



**World Council
of Credit Unions**

2015 ANNUAL REPORT

**IMPROVING LIVES
THROUGH CREDIT UNIONS**



We are *the* global



Trade
Association



Development
Agency



Foundation



Digital Financial
Services Group

for **CREDIT UNIONS**

OUR MISSION is to improve lives through credit unions.

WE BELIEVE that all people have the right to affordable, reliable, and accessible financial services.

OUR VISION is to expand financial inclusion worldwide through the global credit union community.

OUR VALUE PROPOSITION: World Council builds, champions, defends, and grows a global credit union community that improves lives.

In 2014, we committed to **Vision 2020:** the global campaign to add 50 million new credit union members worldwide by the year 2020.

At that time, our global credit union community served **208 MILLION MEMBERS** and continues to grow.

Please read on to learn how we got closer to achieving our vision in 2015.

WHAT IS VISION 2020?

A global membership growth campaign, initiated in 2014 by World Council of Credit Unions, to extend credit union services to at least 50 million new people by the year **2020**.

2013  **2020**
208 MILLION **260 MILLION**
MEMBERS WORLDWIDE

THE ISSUE

2 BILLION PEOPLE are unbanked¹

55%
are
women



54%
are of the poorest 40%
of households in
developing countries



54%
are young
adults (ages 15–24)



Most common reason for not having an account:
lack of money to use it

WHY CREDIT UNIONS? They:

Are member-owned, not-for-profit financial cooperatives

Belong to a global community of over 57,000 credit unions in 103 countries

Provide quality and affordable financial services to their members

Serve those who need it most, including rural residents, women and the young

HOW?

World Council will work with credit union systems to:

- 1 Provide technical assistance and training to credit union management and board of directors
- 2 Reduce regulatory burden
- 3 Increase young adult outreach

- 4 Implement financial education programs
- 5 Offer robust product offerings
- 6 Expand remote access to services via technology
- 7 Link payment networks to financial services

The World Bank has included Vision 2020 as part of their commitment for universal financial access by 2020. Learn more at www.woccu.org/Vision2020.

LEADERSHIP REPORT

In previous years, we have addressed the pressures on credit unions: regulatory burden, payments innovation, membership growth, sustainability of small credit unions, and non-traditional market entrants. In 2015, we looked at the pressures on cooperative cohesion and association. Cohesion has always been based on shared values, promise, and quality.

With the increasing costs of and resulting consolidation of credit union systems, the measure of strength of association is less the number of credit unions and more the number of members and the quality of consolidated assets. Around the world, variations in emerging models drive variations in identification with the cooperative financial model. In some cases, we see polarization between institutions and the resulting conflicting demands on associations.

With voluntary choice of association heightened in the market, it is the value proposition of association today that determines the willingness of credit unions to be part of a system. Everywhere today legislation and regulation provide the common challenge that binds together association. A common value of association is both the pooled support for advocacy and the consistent message. The common voice is always stronger. Credit unions and mutuals still find value in networking with one another about common concerns such as cyber security, membership growth, or fin-techs. The challenges of sustainability of small institutions provides clear economic rationale for business collaboration, such as shared platforms or credit union service organizations.

The value of cohesion is driven not only by shared values, but also by shared threats of restrictive and burdensome regulation. Defense of the credit union or the mutual brand becomes the core service at the association level. Strong local institutions and strong national associations build public confidence, influence policy makers, and achieve growth. Proactive and aggressive advocacy at the local level, at the national, level and at the international level is a critical service of association built on a strong financial cooperative base.

In 2015, the World Council of Credit Unions worked to address these challenges for credit unions and their associations worldwide through our various programs. We invite you to learn more.



Anne Cochran
Chair



Brian Branch
President and CEO



ANNE COCHRAN
Chair



BRIAN BRANCH
President & CEO

2015

HIGHLIGHTS

MEMBERSHIP

- Our **membership** grew to **108 organizations** representing **89 countries**. The board approved direct membership for the National Credit Union Federation of **Korea**, and associate membership for the **African** Confederation of Cooperative Savings & Credit Associations and the Association of **Asian** Confederation of Credit Unions.
- **Anne Cochran** was named the **first-ever female chairperson** of our board of directors. As the president and CEO of the Louisiana Credit Union League, she has over 15 years of global credit union experience, including eight years of service on our board of directors.
- Our **World Council Young Credit Union People (WYCUP)** program celebrated its **15-year anniversary** and launched the **WYCUP Alumni Network** to offer international peer-to-peer engagement opportunities to past and new participants.
- Our **Board of Directors** visited our members in **Ukraine** to better understand challenges facing the nation's credit unions and provide support.



ADVOCACY

- We achieved a better regulatory environment for credit unions through our advocacy efforts before international standard setting bodies based in Basel, London, Paris, and Brussels.
- The European Parliament Credit Union Interest Group, which we helped launch in 2014, held its **first formal meetings** in 2015 to discuss how credit unions can promote the financial inclusion of Europeans of modest means in the face of expanding compliance burdens.
- We published a new edition of the **Model Law for Credit Unions** to provide credit union movement leaders and other policymakers an updated international standard for credit union legislation.
- The **Basel Committee on Banking Supervision's Guidelines for Identifying and dealing with weak banks** (July 2015) included significant changes urged by World Council in order to limit regulatory burdens on credit unions. The final version of the standard removed a proposed statement to the effect that all financial institutions should be "subject to the same supervisory and regulatory framework" regardless of asset size or charter type. In addition, the Basel Committee also did not finalize similar statements which could have been interpreted as requiring demutualization of credit unions.
- **World Council also helped limit regulatory burdens on credit unions in 2015** through our advocacy before the Basel Committee regarding its Corporate Governance Principles for Banks standard. At our urging, the final version of the standard states expressly that it "does not advocate any specific board or governance structure" and that "implementation of these principles should be commensurate with the size, complexity, structure, economic significance, and risk profile of the bank and the group (if any) to which it belongs. This means making reasonable adjustments where appropriate for banks with lower risk profiles, and being alert to the higher risks that may accompany more complex and publicly listed institutions."
- **World Council successfully engaged the Financial Action Task Force (FATF) in 2015** regarding the phenomenon of banks "de-risking" their customer bases by ceasing to do business with credit unions purportedly because of anti-money laundering/ countering the financing of terrorist (AML/CFT) compliance concerns. Many financial institutions engage in de-risking because they believe that they are responsible for due diligence on their customers' customers. In June 2015 the FATF issued a statement on de-risking clarifying that "the FATF Recommendations do not require banks to perform, as a matter of course, normal customer due diligence on the customers of their respondent banks when establishing and maintaining correspondent banking relationships."
- In terms of thought leadership, **World Council published a new edition of the Model Law for Credit Unions in September 2015** to provide the credit union movement and policymakers with an updated international standard for credit union legislation. The updated Model Law seeks to achieve safe and sound credit union regulatory environments without imposing unreasonable regulatory burdens, and also adds new a new section on "Rule of Law, Transparency, and Administrative Procedure" that includes provisions requiring credit union regulators to implement notice and comment rulemaking and make agency actions subject to judicial review.
- In the **European Union (EU)**, **World Council and its European affiliate, the European Network of Credit Unions (ENCU)**, launched the **European Parliament Credit Union Interest Group**, a caucus for Members of the European Parliament (MEPs) who support credit unions. The Interest Group held its first formal meetings in April and October 2015 in Brussels, Belgium at European Parliament's Espace Léopold. World Council and the ENCU also helped reduce regulatory burdens on credit unions by achieving a Member State option to exempt credit unions from the EU's revised Directive on Payments Services (PSD2).



WORLD CREDIT UNION CONFERENCE

We co-hosted our **2015 World Credit Union Conference** with America's Credit Union Conference in Denver, USA, which attracted a record 3,000 attendees from 58 countries. The conference included sessions on young adult membership, advocacy, leadership, and emerging trends.



WORLDWIDE FOUNDATION FOR CREDIT UNIONS PROGRAMS

- The **Worldwide Foundation for Credit Unions**—our official fundraising arm—secured **US\$2.049 million in funding** to support credit union development activities, the Global Women's Leadership Network, the International Partnerships Program, and other educational programs.



- Our **Global Women's Leadership Network** has engaged over 1,000 women from 67 countries since its inception. In 2015, the Network opened 13 new regional Sister Societies — totaling 28 chapters in 11 countries worldwide—to advance women in leadership at both local and global levels.



- Our **International Partnerships Program** added a new partnership between the Idaho Credit Union League and the Central Association of Savings and Credit Associations of **Moldova**. The department also **supported 16 credit union partnerships** and facilitated **12 educational exchanges** between emerging and developed credit union systems.

- Our immersion program hosted **13 trainings** for over 250 international participants to connect with 40 hosting credit union organizations throughout the United States.
- In **Colombia and Costa Rica**, we held **regional workshops** for 300 credit union executives and volunteers to learn from experts in payment systems, technology, governance, call centers, lobbying, and advocacy.
- In **Malawi**, we supported **credit union rebuilding after record-breaking floods** by partnering with our member, Malawi Union Savings and Credit Cooperatives, to grant US\$25,000.
- In **Nepal**, we supported **credit unions impacted by a 7.9 earthquake** by partnering with CUNA Mutual Group, the Irish League of Credit Unions Foundation, and Asia Confederation of Credit Unions to grant US\$175,000 to the Nepal Federation of Savings and Credit Cooperative Unions to rebuild, repair, and relocate credit unions and provide new operational equipment such as furniture, computers, printers, and software.



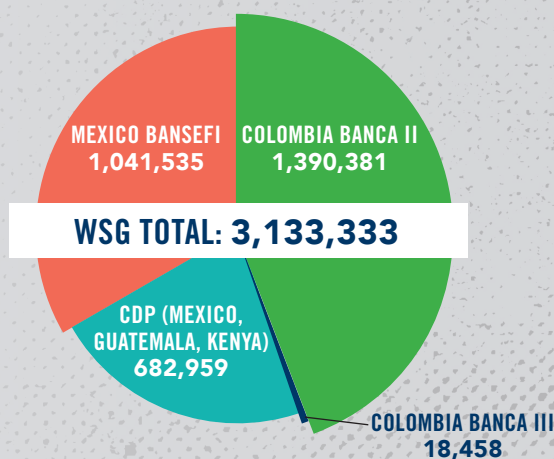
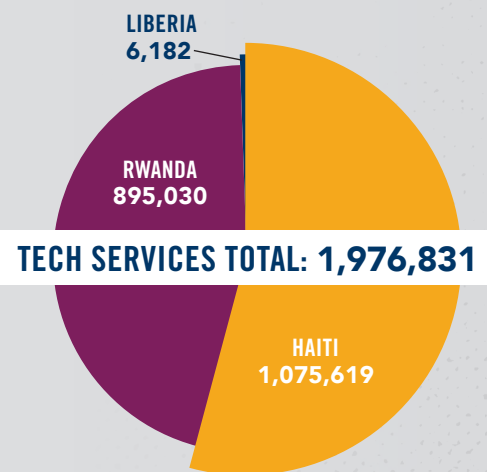


FINANCIAL INCLUSION

Our **credit union development programs** impacted

5.1 MILLION MEMBERS IN 7 COUNTRIES:

Colombia, Guatemala, Haiti, Kenya, Liberia, Mexico, and Rwanda. The programs focused on expanding financial inclusion in rural and urban areas; extending agricultural finance and training; developing mobile money and payment systems; and improving regulatory systems and training.



- In Kenya, we initiated the “Future Farmer Schools” pilot program that encourages and educates youth to view agriculture as a primary source of income.
- In Haiti, we completed our six-year donor-funded program, which improved over 1 million individuals’ lives, brought new financial products to nearly 60,000 microenterprises, and loaned US\$33.5 million in agricultural and rural loans. In 2015, we also began a new program in Haiti to strengthen the financial housing market, and partnered with Habitat for Humanity to provide safe and affordable housing.
- In Mexico, we researched the financial service needs of unbanked youth in collaboration with MetLife Foundation. Results showed that 70% of young adults surveyed were credit union members, but many used a limited number of savings and loan products and lacked access to financial management resources.

- In Liberia, we continued our program—after a nine-month suspension due to the 2014 Ebola outbreak—to revitalize the national credit union movement through board and staff development, product and loan offerings, marketing campaigns, credit union construction, and targeted outreach to increase female borrowers and credit union managers.
- Our for-profit wholly owned subsidiary—**ENTURA**—continued to promote financial inclusion through technology-based solutions for credit unions.
- ENTURA Mexico launched its first Android mobile banking app and several other technological solutions to help Mexican credit unions provide more expansive and affordable services in underserved rural areas.
- In Cuba, we introduced the idea of credit unions to the national government to provide citizens access to a safe place to save, take out loans, or access credit.

FINANCIAL SUMMARY



The financial statements covering calendar year 2015 were audited by CliftonLarsonAllen LLP. The auditors issued an unmodified report and found no material weaknesses and no instances of noncompliance material to the financial statements.

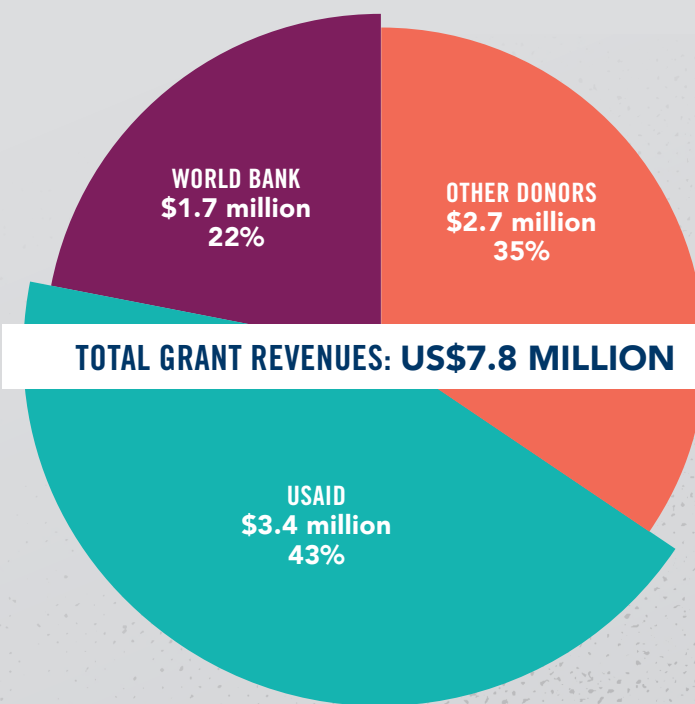
World Council consists of three entities:

- 1 **World Council of Credit Unions, Inc. (WOCCU)**, a nonprofit trade association and international credit union development organization;
- 2 **WOCCU Services Group, Inc. (WSG)**, a for-profit corporation wholly owned by WOCCU; and
- 3 **Worldwide Foundation for Credit Unions, Inc. (WF)**, a nonprofit charitable organization.

As a not-for-profit organization, World Council of Credit Unions is being run on a balanced budget basis while maintaining safe net asset (capital) levels. For 2015, consolidated WOCCU, WSG, and WF operating results created a decrease in net assets of US\$1.6 million. An adjustment to the employee pension plan decreased net assets by \$.7 million. Final net assets at December 31 were \$2.6 million.

Revenues totaled US\$18.9 million for 2015. Grant revenues of US\$7.8 million were 41% of total revenues. Grants from USAID continue to be the most significant source of revenues.

DEVELOPMENT GRANT REVENUES



POSITION

Consolidated Statement of Financial Position

ASSETS (in USD millions)

Current Assets

Cash & CDs	\$3.4	\$6.3
Cash - Restricted in Projects	0.5	0.4
Receivables and Prepaid Expenses	3.2	3.6

Other Assets

Investment in International CUs & Subsidiaries	0.5	0.4
Furniture, Equipment & Leaseholds	0.3	0.4

TOTAL ASSETS **\$7.9** **\$11.1**

LIABILITIES & NET ASSETS

Liabilities

Accounts Payable & Accrued Expenses	\$2.6	\$3.3
Unearned Revenue	.8	2.3
Accrued Pension Liability	1.8	1.1
Note Payable	0.1	0.2

TOTAL LIABILITIES **5.3** **6.9**

Net Assets

Unrestricted	.2	1.6
Unrestricted - Board Designated	2.0	2.1
Unrestricted - Noncontrolling interest in subsidiary	0.0	0.1

TOTAL UNRESTRICTED NET ASSETS **2.2** **3.8**

Temporarily Restricted	0.4	0.4
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TOTAL NET ASSETS **2.6** **4.2**

TOTAL LIABILITIES & NET ASSETS **\$7.9** **\$11.1**

ACTIVITIES

Consolidated Statement of Activities

REVENUES (in USD millions)

	2015		2014
Grant Revenues	\$7.8	42%	\$11.5 56%
Membership Dues	2.5	14%	2.3 11%
Conference Registration Fees	3.5	19%	2.5 12%
Supporter Contributions	1.5	8%	1.5 7%
Other Revenues	3.2	17%	2.9 14%
TOTAL REVENUES	\$18.5	100%	\$20.7 100%

EXPENSES

Trade Association/Meetings Activities	\$5.2	27%	\$3.9 18%
Grant Supported Development Activities	7.0	36%	9.9 45%
International Foundation Activities	1.3	7%	1.3 6%
Other	4.3	22%	5.3 24%
Administration & Fundraising	1.5	8%	1.7 7%
TOTAL EXPENSES	19.3	100%	22.1 100%

SUBTOTAL **(\$0.8)** **(\$1.4)**

FAS 158 Adjustment	(0.7)	(1.0)
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Increase in Net Assets Attributable to Ownership of the Noncontrolling Interest in Subsidiary	(0.1)	0.1
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INCREASE IN NET ASSETS

DECREASE IN NET ASSETS **(\$1.6)** **(\$2.3)**

Net Assets at Beginning of Year	\$4.2	\$6.5
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Net Assets at End of Year	\$2.6	\$4.2
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2015 WORLD COUNCIL MEMBERS



BOARD OF DIRECTORS

DIRECT MEMBERS

Afghanistan - Islamic Investment and Finance Cooperatives Group
Australia - Customer Owned Banking Association
Brazil - Confederação Interestadual das Cooperativas Ligadas ao Sicredi
Cameroon - Cameroon Co-operative Credit Union League, Ltd.
Canada - Credit Union Central of Canada
Caribbean - Caribbean Confederation of Credit Unions
Antigua & Barbuda - Antigua & Barbuda Co-operative Credit Union League Ltd.
Bahamas - The Bahamas Co-operative League Limited
Barbados - Barbados Co-operative & Credit Union League Ltd.
Belize - Belize Credit Union League Ltd.
Bermuda - BIU Members Credit Union Co-op. Society
Cayman Islands - The Cayman Islands Civil Service Association Co-operative Credit Union Ltd.
Curacao - FEKOSKAN - Credit Union League of Curacao
Dominica - Dominica Co-operative Societies League, Ltd.
Grenada - Grenada Co-operative Credit Union League Ltd.
Guyana - Guyana Co-operative Credit Union League
Jamaica - Jamaica Co-operative Credit Union League Ltd.
Montserrat - St. Patrick's Co-operative Credit Union
Saint Kitts & Nevis - St. Kitts & Nevis National Co-operative League Ltd.
Saint Lucia - St. Lucia Co-operative League Ltd.
Saint Vincent & the Grenadines - St. Vincent & the Grenadines Co-operative League, Ltd.
Suriname - Suriname Credit Union League
Tortola - Tortola Co-operative Credit Union Ltd.
Trinidad & Tobago - Co-operative Credit Union League of Trinidad & Tobago
Colombia - Federación Nacional de Cooperativas de Ahorro y Crédito Financieras
Costa Rica - Federación de Cooperativas de Ahorro y Credito de Costa Rica R.L.
Dominican Republic - Asociación de Instituciones Rurales de Ahorro y Crédito, Inc.
El Salvador - Federación de Asociaciones Cooperativas de Ahorro y Crédito de El Salvador, R.L.
Estonia - Estonian Union of Credit Cooperatives
Gambia - National Association of Cooperative Credit Unions of The Gambia
Ghana - Ghana Co-operative Credit Union Association Ltd.
Great Britain - Association of British Credit Unions, Ltd.
Guatemala - Federación Nacional de Cooperativas de Ahorro y Crédito de Guatemala
Ireland - Irish League of Credit Unions
Kenya - Kenya Union of Savings & Credit Co-operatives Ltd.

Korea - National Credit Union Federation of Korea
Macedonia - FULM Savings House
Malawi - Malawi Union of Savings and Credit Co-operatives, Ltd.
Mexico - Caja Popular Mexicana
Moldova - Central Association of Savings and Credit Associations
New Zealand - Co-op Money NZ
Panama - Corporación Fondo de Estabilización y Garantía de Cooperativas de Ahorro y Crédito de Panamá, R.L.
Papua New Guinea - Federation of Savings and Loan Societies, Ltd.
Paraguay - Central de Cooperativas del Area Nacional Ltda.
Peru - Federación Nacional de Cooperativas de Ahorro y Crédito del Perú
Poland - National Association of Co-operative Savings & Credit Unions
Romania - Federation of Romanian Credit Unions
Russia - Russian Credit Union League
Seychelles - Seychelles Credit Union
Singapore - Singapore National Co-operative Federation
Ukraine - Ukrainian National Association of Savings and Credit Unions
United States - Credit Union National Association

AFFILIATE MEMBERS

Belarus - Republican Association of Consumer Cooperatives for Mutual Financial Assistance
Liberia - Liberia Credit Union National Association
Netherlands - Association of Credit Unions in the Netherlands
Netherlands - Dutch Association of Cooperating Credit Unions

ASSOCIATE MEMBERS

International - Cooperative Banking Association
International - Raiffeisen Union
International - Cooperative & Mutual Insurance Federation
Kenya - African Confederation of Cooperative Savings & Credit Associations
Poland - Cooperative Savings and Credit Union Mutual Insurance Society
Thailand - Association of Asian Confederation of Credit Unions
United Kingdom - CUSSCO Ltd
United States - CO-OP Financial Services
United States - CU Direct Corporation
United States - Credit Union Executives Society
United States - CUNA Mutual Group
United States - The Members Group

Anne Cochran
 Chair, USA
 Credit Union National Association

Daniel Burns
 1st Vice Chair, Canada
 Canadian Credit Union Association

Patrick Jury
 2nd Vice Chair, USA
 Credit Union National Association

Manfred Dasenbrock
 Treasurer, Brazil
 Confederação Interestadual das Cooperativas Ligadas ao SICREDI

Brian McCrory
 Secretary, Ireland
 Irish League of Credit Unions

Bruce Foulke
 Director, USA
 Credit Union National Association

Doug Stoddart
 Director, Canada
 Canadian Credit Union Association

Mark Degotardi
 Director, Australia
 Customer Owned Banking Association

Jaime Chavez Suarez
 Director, Guatemala
 National Association of Credit Unions of Colombia

Steven Stapp
 Director, USA
 Credit Union National Association

Sylvester Kadzola
 Director, Malawi
 Malawi Union of Savings and Credit Cooperatives

Aaron Moses
 Director, St. Kitts and Nevis
 Caribbean Confederation of Credit Unions

Dr. Chul-sang Moon
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 National Credit Union Federation of Korea

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THROUGH CREDIT UNIONS**



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