

## NOTE TO THE ILO STAFF UNION COMMITTEE ON THE REQUEST FOR THE CREATION OF CURRENT ACCOUNTS IN EUROS BY THE MEC

1. The MEC (*Mutuelle d'Épargne et de Crédit*), officially known as the International Civil Servants' Mutual Association (<http://www.lamutuelle.org/>) is intended essentially for international officials of organizations with headquarters in Geneva. In addition to the United Nations Office at Geneva (UNOG), it covers 11 affiliated organizations (one of which is the ILO), providing services to their Geneva-based staff, to internationally recruited civil servants and to retired officials living on both sides of the border in the Geneva area.
2. As its original name suggests, the MEC provides its members with savings and credit services in the form of Swiss franc loans and deposit and current savings accounts.
3. Initially the MEC's operations were conducted entirely in Swiss francs, until in 2006 it was decided to allow members to open accounts functioning exclusively in US dollars and with a much higher interest rate than the Swiss franc accounts. (Swiss franc current accounts earn interest at a fixed rate of 0.5 per cent, while the dollar accounts are remunerated at a variable rate which over the years has ranged between 2.0 and 4.5 per cent, depending on the return on investments.)
4. At the time, the introduction of dollar accounts was justified by the strong demand for this product (see <http://www.unspecial.org/UNS666/t35.html>). Conversely, the initial reason for not making a similar product available in euros was the lack of demand. Moreover, it was argued that computerized accounting in a currency other than the Swiss franc was too complex and the cost in material and human resources too high.
5. The MEC's balance sheet for 2008 does not mention the number of dollar current accounts that have been opened. On the other hand, it does show that the interest paid in 2008 on roughly 822,000 dollars in revenue was 650,000 dollars (78.6 per cent), with overheads accounting for 49,000 dollars (6 per cent) and computerized accounting costs for 5,000 dollars (0.6 per cent). In terms of assets the dollar accounts as a whole were worth 30.3 million dollars, 50 per cent more than the Swiss franc accounts (21.6 million CHF, or 20.7 million dollars at the 31 December 2008 rate of 1.046 USD/CHF), yet the interest they earned was 5.67 times higher (647,000 dollars against 109,000 CHF).
6. The dollar accounts are thus remunerated at a level that is unheard of for assets in Swiss accounts, without the beneficiaries apparently having to bear the real cost of managing the product.
7. Experience shows that dollar accounts are a very expensive proposition for the MEC, not because of inordinately high management fees but because the operating costs involved are borne not by the product itself but by the membership as a whole.
8. In theory, then, there is nothing to prevent the MEC from creating an equivalent product in euros, other than its excessive prodigality vis-à-vis the holders of dollar accounts whose virtue would seem more a matter of speculation than of mutual welfare or mere convenience.

9. It must be borne in mind that the MEC is first and foremost a mutual welfare institution designed for serving and former officials in the Geneva area who have no access through other United Nations institutions to the financial products they need - whereas dollar accounts are freely available at the United Nations Federal Credit Union (UNFCU).
10. In practice many serving and former officials eligible for membership of the MEC manage their day-to-day affairs in euros rather than Swiss francs. But the two currencies do not necessarily follow the same trend, and switching from one to the other incurs exchange fees that are not insignificant.
11. The MEC, which thanks to the generosity of the membership as a whole was able to respond swiftly to the demand of a relatively small segment of the staff for financial products expressed in dollars, has no reason not to respond likewise to a demand for suitable products coming from the great majority of its members living in the Geneva area, who are after all its stock in trade.
12. However, Geneva-based members have no way of making their voice heard by the MEC's managers. No procedure exists whereby a proposal that does not meet with the managing bodies' approval can be adopted, even if it reflects the will of the vast majority of those who are to all intents and purposes the MEC's shareholders and who, through the interest they pay or the sums they place in their accounts, finance the entire range of services that the Association provides.
13. The undersigned, former ILO officials and long established members of the Staff Union, therefore appeal to the Staff Union to support them in their efforts to mobilize the interested parties and to persuade the managers of the MEC to accept what is basically a common-sense proposal: that members of the MEC be allowed to open accounts locally in the principal currency used for conducting transactions in the Association's area of operations, namely, the Euro.
14. The Staff Union can lend its support to this mobilization campaign by contacting the MEC's managers directly and by forwarding this Note to all its members (including former officials), as well as to the Geneva-based members of the CCISUA and FICSA. In doing so, the ILO Staff Union will be complying with article 3 (a) of its Rules, by improving "conditions of employment, work and welfare in the widest sense" and defending "the interests of persons formerly in the employment of the ILO".
15. Many thanks in advance!

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