



## Questions Asked by Members at the 2018 AGM, with Answers Provided.

### Question 1:

I just wanted to know – in the past we had a Recoveries Unit so is it that we'll be going back to having a Recoveries Unit? Years ago, it was disbanded. I think...

*Answer:*

*The Recoveries Unit was previously disbanded years ago, but recognizing the need to strengthen our collections effort as it relates to delinquency, Eastern implemented a new structure which calls for a strengthened Collections Unit with a Senior Collections Supervisor and 9 additional collections officers. We established the Collections Unit in 2019 focused on stopping any delinquency situation on DAY 1 by reaching out to the member and following up.*

*We also pursue all efforts to restructure loans where feasible.*

*We were successful in reducing the delinquency rate from 17.2% as at Dec 31, 2018 to 13.5% as at Dec 31, 2019.*

*Despite the challenges of COVID-19 pandemic in 2020, we have been closely managing the delinquency situation and expect the delinquency rate would be in the 13.5% range as at Dec 31, 2020.*

### Question 2:

Could you give me a closer date to when the members will be accommodated at the Park Street Branch with bathroom facilities?

*Answer:*

*In response to our member needs and requests, several physical improvements have been initiated to improve member convenience and services:*

*Port of Spain:*

- *Parking facilities for members were made available in September 2019.*
- *The awnings were replaced and extended to the Frederick Street side in July/August 2020.*
- *The washroom facilities were installed in September, 2020.*

*Sangre Grande:*

- *In February 2020, the Sangre Grande branch was relocated to a more spacious location on the Sangre Grande Main Road, with adequate parking facilities nearby for visiting members.*

*Chaguanas:*

- *A new car park is being readied for opening in December 2020 to serve the members and staff at Chaguanas.*

*Additionally, we have accelerated our digitization efforts during this global pandemic to minimize the need for members to visit branches, thereby increasing the convenience of doing business at Eastern. This includes:*

- *Webinars on joining and using the net-banking service, including e-statements, inter-account transfers*
- *ATM card enrolment*
- *Enabling transactions to transfer funds to another Eastern member*
- *Increasing the ATM withdrawal limit from \$2500 to \$3000*

### **Question 3:**

**a. In addition, I want to continue where a member also spoke about Wi-Fi. Also, it should have ports to charge your telephone.**

*Answer:*

*Eastern is pleased to announce that WiFi is available at all branches. We are researching the installation of charging stations at all branches, which will be implemented once it is safe to do so, post pandemic.*

**b. Additionally, we want our books back! We want our books back!**

*In 2019, Eastern embarked on a digitization thrust to improve the reliability and quality of our services to members. This also significantly reduces the risk of human error or fraud in a manually maintained passbook. Access to your account balances and past transactions is available almost instantly using the online banking system which allows you to check balances and retrieve statements for previous periods.*

*To sign-up for online banking, visit our website at [www.ecunewexperience.com](http://www.ecunewexperience.com) or call our call centre at: 800-4ECU.*

#### **Question 4:**

**We ought to agenda an education programme to allow people to understand the full benefit they enjoy from having the dividend credited to their shares.**

**Answer:**

*Recognizing the importance of member education, Eastern embarked on a series of member education initiatives during 2019 and 2020.*

- *Four Today At Eastern Workshops on online entrepreneurship and financial management*
- *Sixteen Webinars to date during 2020, on topics ranging from Managing your Business to Coping during a Pandemic to Loans Promotions to our Member Relations Service*
- *In early 2021 we will address this specific issue in our ongoing programme of online member education. When we credit dividends to shares, we are:*
  - *Enhancing the long term savings of members*
  - *Increasing the member's ability to offer collateral for loans*
  - *Increasing the cash flow of Eastern*

#### **Question 5:**

**I would like to know, of the \$33.5M plus which was borrowed and never paid back, what percentage of that number represented persons who might have paid one (1) instalment. In other words, they may have had to pay back this loan over five (5) years. What percentage of this \$33.5M or the 1,647 accounts, how many of these people paid back one (1) installment? How many of the people would have paid back three (3) installments – one (1) to three (3) installments and what percentage repaid did not any installments at all?**

*Answer:*

*Eastern is very conscious of the necessity to collect in full on loans extended to our members, and we also strive to make it easier for members to meet their obligations to us, through favourable credit structures, proper credit analysis, credit officer training, provision of information to members, and increased digitization.*

*Of the \$33.5MM written off in 2017, 96.5% of the 1647 loans written off were less than \$50,000 in value. Previously, such loans did not require two-person authorization. Noting this analysis Eastern in 2019, changed the credit approval rules and structure, which now mandate a minimum two person authorization for any loan regardless of value. This change has significantly reduced risks that may be associated with the sole authorization of loans.*

*It should be noted that we collected 59% or \$13.4MM, from statute-barred loans included in the \$33.5MM write off in 2017. Eastern continues to pursue the collection of all debts, be they current, delinquent or written off.*

#### **Question 6:**

*Chairman, this is the third year that you all are writing off loans. Why is that so? I remember the last time I was here you said that you couldn't find the people. How you could lend money and can't find the people? So, every year you lend out money, you can't find the people. What this credit union is about?*

*Answer:*

*As part of our thrust to arrest the delinquency issue, we:*

- *ramped up training for credit officers*
- *Amended the credit approval structure and process*
- *Strengthened the Collections team*
- *Sensitized all staff on the need for completeness and accuracy of member information*
- *Strengthened the collections process, making it more time sensitive*

*There is an element of risk in every credit granted. The key is to operate within the guidelines of the credit policy and to exercise sound judgment at all times. The write offs done for 2017 and 2018 reflected delinquent debt from over the previous 6 years. Going forward, we anticipate that the level of write offs will be reduced given the measures put in place.*

### Question 7:

We need to find out who gave (bad loans) and if the person who gave such loans is still engaged in the credit union in an administrative position.

Answer:

*Eastern recognizes the need to ensure our Officers are equipped to manage their credit portfolios in a professional manner:*

- *Through credit training, and improved credit analysis, including more consistent use of credit scoring, the risk of bad loans being granted in the future will hopefully be reduced significantly.*
- *The Performance Appraisal system for credit officers have been amended to reflect their loan performance. In addition,*
- *high value loans are viewed by a management team prior to being forwarded to any of the relevant Board Committees for consideration.*
- *Credit limits have also been adjusted, ensuring a minimum dual authorization for all loans and more closely matching credit limit boundaries to the appropriate levels of authorization.*

*In addition we are more closely monitoring late payments from day 1 to reduce the risks on the loans being unrecoverable. Do note that we continue to pursue the collection of loans that may turn delinquent or are written off.*

### Question 8:

I was an accounting student when IFRS 9 was passed so I knew about the impact on the organization – any financial institution – totting a qualified report. I am asking though, what were some of the things that helped the external auditors to get completely comfortable with the data?

Answer:

*Eastern endeavored to strengthen its accounting controls and processes to ensure we met the expectations of our external auditors, given new regulatory standards:*

- *Key to overcoming the IFRS 9 requirements was a complete risk reevaluation. Given the stricter financial controls and provisioning requirements, this may have a negative impact on the surplus, dividend and rebate.*
- *On the positive side, we have made the necessary adjustments, strengthened our credit scoring system, and are moving more towards risk-based pricing of loans. This ultimately will lead to more sustainable surpluses etc., that are less likely to be impacted by unexpected provisioning.*
- *We embarked on a collateral verification exercise to verify our collateral held matched the information in approved loan documents*

### Question 9:

- a. Has the organization considered doing something called character appraisal or is it aware that such a thing exists, that you can actually do steps to know and understand the character quality of the person who you are nominating and not just the performance or positions they have held?

*Answer:*

*Eastern follows our Bye Laws and the Central Bank's Fit and Proper guidelines in relation to the screening of nominees.*

*In addition, the Nomination Policy was strengthened by the Board and will be put to the AGM in 2020 for consideration and ratification.*

- b. On another side note, in relation to training I wanted to touch on customer service. I don't know if the organization is aware that very good training in customer service, specifically what is called constant contact customer service can actually cut your risk expense by more than half and I think that will also save on the amount of loan write off that you have to do. That will also help your staff because the character appraisal will help you to know, can your staff keep the policies of the organization? Not just perform your job well. They know the job, but do they have the character to keep doing that? And also, is there continuous assessment done to make sure that the person is actually growing in character and in their convictions – the same convictions that the organization has. I am just putting that out to you. Thank you.

*Answer:*

*In relation to customer service provided by our staff to members, Eastern recognizes the need for improvements and have taken the following steps:*

- *Review of performance appraisal scoring to include member service quality*
- *Provision of member service training to staff*
- *Follow-up training is being reviewed to strengthen employee engagement and commitment*
- *It should be noted that all employees are subject to background checks prior to employment*

### Question 10:

So, I think in future years we should really see the credentials of the persons. what degree they did, you know; what courses or whatever it is.

*Answer:*

*The revised Nomination Policy incorporates this, and will be put to the AGM for ratification.*

**Question 11:**

In future reports, the Supervisory Committee should share with us the percentage ratings. So what I would say for example, if you would have gone to all of our branches, and the total number of files that you saw was 5% of the AAD loans in the entire segment, that you share that with us so that it enables us to better understand the kinds of risks that we've been exposed to

*Answer:*

*This suggestion has been forwarded to the Supervisory Committee for their active consideration.*

**Question 12:**

One thing I want to get some information on is, have you all given consideration of a health plan for the credit union members?

*Answer:*

*Eastern is pleased to announce that we have entered into an agreement for the provision of a wide range of insurance services with Maritime Life and General who were selected after a few competing agencies were shortlisted and invited to give proposals. The intended insurance services will include:*

- *a medical plan for members,*
- *life insurance,*
- *loan protection etc.*

*The medical plan will be launched in December 2020:*

- *It will partially reimburse members for doctor visits, dental and optical, and surgeries.*
- *Members aged up to 90 years old can join the plan without a prior medical test, with the premiums being set at affordable rates.*
- *All members are encouraged to sign up when the plan is launched.*



### Question 13:

What we want to know is how far you all have gone with this investigation concerning our tenancy, our ownership, our investments at Grenwill Estates?

*Answer:*

*Eastern wishes to advise that we have enlisted legal advice to guide us through this process. In the interim, a survey was recently completed for Grenwill Estates and we have conducted site visits to assess the situation.*

### Question 14:

What we want to know is how far you all have gone with this investigation concerning our tenancy, our ownership, our investments at Grenwill Estates?

*Answer:*

*Eastern is sensitive to the needs of ALL our members. Retrofitting was completed at our Port-of-Spain branch.*

*Further, we have requested that the HR unit undertake a comprehensive study of accessibility at all branches. This study should be completed by December 5<sup>th</sup>, with proposed corrective actions and budget for implementation. Once the proposals are accepted and approved, we will schedule the required retrofitting of all facilities in our branch network, which should be completed by March 2021.*

### Question 15:

The waiting period for the loans – when you go to apply for a loan – I find it is way too long and I want to know if you all are addressing the waiting period at all or if anything could be done to address it.



*Answer:*

*The credit union recognises that the loan approval process and timelines are major pain points for members. This is an ongoing process as we strive to make improvements while ensuring the necessary safeguards remain in place.:*

- As part of the efforts to improve the service, on October 13, 2020 we conducted an open webinar for members on “Addressing our Loans Service” which attracted 96 participants. This webinar was very informative in enabling us to hear directly from the membership what their concerns are.*
- The Board approved management’s recommendations to increase the approval limits of management personnel, thereby reducing the number of loan applications that were required to be considered by the Credit Committee*
- You no longer need to come into the branch to apply for a loan. This can be done virtually, through the phone or an online meeting. Member visits can then be limited to loan disbursement and data verification.*
- Standard times have been set for the processing of various types of loans, e.g., 48 hours for vehicle loans and same day for AAD loans. We are striving to meet these limits 100%, with our processes having been reviewed and simplified to achieve same.*
- A loan tracking system is being implemented at all branches to monitor performance vs. standards, and to red alert the Branch Managers where standard times are not met.*  
*We are currently reviewing the approval process, with the aim of simplifying it for most loans.*

### **Question 16:**

*And I’m wondering if you are now asking the Tobago people to sponsor their fare that it would be wise to have some sort of conference arrangement just like the Port of Spain Room, in Tobago, and maybe you could accommodate them at the Tobago Branch.*

*Answer:*

*Eastern will continue to look at all options going forward. As previously obtained, all Tobago members who attend the AGM will be reimbursed in full for the cost of their travel (airfare or ferry) on the production of their receipts.*