

REGISTRY OF CO-OPERATIVE SOCIETIES ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED
31 MARCH 2023



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MESSAGE FROM EXECUTIVE DIRECTOR, REGISTRY OF CO-OPERATIVE SOCIETIES



Throughout the years, the Registry of Co-operative Societies (“the Registry”) has seen many of our co-operative societies (also known as “co-ops”) adapt and evolve with the changing times to better serve their members.

2. This year, the co-op sector took part in many Forward SG exercises organised by the co-op apex body, the Singapore National Co-operative Federation (“SNCF”). About 150 participants, ranging from co-op leaders to the youth, came together to refresh Singapore’s social compact. The discussions surfaced insights on how co-ops can play a pivotal role in strengthening Singapore’s social compact. Co-ops can enhance their programs to care for and provide equal access to the vulnerable groups – such as people with special needs through sports and job employment opportunities, or provide quality healthcare services and affordable goods and services for our senior citizens and the community. To achieve these, co-ops must ensure they have strong governance and capabilities, and endeavour to continuously improve their services.

3

Transparency and Accountability

3. Adequate disclosure to members through co-ops’ annual reports and Annual General Meetings (“AGM”) maintain members’ trust with the Committee of Management (“COM”). The Registry published a “Checklist of Annual Statutory Requirements for Co-operative Societies” in April 2023. The checklist is designed to assist co-ops when preparing for their General

Meetings and ensuring timely compliance with statutory requirements. In addition, the Registry revised the Written Direction (“WD”) for Investments (effective 1 August 2023), which includes enhanced disclosures on Restricted Investments (“RI”) information when reporting to members, and the addition of disallowed investments. Co-ops should refer to the WD for the details of the new requirements and other changes.

4. Following the cessation of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings) Orders on 1 July 2023, the Registry issued the “Guidelines on the conduct of virtual and hybrid general meetings” in June 2023 to guide co-ops on the proper conduct of virtual or hybrid general meetings. The guidelines set out principles and recommended practices for co-ops when holding virtual or hybrid AGMs. It also includes a self-assessment checklist for co-ops to ensure they are adequately prepared to hold virtual or hybrid general meetings. Co-ops should amend their by-laws to expressly provide for virtual or hybrid meetings should they wish to hold such meetings going forward. In addition, some changes in the manner of holding virtual and hybrid meetings will be necessary. For example, individual members must vote at the meeting in person and not by proxy.

Capability Developments

5. Co-op officers should continuously upgrade their knowledge and capabilities to carry out their fiduciary duties through attending training courses organised by SNCF. Co-ops may tap on the Central Co-operative Fund (“CCF”) grants to fund training, professional services and productivity solutions etc. The CCF has been expanding the pool of training providers to external organisers, such as the Singapore Institute of Directors, to increase the range of courses, such as fiduciary duties, governance and internal controls. In the coming year, the Registry will continue to collaborate with

SNCF and CCF to introduce relevant courses and resource guides as part of our on-going efforts in upskilling co-op officers.

6. To better assist co-ops with the changing needs in the environment, the CCF launched a new Progressive Workplace Grant in November 2022. The grant aims to encourage co-ops to be progressive employers and recognise co-ops' efforts in adopting the Tripartite Standards ("TS"). A co-op that has adopted one or more TS before 31 December 2023 and meets other qualifying conditions can apply for the one-off grant.

7. In September 2023, the CCF launched the CCF Sustainability Grant, where co-ops can train their officers to play their part in helping their members, communities, and the greater public to pave the way for a healthier planet and brighter future for generations to come. Through education and training, co-ops can encourage members and their communities to work towards a more sustainable future.

Building a Collaborative Network

8. In 2023, the Registry embarked on a Business Process Re-engineering ("BPR") exercise to improve our business processes to better serve the co-ops. The Registry had appointed an external consultant to engage the Registry officers, SNCF and co-ops to identify pain points and envision the ideal future state of work and collaboration. We would like to express our heartfelt appreciation to SNCF and the co-op officers who took precious time to participate in our surveys and focused group discussions. The Registry is following-up on implementing the recommendations surfaced from the BPR exercise, which include having dialogue sessions with co-operators and development of an online submission portal for co-ops to perform their annual submissions and other applications. We look forward to realising our service excellence vision for the sector.

9. The Registry is grateful for the close partnership with SNCF and the co-ops. Through the valuable feedback from our key partners, we have been able to better understand issues on the ground and co-create solutions together. We will continue to strengthen these valuable relationships and look forward to further collaboration between the Registry and the co-ops to develop policies in the best interests of the co-op sector.

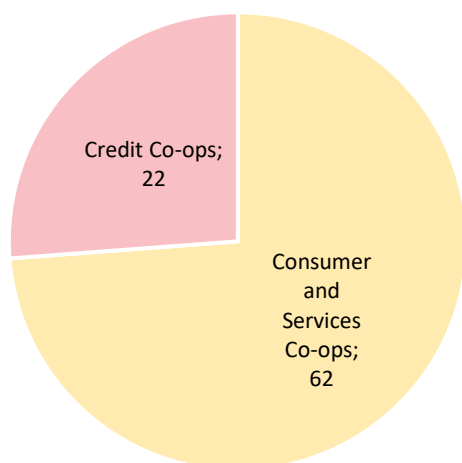
Desmond Chin
Executive Director, Registry of Co-operative Societies
November 2023

CO-OPERATIVE SOCIETIES STATISTICS

1. This Annual Report will share on the co-op sector in Singapore, the key statistics, policies launched during the year, and the Registry's upcoming initiatives.
2. Co-ops are member-owned businesses that operate on the principles of self-help and mutual assistance. They are formed when individuals voluntarily unite to meet common economic or social needs, through a jointly owned and democratically controlled organisation. Co-ops must be financially viable and professionally run to ensure they can continue to serve their members in fulfilling their social missions.
3. Co-ops in Singapore are regulated by the Registry, under the Co-operative Societies Act 1979 ("the Act") and related Co-operative Societies Rules 2009.
4. Consumer and services co-ops offer goods and non-financial services at lower costs to members. The principle of democratic member control means that decisions are made by the members and are in the interest of the members. Some of our consumer and services provide employment opportunities, gathering like-minded individuals, or buying and selling goods and services on a co-operative basis. Credit co-ops, on the other hand, provide financial services, such as deposits and loans, to members within a pre-existing common bond. Some of our credit co-ops are bonded by community, industry or organisation. Credit co-op officers have a fiduciary duty to their members to exercise prudent oversight over their deposits.

FY2022 Sector Snapshot

84 Registered Co-ops



980,000 members
\$19.4 billion¹ in total assets
 as at 31 March 2023 (“FY2022”)

No new co-ops registered or
 deregistered in FY2022.

Co-ops’ Compliance with Statutory Due Dates

Audited Financial Statements (“AFS”)	70%
Annual General Meeting (“AGM”)	73%

Consumer and Services Co-ops

\$18.3 billion in total assets
850,000 members
56² active consumer and services
 co-ops

Credit Co-ops

\$1.0 billion in total assets
130,000 members
21³ active credit co-ops

Credit Co-ops’ Compliance with Prudential ratios

Minimum Liquid Assets (“MLA”)	100%
Capital Adequacy Ratio (“CAR”)	79%
Restricted Investments (“RI”)	95%

¹ Data derived from co-ops’ Audited Financial Statements (“AFS”) for the financial year ended 31 December 2022 / 31 March 2023 where available. Otherwise, data was obtained from the last available AFS.

² Six consumer and services co-ops were undergoing dissolution in FY2022.

³ One credit co-op was undergoing dissolution in FY2022.

COMPLIANCE WITH KEY STATUTORY AND REGULATORY REQUIREMENTS

Statutory Requirements for All Co-ops

5. The Act stipulates that all co-ops shall:

- ✓ Hold an Annual General Meeting (“AGM”); and
- ✓ Submit their Audited Financial Statements (“AFS”) and Annual Report to the Registry,

no later than 6 months after the end of their financial year, unless an extension is granted by the Registrar. Co-ops must also prepare an Annual Report with a minimum disclosure of information as prescribed in the Annual Report Requirement issued by the Registrar.

The annual report and audited financial statements must be made available to members and delegates entitled to attend the general meeting at least 15 clear days before the general meeting.

6. In FY2022, 78⁴ co-ops were required to hold their AGM and 79 co-ops were required to submit their AFS for the previous financial year ended 31 December 2020 / 31 March 2021 (“FY2020”).

7. For AFS due during FY2022, 55 (70%) co-ops complied with the deadline to submit the AFS for FY2021. Of the remaining co-ops, 11 co-ops submitted their AFS within 90 days after the deadline, and a further 3 co-ops submitted their AFS within 180 days after the deadline.

⁴ The remaining co-ops are winding up and hence are not required to hold an AGM or submit an AFS. In addition, SNCF convenes its AGM every 3 years and last held its AGM in 2020. Whilst it is not required to hold an AGM during this reporting period, SNCF is still required to submit its AFS to the Registry.

8. For AGMs held during FY2022, 57 (73%) co-ops complied with the deadline to conduct the AGM for FY2021. Of the remaining co-ops, 11 co-ops convened its AGM within 90 days after the deadline.

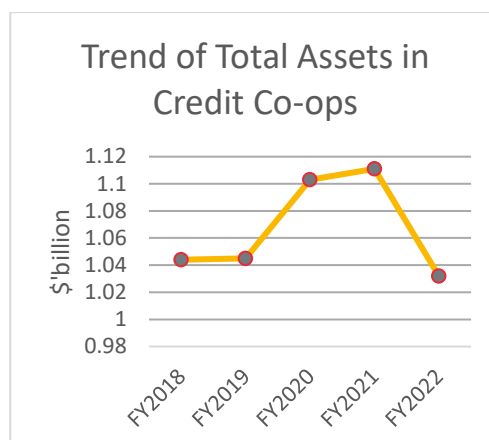
9. Some of the co-ops which have failed to submit their AFS or hold their AGM have expressed intentions to dissolve or are being monitored by the Registry. We have engaged these co-ops to understand their difficulties and may take necessary actions against recalcitrants.

Co-ops with consistent compliance with regulatory requirements maintains members' trust in the Committee of Management.

Overview of Credit Co-ops

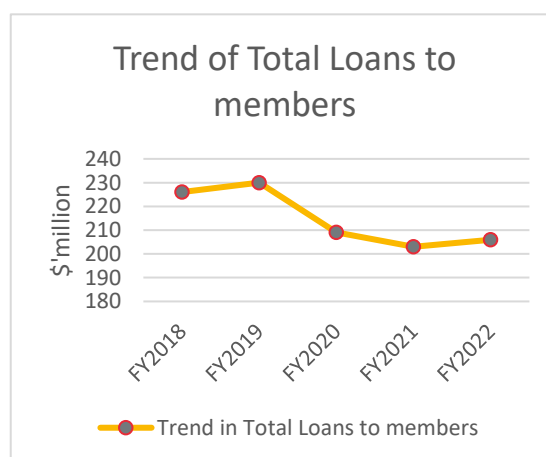
Total Assets: \$1.0 billion (↓ 7.1%)

- Total liquid assets⁵ of \$392 million
- 8 credit co-ops with total assets over \$50 million; of which 2 credit co-ops held total assets over \$100 million
- 3 credit co-ops with total assets of less than \$1 million



Total Outstanding Loans to members: \$206 million (↑ 2.0%)

- 3 credit co-ops with total outstanding loans to members over \$30 million
- 11 credit co-ops with total outstanding loans to members less than \$1 million
- 2 credit co-ops with loans-to-assets ratio above 50%
- Average loans-to-assets ratio was 18%
- During the year, \$116 million in loans were granted to members, of which \$2.9 million were in exceptional unsecured loans⁶

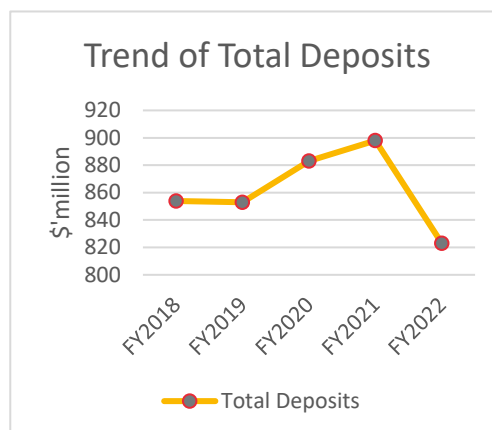


⁵ "Liquid Assets" is defined in the Annex.

⁶ "Exceptional unsecured loans" is defined in the Annex.

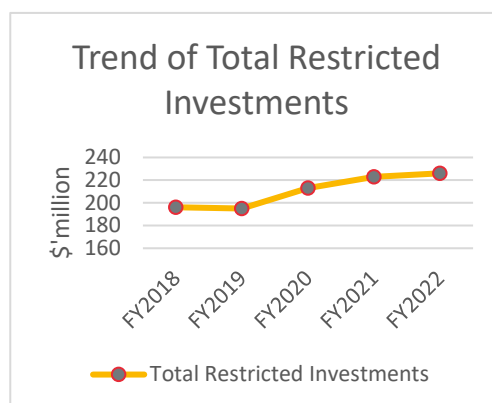
Total Deposits: \$823 million (↓ 8.4%)

- 2 credit co-ops with total deposits of more than \$100 million
- 2 credit co-ops with total deposits less than \$1 million
- 2 credit co-ops did not take in any deposits
- Average deposits per member was \$6,300



Total Restricted Investments (“RI”)⁷: \$226 million (↓ 1.3%)

- 14 credit co-ops invest in RI while 7 credit co-ops do not invest in RI
- 8 credit co-ops have obtained their members’ and the Registrar’s approval for RI limit of 30% for up to 3 years
- 3 credit co-ops have obtained their members’ approval for RI limit of 20% for up to 3 years
- Among co-ops which invest in RI, the median RI is \$9.7 million



⁷ “Restricted Investments” or “RI” means any form or type of investment other than (a) bonds issued by any statutory board in Singapore; (b) Singapore Dollar deposits in financial institutions licensed or otherwise regulated by the Monetary Authority of Singapore; (c) Singapore Government Securities; and (d) capital-guaranteed investment funds or products managed by financial institutions licensed or regulated by the Monetary Authority of Singapore, where the issuer(s) guarantee the return of 100% of the capital invested at a pre-determined date in the future. Credit co-ops are allowed to invest up to 10% of their total assets in RI. In addition, credit co-ops may also seek members’ approval for a 20% limit, or both members’ and the Registrar’s approval for a 30% limit, subject to conditions. More information can be found in the Annex.

Prudential Requirements for Credit Co-ops

10. Prudential requirements⁸ for credit co-ops ensure risk management standards and prudence in operations. The Registry periodically reviews the prudential requirements to address emerging concerns. New or revised requirements are generally implemented in phases with advance notice to credit co-ops, to allow them to make the necessary adjustments to their operations to meet the requirements.

11. There were **19 credit co-ops subject to prudential ratios**⁹. Their compliance with the prudential ratios for FY2022 in comparison with the previous two financial years is provided in the table below.

Number (and percentage) of Credit Co-ops that have complied with the minimum prudential ratios

Prudential Requirement	FY2022	FY2021	FY2020
Minimum Liquid Assets (“MLA”)	19 (100%)	19 (100%)	19 (100%)
Capital Adequacy Ratio (“CAR”)	15 (79%)	13 (68%)	16 (84%)
Restricted Investments (“RI”)	18 (95%)	18 (95%)	19 (100%)

12. All co-ops have complied with the MLA requirement. The compliance for CAR has improved since FY2021 as more credit co-ops have put in efforts to meet the higher CAR requirement of 10% (effective from 1 July 2021). This year, 1 co-op did not meet its RI limit due to withdrawal of member deposits

⁸ A summary of the prudential requirements can be found in Annex.

⁹ Out of the 22 registered credit co-ops, 2 do not take in deposits and 1 is undergoing liquidation, and hence are not subjected to the prudential ratios.

thereby reducing the Total Assets. This resulted in the increase in RI above the co-op's limit. The co-op informed that it would take the necessary steps to comply with the limit.

Credit co-ops that do not meet the CAR requirement must take active steps to increase their institutional capital. This may include reducing operational expenses, dividends and deposit interest rates.

13. Credit co-ops are encouraged to have strong financials so that they may better assist their members. Adequate institutional capital helps to ensure long-term sustainability of the credit co-ops. For example, credit co-ops are only allowed to grant unsecured general loans to members at applicable limits. The loan limits are dependent on the credit co-op's prudential ratios and loan arrangements with the member (such as salary check-off or qualified sureties).

14. The Registry continuously monitors and engages with credit co-ops which are unable to meet the prudential requirements.

If a credit co-op does not meet the minimum CAR, it must seek the Registrar's written approval for their proposed dividends to members. The credit co-op should first review if they should distribute dividends to members if they have weak financial ratios, as doing so could further negatively impact the co-ops institutional capital which is required to improve CAR.

ACTIVITIES IN 2022 & 2023

CAR and Unsecured Loan Limits

15. The increase in CAR requirement from 8% to 10% came into effect from 1 July 2021. This was followed by corresponding increases in CAR requirement for the unsecured loan limits, which was effective from 1 January 2023. The transitional period between the changes allowed credit co-ops to continue to provide loans to their members at current limits even though they had not yet, but were working towards, meeting the increased CAR requirement.

16. Credit co-ops which do not meet 10% CAR as at the financial year end and which intend to distribute dividends from that year's surplus must seek the Registrar's written approval for the proposed dividends. This is aimed at ensuring that co-ops focus on building their institutional capital, which would in turn improve their CAR.

18

Cessation of Alternative Arrangement for Meetings on 1 July 2023 and approach for virtual general meetings going forward

17. The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings) Orders ("the Meetings Orders") temporarily enabled entities (including co-ops) to hold meetings through electronic means (i.e. virtual or hybrid meetings) during the pandemic, even if this was not allowed under the applicable laws or legal instruments. The Orders have ceased on 1 July 2023.

18. If a co-op wishes to have the option of holding its meetings through electronic means from 1 July 2023, it should amend its by-laws to expressly provide for such meetings. Co-ops should additionally note that some changes in the manner virtual or hybrid general meetings are conducted may be necessary. For example, from 1 July 2023, individual members can no longer

vote by proxy as the Co-operative Societies Act requires individual members to exercise their votes in person. Co-ops must also ensure that members are able to ask questions, communicate their views and vote at the meeting in real time via electronic means.

19. To help co-ops ensure proper conduct of their virtual or hybrid meetings, the Registry had, in June 2023, published model by-law amendments and the “Guidelines on the Conduct of Virtual and Hybrid General Meetings”¹⁰. Co-ops are advised to carefully assess and choose the most appropriate meeting format that would best serve the needs of the co-op and its members, in view of their own circumstances and considerations. A co-op that chooses virtual or hybrid formats should adopt practices and leverage technologies that are inclusive and facilitate engagement and meaningful dialogue between the COM and the members.

Training Resources for Credit Co-ops

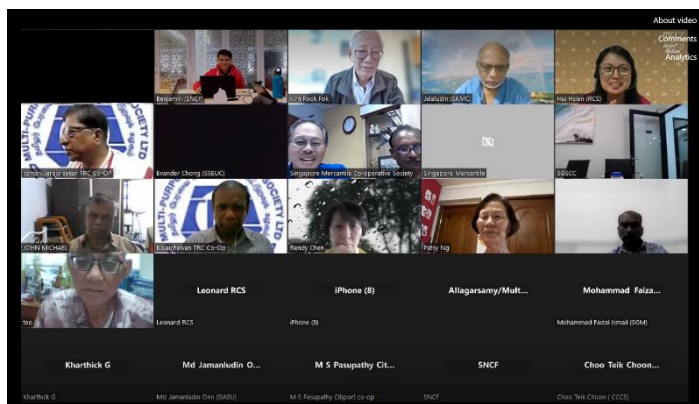
20. The Registry has regularly commissioned Special Audits on credit co-ops, which assesses credit co-ops’ compliance with the legislation and the Registrar’s Written Directions, the adequacy and effectiveness of internal controls, as well as the adoption of the best practices stated in the Code of Governance for Credit Co-ops. Common pitfalls and improvement points will be shared with the credit co-ops to improve their governance and internal controls, such as the Registry’s sharing session conducted during SNCF’s Credit Sector Forum on 23 August 2022.

21. When developing or enhancing its processes or policies, credit co-ops may refer to the Code of Governance as well as the Governance Guides on Internal Controls, Loan Management, and Investment Management¹⁰. These

¹⁰ Available on the Registry’s website www.mccy.gov.sg/coop under “Resources and useful links”.

resources include best practices and sample templates which credit co-ops may adopt as appropriate.

22. On 29 March 2023, the Registry held an online sharing session titled “Regulatory Requirements for Credit Co-operatives”. The sharing session covered important topics for the sector, including the prudential requirements, the Competency Framework,



Online sharing session on Regulatory Requirements for Credit Co-operatives, March 2023
Photo credit: SNCF

and the Annual Report Requirements. The participants had a better understanding of the background and rationale of the policies in place, included tips on improving internal controls, as well as reminded participants on the requirements and submission due dates.

23. In April 2023, the Registry published a “Checklist of Annual Statutory Requirements for Co-operative Societies”¹⁰. The checklist aims to support co-ops in preparing for and conducting the general meetings, as well as timely compliance for statutory requirements.

Business Process Re-engineering (“BPR”)

24. In April 2023, the Registry commenced a BPR exercise aimed at better meeting the service delivery needs and expectations of the sector and other stakeholders. An external consultant conducted process deep dive sessions with the Registry staff, as well as engaged with 23 co-ops from across the sector through Focused Group Discussions to capture their pain points and bright spots of the processes. The consultant used the findings to envision Future State Design workflows and designed an implementation plan to aid the Registry’s adoption of the proposed recommendations.



Registry’s BPR Focused Group Discussion with co-op officers from large credit co-ops, May 2023

25. Following the BPR exercise, the Registry will be digitalising our business processes through a co-op online submission portal, which aims to provide co-ops with more efficient and effective exchanges, and better leverage on technology to drive service innovation.

Investments

26. In April 2023, the Registry invited feedback from the credit co-ops on the proposed changes to the Written Direction (“WD”) on Investments. The Registry had in July 2023 issued the revised WD which took effect on 1 August 2023, and updated the template for Form WD-1, an annual return required by credit co-ops. We thank all credit co-ops which have participated in the consultation and provided their comments.

27. With the implementation of the revised WD on Investments, credit co-ops are now allowed to apply 20% RI limit if the Registrar rejects its application for 30% RI limit, without the need to convene an extraordinary general meeting to seek members' approval. Previously, if the Registrar rejected a credit co-op's application, the credit co-op would be subject to the default 10% RI limit.

28. The revised WD also expands the list of disallowed investments, such as peer-to-peer lending, collectibles (such as artwork and wine) and non-fungible tokens. Other changes include the deletion of the Special Investments and the Central Investment Scheme, to allow credit co-ops to treat shares in corporatised co-ops as non-RI (subject to conditions), and an enhanced disclosure of RI information. Credit co-ops should refer to the WD on Investments for the full details and FAQs, on the Registry's website www.mccy.gov.sg/coop under "Prudential requirements for credit co-ops".

DEVELOPMENT AND PROMOTION OF THE SECTOR

Contributions from Co-ops

29. The Act requires co-ops to contribute 5% of the first \$500,000 of their annual operating surplus to the CCF, and 20% of any operating surplus in excess of \$500,000 to either the CCF or the SLF.

30. The CCF is a fund set up under the Act and is under the purview of the Ministry of Culture, Community and Youth. The CCF can be used to further co-op education, training, research, audit, and the general development of the co-op movement in Singapore through the provision of CCF grants. Eligible co-ops can apply and obtain grants under the CCF Grant Framework (“the Framework”). The Registry and SNCF regularly review the Framework to ensure that the grants available meet the evolving needs of the sector.

31. Co-ops’ contributions to the SLF are used to support initiatives that are in line with its mission of furthering the development of a labour movement of unions and co-ops, and to promote the welfare of union members and their families. These initiatives aim to:

- help needy union members in time of financial need;
- safeguard workers’ welfare and rights through developing compassionate and committed union leaders to represent workers; and
- moderate the costs of daily essentials for working families by partnering social enterprises.

32. In FY2022, co-op contributions to the CCF were **\$3.7 million**. For the financial year ended 31 December 2022, co-op contributions to the SLF were **\$79.3 million**.

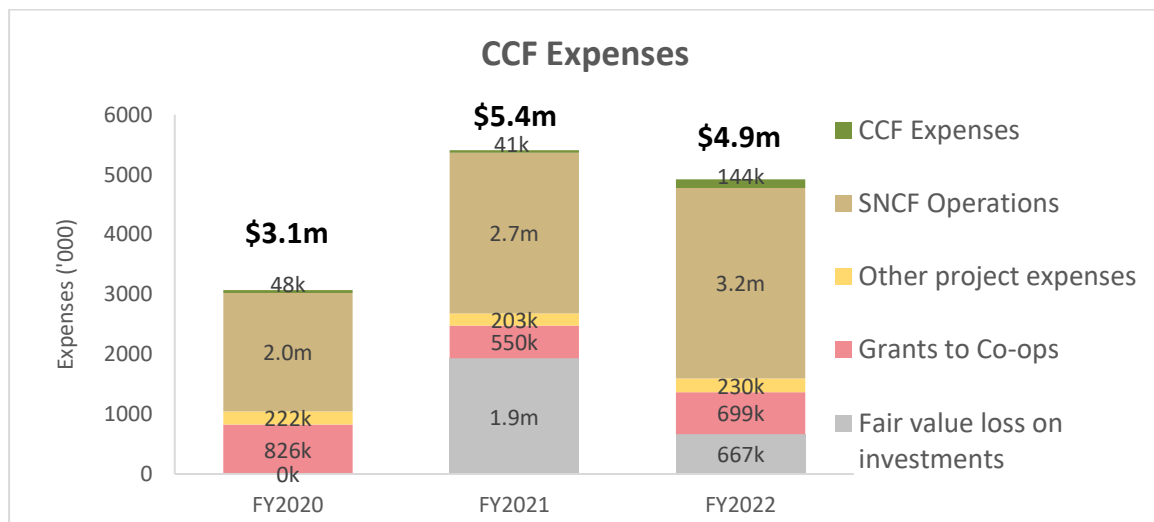
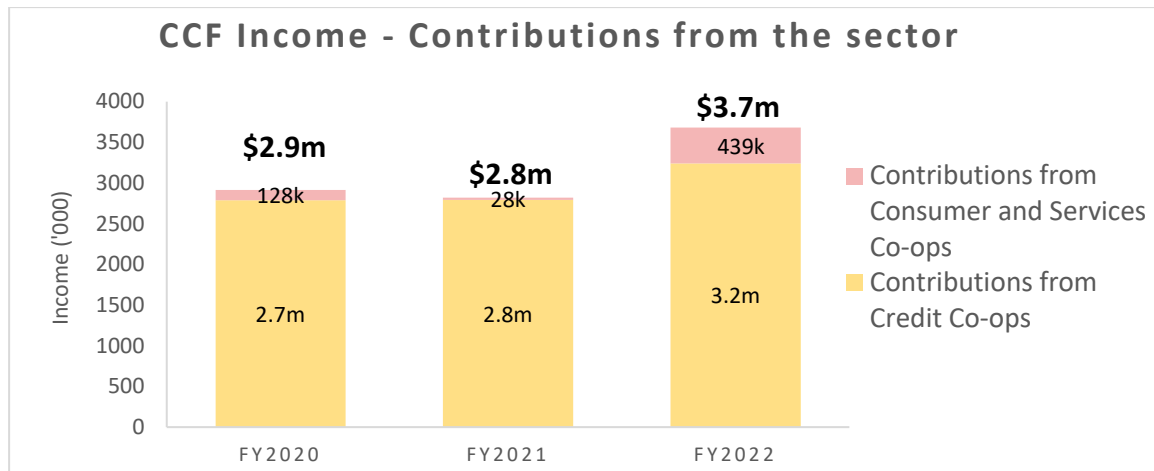
CCF Committee

33. The Minister for Culture, Community and Youth appoints the CCF Committee for the purpose of overseeing the CCF. The current Committee is serving a three-year term effective from 1 March 2021.

34. The Committee comprises of the following individuals:

Position in Committee	Name	Designation, Organisation
Chairman	Mr Tan Kian Chew	Director, PSC Corporation
Members	Mr Desmond Chin	Executive Director, Registry of Co-operative Societies
	Mr Tng Ah Yiam	Chairman, SNCF
	Mr Yoong Ee Chuan	Treasurer, Ngee Ann Polytechnic Consumer Co-operative Society Limited
	Mr Yeo Chun Fing	Chairman, AUPE Credit Co-operative Ltd

35. The following graphs illustrate the CCF contributions¹¹ received from co-ops and its expenditure for the past 3 financial years.



¹¹ Contributions from co-ops made up about 99% of the CCF's income. Other components (not reflected above) include interest income.

36. SNCF serves as Secretariat to the CCF and provides services including training, shared services, CCF grants and networking opportunities. It also serves as the collective voice representing the co-op movement on local and international platforms.

37. The key initiatives conducted by SNCF during the financial year to promote and develop the sector are illustrated below.

Capability Building and Grants

In FY2022, about 750 attendees attained 4,000 training hours.

38. **Capability Building** – SNCF continued to run the Mandatory Induction Course (“MIC”), which consists of 2 modules. Module 1 is on the Co-operative Legislation and Code of Governance and Module 2 focuses on the Governance Guides on Internal Controls, Loan Management, and Investment Management.

39. With the support of the CCF Training Grant, co-ops attended conferences organised by other professional bodies, such as the Charity Governance Conference 2022 organised by the Charity Council and the Securities Investors Association, and the Global Compact Network Singapore Summit 2022 organised by the United Nations Global Compact. In addition, SNCF and A Good Space Co-op co-organised a workshop with experiential exercises in May 2022 titled “Building Blocks to a Resilient, Happier & Thriving New Normal”, which allowed co-operators explore and discuss on mental wellness.



Co-operators at the “Building Blocks to a Resilient, Happier & Thriving New Normal” workshop with Minister of State for the Ministry of Culture, Community and Youth, Mr. Alvin Tan (in white, standing), May 2022
Photo credit: SNCF

40. **CCF Grants** – The CCF grants aim to improve co-ops’ capabilities and operations so that they can better serve their members. In FY2022, \$700,000 in CCF grants were disbursed to co-ops. These grants mainly assisted the co-ops in offsetting costs for Personal Data Protection Act (“PDPA”) expenses, hiring full-time accountants, development of software and hardware, and the Progressive Workplace Grant.

41. In November 2022, SNCF held the Annual Co-operative Leaders’ Conference (“ACLC”), themed “Becoming More Resilient”. The conference invited speakers to share their expertise in cybersecurity and crisis communications management. During the conference, Minister of State for the Ministry of Culture, Community, and Youth, and the Ministry of Trade & Industry Mr. Alvin Tan (“Minister of State Mr. Alvin Tan”) introduced the new CCF Progressive Workplace Grant. The one-off grant aimed to create more productive and efficient working environments through Tripartite Standards on fair and progressive employment practices. This Grant will cease on 31 December 2023 and co-ops are strongly encouraged to apply for this Grant before the cessation date.



Left: Minister of State Mr. Alvin Tan, addressing the co-operators at the ACLC, November 2022
Right: Co-operators at ACLC, November 2022 in Kota Kinabalu, Sabah, Malaysia
Photo credit: SNCF

42. The Registry and SNCF regularly review the CCF Grant Framework to ensure that it continues to meet the evolving needs for co-ops. At the Co-operative Movement Night organised by SNCF in September 2023, the Minister of State Mr. Alvin Tan announced the CCF Sustainability Grant, which aims to:



Co-op Movement Night themed “Sense and Sustainability”. Minister of State Mr. Alvin Tan (right) at NTUC Fairprice Co-op’s booth on donated reusable bags, September 2023
Photo credit: SNCF

- Encourage co-ops to learn about sustainability; and what they can do to contribute to the Singapore Green Plan;
- Recognise the adopters of sustainability practices and environmentally friendly actions; and
- Further co-ops’ sustainable efforts with measurable outcomes.

43. The Registry encourages all co-ops to tap on the CCF grants available to strengthen internal controls, digitalise and improve service delivery to members. The Registry actively engages with other Government funding agencies to expand their eligibility criteria to include co-ops. We are exploring new CCF grants to complement existing grants and help bridge gaps, drive growth and enhancing effectiveness in the sector.

Collaboration and Engagement

44. **Collaboration between co-ops** – SNCF facilitates collaboration and co-operation among co-ops to mutually support each other. During the year, Seacare Co-op, with the support of Silver Horizon Travel Co-op, held a mid-autumn festival for underprivileged residents, and Silver Caregivers Co-op, with sponsorship from Singapore Teachers' Co-op and Wavelink Co-op, hosted a symposium which shared coping strategies and innovative resources for caregivers.

45. **Forward Singapore exercise** – SNCF organized a series of engagements with the sector to discuss what co-ops could do to address new and emerging needs in the communities they serve, and how co-ops could contribute to the



Minister of State for the Ministry of Culture, Community and Youth, Mr. Alvin Tan (top left) engaging with youth co-operators at the Forward Singapore x Youth Co-operators event, co-organised by SNCF and NTU Co-op, January 2023
Photo credit: SNCF

nation's shared goals. In January 2023, SNCF and NTU Co-op co-hosted an exercise where the Minister of State Mr. Alvin Tan joined the conversations with the youth to listen about their aspirations and concerns for the future, and how co-ops can contribute to the refreshed social compact.

46. **International Representation** – SNCF, together with co-ops, participated in regional and international conferences to share about the Singapore Co-operative Movement and learn about the best practices from fellow co-operators. SNCF and co-operators also hosted delegates from overseas co-ops.



The Singapore delegation at the World Credit Union Conference, July 2022
Photo credit: SNCF

47. **Youth Outreach and Scholarships** – To attract new co-operators, SNCF launched Creathon, a three-part reality TV series where teams took on challenges to learn about co-ops and could pitched ideas. Teams also engaged with members of Runninghour Co-op and participated in inclusive games designed for people with different needs. SNCF and NTU Co-op supported student entrepreneurs at the Student Collective Festival @ NTU by running joint promotional campaigns and incentives.

48. SNCF administers the CCF Scholarship Programme. CCF scholars were involved in various activities and events held by co-ops. SNCF also initiated the Emerging Leaders Programme (“ELP”) in 2022, which had 11 participants who took part in a leadership camp and collaborated in a four-month group work activity. The ELP aims to groom 100 emerging leaders over the next 5 years and SNCF hopes to continue providing them with opportunities to network and learn about the co-op movement.

UPCOMING PLANS

Raising Competencies of Co-op Officers

49. In an ever-evolving landscape, it is imperative that co-op officers ensure that their knowledge remains relevant and up to date. With the introduction of the Competency Framework for credit co-op key officers in 2019, co-op officers are currently required to meet the requirements or complete the minimum training hours. As part of our continuing efforts to enhance the competencies and skillsets of credit co-op officers, the Registry partnered with SNCF to conduct suitable training courses and develop resource materials for co-ops. Officers could utilise CCF training grants to fully fund the courses for these officers.

Improving Regulatory Capabilities

50. Following the BPR exercise, which aimed for the Registry to better meet the service standards and expectations of the sector, the Registry will consider the recommendations from external consultant and adopt necessary initiatives in realising the proposed solution(s). One initiative that the Registry will implement is a co-op online submission portal to digitalise our business processes. We hope the online portal will increase efficiency in our processes allow us to better serve the sector and strengthen our relationships with the co-ops and our stakeholders. The Registry will engage the co-ops in due course on the design of the online submission portal.

Legislative Amendments

51. The Registry regularly reviews our legislation to ensure they remain relevant and effective as well as having considered feedback we have received from the sector. This exercise aims to ensure that co-op legislation remains facilitative towards co-ops' operations and their evolving needs. We

will consult the sector at the appropriate junctures once we have finalised any proposed amendments to the Act.

Concluding Note

52. With new challenges and trends, co-ops must actively take action to stay relevant and contribute to our shared future. This may be through upskilling, digitalisation, adopting sustainable practices, or collaborating with other business, which leads to better productivity and services.

53. The Registry appreciates the regular engagements and valuable feedback from key stakeholders and SNCF. The Registry will continue to collaborate with our stakeholders to strengthen the effectiveness of our regulation and providing better support for co-ops.

ANNEX – PRUDENTIAL REQUIREMENTS FOR CREDIT CO-OPERATIVES

The issuance and effective dates of the Written Directions are indicated below:

Written Direction on Prudential Requirement	Issue Date	Effective Date
Capital Adequacy and Restriction on Dividend	21 Apr 2011 Revised: 21 May 2020	30 Jun 2011 Revised: 21 May 2020
Minimum Liquid Assets	12 Mar 2010 Revised: 29 Jun 2016	31 Mar 2010 Revised: 1 Jul 2016
Investments	31 May 2010 Revised: 12 Jul 2023	30 Jun 2010 Revised: 1 Aug 2023
Provisions for Bad and Doubtful Loans, and Impairment Loss for Investments	26 Nov 2010 Revised: 18 Dec 2018	1 Jan 2011 Revised: 21 Dec 2018
Secured Loan Limits	29 Aug 2011	1 Nov 2011
Unsecured Loan Limits	31 Oct 2011 Revised: 23 Jun 2021	1 Apr 2012 Revised: 25 Jun 2021
Submission of Financial Returns	2 Feb 2012 Revised: 7 May 2013 [Submission Template was last updated in 12 July 2023]	6 Feb 2012 Revised: 10 May 2013

Capital Adequacy Ratio and Restriction on Dividends

The Capital Adequacy Ratio (“CAR”) ensures that credit co-ops have sufficient institutional capital to absorb operational losses. It is calculated as:

$$\text{CAR (\%)} = \frac{\text{institutional capital}}{\text{total assets}} \times 100$$

“institutional capital” is the sum of the following:

- a) the credit society’s accumulated surplus/deficit or unappropriated surplus;
- b) the credit society’s general reserves or general funds (excluding reserves and funds established for specific purposes, such as, common good, scholarship, fair value or revaluation, loan default, or provisions for bad and doubtful loans);
- c) cash donations.

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Credit co-ops with less than the CAR requirement as at financial year end and which intend to distribute dividends from that year’s surplus must seek the Registrar’s written approval for the proposed dividends.

Minimum Liquid Assets

Minimum Liquid Assets (“MLA”) ensures that credit co-ops which receive deposits have sufficient liquid assets at any given time to meet day-to-day and higher than usual withdrawals by their members. It is calculated as:

$$\text{MLA (\%)} = \frac{\text{liquid assets}}{\text{total deposits}} \times 100$$

“Liquid assets” refer to cash, Singapore dollar deposits in Financial Institutions and Singapore Government Securities that are free from prior encumbrances.

“Total deposits” means the sum of the following which are held by the credit society: all moneys in the current accounts and deposit accounts, and subscription capital.

Investments

“Restricted Investments” or “RI” means any form or type of investment other than –

- a) bonds issued by any statutory board in Singapore;
- b) Singapore Dollar deposits in financial institutions licensed by the Monetary Authority of Singapore;
- c) Singapore Government Securities;
- d) capital-guaranteed investment funds or products managed by financial institutions licensed by the Monetary Authority of Singapore, where the issuer(s) guarantee the return of 100% of the capital invested at a predetermined date in the future.

Credit co-ops are allowed to invest up to 10% of their total assets into RI. Credit co-ops may seek members’ approval for a 20% RI limit, or members’ and Registrar’s approval to invest up to 30%, subject to conditions.

Provisions for Bad and Doubtful Loans, and Impairment for Investments

Credit co-ops must make the relevant provisions and impairments in accordance with FRS109 at least half-yearly.

Secured and Unsecured Loan Limits

Credit co-ops may grant secured and unsecured loans in accordance with the limits prescribed by the Registry, which vary according to loan type.

Depending on a credit co-op's CAR and MLA, and if the borrower has salary check-off or qualified sureties, credit co-ops may grant unsecured general loans to each borrower up to the applicable loan limit. Any amount of the unsecured general loan above the applicable loan limit of a borrower is considered as an "exceptional unsecured loan".

All credit co-ops are subject to an "exceptional unsecured loan allowance", which is the maximum amount of exceptional unsecured loans a credit co-op may grant in a financial year. The exceptional unsecured loan allowance is calculated as 5% of either:

- a) The total amount of unsecured general loans granted in the previous financial year; or
- b) The average per financial year of the total amount of unsecured general loans granted in the previous two financial years.