



CENTRAL BANK of SOLOMON ISLANDS

P.O. BOX 634, Honiara, Solomon Islands

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Thursday 28th November 2024

ROCU Introduces New Guidelines to Ensure Responsible Allowances for Credit Union Directors and Committees.

The Registrar of the Credit Union (ROCU) has issued a new Practice Guidance Note 5 (PGN5) on Allowances for Member of Board of Directors and Committees of registered credit unions in Solomon Islands. The PGN5 aims to establish minimum guidelines for all credit unions to manage the process and payment of allowances effectively and responsibly, thereby safeguarding the operational stability and financial viability of credit unions.

The primary objective of PGN5 is to ensure that allowances and relevant expenses are paid in a reasonable manner, adhering to the provisions of the Credit Union Act 1986 [Cap 165], its supplementary by-law and established sound management practices.

ROCU has finalized the PGN5 following industry consultation that commenced in July 2023. The new PGN5 will be effective from 1 January 2025.

The need for a new PGN5 has arisen as a result of risk-based assessments undertaken by ROCU. Specifically, ROCU is concerned about the significant proportion of credit union expenditures directed towards allowances paid to board of directors and committee members.

Excessive allowances and personal expenses paid to credit unions directors and committee members may pose a potential threat to the long-term sustainability and financial viability of the credit unions.

This new PGN5 will strengthen the management of allowances and related expenses across the credit union sector.

ROCU expects registered credit unions to adopt a proactive approach in preparing for the PGN5's implementation.

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For more information, contact the **Central Bank of Solomon Islands (CBSI)** on 21791 or Email: info@cbsi.com.sb / Website: www.cbsi.com.sb

The Central Bank of Solomon Islands (CBSI) is the premier financial institution in the country and is at the center of the banking and financial system, performing a number of essential functions including formulation and implementation of the country's monetary policies. CBSI is the only authority in the country that exercises discretionary control over the country's entire monetary system.