

JNBS, Jamaica Savings and Loans to merge

CASH RICH JAMAICA National Building Society (JNBS) is to take over the financially strapped Jamaica Savings and Loans Building Society (JLSBS)

However, this cannot be done until at least two-thirds of JNBS members present at the special meeting vote in favour of the merger

The management of JLSBS held a special general meeting on April 11, 2001, where members voted in favour of the merger. JNBS has arranged to have its special general meeting tomorrow at 4.30 p.m., at its Half-Way Tree head offices, where at least two thirds of its *members present are required to vote either in favour of the merger or against it.* However, sources at the two building societies are confident that the members will vote in favour of the merger.

Corporate communications manager at JNBS, Alison Binger, said if after the meeting on Thursday and two thirds of the members present voted against the merger, JNBS and JLSBS would apply to the Minister of Finance for his consent to the transfer of engagements.

"If the minister deems it fit and is satisfied that all the requirements have been fulfilled, the transfer of engagements will then take place," said Mrs. Binger.

Over the past five years JLSBS has been facing severe financial constraints in its overall operations, forcing it to close two of its branches, and certain cost-cutting mechanisms were put in place to drive the institution through a channel of operation efficiency. However, the financial haemorrhaging continues.

A spokesman at the institution, said that the financial position of JLSBS has been deteriorating for many years, and blamed the country's 'vicious economic cycle' for the financial predicament in which the institution finds itself.

"We are aware of the problems and we have put in place certain mechanisms to deal with it, but the economic climate in which we have been operating for the past 10 years is the major contributor to our current situation.

"We believe that merger is the only prudent option at this time, and we are merging with the largest building society in the country. I hope

(their (JNBS) members will see it the way ours have seen it, and vote for the merger," said the spokesman.

From this merger JNBS stands to gain an additional 9,000 members, a saving portfolio of \$253.9 million, a mortgage portfolio of \$123.7 million, and total assets of \$325 million.

Currently, Jamaica National Building Society's total assets stand at \$19.54 billion, its savings portfolio at \$16.8 billion and a mortgage portfolio of \$6.25 billion with a total membership of 441,843. JNBS's general manager Earl Jarrett speaking to **Wednesday Business** said: "We feel this merger is of benefit to both JNBS and JLSBS in that the market is very competitive and we can as a merged entity lower cost per unit of transactions. It gives JLSBS an opportunity to make use of services and arms it does not have

but JNBS has, such as our recently strengthened technology department (implementation of the Phoenix system)."

The merger will give us a presence in Gayle, St. Mary which we don't have and JLSBS's assets of \$325 million will give the merged body critical mass."

Mr. Jarrett drew attention to the high cost of compliance regulations that goes with being a mutual and that cost would be less to bear as a single merged building society.

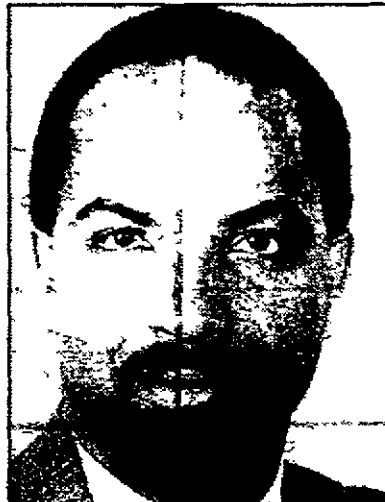
There are now only three mutual building societies in Jamaica, namely Victoria

Mutual Building Society, JNBS and JLSBS.

JNBS itself is a product of mergers with a number of rural societies. JNBS began life in 1967 as Manchester Mutual Building Society, coming from The Westmoreland Building Society, and in 1970 merged with St. James Benefit Building Society and Brown's Town Benefit Building Society. In 1970 it changed its name to Jamaica National Building Society. In 1976 it merged with St. Thomas Mutual Building Society and the following year Jamaica Permanent Building Society was merged with it.

In 1983, St. Mary Benefit Building Society joined JNBS and in 1996 and 1997, Hanover Benefit Building Society and First Metropolitan Building Society were merged respectively.

JLSBS board headed by Howard Hamilton of the Jamaica Lottery Company, includes Oliver Chen, Andrew Issa, Larkin Hall, Jennifer Martin and Richard Lake.



Jarrett ■