

# LCU NEWS

Spring

2013



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## Chairman's Report Financial Year 2012 - 2013

On behalf of the Board, I am pleased to present to Members the 2013 Annual Report for Laboratories Credit Union Limited.

### Financial and Operating Performance

Firstly, I am sure all Members will be pleased that their financial institution remains strong and focused on serving the needs of its customers. LCU achieved a modest overall asset growth of 5.62% in 2013 which was pleasing in a market characterised by slow demand for housing lending in our key market. Whilst credit growth was flat due to the slowing of credit demand and the rapidly increasing savings levels of Australians (our Members included), the credit union was able to grow total deposits by 5.88%.

LCU has, despite a tough business environment, continued its long-standing record of strong financial performance over the past year. LCU's net profit after tax of \$589,000 represents a return on assets of 0.36%. Collectively owned by our members, this profit is reinvested into LCU for the benefit of all members. The result is particularly pleasing considering the challenging and the

intensely competitive market conditions of the past year.

LCU continues to offer competitive term deposit rates helping our members earn good returns in one of the safest banking environments in the world. Additionally, LCU's low operating costs and minimal impaired loans and fraud costs contributed to a strong capital adequacy of 17.56% as at June 30.

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## Spring into your First Home

### SPRING into your first home with an LCU BAREFOOT LOAN

Stop Dreaming... We have the perfect Spring deal for you!!

- Special 0.50% DISCOUNT for the first 3 years of your loan
- No application or exit fees
- Assistance up to \$800 for legal fees and valuation costs
- FREE REDRAW with internet access & FREE OFFSET
- No ongoing fees or annual fees

Offers available to all LCU members, their family and friends





## Veda Fee

From November 1st the fee for a Veda credit check (When applying for a loan) will be \$15.

### USING EFTPOS??

With a no cash out transaction press Credit and Pin!



## Multi-currency Cash Passport™ launches mobile optimised account access

Multi-currency Cash Passport is proud to announce that we have launched a mobile optimised site. This site will make it easier for travelers to access the "My Account" functionality on their mobile devices and tablets, including the popular iPhone and iPad.

This service will make accessing account information more practical when travelling and give customers the freedom to check their balance, transaction history and move money from one currency to another, all with the use of their mobile devices.

Simply go to "My Account" from our web site [www.cashpassport.com.au](http://www.cashpassport.com.au) and access your account details.



## Say Goodbye to the Floating Keyboard

Goodbye!

Our last member survey showed a strong dissatisfaction with the Internet Banking use of the Floating Keyboard to login. Taking our members' suggestion, we will be removing this feature. This will also be much easier for those with smartphones and smaller devices using Internet Banking on the go.

For any new payees or billers there is the added security of either the SMS one time password or the TA Password.

For more information contact LCU today.



# SECURITY TIP

## PASSWORD SECURITY

Do not write or store your passwords where it would be recognisable, especially on your computer in a document, if your computer is infected with malware, your password could be harvested from the document.

Click 'NO' on websites to 'remember' your password, especially if you have access to a shared or public computer.

If you have multiple accounts, ensure the passwords are not the same for all. This will prevent the other accounts being at risk should one be compromised.

Change your password every few months. Use a PASSPHRASE to help you remember.

A passphrase can be a word or sentence you remember, and then change some of the characters to make a strong password. For example, greenjellybeans Gr33nJBe@n\$. This way as long as you remember which alterations you've made, you can write down the phrase and keep it near your computer or wallet, if your password is found, they will have a hard time de-coding it.



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### **Wider economic landscape**

While areas of the economy performed well, others particularly those which represent LCU's traditional market, were subdued. It is significant that the Reserve Bank of Australia reduced the cash rate during the year by a further 75 basis points from 3.50 percent to 2.75 percent indicating a continued restrictive monetary policy to a material easing in an effort to kick-start consumer confidence and spending. As a result, the financial services marketplace became increasingly competitive over the year. Subdued consumer demand for credit and a marked swing to saving over spending meant that competition for customers - in both lending and saving - became fiercer. While this is good for members it has put real pressure on smaller lenders including LCU.

### **Compliance and Regulatory changes**

LCU continued to manage more changes in compliance with the EFT Code being replaced by the E-Payments Code, changes required by Basel III for Capital and Liquidity reporting. Further changes to the Privacy laws to allow 'positive' credit reporting enhancements to the National Consumer Credit Protection Act 2009 to allow changes to the Hardship Provisions.

### **Member Services and Marketing**

2012/13 was another busy year with many changes and improvements to member services, with just but a few examples:

- Website - a major revamp of LCU website was done to make it easier to navigate and be more user friendly for our members.
- e-Statements – introduced during the year, this will make it easier for web-savvy members to access their monthly statements online and in their own time. It also forms part of LCU's strategy to reduce its carbon footprint.
- The introduction of the Mortgage Loan Offset Account.

### **Scholarships**

As part of its commitment to the community and education, LCU has been awarding Scholarships since 1991, and this year each scholarship was worth \$900. Scholarships are awarded to members or children of members, who have completed the HSC and are progressing to a tertiary institution or who have completed a TAFE Associate Diploma or Certificate. Dr Cathy Foley, Chief of CSIRO Materials Science and Engineering division and I presented the winners with their awards, congratulated them on their 2012 HSC and TAFE results and wished them all every success in their chosen field of study and employment.

### **Mutuality benefit**

The Board remain strong supporters of the mutual or customer owned banking model. Mutuals provide a vital competitive check on the major banks in Australia and it is no accident that the sector serves approximately 4.5 million members nationally. Mutuals are, by definition, better able to place the interests of their customers first. Regardless of their claims the larger listed banks primarily exist to make ever larger profits for their shareholders. We believe the mutual sector has a strong future in Australia and much more so than its present competitive position indicates.

### **Board and Staff**

I would like to take this opportunity of publicly thanking my colleagues on the Board, Management and all staff for their dedication and work during the past year.

Ms Ashleigh Cassilles, LCU's Marketing and Business Development Officer resigned in June 2013 and we wish her well in her future endeavours.

Following the resignation of Ms Janine Clark who resigned from the Board in December 2012, the Board welcomed Mrs Allison Smart, who brings a wealth of law experience to the table. Mrs Smart was appointed as a Director in December 2012, after serving as an Associate Director.

I would like to thank my fellow Directors, Dr Anita Andrew (Deputy Chair), Mr Kieran Greene (Chair of the Board Risk Committee), Mr Ian McDonald, Dr Tony Murphy, Mr Peter Steele (Chair of the Board Audit Committee), Dr Scott Martin and Mrs Allison Smart for their valuable contribution to the governance of LCU over the past year. I would also like to welcome Dr David Mitchell as an Associate Director.

### **Looking Forward**

As I have mentioned, it was a difficult marketplace for financial services, and importantly one that shows every sign of being replicated in 2013/14. Signs of demand growth and increased consumer confidence are still fragile, and at risk of international pressures and often irrational markets. This adds considerable additional pressure to the already large day-to-day load on Management, staff and the Board, but pressure that has brought out the best in all. There is no reason to think this will change. Investment in marketing, service and product innovations will continue as this is seen as vital and importantly sets LCU up for the future.

Of course LCU members are integral to the future success of our credit union. So thank you for your continuing support of LCU and for the trust you place in the Board, management and staff.

Frank Benito de Valle  
Chairman  
18 September 2013

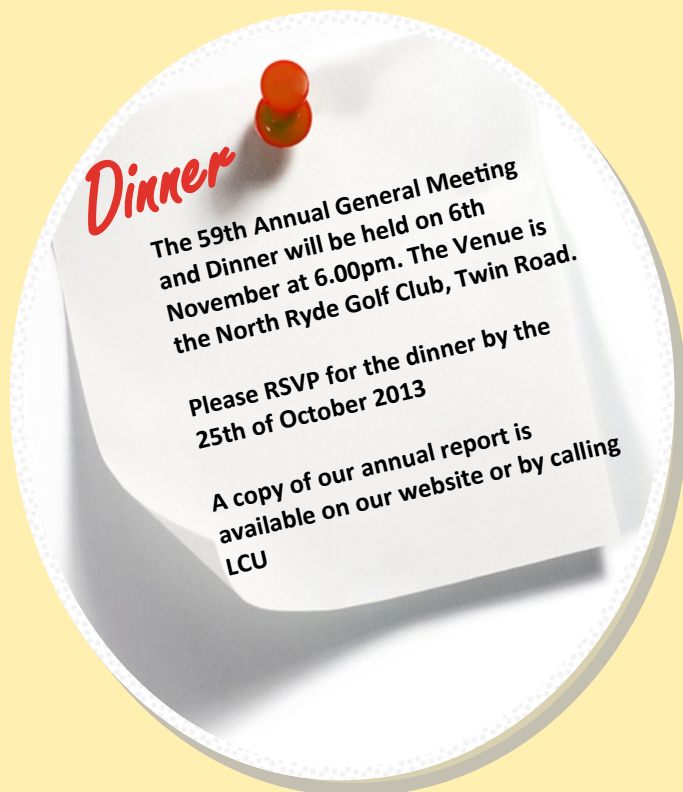


A big thank you to our LCU members and staff who purchased Daffodil Day merchandise.

With all your kind donations we were able to help support the NSW Cancer Council fund their vital work in cancer research, prevention and support services. What a great effort!



## Notice of Annual General Meeting



### Laboratories Credit Union

(02) 9859 0585/0533 FAX (02) 9859 0555  
PO BOX 1967 MACQUARIE CENTRE 2113  
1 The Village, RIVERSIDE CORPORATE PARK  
JULIUS AVENUE, NORTH RYDE 2113

Email [info@lcu.com.au](mailto:info@lcu.com.au) -  
[www.lcu.com.au](http://www.lcu.com.au) - **LCUDirect**  
(02) 9859 0500

Laboratories Credit Union Ltd  
ABN 77 087 650 217 AFSL / Australian Credit Licence  
240807



### Join our online community!

Want to interact with other members and be the first to know about news and special offers?

LCU is active on Facebook and Twitter so please drop by and say hello:

[www.facebook.com](http://www.facebook.com)  
search for Laboratories Credit Union  
[www.twitter.com/LaboratoriesCU](http://www.twitter.com/LaboratoriesCU)

