



For the Sake of the Member

WOCCU's New International Credit Union Consumer Protection Principles Promote Ethical Practices, Safeguard Member Interests

Credit unions around the world exist to serve their members, but not all members are served equally. Members worldwide have the right to expect fair and ethical treatment delivered with honesty and integrity.

By Dave Grace

World Council of Credit Unions' (WOCCU) *International Credit Union Consumer Protection Principles*, approved by the organization's general assembly this past July in Hong Kong, outline standards for ethical member service applicable to all credit unions wherever they are located.

The *Consumer Protection Principles*, the latest in a series of international credit union guidelines issued by WOCCU, are designed to supplement rather than supplant local regulatory requirements and prudential standards, offering "best practice" models for serving credit union members.

The principles have been approved during a time when credit union systems in countries like Australia and Ireland are examining their own codes of conduct, and in the wake of a U.S. economy reeling from a subprime mortgage crisis caused by financial institutions clearly not operating in consumers' best interest.

WOCCU's *Consumer Protection Principles* address the following issues:

- **Disclosure of rates and fees:** Credit unions shall present savings and share fees, and interest and dividend rates clearly and in writing to members prior to completion of any transaction.
- **Periodic statements:** Credit unions shall distribute comprehensive member statements disclosing loan and savings balances, rates, fees and finance charges on at least a quarterly basis.
- **Honest and non-deceptive promotions:** All marketing and advertising shall contain honest and relevant information to help members make informed decisions.
- **Fair credit practices:** Credit unions shall provide members with accurate, comparable, transparent and complete information

about the total cost of loans, including fees and commissions as required under applicable law.

- **Dignified collection practices:** Credit unions may exercise persistent collection practices as needed but shall not harass nor physically or verbally abuse members in the process.
- **Members' consent to share information:** Credit unions shall provide members with the option of not having their personal information shared with third parties for the purpose of selling members products or services.
- **Dispute resolution services:** Credit unions shall provide members with options to settle disputes with the credit union to augment options offered through the legal system.
- **Provide education about thrift and wise use of credit:** Credit unions shall educate and provide members with tools describing how to accumulate wealth and use credit wisely.
- **Fair and forthright conversions:** Credit unions seeking to demutualize must have at least 30% of members directly vote on the issue, with 75% voting in favor of demutualization.

WOCCU is already helping member credit unions in Kenya, Mexico and the Philippines assess their operations against standards outlined in the *Consumer Protection Principles*. Results from these assessments will undoubtedly show that serving members ethically and honestly is simply good business. 

For a complete copy of WOCCU's International Credit Union Consumer Protection Principles and operating, governance and safety and soundness principles for credit unions, visit www.woccu.org/bestpractices.

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