

Delivering better financial lives through caring about individual members and their happiness: growing together to become the leading credit union in Britain

Chair's Report 2017/2018

Introduction

On behalf of the Board of Directors, I would like to welcome all Scotwest Credit Union members to this, our 28th Annual General Meeting.

In recognition of the fact that Scotwest has members all across the West of Scotland for whom it is not feasible to physically attend the AGM, we will again be hosting an interactive broadcast of the AGM on our website and streaming it live on Facebook. This forms part of our plans to foster and develop on-line interaction with members to assist us in understanding and responding to members' needs. Please also take the time to "like" us on Facebook and follow us on Twitter.

Governance

Scotwest Credit Union is governed on behalf of its members by a voluntary Board of up to nine Directors. Directors serve for an initial three year term, following which they can offer to stand for a further three year term. After serving two consecutive terms, a Director must stand down for a period of at least one year.

This year, we have operated with eight Directors until very recently when we co-opted a new Director to the Board, John Begg. John is a highly experienced Chartered Accountant and is a valuable addition to the Board. Coming so close to the AGM, John will not be standing for election and has been co-opted until February at which point the Board will reassess its options.

There are potentially two vacancies to be filled this year as Alex Ibe and Paul McGowan have reached the end of their first term of office. Both Alex and Paul have been put forward for re-election by the Nominations Committee who, at this time, has no other candidates to put forward from the Directors' Training Academy.

Scotwest is owned by its members and its governance is strengthened by new Directors coming through the Directors' Academy. I would therefore encourage members to consider joining the Director's Training programme <https://www.scotwest.co.uk/about/scotwest-director-training-academy/>.

Strategy and Business Plan

The Board's key objective is to ensure that, as our members' savings continue to grow, we continue to build our capital adequacy ratio to a level which provides us with a strategic buffer above the regulatory requirements. In order to achieve this objective, without curtailing members' ability to save, we need to focus on growing our loan book and retaining most of the profits generated from those loans.

I am therefore happy to report that we delivered our main business plan objectives for 2017/2018. Notably, this year saw us grow our lending book by 12% to its highest level ever at just under £36m whilst continuing to maintain savings growth of over £2m, bringing members' shares to over £61m.

In terms of service, one of our main objectives is to provide a high level of service which is valued by our members therefore it was pleasing to see such good results from our annual members' survey again this year, with over 93% of respondents being happy with the speed and accuracy of the service they received and 94% happy with the knowledge and courtesy shown to them by our staff.

Our aim is to provide this service whilst ensuring members have complete confidence in our data security procedures and systems and I'm therefore glad to report that we successfully upgraded our banking platform this year and also fully incorporated the General Data Protection Regulation (GDPR) changes.

Looking forward, the Board's objective is to maintain the balance between ensuring that Scotwest continues to be sustainable whilst remaining relevant to the members, growing with them and continuing to make their financial lives better.

Regulatory Compliance

Scotwest, like all credit unions in the UK, is dual regulated by the Financial Conduct Authority and the Prudential Regulation Authority (PRA). The PRA requires that each credit union's governing body will report to the members at the annual general meeting in respect of compliance as follows:

Depositor Protection

Scotwest members are protected by the Financial Services Compensation Scheme. This means we are required to comply with various regulatory requirements in respect of the deposits we hold. In accordance with the PRA Credit Union Rule Book Part 10.1 we can confirm that we are compliant with the requirements of Depositor Protection 11 and 49 to 51.

Policy of Insurance

The PRA Credit Union Rule Book Part 2.10 requires us to maintain insurance to protect against any loss suffered or liability incurred by reason of the fraud or other dishonesty of any of our officers or employees. In accordance with the PRA Credit Union Rule Book Part 10.1, we can confirm that we have complied with those requirements.

Additional Activities

The PRA Credit Union Rule Book Part 4 allows a credit union to carry out “additional activities” and provides additional compliance requirements. In accordance with the PRA Credit Union Rule Book Part 10.1, we can confirm that we have carried out the additional activities of “additional investments”, “additional lending” and “mortgages” and that we are compliant with the additional requirements thereon.

Scotwest Directors’ Charity Awards

I am pleased to announce the new Scotwest Directors’ Charity Awards. Many of our members tell us that they joined Scotwest because they agree with the “people helping people” ethos of the credit union; therefore, we want to give our members the opportunity to take an active role in making a difference to a charity that means something to them. Every year, our members will automatically be entered into a draw and the selected member will be asked to nominate a charity to receive the Directors’ Award of £5,000. The member will then have the chance to take part in presenting the donation to their chosen charity along with one of the Directors. Look out for an announcement on the website and social media pages at the turn of the year.

Summary

As the political landscape continues to breed so much uncertainty, I believe that Scotwest is strongly positioned to continue to provide excellent financial services to its members both now and in the future. I would therefore encourage all of our members to actively engage with their credit union and to spread the word to family, friends and colleagues.

I would like to thank everyone at Scotwest; the staff and the volunteers, for their open and honest hard work and commitment and for the care and respect that they show to our members every day.

Last, but not least, I would like to thank you, the members, for your continued engagement and support of Scotwest Credit Union.

David McRiner, Chair

November 2018