ANNUAL REPORT ON THE CO-OPERATIVE SOCIETIES IN SINGAPORE

FOR THE FINANCIAL YEAR ENDED
31 MARCH 2020

Ministry of Culture, Community and Youth

Contents

MESSAGE FROM EXECUTIVE DIRECTOR, REGISTRY OF CO-OPERATIVE SOCIETIES

Financial Year 2019 has been full of changes and uncertainty. Despite the adversities faced, all of us worked together and seized the opportunities to think big and innovate quickly. While the COVID-19 global pandemic has affected our everyday lives, it has also showed us the resilience and determination of the co-operative ("co-op") sector, which adapted in order to continue serving their members and the community.

During this period, the community has created solutions to meet the needs of the people, as well as to improve outreach and customer experience. Co-ops have also become more digitally savvy, made changes to their normal mode of business and adopted many safe distancing measures to ensure continued delivery of services to their members.

As a regulator, we have mobilised our resources to support the co-ops.

COVID-19 Measures

When COVID-19 affected businesses in 2020, we anticipated the possible disruptions to the co-ops. To help co-ops during this trying period, the Registry implemented the following key measures:

First, regarding procedures and meetings, the Registry allowed co-ops to delay the conduct of annual general meetings. Concurrently, we worked with the Ministry of Law on legislation to enable co-ops to conduct their annual general meetings virtually, and issued guidelines, templates and held a training webinar to guide co-ops in holding virtual meetings.

Second, regarding financial support, the Registry worked with the Central Co-operative Fund ("CCF") Committee to provide the CCF Support Package to help our co-ops financially. In addition, we worked with other Government agencies to assist our co-ops where possible, for example, by allowing credit co-ops to remain open as an essential service and to include co-ops under the rental relief framework.

Third, regarding prudential requirements, the Registry postponed the increase in the Capital Adequacy Ratio ("CAR") requirement (from 8% to 10%) and related revisions to the Unsecured Loan limits, by one year from 1 July 2020 to 1 July 2021. We noted that some credit co-ops face difficulty in meeting the higher CAR and may require a longer lead time given the impact of COVID-19. The pandemic has also displayed the importance of having enough reserves to meet unforeseen losses.

Fourth, regarding cyber security, together with the Singapore National Co-operative Federation ("SNCF") and the Cyber Security Agency of Singapore ("CSA"), the Registry held a Cybersecurity Webinar for all co-ops in August 2020 to educate the sector on cyber security issues and measures. The webinar also introduced a cost-effective solution recommended by the CSA.

Looking Ahead

It is heartening to see that despite the challenges that COVID-19 has brought, our co-operators are working hard to help their members and fulfil their social missions.

Leveraging what we have built amid COVID-19, we will continue to further strengthen and improve our digitalisation capabilities and continue to build on collaboration within the sector.

Our close partnerships with the CCF Committee, SNCF and our co-ops have allowed us to react quickly and efficiently to help our sector during this period. I am grateful for these close relationships and collaborations and hope all of us continue to work together for the betterment of the sector.

Moving forward, I strongly recommend my fellow co-operators to continue building organisational resilience and uplifting the capabilities of the co-ops and their officers. The Registry will continue to be proactive in reviewing our policies and programmes. I trust that we will emerge from these times a stronger and more trusted co-operative sector.

Dr Ang Hak Seng
Executive Director, Registry of Co-operative Societies
October 2020

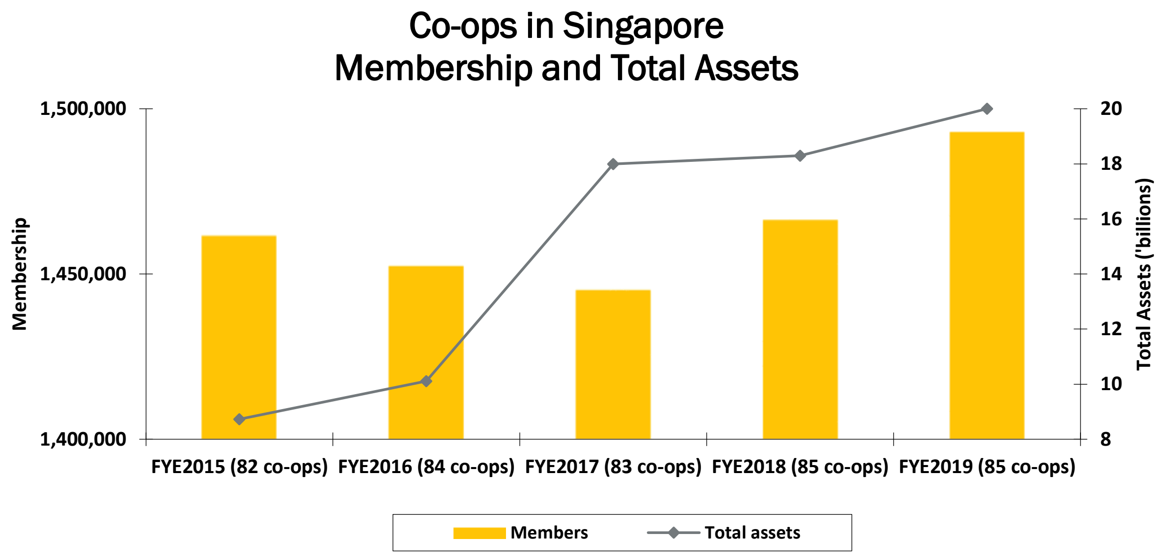
CO-OPERATIVE SOCIETIES STATISTICS

1. The Annual Report aims to inform the public on co-operative societies (also known as "co-ops"), highlight the key statistics and main developments in the year, as well as to share the Registry's future plans.

2. Co-ops operate on principles of self-help and mutual assistance, where people voluntarily unite to achieve a common social or economic aim. Co-ops must be financially sustainable and professionally run to ensure that they can continue to fulfil their social missions and serve their members.

3. Co-ops in Singapore are regulated by the Registry of Co-operative Societies, under the Co-operative Societies Act (Chapter 62) and Co-operative Societies Rules 2009.

4. **1,493,000 members** in **85 co-ops** held **$20.0 billion**[1] in total assets as at 31 March 2020 ("FYE2019").



[1] Data derived from co-ops' Audited Financial Statements ("AFS") for the financial year ended 31 December 2019 / 31 March 2020 where available. Otherwise, data was obtained from the last available AFS.

5. Co-ops are classified into two categories:

a. **Consumer and Services Co-ops** provide goods and services to their members and the public. They are driven by a social mission to help residents in Singapore through moderating the cost of living or providing targeted services.

> **62** consumer and services co-ops serving
> **1,355,000** members with
> **$19 billion** in total assets

b. **Credit Co-ops** provide financial services to their members within a pre-existing common bond of association, for example, the same race, employer or profession.

> **23** credit co-ops serving
> **137,000** members with
> **$1 billion** in total assets

Registration and De-registration of Co-ops

6. During the year, 2 co-ops were registered. The newly registered co-ops are:

a. **Helmet and The Penguin Cooperative Limited** – Registered on 17 February 2020, its main objective is to provide affordable and convenient haircuts to vulnerable groups, through for example pop-up salons in nursing homes for senior citizens to enjoy discounted haircuts without having to travel to a salon.

b. **A Good Space Co-operative Limited** – Registered on 31 March 2020, it is Singapore's first co-operative to gather diverse changemakers, active citizens, community-based organisations, social enterprises, charities, companies and anyone concerned about social issues to collaborate and create collective social change for Singapore.

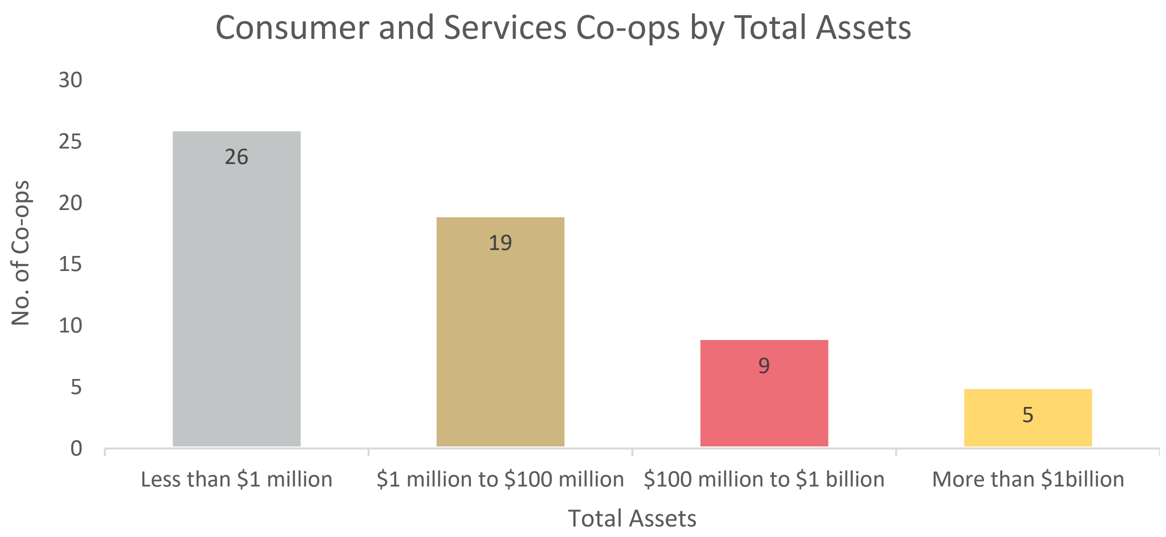
7. 2 co-ops deregistered during the year. The Bendemeer Secondary School Co-operative Society Ltd was deregistered on 26 September 2019, and the AUPE Foundation Co-operative Ltd was deregistered on 20 December 2019.

Overview of Consumer and Services Co-ops

8. Consumer and services co-ops provide goods and non-financial services to their members while fulfilling social missions. These co-ops protect the economic interests of their members through their activities which include providing employment opportunities, gathering likeminded individuals, or buying and selling goods and services on a co-operative basis.

9. The **total assets** held by **59**[2] **consumer and services co-ops** amount to approximately **$19 billion.**

10. There were 26 consumer and services co-ops with less than $1 million in total assets each, while 5 co-ops[3] have over $1 billion in total assets each.



[2] Out of 62 registered consumer and services co-ops, 2 are new co-ops and 1 is co-op winding up.
[3] (in alphabetical order) Mercatus Co-operative Limited, Mercatus Epsilon Co-operative Limited, NTUC Enterprise Co-operative Limited, NTUC Fairprice Co-operative Limited and NTUC INCOME Insurance Co-operative Limited.

Overview of Credit Co-ops

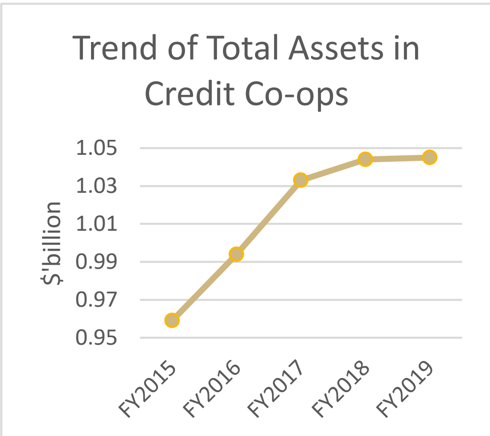
11. Credit co-ops take in deposits from and give out loans to their members. They have a fiduciary duty to their members to exercise prudent oversight over their deposits.

12. Currently, there are **21 credit co-ops**[4] which have a financial year ending 31 December 2019 or 31 March 2020.

13. **Eight (about 40%) credit co-ops[5] hold more than $50 million in total assets each.** Together, they hold the majority of the sector's total assets (80%), total deposits (80%), total loans granted (90%) and the sector's profits before appropriations and comprehensive income (90%).

Total Assets: $1.045 billion (↑ 0.2%)

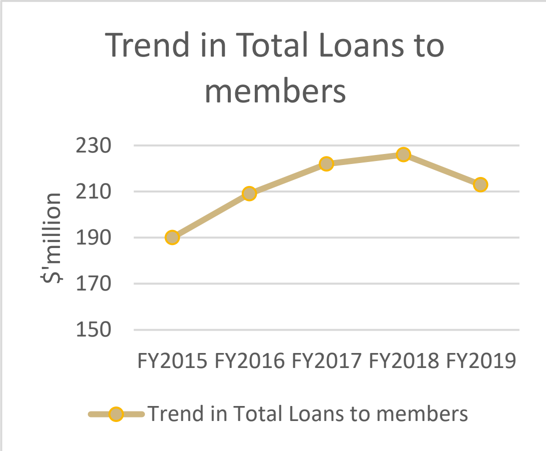
- Total liquid assets[6] of $421 million
- 8 credit co-ops with total assets over $50 million; of which 2 credit co-ops have total assets over $100 million
- 3 credit co-ops with total assets of less than $1 million



[4] Out of 23 registered credit co-ops, 2 credit co-ops are winding up.
[5] (in alphabetical order) AUPE Credit Co-operative Limited, Polwel Co-operative Society Limited, Singapore Government Staff Credit Co-operative Society Limited, Singapore Mercantile Co-operative Society Limited, The Singapore Police Co-operative Society Limited, Singapore Teachers' Co-operative Society Limited, Straits Times Co-operative Limited and TCC Credit Co-operative Limited.
[6] "Liquid Assets" is defined in the Annex.

Total Outstanding Loans to members: $213 million (🡻 5.8%)

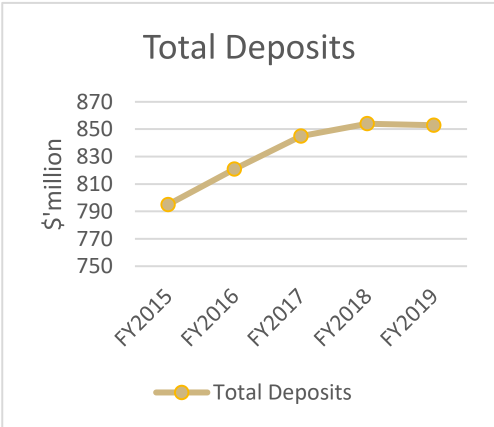
- 2 credit co-ops with total outstanding loans to members over $30 million
- 7 credit co-ops with total outstanding loans to members less than $1 million
- 1 credit co-op with loan-to-asset ratio above 50%



- Average loans-to-assets ratio is 22%
- During the year, $121 million in loans were granted to members, of which $3 million were in exceptional unsecured loans[7]

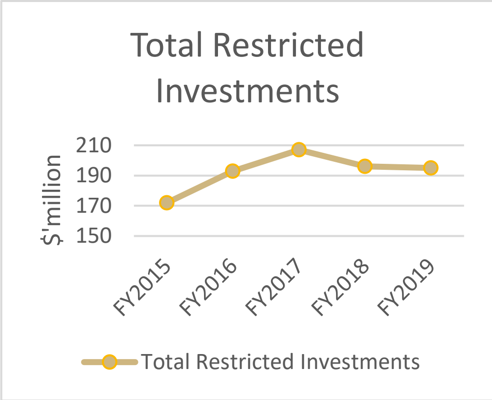
Total Deposits: $853 million (🡻 0.1%)

- 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 do not take in any deposits
- Average deposits per member is $6,400



[7] "Exceptional unsecured loans" is defined in the Annex.

Total Restricted Investments ("RI")[8]: $195 million (↓ 0.6%)



- 1 credit co-op with RI over $50 million
- 2 credit co-ops with RI less than $1 million
- 9 credit co-ops did not have any RI
- 8 credit co-ops have obtained their members' and the Registrar's approval for RI limit[9] of 30% for different periods of up to 3 years
- 2 credit co-ops have obtained their members' approval for RI limit of 20% for different periods of up to 3 years
- Average RI to assets ratio is 11%

[8] The definition of "Restricted Investments" is found in the Annex.
[9] 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.

COMPLIANCE WITH KEY STATUTORY AND REGULATORY REQUIREMENTS

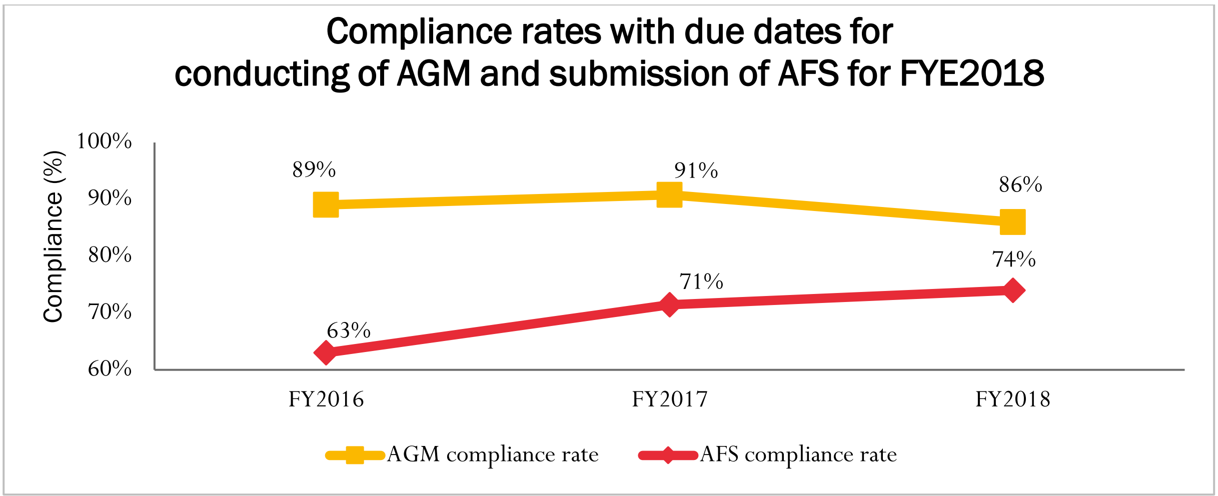
Statutory Requirements for All Co-ops

14. The Co-operative Societies Act stipulates that all co-ops shall no later than 6 months after the end of the financial year, unless an extension is granted by the Registrar:

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

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.

15. In FY2019, **79 co-ops were required to hold their AGM**[10] **and 80 co-ops were required to submit their AFS**[11] for the previous financial year ended 31 December 2018 / 31 March 2019 ("FYE2018").



[10] The Singapore National Co-operative Federation holds tri-annual general meetings.
[11] This excludes co-ops that are winding up.

16. The graph shows that the majority of co-ops comply with the deadlines to conduct AGM and submit AFS. The compliance rates for conducting of AGM has been relatively constant, while the compliance rates of the submission of AFS has been gradually increasing over the years.

Members need timely financial information to assess the financial position of their co-op and raise queries that they may have.

17. During FY2019, 69 out of 79 (86%) co-ops were in compliance with the deadline to conduct the AGM for FYE2018, while 59 out of 80 co-ops (74%) co-ops were in compliance with the deadline to submit the AFS for FYE2018.

18. Of the co-ops which were late, 3 out of 11 late co-ops held the AGM, and 13 out of 21 late co-ops submitted their AFS, within 3 months after the deadline.

19. The remaining 8 co-ops that had either failed to do so or had held their AGM or submitted their AFS more than 3 months after the deadline have expressed intent to dissolve or are under monitoring by the Registry.

20. The Registry actively engages with co-ops which face difficulties in meeting statutory deadlines, to understand the steps they will be taking and will take enforcement actions if necessary.

Timely submissions increase members' trust in the Committee of Management.

Prudential Requirements for Credit Co-ops

21. To refocus credit co-ops towards their core business of thrift and loan, prudential requirements[12] for credit co-ops were put in place to ensure prudence in operations and improve risk management standards. The prudential requirements are periodically reviewed to address emerging concerns and implemented in phases so that credit co-ops may gradually amend their operations to meet the requirements.

22. **There are 19 credit co-ops subject to prudential ratios**[13]. Their compliance with the prudential ratios for the financial year ended 31 December 2019 / 31 March 2020 ("FYE2019") in comparison to the previous two financial years is provided in the table below.

Credit Co-ops that have met the minimum prudential ratios, compliance in numbers and percentage

Prudential Requirement	FYE2019	FYE2018	FYE2017
Minimum Liquid Assets ("MLA")	19 (100%)	21 (100%)	21 (100%)
Capital Adequacy Ratio ("CAR")	15 (79%)	16 (76%)	18 (86%)
Restricted Investments ("RI")	19 (100%)	21 (100%)	20 (95%)

[12] A summary of the prudential requirements can be found in Annex.
[13] Out of the 23 registered credit co-ops, 2 do not take in deposits and hence are not subject to the prudential ratios. Two further credit co-ops are undergoing liquidation in FYE2019 resulting in a total of 19 credit co-ops subject to prudential requirements, as compared to 21 co-ops in the last two years.

23. The compliance for CAR improved from FY2018, with 1 credit co-op improving its CAR to above 8%. The Registry is actively engaging the remaining co-ops to work towards compliance.

Credit co-ops with low CAR must take active steps to increase their institutional capital, for example, reducing expenses, lowering dividend rate and interest rate on members' deposits.

24. Loan limits for credit co-ops are tiered and credit co-ops which do not meet the minimum CAR requirement can only apply unsecured general loan limits at the lowest Tier. They must also seek the Registrar's written approval for their proposed dividends to members. However, these credit co-ops should first assess if they should distribute dividends to members, as doing so will reduce the increase of institutional capital which is required to improve CAR.

25. The Registry continuously engages and works with credit co-ops which are unable to meet the CAR requirement. This allows the Registry to understand and assess their situation, to better assist them in working towards compliance.

While credit co-ops seek to retain and attract members, there must also be adequate institutional capital to ensure long-term sustainability of the credit co-ops.

ACTIVITIES IN 2019 AND 2020

Audits on Credit Co-ops

26. The Registry commissions special audits on credit co-ops to ascertain their compliance with the regulatory and prudential requirements, the adequacy and effectiveness of their internal controls, as well as the state of governance. At the end of the audit, each credit co-op is issued a report with findings and specific recommendations to address the identified gaps.

27. In October 2019, the Registry started the audit exercise on 3 credit co-ops. The common findings and recommendations are:

- **Policies and Procedures ("P&P")** – Consultants noted the lack of P&P as well as inconsistencies between current practices and approved P&P. The co-ops should develop new and/or review existing P&P to ensure that they can effectively guide the officers in performing their roles. P&P should also be communicated and made available to the relevant officers.

- **Loan Processes** – Consultants found insufficient controls over loan application, evaluation and approval processes. To manage credit risks and ensure equitable treatment to the members, there should be increased management oversight and clear policies to manage the loans.

- **Internal Audits** – The internal audit functions should be formalised and carried out periodically. There should be terms of reference and audit plan for the appointed internal auditors. The work of the internal auditors should be documented and reported to the Audit Committees.

- **Benefits to Committee of Management ("COM")** – In line with the co-op legislation, all the benefits to COM should be tabled at the AGM for members' approval.

- **Segregation of Duties** – To provide for checks and balance, there should be segregation of duties (i.e. separate persons for preparer, checker and approver roles) where feasible. This will enable errors and suspicious transactions to be detected early.

28. The Registry will follow up with the 3 credit co-ops in implementing the consultants' recommendations.

Amendments to the Co-operative Societies Rules, the Schedule to the Co-operative Societies Act and the Model By-laws

29. Amendments were made to the Co-operative Societies Rules following amendments to the Co-operative Societies Act (effective 10 April 2018). The Rules amendments were effective from 22 April 2019 and included changes that were pursuant to the Act amendments, technical updates to provide further clarity, and to provide more flexibility in the administration of the Central Co-operative Fund ("CCF").

30. The Schedule to the Co-operative Societies Act was subsequently amended on 20 June 2019 to streamline the by-law requirements of co-ops.

31. The Registry also updated the model by-laws for co-ops to ensure their alignment with the updated legislation. The revised model by-laws were issued on 10 October 2019 and co-ops were advised to review their own by-laws and make the necessary amendments at the earliest opportunity.

Annual Report Requirement

Members can play a role to improve and strengthen their co-ops by serving as an additional layer of check and balance.

32. The annual report of a co-op serves to update the members of the key activities, financial and other matters of the co-op. The Annual Report Requirement was issued on 10 April 2019 and is applicable to annual reports issued by co-ops from 1 July 2019. The Requirement lists minimum information to be disclosed in co-ops' annual reports.

33. The Committee of Management is elected by the members and is accountable to run the co-op in the members' best interests. Through adequate and timely disclosure in the Annual Reports, members can play a vital role by giving constructive feedback and suggestions to the Committee of Management. Members can also make more informed decisions when necessary.

Minimum Competency and Training Requirements for Credit Co-ops

To discharge their fiduciary duty to their members, the Committee of Management and key officers of credit co-ops must possess the relevant competencies and knowledge on credit co-op governance and management.

34. The Registry introduced the Co-operative Societies (Requirements for Members of Committee and Officers of Credit Society) Rules 2019 on 2 September 2019, which came into effect from 1 November 2019. The Rules require credit co-ops to appoint a Chief Executive Officer ("CEO"), a Chief Financial Officer ("CFO") and if applicable, a Chief Investment Officer ("CIO"). The Rules also require the Committee of Management and key officers to

complete the mandatory induction course. The CEO, CFO, CIO and a member of the Audit Committee additionally have to meet the Minimum Competency ("MC") requirements.

35. The competency and training requirements were developed through a workgroup comprising representatives from the Registry, SNCF and the sector. The credit co-op sector had been kept informed of these proposals, and the Registry also met up with different co-ops to explain the rationale and address concerns. After the Rules were issued, the Registry held a dialogue session with the credit co-ops on 24 September 2019 to help the co-ops understand the new Rules and the relevant training grants available. After reviewing the returns submitted by the credit co-ops in October 2019, the Registry informed each credit co-op of the assessment on whether the co-op's officers have met the MC requirements. The Registry and SNCF will continue to engage the co-ops where the officers have yet to fully meet the requirements.

COVID-19 related initiatives to support co-ops

CCF Support Package

36. The pandemic adversely affected co-ops financially. To mitigate the financial hardship of our co-ops, the Registry announced the Central Co-operative Fund ("CCF") Support Package:

a) the first tier CCF contributions payable by co-ops is reduced from 5% to 0% (i.e. thus no CCF contributions payable for the first $500,000 of operating surplus) for one year; and

b) one-time grant of $2,000 to each eligible co-op.

Alternative Arrangement for Co-op Meetings

37. Alternative arrangements were prescribed for the conduct of co-op general meetings in view of the COVID-19 situation and safe distancing measures, which prevented large gatherings from taking place. The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Charities, Co-operative Societies and Mutual Benefit Organisations) Order 2020 ("Order") was issued by the Minister for Law on 27 April 2020. The alternative arrangements prescribed for co-ops in the Order applied for the period starting 27 March 2020 and ending on 30 September 2020. The Order enabled co-op meetings to (i) be held, wholly or partly, by electronic means or (ii) if necessary, deferred to a date no later than 30 September 2020. To provide additional guidance to co-ops on the conduct of meetings under the Order, the Registry published Guidelines, templates for the AGM Notice and Proxy Form, and FAQs (available on our website www.mccy.gov.sg/coop). The Registry also worked with SNCF to organise a Webinar during which a trainer briefed co-ops on the alternative meeting arrangements. Many co-ops have since held their virtual AGMs successfully.

38. The Order was amended by the Ministry of Law with effect from 29 September 2020. In particular, the Order was extended so that co-ops could continue to rely on the alternative arrangements to hold virtual meetings up to 30 June 2021. This would help keep physical interactions and COVID-19 transmission risks to a minimum.

39. Other refinements were also introduced in the amended Order to facilitate greater convenience and engagement for virtual meetings, for example, real-time electronic voting as an option (in addition to voting by proxy

through post or email). To give a further grace period to co-ops that need more time to overcome practical difficulties in organising meetings, general meetings that are due to be held may be deferred under the Order to a date no later than 31 December 2020.

Other COVID-19 Assistance

40. The Registry worked with other government agencies to assist our co-ops where possible. Credit co-ops were classified as Essential Services hence these co-ops could remain open during the 'circuit breaker' period. Co-ops were also eligible for rental waivers under the rental relief framework for Small and Medium Enterprises.

Postponement of increase in CAR

41. For credit co-ops, the Registry postponed the implementation of the higher CAR from 8% to 10% for one year from 1 July 2020 to 1 July 2021. The revised Written Direction for Capital Adequacy and Restriction on Dividend, and the related revised Written Direction for Unsecured Loans were issued on 21 May 2020.

42. The Registry had engaged co-ops below 10% CAR to understand their difficulties in meeting the requirement and the impact of the intended increase of CAR. The Registry considered the feedback and noted the challenges faced by some co-ops. We also note that given the COVID-19 situation, co-ops' CAR may be affected and a longer lead time may be necessary to meet the higher CAR. While we gave the one-year extension, we still strongly encourage all credit co-ops to plan ahead and take the necessary steps to meet or maintain the minimum 10% CAR requirement.

DEVELOPMENT AND PROMOTION OF THE SECTOR

Contributions from Co-ops

43. The Co-operative Societies Act requires co-ops to contribute 5% of the first $500,000 of their annual operating surplus to the Central Co-operative Fund ("CCF"), and 20% of any operating surplus in excess of $500,000 to either the CCF or the Singapore Labour Foundation ("SLF").

44. The CCF is used to further co-op education, training, research, auditing, and the general development of the co-op movement in Singapore.

45. 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.

46. For the financial year ended 31 March 2020, co-op contributions to the CCF was **$3.3 million**. For the financial year ended 31 December 2019, co-op contributions to the SLF was **$72.2 million**.

Central Co-operative Fund Committee

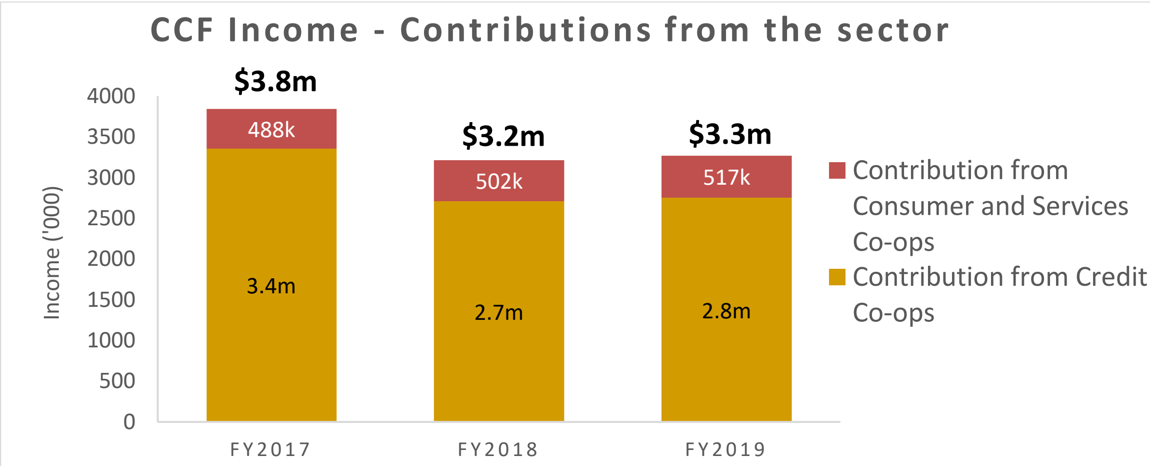
47. The Minister for Culture, Community and Youth appoints the CCF Committee to oversee the CCF. The current Committee is serving a three-year term effective from 1 March 2018.

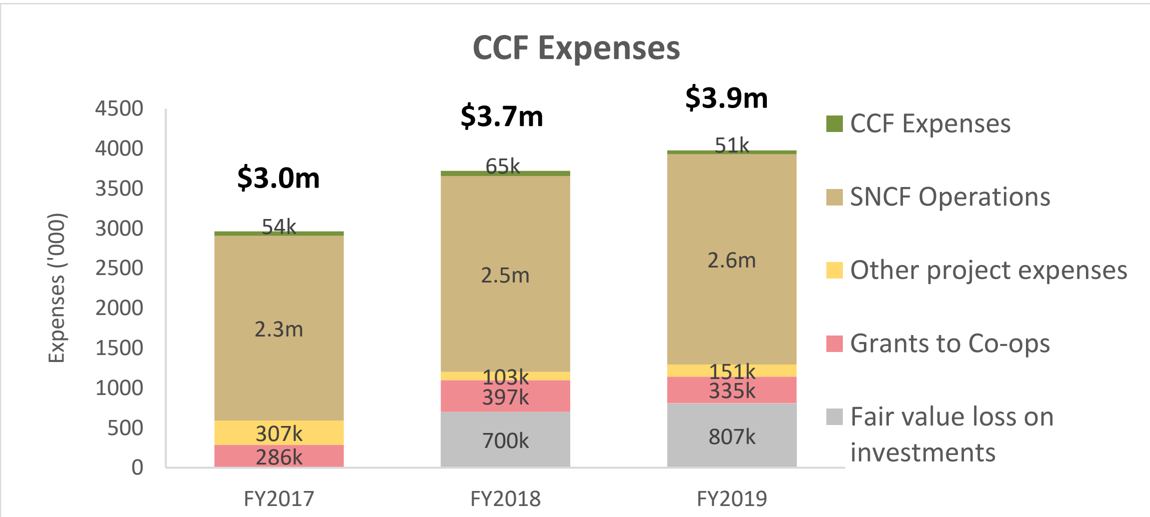
48. The Committee comprises of the following individuals:

Position in Committee	Name	Organisation
Chairman	Mr Tan Kian Chew	Chairman, Centre for Seniors
Members	Dr Ang Hak Seng	Executive Director, Registry of Co-operative Societies
	Mr Kwek Kok Kwong	Chairman, Singapore National Co-operative Federation Chief Executive Officer, NTUC LearningHub Co-operative Ltd
	Mr Ma Wei Cheng	Former Adviser, Amalgamated Union of Public Employees
	Mr Yoong Ee Chuan	Secretary, Ngee Ann Polytechnic Consumer Co-operative Society Limited

49. The co-op industry body, SNCF serves as Secretariat to the CCF. SNCF 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.

50. The following graphs illustrate the CCF contributions[14] received from co-ops and its expenditure[15] for the past 3 financial years.





[14] Contributions from co-ops make up about 90% of the CCF's income. Other components (not reflected above) are interest income, surplus from investment management and other income.
[15] "Fair value loss on investments" was added as a new expenditure due to updates in Financial Reporting Standards ("FRS").

51. As Secretariat to the CCF, key initiatives by SNCF to promote and develop the sector during the financial year are highlighted below.

Capability Building and Grants

CCF Grants – The CCF grants aim to improve co-ops' capabilities and operations so that they can better serve their members. In 2019, $335,000 in CCF grants were disbursed. The majority of the grants were disbursed to assist co-ops in manpower costs for hiring an accountant ($127,000), training grants ($37,000), and internal audit grants ($36,000).

In 2019, There were about 830 attendees attaining almost 3,300 training hours

Training Courses – SNCF arranged courses and provided training materials to improve the co-ops' governance and raise their capabilities. The customised courses included the mandatory induction courses and other topics such as corporate governance and financial accounting. SNCF also arranged talks for the sector on Anti-Money Laundering/Combating the Financing of Terrorism ("AML/CFT") Regulations, Personal Data Protection Act, as well as Leadership, Talent Retention and Strategic Planning. Due to the COVID-19 situation, SNCF has arranged for the customised courses to be conducted virtually in 2020.

International Co-op Conferences – International conferences allow co-op officers to learn about emerging trends around the world and best practices for the sector. Co-ops may apply for the CCF Development Grant to take part in local or overseas seminars or conferences.

Thirteen officers from the co-ops and SNCF attended the World Credit Union Conference held in the Bahamas. Twenty-three officers also attended the Association of Asian Confederation of Credit Union Forum in Malaysia and seven officers attended the International Co-operative Alliance Conference & General Assembly in Rwanda.

CCF Scholarship – SNCF administers the CCF Scholarship programme and disbursed $130,000 to 10 scholars who are pursuing degree courses.

Collaboration & Co-operation

Collaboration between co-ops and with coop clubs[16] – SNCF set up the "Collaborative Affiliate Directory" on their website in 2018, which highlights co-ops' products and services. This also allows co-ops to learn about one another and seek partnership opportunities. There were 3 new collaborative projects in FY2019.

SNCF also connected about 1,000 students (from coop clubs) with co-ops to learn about their businesses, social missions and how co-ops are different from other business models.

Sustainable Development Goals ("SDGs")[17] – This initiative aims to create awareness of the United Nations SDGs to the co-op movement. In FY2019, 10 co-ops participated in 6 programmes related to 3 SDGs, namely Health and well-being, Reduced inequality as well as Decent Work and Economic Growth.

[16] Coop clubs are managed by and under the purview of the school in which they operate from, to raise awareness and empower youths to gain first-hand experience of running a social enterprise based on co-op values. Coop clubs are not registered co-ops hence they are not regulated by the Registry.
[17] The SDGs are 17 goals adopted by all United Nations Member States for a better world by 2030.

Central Investment Fund ("CIF") – SNCF, as the Secretariat to CCF, launched CIF in April 2019 to enable co-ops to pool funds together with CCF for professional management of investible funds at lower management fees. Four co-ops have jointly invested in CIF.

Awareness Building

Hosting Overseas Delegates – SNCF hosted 7 overseas delegations in 2019, The visits allow SNCF to share about the local co-op movement in Singapore and to explore possible collaborations in the future.

Bicentennial Commemoration – SNCF held four pop-up art events from September 2018 to October 2019 in conjunction with the Singapore Bicentennial Commemoration. The first three events held in September 2018, February 2019 and July 2019, featured the 4 different sectors in the co-op movement, namely credit, service, youth and NTUC co-ops.

The last event, themed "Better Together", was held from September to October 2019. It showcased all co-op sectors, as well as the past, present and future possibilities of the movement. During the event finale on 18 October 2019, President Halimah Yacob launched the commemorative book, "Singapore Co-operatives, Singapore Stories". The book traces the history of Singapore co-ops and highlights the important contributions made by co-ops towards nation-building.

Building awareness – In FY2019, SNCF started a new initiative to engage industry partners to create awareness on co-operatives. The aim was to encourage more entrepreneurs to set up co-ops to do well and do good.

Schools – There were 6 new coop clubs formed during the year. As at 31 March 2020, there were 19 coop clubs. In February and March 2020, the SNCF Campus and Youth team led 250 students to pack hampers and make thank you cards to show care for those on the frontline of the Singapore's fight against COVID-19.

THE YEAR AHEAD

Efficiency Workgroup

52. To continue to thrive in the industry, credit co-ops should seek to be more efficient in running their businesses. The Registry and the SNCF are studying ways to help credit co-ops improve their efficiency and productivity. This is part of our continuous efforts to uplift the standards of credit co-ops, to better meet their members' needs and safeguard members' interests.

Digitalisation Plan

53. With more people adopting technology in their everyday lives, the Registry recognises the importance of improving digital capabilities to ensure the continued progression of the sector. The Registry seeks to work closely with the co-ops to strengthen digital capabilities and provide required resources.

Concluding note

54. COVID-19 has presented many challenges, but it has also surfaced opportunities. The Registry is grateful for the close partnerships with our stakeholders and the sector. We look forward to continued collaboration to enhance the sector further. Together, we can emerge from this period a stronger and more confident sector, focused on meeting the needs of members and showing care for the community.

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:** 24 Oct 2018	30 Jun 2010 **Revised:** 1 Nov 2018
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:** 21 May 2020	1 Apr 2012 **Revised:** 21 May 2020
Submission of Financial Returns	2 Feb 2012 **Revised:** 7 May 2013	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:

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

"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.

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:

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

"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; and

e) special investments up to 10% of the total assets of the credit society.

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.

Co-ops may also invest in special investments ("SI"), up to 10% of the total assets of the credit co-op, subject to conditions. Investments in SI above 10% of total assets will be counted as RI. The SI refer to investments in the Central Investment Scheme ("CIS"), which is an investment scheme established in conjunction with the Central Co-operative Fund, to allow co-ops to pool and invest their funds with a fund manager.

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.