

BOARD HIGHLIGHTS

New Rules for Capital and Liquidity

The financial stability of LECU is crucially important to both Members and Directors. The August 2014 issue contained a note that your credit union exceeded the equity ratio the *Credit Union Regulations, 2009* require (not less than 5% of assets, with not less than 3% of the assets in the form of retained earnings). Signs of change are in the air.

Regulators and credit unions in Atlantic Canada are moving to adopt the international regulatory rules for bank capital and liquidity, referred to as *Basel III*. This regulatory framework requires much more complicated calculations than the simple division of retained earnings or share capital by assets. Essentially, these rules require financial institutions to hold enough capital to equal at least 10.5% of their total risk-weighted assets by 2019.

At its most recent meeting, your Directors learned that preliminary calculations indicate your credit union, in 2014, significantly exceeds the international standards for capital and liquidity. This is great news!

Planning

Vol. 1 No. 5 of Board Highlights contained a diagram of the planning cycle. During the second weekend of September, your Directors and CEO met to review current performance and to plan future actions. To provide insights into happenings both regionally and nationally, Mike Leonard, CEO of Atlantic Central, joined the Friday evening session *via* video conference. He left no doubt that both governance and operational changes are occurring at all levels.

The next day, your directors agreed to keep themselves fully aware of emerging trends, and, where it seemed most advantageous for Members, to play an active role. On the operational side, your

credit union will focus on continuing to provide to members, first class service that meets their needs.

Directorship

The November and December issues for 2013 contained information about the qualifications and expectations for Directors of LECU. In this issue, let us consider the benefits of playing a governance role at your credit union.

Joining the Board of Directors of LECU will give you the opportunity to develop your professional and organizational skills. At the same time, you will contribute to an organization that plays a significant role in the communities it serves. You will have the opportunity to address a wide range of business and leadership issues. This will enable you to enhance your skills and develop new ones.

Your credit union prepares you for these roles by enrolling you in relevant courses provided by its partner co-operative, CUSource. Since many of these courses are provided to you both in-person and on-line, you can participate at a convenient time from the comfort of your home. LECU also provides opportunities for you to participate in conferences – provincial, regional, national and international. These provide great opportunities to learn and to network with others at different stages of life, employment situations and educational and social backgrounds. LECU reimburses you for all expenses with associated activities and provides a modest annual retainer and per-meeting fees.

At whatever stage of life you are, you will find opportunities at the Board Table of your credit union. If you believe financial institutions best serve the people who own them and the communities in which they live – unlike the big banks – you can make a real contribution; you can help your community prosper.