to finance.

In Curaçao, the credit union sector is an important pillar of financial inclusion and community empowerment. Almost 25% of the population of Curaçao is a member of a credit union. There is great strength in the business of credit unions: community trust, (financial) education, deep member relationships, and a core purpose that places people before profits. Credit unions play a vital role in promoting financial inclusion, offering access to savings, credit, and financial services to individuals and families across the island. They provide opportunities for small businesses to grow, for young people to finance their education, and for families to build secure futures.

But we must also recognize that the sector has its challenges around governance, innovation, and risk management that have the potential to undermine its benefits to the community. The foundation is strong because of the deep member relationship, the powerful sense of mission and purpose and an enduring commitment to community welfare, but it must be reinforced, and it must evolve.

That brings us back to our key questions. The why, what and how. Why are you serving your members, what should be your added value and how to use innovation and technology to thrive. If you are not able to answer these questions, there is probably some searching and homework to do.

Three key tasks

1. Why? Reinforce your cooperative culture

Obviously, I cannot answer the "why" question for you. It should define your focus. It might be ensuring access to basic financial services to your membership, or enhancing financial literacy, or guaranteeing access to finance to ensure growth opportunities to small and medium sized businesses. It should be closely aligned with your membership needs.

The answer should define your organizational culture. Culture is the force that shapes decisions, drives behavior, and defines an organization's identity; what motivates employees to go the extra mile for members, inspires teams to innovate, adapt, grow and earn the trust and loyalty of communities. When "financial health" of your members is your mission, you probably will have different priorities as when "access to finance" is in your primary mission statement.

Credit unions traditionally boast a strong organizational culture because their members believe in the principles of cooperativism. It is this shared belief that forms the heart of their success. To ensure continued growth and relevance, it is essential to nurture and strengthen the reason to serve your members. By doing so, you continuously reaffirm the central role of the members.

2. What? What should be your added value and how should that guide your strategic goals

Alongside a strong culture, credit unions need a clear strategy driven by the added value you provide to your members. Strategic goals provide a roadmap for the future. A well-defined strategy focuses resources, guides decision-making, and ensures that all efforts are aligned with the organization's vision, the 'why'.

There are a few misconceptions about credit unions I would like to address in this context.

Misconception number 1. For credit union efficiency is less important. And I hope I preach to the converted here. Yes, credit unions main focus is not profit, but they do need to provide low-cost financial solutions to serve their members. You can only provide low-cost products and services if you organize yourself efficiently. And size does matter because there are economies of scale. There are fixed costs in operating a core banking system, in external control, in basic governance structures. And although the minimal size to operate a credit union depends on the regulatory framework and operational design of the institution, it seems that a credit union with less members will be harder to operate in a sustainable manner while adding value to its members.

Number 2. Compliance is less important because you know your members. It's indeed a great advantage for compliance if you know your customers. However, for effective oversight your compliance still needs to be 'auditable' and your risk management up to par. Without it you risk high fines and ultimately your license to operate.

A final misconception is that in credit unions members decide everything because they are democratic. Indeed, democratic member control is an important principle. But just like in a democracy, the people are being represented by parliamentarians and powers are being shared between the different branches of government. In a cooperation members decide on a council of supervision to oversee management that is responsible for day-to-day operations and decision making. The governance needs to be designed in a careful and deliberate manner in order to balance democratic member control with room for independent executive decision making and professional oversight in order to guarantee soundness and integrity of operations.

People over profit does not mean you should not be competitive and professional. Being competitive means that you would like to succeed. How you define success will be different for credit unions compared to financial institutions driven by shareholder value.

For credit unions, strategic goals will aim to service their members:

- Introducing digital service channels to enhance member convenience /nursing technology-driven accessibility: mobile banking, online applications, real-time services.
- Deepening community partnerships to extend impact and relevance.
- Offer member-centric products that meet life cycle needs: from microloans to housing finance and retirement savings.

3. How? By embracing innovation and technology to ensure competitiveness and compliance

The Central Bank of Curaçao and Sint Maarten envisions a credit union sector that is not only surviving but thriving. A sector that is dynamic, inclusive, and innovative.

For this we must imagine a future where credit unions embrace innovation and new technologies to service their members.

In an ageing society, membership of credit unions is also ageing. This provides opportunities and challenges. The opportunity to guide members into the digital age and assist with new online banking tools to ensure digital inclusion. And the challenge to ensure young generations are also inspired by their mission and vision and appreciate the financial products and services.

In several Caribbean countries banking and insurance is seen as cumbersome, slow and expansive. There are ample opportunities for credit unions to:

- Deliver tech-enabled services that attract new members,
- Work together across borders to share infrastructure and reduce costs,
- Operate with world-class governance and compliance,
- Lead the way in promoting financial literacy and empowerment.

The principle of people before profit is timeless, however for credit unions to succeed in a fast-changing world you have to embrace innovation without hesitation. Embracing innovation means investing in people and technology.

CBCS as a regulator

CBCS supervises credit institutions to ensure the soundness and integrity of the financial institutions of Curaçao and Sint Maarten.

In this context, prudential supervision plays a key role by ensuring that financial institutions maintain adequate solvency and liquidity, while strong governance and compliance provide the foundation for sound operations, enabling timely identification and management of risks.

A Shared Commitment

One of the features of the dialogue between credit unions in Curaçao and Sint Maarten and the Central Bank of Curaçao and Sint Maarten is the emphasis on open communication and proportionate regulation within the legal requirements. Proportional does not mean the bar is lower for credit unions. It means that where risks are lower the requirements can be lower. Or where complexity is lower the reporting requirements can be less onerous and complex while still meeting legal requirements.

A significant aspect of our dialogue is the annual meetings between the Central Bank of Curaçao and Sint Maarten and FEKOSKAN. These meetings serve as a platform for discussion to ensure that the sector remains resilient and aligned with regulatory standards. The Central Bank of Curaçao and Sint Maarten and FEKOSKAN are committed to addressing challenges collectively.

Furthermore, the Central Bank of Curaçao and Sint Maarten is involved in supporting education and professional development within the credit union sector. By offering learning opportunities, the Central Bank of Curaçao and Sint Maarten wants to help credit unions enhance their internal expertise and manage their operations more efficiently and sustainably. This proactive approach will contribute to strengthening the capabilities of staff, enabling them to better support their members and adapt to changes in the financial landscape.

The journey ahead is one of the enormous opportunities.

With a strong culture and clear strategic goals, credit unions in Curaçao and Sint Maarten and across the Caribbean can position themselves not only as competitive financial institutions but as leaders in shaping a more inclusive, resilient, and prosperous financial future.

At the Central Bank of Curaçao and Sint Maarten, we are committed to supporting this journey where appropriate.

Closing

Credit unions were born out of necessity: a community-based solution to exclusion. The Central Bank of Curaçao and Sint Maarten thinks that that mission remains. But today, members need digital, responsive, and ethical financial partners. This can be achieved by focusing on the three key actions outlined today: reinforcing your cooperative

culture, setting clear and strategic goals to drive transformation and competitiveness, and embracing innovation and collaboration to build lasting resilience for the future. Throughout this journey, it is essential to remain grounded in the core value that defines credit unions: putting people over profit.

I wish you all a conference full of inspiration, collaboration, and new ideas. I hope it sparks new strategies, strengthens leadership bonds, and ignite a renewed sense of purpose for credit unions in the region to thrive.

Thank you.