

Getting to the End of the Tunnel:

How can the financial Social Economy help the Social Economy sector

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LITHUANIAN CREDIT UNIONS

Number of tiers:	2 (credit unions and Central credit union)
Start up date:	1995
Number of cooperatives:	61
Number of points of sales:	167
Number of clients:	100.000
Number of Lithuanian population:	3.200.000
Market share	1,00 percent
Market share in regions:	20,00 percent
Assets:	235 mln euro
Loan portfolio:	161 mln euro
Deposits:	185 mln euro
Capitalization ratio:	18.20 %
Liquidity ratio:	39.77 %
PAR over 60 days:	6.03 %



IMPACT ON FINANCIAL CRISIS IN LITHUANIA STATE

- **Decrease of Lithuania GDP to minus 18 %**
- **Deficit of the state budget increased up to 7 %,**
- **Increase of unemployment ratio from 3,5 to 14 %**
- **Increase of taxation, decrease in social payments**
- **Cuts of businesses**
- **Move of businesses to the “grey” zone.**
- **Decrease of real state prices**
- **Start of population emigration from Lithuania**
- **No investments, negative cash flows to Lithuania**

IMPACT ON FINANCIAL CRISIS IN LITHUANIAN FINANCIAL SECTOR,
2009/09/30

	Banks	Credit unions
Growth of deposits 2008 IV	-7.00 %	+0.50 %
Growth of deposits 2009	+3.00 %	+9.00 %
Growth of loan portfolio 2009	negative	+2.00 %
Granting of loans	Week or none	positive
Money (cash) flow	Negative, to mother banks	Stable, in regions
PAR over 30 days	16.00 %	10.00 %
Return on assets	-1.46 %	-0.61 %

HOW CAN CREDIT UNIONS HELP OTHER SEEs OVERCOME THE CRISIS?

- **In regions it is only a resource for residents and small businesses to get loans. Special attention paid for problematical regions.**
- **Some loans are made in cases banks would not do in any case.**
- **As working not for a profit credit unions are able to provide services at lower prices that banks can't compete.**
- **Financial support (grants) for community and social projects knowing that it is not for promotion, but for a need.**

HOW CAN CREDIT UNIONS PROMOTE THE SEE CONCEPT?

- **Showing good results through going crisis**
- **Encouragement of social responsibility, co-operation and self help**
- **Helping through community and financial cooperation for most vulnerable and sensitive individuals of society**
- **Participating in social actions**
- **Helping to keep employment**

WHAT ARE THE BIGGEST PROBLEMS?

- **Lack of support for SEE from governmental side (Lithuania case)**
- **High loan portfolio at risk, low financial efficiency**
- **People are over credited, unemployed or lowered salaries and unwarranted in future**
- **There are signs of increase in economies, but the unemployment ratio still very high**
- **The budget deficits in a lot of countries are high, so most financial problems are just moved to the future and young generation**
- **There is no much trust and borrowing between credit institutions, we feel fragil stability not because stabilisation of the markets but because of huge volumes of governmental money**
- **The level of free and speculative capital is high in international market, so it is high risk for all kind of bubbles**

WHAT ARE THE THE RELEVANT EXAMPLES OF BEST PRACTISE?

- **Support and increase the deposits from local communities, to be less dependent from external financial resources**
- **Support of businesses which provide local employment possibilities**
- **Support the social and co-operative forms of enterprises**
- **Stable employment in credit unions sector**
- **Concern of every member of community guarantees safety and loyalty.**



Thank you for attention

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