

KOPEKS growing from strength to strength

By CHEANG POH HWA

KOTA KINABALU: Sabah Government Employees Co-operative Society Bhd (KOPEKS), a cooperative society for Sabah government employees, has returned to the pink of health in its balance sheet after experiencing losses annually from 2000 to 2004.

The first half of this year, its balance sheet reflected RM1.4 million in nett earnings, an impressive performance notwithstanding the uncertainty of market conditions, and against the whole of last year's record of RM1.38 million.

Under the leadership of KOPEKS dynamo chairman Datuk Maznah Abdul Ghani, who is also the deputy state secretary, placed high on the agenda is the welfare and interests of the members. She says the board members are all of high calibre and integrity to make sure there is no abuse of power and authority.

"Candidates to the board are thoroughly screened and their character and background checked by the Malaysian Cooperative Commission (SKM) before they can stand for election," she said as to how stringent the requirement to be a policy-maker of KOPEKS.

She is reluctant to be drawn into discussing the past, but sufficed to say much can be learnt from history to avoid the mistakes. She makes a point that the board should confine itself to policy-making while the day to day running be left to the management headed by its CEO Buvil Angkui, who is an experienced banker and Australian qualified accountant.

After the rehabilitation of KOPEKS by SKM and Rakyat Assets Management (RAM) four years ago during its bumpy patch, its governance has been transformed to one that is accountable and transparent.

"Amid the economic slowdown," she said, "good governance is the key to ensure a heightened sense of responsibility towards the welfare of the members. As a result, KOPEKS becomes more responsive to the changing business environment."

The cooperative chairman



is appreciative of SKM and RAM for successfully managing KOPEKS and returning the mandate of its members to its original objective.

The core business of KOPEKS is extending credit line to members. The maximum personal loan it can finance is up to RM100,000, depending on income and capability. Smaller loans are from RM3,000 and below. Emergency loans have been increased from RM3,000 to RM10,000 without guarantorship.

The loans are usually processed and approved within three working days if all the documentations are complied with. It's hoped that this line of service will serve to avert members from falling into the clutches of loan sharks.

Of its lending assets, it has been on an upward curve from RM9.31 million in 2005 peaking at RM25.6 million up to end of June 2009.

In addition to this, KOPEKS has a franchise agreement to pioneer into Islamic pawnbroking with Rakyat Managements Services, a subsidiary of Bank Rakyat – the only cooperative bank in Malaysia – under the brand name Ar-Rahnu X'Change. This is open to the public.

Unlike the commercial pawn shops which charge high interest rates, Ar-Rahnu is differentiated by its religious principles of al-Wadiah and Qardul Hassan.

Al-Wadiah refers to the full responsibility of the bank in safeguarding the deposits of

Ar-Rahnu, the deposit is in the form of gold. A minimum fee is charged for the safekeeping based on the current value of gold each month.

Under Qardul Hassan, the loan is interest-free. The borrower is only required to repay the principal amount borrowed, but he may pay an additional amount at his absolute discretion, as a token of appreciation.

The two principles require the operation to be transparent, honest and accountable.

The pawn products are in gold jewellery 22k to 44k. The pawn period is six months. Extension is in multiples of six months, subject to safekeeping fee for the past six months. Quantum of financing is up to 65 per cent of the pawned gold value (Marhun value). Each pawned item should not exceed RM10,000.00 per day and a cumulative amount of RM50,000.

One advantage of using KOPEKS credit facilities instead of the bank is that the dividends are returned to the members who are also the shareholders and have a say in the running of the cooperative.

"In the case of borrowing from the bank, you are only a borrower and have no share in its profits," she points out.

Datuk Maznah has laid down KOPEKS' direction and plans for next five years (2009-2011). First and foremost, it's to improve the financial packages for its members.

Secondly, it targets the total loans by as much as RM150 million within three years, or an average of RM4 million a

Thirdly, the cooperative sets to enlarge its membership base, especially attracting the senior echelon of the civil service by 7,200 members within three years.

Fourthly, it seeks to enhance its scope of business in order to improve its financial position and sources of income. KOPEKS will look out for opportunities with competitive advantage.

Fifthly, it hopes to develop its ICT so that KOPEKS will become a one-stop centre for salary deductions and to conduct its business activities through e-commerce.

Sixthly, KOPEKS will improve its financial management and strategies to achieve turnover of RM20 million for every year from 2009 to 2011. If this is accomplished, it would be able to pay higher dividends to the members.

Last but not least, KOPEKS will work closely with the SKM and both the state and federal governments to ensure that the cooperative will be well managed.