

OCTOBER 2013

Staying Connected

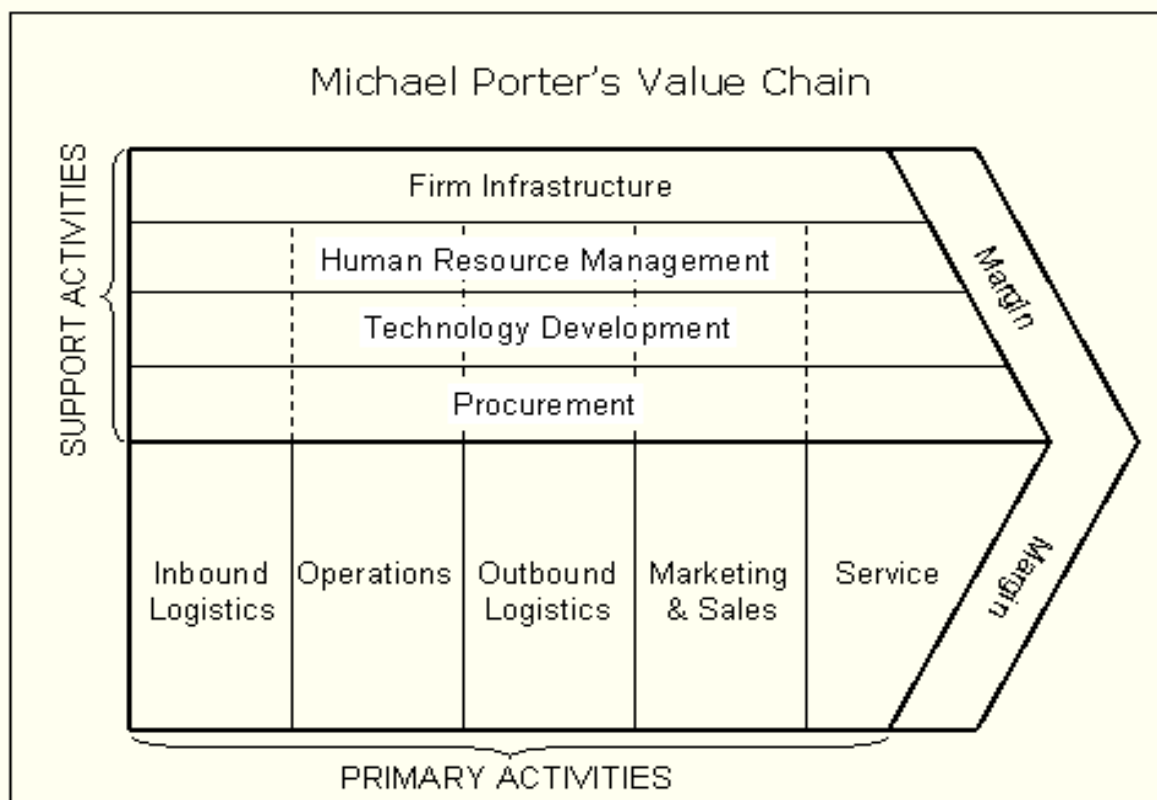
For the Alumni of the ECCB's
Savings and Investments Course

YOUR FINANCES ...YOUR FUTURE

YOUR FINANCIAL
NEWS

Value Change Strategy

Maximising Potential and Reach



Do you have a **value change strategy** for your business or institution that will drive the changes necessary to create and expand market opportunities?

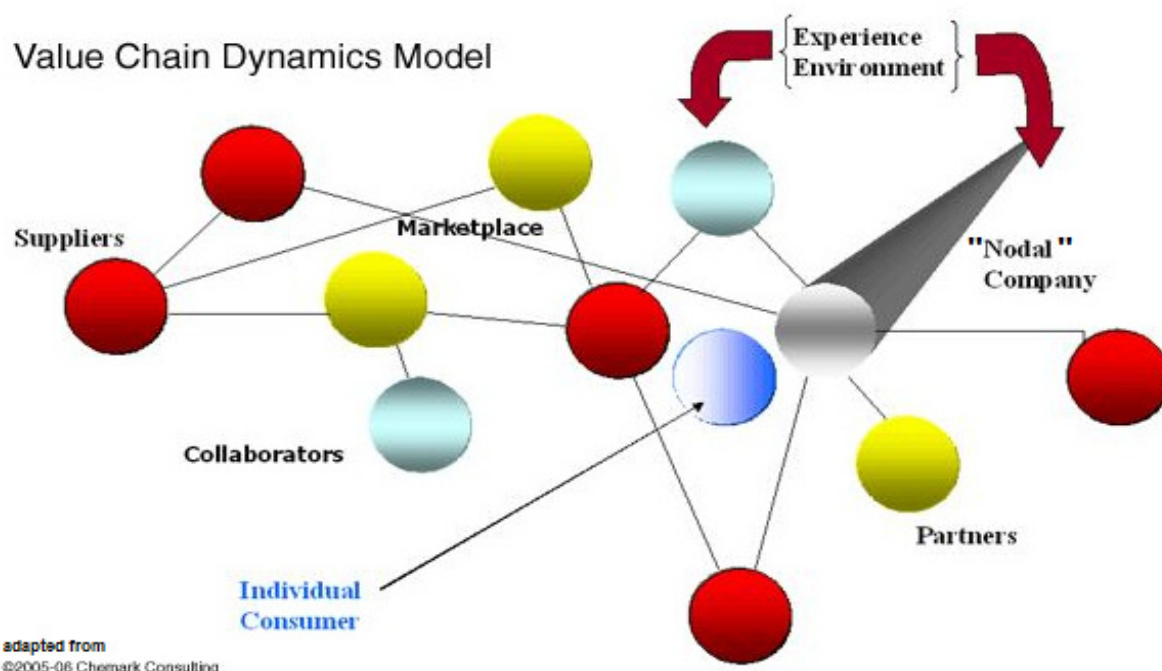
Michael Porter's value chain model popularised in his

1985 best-seller, **"Competitive Advantage: Creating and Sustaining Superior Performance"** focuses on analysing the activities of a business to ensure that operations and processes are efficiently and effectively aligned to deliver an end product/

service that satisfies customers needs - i.e. provides the customer with a **unique value proposition**.

The primary focus of this model is on cost, process, quality and service efficiency to maximize **value added** at every stage of the business operations.

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Since the publication of Porter's traditional Value Chain Model where inputs, processes and outputs move in a linear fashion, there have been several reconfigurations proposed by others to take into consideration the dynamic interactions between the company, supply networks, product development, customer relations, partners and other collaborators.

However, there still seems to be a missing link in the value chain models — a **Value Change Strategy** integrated into the value chain model to leverage market potential and opportunities in an ever changing global marketplace.

Key to this proposition, is the need to create **market impacting business changes** i.e. *value changes*, that extend, connect to and expand the business' markets.

The notion of **value change strategies** to increase market potential, connections and reach is even more compelling for businesses in small island states competing with global conglomerates in far off shores for the same local market space. While the traditional value chain model focuses on operations, product and customer excellence, it does very little to address the changes required to drive market opportunities and expansion.

The mere construct of a better mouse trap buoyed by excellent service may not automatically translate into significant market reach, connections and expansion. Strategic and often times radical business changes guided by a well developed change strategy are required to achieve this. So, is your business crafting and implementing a **Value Change Strategy** that will drive and expand market reach and opportunities?

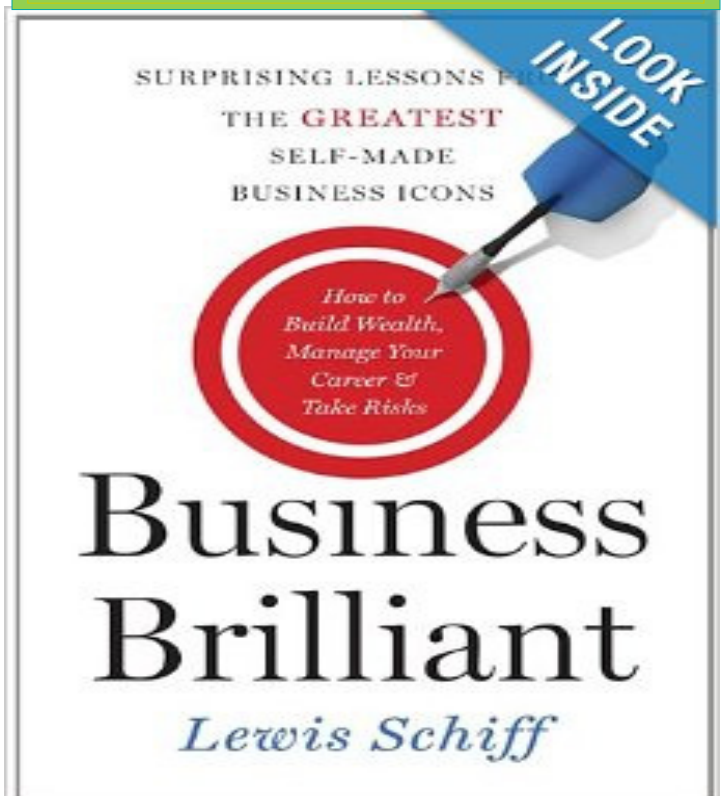
SLW, Editors Note



Entrepreneurs succeed when they function as bridges between different kinds of networks.

Business Brilliant

YOUR FINANCES ...YOUR FUTURE



...the seven Business Brilliance principles in the coming chapters will help you learn about yourself. You'll see why it's just as important to follow the money as it is to follow your passion. Why a "big idea" won't help you succeed, but the person in the cubicle next to you probably can. Why your network needs fewer people, not more. And why you're better off doing only the very few things that you do exceptionally well. You'll also learn about some behaviours that are holding you back. Why you fail to ask for what you want at the very moments you're most likely to get it. Why you feel bad when you win a negotiation. And why failure itself is a bad thing only if, like most people, you try to push it out of your mind by taking on something new... **Business Brilliant**

...People who have already achieved significant financial success understand that self-made does not mean self-financed. This is why know-who is more important than know-how...

...As he (*Paul Orfalea, founder and CEO of Kinko's copies*) expanded Kinko's from the one shop to 800 all over the United States and Europe, Orfalea claimed he managed his time by repeating the mantra, "Anybody else can do it better." Looking back, he says that "every major success I've had in my life has come about because I knew that somebody, often anybody...could do something better than me"...

Business Brilliant

Non-performing LOANS

The financial crises which started in developed nations in 2007 have had devastating impact on the financial sector the world over. Closer to home in the Eastern Caribbean Currency Union (ECCU), financial and non-financial institutions in the primary lending market have been negatively affected by increases in Non-Performing Loans (NPL's).

While NPLs are not a new phenomenon in the banking industry, it has certainly taken center stage in the primary lending industry in the ECCU. Lending institutions are now required to make greater provisions for "Bad Debt" or Non-Performing Loans. Customers are finding it much more difficult to meet their mortgage commitments. There is need to find a workable solution or balance under these circumstances. Primary lenders are certainly not in the business of selling people's property. They would prefer not to have to foreclose on anybody's property. Borrowers also have a critical role to play by keeping in touch with the lender at all times, especially at the first signs of trouble in meeting their commitment. Lenders are always willing to work with their customers.

A Non-Performing Loan is a loan that is in default or close to being in default. Many loans become non-performing after being in default for 90 days, but this can depend on the terms.

A loan is nonperforming when payments of interest and principal are past due by 90 days or

more, or at least 90 days of interest payments have been capitalized, refinanced or delayed by agreement, or payments are less than 90 days overdue, but there are other good reasons to doubt that payments will be made in full.

The million dollar question is:

How can financial institutions and customers minimize the occurrences of high NPLs?

I wish to posit that a loan does not suddenly become non-performing. The quality of the mortgage underwriting practice/standard has a lot to do with the eventual outcome of a loan. It is accepted internationally that there are four (4) main steps in assessing a loan application. They are:

- ♦ Assessing the borrower;
- ♦ Assessing the property;
- ♦ Assessing the market; and
- ♦ Risk synthesis analysis.

If the underwriting policies and practices of lending institutions are weak or deficient, that too can contribute greatly to the increase in the instances of non-performing loans. Each of the above mentioned assessment must be thoroughly investigated. No one step on its own should be a determinant factor in the loan approval process. At the end of the assessment process a decision must be taken based on the merit of the assessments.

Additionally, the necessary safeguards or remedies must be built in the mortgage offer letter to mitigate possible unforeseen circumstances. For instance, such safeguards or remedies include adequate life insurance, fire and peril insurance, salary assignment, good title deed or certificate of title, stability of the applicant's job, proper valuation of the property, knowledge of the local, regional and international economic conditions as well as other market related factors. Each mortgage contract will require different remedies based on the red flags or threats identified during the assessment of the loan application information submitted by the customer.

The idea is to be prepared at all times to deal with your personal circumstances and avoid being over extended and unable to service your debt...

Customers must also assess their own affordability situation. It is always advisable to work with a loan that can be serviced comfortably. Borrowers must avoid over extending themselves with little room to play in times of crises. Remember, no more than 30 per cent of your income should be committed to providing a shelter over your head. It is also important to cater for rainy days. Other cost related to property tax, property insurance, life insurance, health insurance, children's education and other basic needs must also be taken into consideration when contracting a loan.

It is accepted that a country's economic fortune can change over time. Individual financial circumstances will also change. The country might be hit hard by some form of natural or man-made disasters, one can lose a job or fall ill. The idea is to be prepared at all times to deal with your personal circumstances and avoid being over extended and unable to service your debt.

This article was submitted by Dennis S. M. Cornwall, Manager, Research and Marketing, ECHMB as part of the activities commemorating Financial Information Month, October 2013, celebrated under the theme "Reshaping Our Future – Starting Now". The views expressed in this Article are those of the author and not necessarily those of the Eastern Caribbean Home Mortgage Bank

A Peek Into Financial Information Month 2013 Photo Gallery

First Citizens takes 'CommonCents' on the road!



October was an exciting month for First Citizens Investment Services as the financial institution launched a series of activities to mark Financial Information Month 2013 (FIM) being held under the theme: Future, Starting Now".

Among the activities spearheaded by First Citizens was a college "CommonCents: What Student Should Know" that Development team of First Citizens visited tertiary institutions in an effort to boost Saint Lucia.

The road show started in the south of the island on Monday October 21st at the Community College (SALCC) Southern Extension where over 70 students from campus got the opportunity to get free financial advice from First Citizens in Business Development Officer, Shaka St Ange.

The road show took the First Citizens team to the SALCC on the Morne and Mt.

The Eastern Caribbean Central Bank's Resident Representative, Gregor Frazer, that collaboration with financial institutions such as First Citizens has greatly advanced financial and economic education to the general public.

Financial Information Month is an initiative of the ECCB.

inform

BOSL backs Financial Information Month



BOSL, St. Lucia's largest financial institution and socially responsible corporate citizen has actively participated in Financial Information Month for a number of years, and this year was no exception. BOSL embarked on a number of activities including school presentations, newspaper article submissions, social media and website promotion, customer e-blasts and participation in ECCB Business Symposium and through its flagship Financial Literacy Programme Money Talks.

During the most recent visit to the Grande Riviere Primary School, students from Grade 5 were rewarded with new A+ Club exercise books, for their stellar interaction with Bank staff during the Savings & Budgeting presentation.

This year's theme is "Reshaping Our Future- Starting Now" and is designed to inspire and challenge all citizens of the ECCU to take action on individual, business and institutional levels that will result in stronger financial foundations, more competitive business offerings and higher levels of economic growth.



SVG Church Service and Walkathon



Presentations to Schools-Anguilla

engage

empower



**Reshaping Our Future
Starting Now**



Financial Information Month 2013 Photo Gallery cont'd



AWARENESS

Commonwealth of Dominica - Library Hour and Presentation to Cancer Society



Antigua

Participants from the community and the nation's eight banks assembled at the U Campus Saturday afternoon to take part in the Eastern Caribbean Central Bank Financial Information Month activities (Photo by Kyle Christian)



Primary School Visits—St. Kitts



Montserrat observes Financial Information Month

Leave a reply

Tuesday 1st October marks the official start of Financial Information Month (FIM) across the Eastern Caribbean Currency Union (ECCU) member states.

Financial Information Month is part of an ECCU financial education programme coordinated by the Eastern Caribbean Central Bank (ECCB).

It is designed to support the goal of "a financially developed and vibrant ECCU region which fosters strong and sustainable economic growth and the improved well-being of the citizenry."

This year's observance is held under the theme: "Reshaping our Future: Starting Now."

In declaring the month open here, Premier and Minister of Finance, the Honourable Reuben T. Meade highlights that measures have been taken in the region to re-shape the future of the islands in the sub-region.

One such measure as he explains is the OECS Economic Union treaty.

The adage "Unity is strength" was an overarching significance in the premier's speech as he emphasized the need for islands to work together.



Walkathon—St. Kitts



Financial Fair—Grenada

Education

Daddy Chess Produces Song for Financial Information Month

Details Published Date Written By PRESS RELEASE Category Latest News

The 2013 Financial Information Month theme song and accompanying video, which were produced by "Daddy Chess", the reigning Soca Monarch in the Commonwealth of Dominica, demonstrate a masterful integration of education and entertainment.

The theme, for the 12th year of observing October as Financial Information Month in the Eastern Caribbean Currency Union (ECCU) is "Reshaping Our Future: Starting Now". The theme calls for new vision, new training, new capabilities and new actions to drive the economic prosperity of the people of the ECCU.

"This call to action is clearly reflected in the theme song, titled "Starting Now", which encourages persons to let go of bad habits such as inertia, despondency, low productivity and spending without a budget in favour of vision, collaboration and financial discipline.

Financial Information Month is a collaborative effort among the ECCU member governments, financial and academic institutions, the media, private and public sector institutions and community-based groups. The month forms part of an ECCU financial education programme coordinated by the Eastern Caribbean Central Bank (ECCB).

Financial Information Month Discussion Held at UWI

Posted date: October 12, 2013 In: Local | comment : 0 Comments

Commonwealth of Dominica



MR. JAMES F ALSTON, COUNTRY MANAGER, BANK OF NOVA SCOTIA

As part of Financial Information Month, a discussion was held at the UWI Open Campus, to educate, re-educate, remind and encourage the public, to practice better saving and budgeting habits.

The theme "Re-shaping Our Future Starting Now" focuses on ways to keep financially stable while being business ethical.

During the meeting, Mr. Alston discussed the meaning of ethics and moral judgment, system of moral principles and how it is determined, as well as the role of local customs in financial institutions.

Do you have an INNOVATIVE Business Idea?

Compete in the **ECCU INNOVATION CONTEST 2013** for secondary schools and college students and get a chance to win up to **\$3,000.00**

Here's what you need to do:

- Formulate your innovative idea
- Prepare a business plan for your idea (approx. 15 pages)
- Submit the completed entry form and business plan to the ECCB office in your country

Last year's winners. You can be a winner too!

Deadline for submitting your entry is **31 January 2014 by 5:00 p.m.**

Visit your school's office or go to www.eccb-centralbank.org for an entry form and additional information.

CHARITY INITIATIVE

A little giving makes a BIG Difference



Community Workshops—St. Kitts



Charity Outreach—Nevis

Reshaping Our Future Starting Now

