



World Council of Credit Unions, Inc.

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# WORLD

*The Source for International  
Credit Union Information*

**Credit Union**

Branding

*Branding the World's  
Credit Unions*



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**Stuart Varney**, an economist and founding member of CNN's award-winning business team and former host of Business Day, Business Asia, and anchor for Moneyline will address the world's economy in the new millennium.

**Barry Asmus**, named by USA Today as one of the five most requested speakers in America, this Senior Economist of the National Center for Policy Analysis will address your credit union's odyssey into the landscape of the future.

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The ICUF logo is respectfully used with sincere thanks to its creators, the National Credit Union Federation of Korea.



# Marketing the Credit Union Difference

Competitive pressures are at an all-time high throughout the world's financial markets. As more competitors enter the marketplace...offering a wider variety of products and services...that cross international borders, it becomes increasingly critical that credit unions market their differences and the unique ways in which they meet members' needs.

This issue of *Credit Union World* focuses on branding as a strategy for marketing the credit union difference. Recently, the concept of movement-wide "branding"—creating a consistent image for all credit unions within a national movement—has risen to the forefront of credit union marketing efforts...in both developed and developing movements.

The movements of Australia, Nicaragua, Poland and the United States have each created unique branding strategies. At the very basic level, this includes the adoption of a single identifying mark used either as the primary logo or in conjunction with a credit union's already existing logo.

Marketing the credit union difference, however, is much more than just logos and branding our facilities. It's making a concerted effort to let our members and potential members know the unique difference between a credit cooperative and a for-profit financial institution. It's continuously educating our members about thrift and the wise use of credit and how membership has distinct value.

Branding is a strategy designed to profoundly change how people perceive credit unions and the credit union difference. Ultimately, it is repackaging and redelivering the credit union philosophy.

The activities of World Council and our members differentiate the international credit union movement from other financial intermediaries...*ultimately making a difference in the lives of nearly 100 million credit union members worldwide.*

Christopher Baker  
Chief Executive Officer



Dennis Cutter  
President



## CREDIT UNION WORLD

### Executive Summary

Marketing the Credit Union Difference ..... 1

### Global Trends

An Ever Changing Kaleidoscope ..... 2 - 3

### Feature Article

Branding Strategies ..... 4 - 5, 18 - 19

### Spotlights on Development

Nicaragua ..... 6 - 7  
Jamaica ..... 8 - 9, 17

### Movement Highlights

Member Updates ..... 10 - 11

### People-to-People

Honduran Interns ..... 12 - 13

### Credit Union Ambassadors

Dr. Ian McPherson ..... 14 - 15  
Australians, Taiwanese, Californians ..... 22

### International Credit Union Day

Celebrate the Difference ..... 16 - 17

### Leadership Institute

Empowering Leaders ..... 20 - 21

### Credit Union World

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# An Ever-Changing Kaleidoscope

## *Christopher Baker Talks about International Movement Trends*

Chris Baker marks his 25th year of service with World Council of Credit Unions in 1999—a distinguished career in which he began as a development specialist for CUNA's Global Projects in 1974, then he accepted the position of World Council CEO in 1993. Upon the eve of his retirement, at the end of this year, Baker talks about the international movement trends and challenges that he sees for credit unions in the 21st century.

Through my 25 years with World Council of Credit Unions and the international credit union movement, I have seen the world of credit unions and financial cooperatives as an ever-changing kaleidoscope—what we see in our own backyards is but a part of a much larger, changing whole. In many places, the pioneering days of credit unions are still evident; the credit union idea is still largely unknown to many people; and the challenges of achieving stability still confront many movements, not all of them new.

What challenges and trends can be foreseen in our movement in the future? There is always a need for collaboration among credit unions for the common good, and today that need is growing. Without strong links among them, credit unions will not be able to achieve their full potential—in fact, some may not even survive. The future will see an increased need for collaboration with existing credit unions and between older and newer movements. There will have to be greater discipline, more cooperation, more planning and more integration. Without these, our strengths would fade away in a

new environment that is far more competitive than ever before.

Lasting success will require efficiencies of scale. In most credit union movements, this will require levels of operation that cannot be obtained without redesigning the way we provide services to our members. Throughout our history, technology and evolving management systems have constantly transformed credit unions. The changes resulting from these transformations during the last 15 years have been dramatic. If anything, that trend will become even more important. Electronic systems, for example, have significantly altered what credit unions can and must do with the funds they gather.

How can we anticipate the kind of international financial system that we will have in the early 21st century? All we can know is that the delivery systems used by credit unions in the next 20 years will be dramatically different. What we have seen in the last 15 years is just the beginning. But one thing we can be sure of is that the costs of future technological innovations will be very high.

Credit unions throughout the world will have to struggle to achieve the kind of delivery systems that will best benefit their members. They will have to find ways to fund expensive new delivery systems that operate in conjunction with others. Yet the biggest challenge which we face will be that of constantly reminding ourselves that the structures of credit unions are not ends in themselves; they are servants of our members' needs.

There is enough commonality in purpose and sufficient mutual agreement on the nature of credit unions that an international movement does







that are less profitable. Credit unions are tied to communities and are restricted by what legislation and their members deem to be appropriate ways to invest deposits and build assets.

These limitations have made it very difficult for many in the credit union world to focus upon the true challenges implied by the global trends of the present and future. Many credit union leaders believe that they need to limit their focus to the local and domestic economic environment but, in doing so overlook the fact that they no longer operate in isolation from other competitive forces. They may be right, in that the challenge is not one that needs responding to today. If we fail to project into the future soon, however, we are likely to find the financial world has passed us by and we can no longer compete effectively in a highly networked, global economy.

Ultimately, the primary responsibility of all credit union leaders, from the local to the international level, must be to work for the viability of their organizations. Their first responsibility is to pay careful attention to the governing policies and customary business practices of their organizations. They must ensure that adequate reserves are maintained, loans are extended prudently, technological changes are introduced at the appropriate time and necessary education and training programs are ongoing. This is an unrelenting task that sometimes requires making difficult decisions. It is a task that earns its greatest rewards when members are well served and appreciate the values credit unions embrace.

Credit unions, therefore, must always struggle with enhancing their standards of performance. That is true with a credit union in a small rural village in Latin America or Africa; it is equally true in a large multi-branch credit union in the United States of America or in Australia.

Improving performance in credit unions means careful monitoring; it

means ensuring employees are well-trained; it means adoption of the appropriate technology; and it means the continual enhancement of boards of directors through ongoing training and careful recruitment. It means staying in touch with member needs either through informal linkages typical of small, newer credit unions or the more sophisticated member analysis systems of larger credit unions. It means the prudent allocation of surpluses so that stability is always assured. It is an essential responsibility of elected officials and management, indeed of all those involved in credit unions. The future of many of the newer credit union movements will depend upon the degree to which they are able to respond to these challenges.

One of the most significant challenges faced by credit unions in the next 10 years will be that of redefining themselves. To speak clearly to government and others in our rapidly changing environment, we need to restate our principles where they have been made unclear by the passage of time. We must define ourselves in terms of this new environment, in ways that will continue to make it evident that credit unions do indeed continue to be unique.

exist. There are enough people willing to accept that there is value in diversity and that the international movement actually possesses a remarkable advantage. Unlike several other institutions just beginning to become acquainted with the realities of a global economy, credit union people have been involved for fifty years. We possess networks, understand local situations and have experiences that others do not have. It is an advantage we should use more creatively.

One of the greatest challenges confronting credit unions internationally is responding to the rapid expansion of international financial industries. There are some advantages in size that credit unions, for the foreseeable future, will not possess. Nor will they be able to easily close out operations

**Editor's Note:** The full text of this article appears as the epilogue to World Council's recently published book, *Hands Around the Globe: A History of the International Credit Union Movement and the Role and Development of World Council of Credit Unions*. (See related story on page 14.)



# Branding the World's Credit Unions

## The Power of Branding

In today's marketplace sophisticated consumers recognize the branding strategies used by major product and service corporations. They can identify logos and the images portrayed in advertisements and yes, sometimes even sing the jingles of the slogans that represent the products.

A strong brand establishes a positive connection to a known entity that people can relate to, something that makes their choices of goods and services easier. Most consumers form an opinion of quality or level of service based solely on a brand name. A brand and its message are the first avenues of communication with consumers, members and potential members. Simply translated, the power of branding is unlimited.

## Marketing the Credit Union Difference

Competitive pressures are at an all-time high throughout the world's financial markets. As more competitors enter the marketplace offering a wider variety of products and services that cross international borders, it becomes increasingly critical that credit unions market their differences and the unique ways in which

they meet members' needs. Recently, the concept of movement-wide "branding" has risen to the forefront of credit union marketing efforts.

The United States, Australia and Poland have recently initiated branding campaigns within their movements. World Council's development projects are also creating branding strategies applied in conjunction with the implementation of financial disciplines and standards. (See related story on page six). Other movements, like Canada, are still in the process of researching the

degree of support for a national brand and core product offering.

Although the "hands and globe" symbol has been used by credit union movements for the last 50 years, recent research—conducted by those implementing branding campaigns—has found that consumers within their respective markets do not necessarily relate well to this logo. As a result, each movement is representing the consumer credit union brand differently, using different types of identifiers and different introduction strategies. But at the heart of the credit union brand, worldwide, are the underlying principles that demonstrate the credit union difference.

## CUNA - United States

In July 1999, Credit Union National Association (CUNA) and its state leagues rolled out the National Credit Union Brand Campaign to promote U.S. credit unions. Stemming from a project that began in 1994 as the National Values Campaign, the goal of the branding campaign is to increase awareness and understanding of credit unions and the credit union difference with consumers nationwide.



# Br

## Strategies



AMERICA'S  
CREDIT UNIONS™

Where people mean more than money.™



# anding

Raising over \$4 million through voluntary credit union contributions, the Values Campaign started off as a series of public service announcements (PSAs) and taggable print, television and radio advertisements that played in different media markets throughout the United States. With the need to move from just building awareness to generating greater understanding of the credit union difference, the program began a transition from the PSA phase toward the long-term goal of establishing a national credit union brand.

Research for the branding program began early in 1998 with 22 focus groups conducted in eleven U.S. cities. CUNA listened to the voices of the members in developing images, symbols and words that would shape the campaign. From that research came the new national brand signature, "five linked hands forming a circle with an image of a star in the center." The new mark symbolizes people helping people, mutual support and humanistic principles. Most importantly, it emphasizes that credit unions are financial institutions people can trust. The brand name for U.S. credit unions is simply,

"America's Credit Unions where *people* mean more than money."

In August, CUNA sent Brand Tool Kits containing usage information and materials to all U.S. member credit unions. Currently planning the next phase of the campaign, CUNA will produce customizable brand advertising and promotional materials for use by leagues and credit unions next year.

The unified brand marketing campaign for U.S. credit unions will operate on the principle that "all of us is better than each of us"—emphasizing the power of a collective group. Being part of a much larger cooperative movement, credit unions have a unique marketing opportunity in the financial services sector. That opportunity is to link their individual brands with a national mega-brand, relying on the power of collective action to build public awareness of the credit union difference and deliver the national proposition common to all credit unions.

Pete Crear, executive vice president of CUNA and

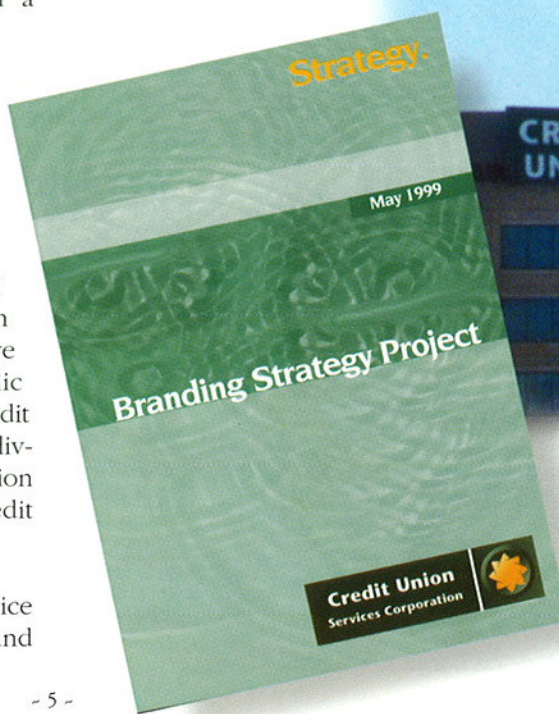
World Council liaison explained, "We want to leverage and strengthen our position with a national brand that acts as an umbrella for the entire movement. Working collectively, we can grow our membership and increase credit union awareness through the power of brand loyalty."

Following last year's legislative and public relations success with the Credit Union Membership Access Act—in which the American people demonstrated in a commanding force that consumers want the right to join a credit union—now is the key time and opportunity for national brand marketing in the U.S.

## CUSCAL - Australia

Just as U.S. credit unions are capitalizing on a major legislative victory to implement a branding campaign, Australian credit unions plan to capitalize on recent regulatory regime changes and one of the most open financial systems in the world to likewise implement a brand strategy.

Continued on Page 18





# Beyond Branding

## Changing the Image of Nicaragua's Credit Unions



In a country thrice devastated in recent years—earthquake in 1972, decade-long war in the 1980s, Hurricane Mitch last year and the resultant economic, political and human impact of all these disasters—it's surprising, if not miraculous, to find traces of hope among the people.

Yet in Nicaragua, out of hopelessness comes hope...fueled by the human spirit, a willingness to accept change and the determination to make tomorrow better for future generations. Where else is this readily apparent, but in a credit union development project.

Managers and volunteers at 20 credit unions, along with the staff—mostly



Nicaraguan credit unions, Coodepagro (left) and Masatepe (above) before the implementation of the branding campaign.

Nicaraguans—that make up World Council's Rural Credit Union Project/Nicaragua are working together to revitalize credit unions and instill a sense of trust and public confidence.

### A Brief History of Nicaragua's Credit Unions

To understand the importance of the Rural Credit Union Project, one must understand the history of the Nicaraguan movement. The Catholic Church led the formation of credit unions in the 1970s. However, the period of hyperinflation (as high as 7,000%) and the resulting currency devaluation of 1990 to 1991 destroyed public confidence in financial investments. Combined with the effects of war, this nearly wiped out the credit union movement.

A few credit unions survived, though their national organization collapsed. Subsequently, while there was a cooperative law, only one of 78 articles referred to credit unions. In addition,

the law required very restrictive common bonds, resulting in an average of 100 to 120 members per credit union. Finally, credit unions operated (and still do) without regulatory oversight and with outdated 20 year-old bylaws. These factors combined with a heavy reliance on external credit made most of the remaining 175 credit unions primarily insolvent.

### Restoring Public Confidence

At the heart of WOCCU's Rural Credit Union Project is the goal of restoring confidence in the financial soundness of credit unions. To do this, the credit union managers and volunteers and World Council staff must go beyond branding to change the image of Nicaragua's credit unions.

Funded by the US Agency for International Development, the project is implementing World Council's Model Credit Union Methodology. This unique and proven approach works with a defined number of credit unions to establish minimum operating standards for others to



### COUNTRY INDICATORS

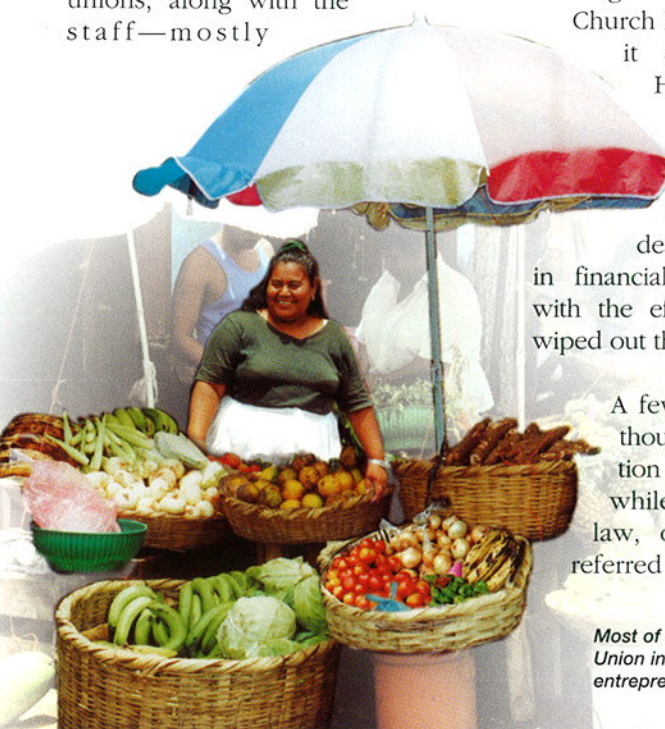
National Capital: Managua  
Government Type: Republic  
Population: 4.35 million (est.)  
Population below poverty: 50.3% (1993)  
Unemployment rate: 13.3%  
Inflation Rate: 12% (est.)  
Exchange Rate: 11.89 cordobas/US\$1  
GNP: US \$1.9 billion  
GNP per Capita: US\$410

Source: New Internationalist 1997/98, World Bank 1998/99, IVP 9/99

### CREDIT UNION INDICATORS

Credit Unions in the Project: 20  
Members: 4,862  
Savings: 4 million cordobas (US\$336,993)  
Loans: 14.6 million cordobas (US\$1.2 million)

Source: Nicaragua Project Data (May 1999)



Most of the members of Iaguei Credit Union in Corinto, Nicaragua are micro-entrepreneurs.





Central to the branding strategy is a system-wide logo and physical image improvement that reinforces the safety and soundness perception of credit unions.



follow. In Nicaragua, Model Credit Union development strategy focuses on:

- increasing the volume of resources for lending and investment by mobilizing savings;
- establishing innovative savings services to achieve financial self-sufficiency and growth for the provision of additional competitively-priced, convenient services;
- strengthening financial condition by improving earnings and balance sheets;
- establishing compliance with minimum operating standards and conditions that contribute to safety and soundness; and
- expanding outreach and providing financial service access to a greater portion of the population including smaller-scale savers, farmers and businesses.

"Selected to participate in the project because of their willingness to adopt drastic changes and to adhere to strict financial disciplines, the 20 credit unions are showing remarkable collective results," noted Mark Cifuentes, chief of party for the WOCCU/Nicaragua project. (See chart below.)

	1996	1997	1998	1999	% Net Increase from '96 to '99
Members	1,588	2,897	3,970	4,826	204%
Savings (in cordobas)	76,065	419,273	1,316,740	4,006,856	5,167%
Loans (in cordobas)	9,631,840	15,251,481	9,926,832	14,558,896	51%
Delinquency	76%	49%	22%	14%	(82%)

Other successes: The credit unions have granted 2,706 loans. Of those 1,246 were to women and 1,460 to men. In addition, 900 of the loans were for agricultural purposes.

### Implementing a Branding Strategy

Unique to the Rural Credit Union Project is a marketing component used as an incentive for participating credit unions to improve operations. Once a credit union meets the minimum financial criteria of World Council's PEARLS\* monitoring system, it can begin to participate in the project-funded marketing program. The program not only implements a branding strategy but also goes beyond to change the overall image of the credit union within its community.

Central to the branding strategy is a system-wide logo and physical image improvement. The logo is used in all signage, documents and promotional materials. WOCCU/Nicaragua organizes and oversees the standardized design, appearance and construction of safe and modern buildings with distinguishable areas for teller transactions, loans, waiting areas and management. Standardization also applies to office furniture and equipment.

Cifuentes indicated, "Participating credit unions are the brand owners. Managers implemented a review board to monitor logo usage and ensure that credit unions are adhering to the financial standards and disciplines. Ultimately, this collaboration may lead to the development of a national association and monitoring system."

The branding strategy and Model Credit Union approach of the WOCCU Rural Credit Union Project is changing the image of Nicaragua's credit unions, helping to improve members' trust and confidence in their credit unions.

Summed up best by three of the credit union managers who have achieved the financial standards necessary to participate in the marketing and branding strategies—Rosa Maria Aviles, Iaguei Credit Union; Bismarck Moran, Moderna Credit Union; and Enrique Vargas, Avances, Credit Union—"The project has changed the entire image of credit unions. Now, members trust the staff and their elected leaders, because they know the credit unions are safe and sound places to invest their money. It's the best feeling to be a part of monumental changes that are positively impacting the future of Nicaraguans."

\*PEARLS measures key areas of credit union operations: **P**rotection, **E**ffective financial structure, **A**sset quality, **R**ates of return and costs, **L**iquidity and **S**igns of growth.

Nicaraguan credit union managers  
l-r: Bismarck Moran, Moderna CU,  
Rosa Maria Aviles, Iaguei CU,  
Enrique Vargas, Avances CU





## Setting Out On His Own

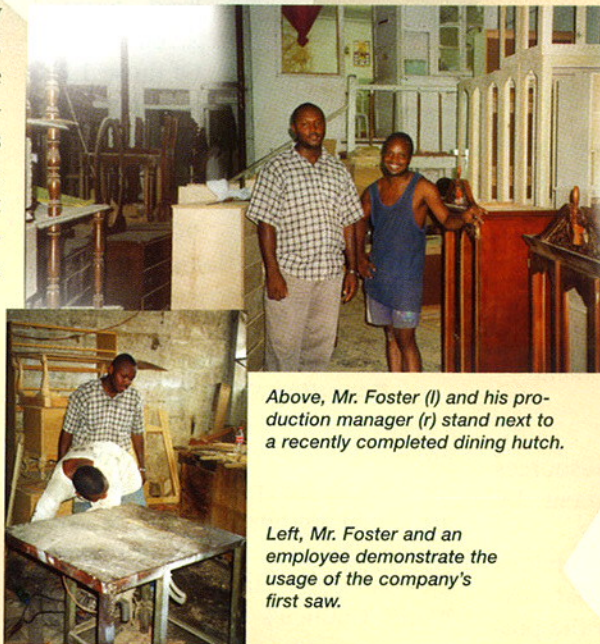
From a young age, Fortford Rehently Foster has adapted to change. In Mr. Foster's words, "To get the whole story—you must start from the beginning." After the death of his parents when he was still in primary school, the money for school fees was not available. Instead of a traditional education, he learned a skilled trade from his grandfather, an experienced carpenter. Mr. Foster went on to apprentice in woodworking through the assistance of a family friend, with whom he spent the next three years developing skills of the trade.

In 1991, a friend introduced Foster to credit unions as a means to save and receive reasonable credit. "I saved and saved—knowing one day I would need to get a loan to begin my business. At that time I had saved JA\$8,000 Jamaican dollars (US\$206)," shared Foster.

Setting out on his own, he started with just a circular saw and a lot of ambition, never dreaming of what the future held or the role his credit union would play in his success. "When I began, it was just me and my saw. I named my business Sunshine Furniture, a fitting name for Jamaica. Anxious to get into the market, I began to produce five different types of handcrafted bedroom and dining room pieces to show potential clients."

"At the time I began Sunshine Furniture I knew little about running a business, but I knew I could make a good product and sell the furniture I made. I began to get some orders, but needed money for materials and additional equipment, so I went to my credit union," explained Foster. After providing volume reports and other information, Foster received a loan of JA\$56,000 (US\$1,443). His first loan was a large amount, but less than originally requested. The credit union explained that Mr. Foster needed to prove his ability to repay the loan and then the credit union would consider extending additional credit.

"Starting the company was difficult and brought up many issues that you don't think of when you work on your own," he shared. Pricing, selling the product and budget-



*Above, Mr. Foster (l) and his production manager (r) stand next to a recently completed dining hutch.*

*Left, Mr. Foster and an employee demonstrate the usage of the company's first saw.*

ing for rent, supplies and employee wages were all new for Foster. "I worked very hard, paying my loan as I went. Business was doing well and the time came when I needed another loan for working capital. Again, I went to my credit union," he explained. This loan of JA\$250,000 (US\$6,443) was quite substantial in comparison to Foster's first loan. The loan enabled him to fill a greater number of orders and store the product during construction and before delivery.

Now, Sunshine Furniture is a thriving business, supporting 24 full-time employees, with three production locations in the same block area of a narrow Kingston alley. Producing for furniture



### COUNTRY INDICATORS

National Capital: Kingston  
Government Type: Democratic  
Population: 2.55 million (est.)  
Population below poverty: 34.2% (1992)  
Unemployment: 15.9% (1992)  
Inflation Rate: 8.63%  
Exchange Rate: 38.8 Jamaican dollars (JAS)/US\$1  
GNP: US\$4.0 billion  
GNP per Capita: US\$1,560

Source: New Internationalist 1997/98, World Bank 1998/99  
M/F 9/99

### CREDIT UNION INDICATORS

Credit Unions: 66  
Credit Union Members: 522,514  
Savings: US\$172.5 million  
Loans: US\$125.3 million

Source: 1997 WOOOU Statistical Report

stores and individuals in Jamaica, on the average he completes five handcrafted pieces a day. The detailed carvings in the furniture are still done tediously by hand, as are all of the stages of production. Sunshine Furniture's operations are located in the heart of Kingston, Jamaica in "Old Kingston" where it originally began.

"I am happy with my success, but I also have plans for the future of Sunshine Furniture. Someday I would like all of the stages of the craft process to be housed in one building, instead of the various stages of production being completed in different buildings. Currently the "chop shop" (construction), assembly, detailing, finishing and storage have their own areas. One day



when I am able to expand—I hope the credit union will be there to help me as they have in the past,” said Foster.

Today, not only is Mr. Foster a successful businessman, he also is an active member of his credit union. “I consider myself a long-time and hopefully lifetime credit union member. We’ve had an excellent relationship for the past eight years. I even became involved in my credit union acting as a loan committee member, helping others as the credit union helped me,” he explained.



#### **City of Kingston Co-Op Credit Union Ltd.**

Mr. Foster’s credit union, the City of Kingston Credit Union is the largest in Jamaica, with JA\$1.6 billion (US\$4.12 million) in assets. The credit union has two branch locations and employs 150 staff members. Offering a full range of services, the credit union provides regular share savings, golden age (8%) and share deposits (2%), as well as loan services for education, car, home and micro-finance loans.

*Jamaican Flag  
(Background Detail)*



## **Jamaica Introduces Examination Program**

World Council of Credit Unions’ Jamaica project, the Jamaica Co-operative Credit Union League and special invited guests from the National Credit Union Administration (NCUA) recently kicked off a new examination program to strengthen the Jamaican credit union system.

The examination program falls within the ambit of the Jamaica League’s Stabilization Unit, which has the primary purpose of guaranteeing the safety of credit union member savings. Implemented to assist credit union managers with improving and strengthening their operations, program objectives are to evaluate financial soundness, appraise the management quality, develop plans to correct problems and determine the degree of risk to the stabilization fund.

In 1996, World Council through a joint venture with the Inter-American Development Bank and the Jamaican League pro-actively began a program to strengthen the league and its credit union movement by developing the stabilization fund. Member credit unions that contribute to the fund are guaranteed their savings in the event of financial difficulty. Credit unions contribute a percentage of their savings to this fund, from which they can seek financial assistance if the need arises.

Examination of credit unions is not new to Jamaica; the program is merely an expansion of an existing system. Now a specific group of examiners that belongs to the Stabilization Unit will carry out the work. “The examination team will be visiting all credit unions once each year, using a matrix we have established,” explained Jesus Chavez, WOCCU Jamaica project director. The examination team will analyze data and review financial performance, supervision reports and credit union management.

Based on World Council’s PEARLS-M Rating System, examinations will evaluate six key quantitative elements and one qualitative element. (**P**rotection, **E**ffective financial structure, **A**sset quality, **R**ates of return and costs, **L**iquidity, **S**igns of growth and **M**anagement). Each PEARLS-M component will receive a rating from one to five, with one being the highest. An examiner will assign an overall composite rating to a credit union based on those seven critical areas.

Keynote speaker Ambassador Peter King, chief advisor to the minister in charge of co-operatives, explained, “We reached this stage from a process that began long ago through help from World Council.” Given the emphasis

*Continued on Page 17*

#### **JAMAICA CO-OPERATIVE CREDIT UNION LEAGUE**



*Ambassador Peter King  
addresses Jamaican  
credit union leaders.*

*Jesus Chavez, (at podium)  
WOCCU Jamaica project  
director introduces the new  
examination team l-r:  
Linton Heslop, Karan Fisher,  
Sharon Braithwaite  
(Supervisory Examiner),  
Karlene Hall and  
Carmincita Soman.*



# Member

**AFRICA** – World Council is planning to organize an annual African Technical Congress for the 28 national member movements of the region. The Technical Congress will provide a forum in which credit unions can exchange information on their successes and the difficulties experienced in different technical areas.

**ASIA (ACCU)** – Nearly 150 credit



union leaders, converged in Bali, Indonesia, September 17-18, 1999 for the Asian Credit Union Forum. Representatives were present from credit unions throughout Asia. Discussions centered on "Core Business: The Focus of Credit Unions in the Next Millennium" to offer a clear picture of how credit unions must operate in a competitive market environment.

The Forum enjoyed high level support from the Ministry of Cooperatives, Small and Medium Enterprise of the Indonesian Government, under which the Credit Union Coordination of Indonesia is registered.

Prior to the Forum several meetings took place for ACCU CEOs, HRD Committee, Youth Task Force Committee, and the Women's Task Force Committee. In these meetings, each group evaluated the achievements of program activities and drafted plans of action relevant to the present social, economic and political environment in the Asian region.

**AUSTRALIA (CUSCAL)** – Regulatory



reform implemented across the Australian finance sector on July 1, 1999, now places credit unions, banks and building societies under the same prudential regulator—the Australian Prudential Regulation Authority (APRA).

The reform was based on recommendations from the Financial Sector Inquiry in March 1997, which viewed regulatory reform as 'fundamental' to 'non-bank

deposit taking institutions being an effective source of competition for the banks in the retail market.'

Under APRA supervision, many unnecessary restrictions will be eased from credit unions, such as: "red tape" associated with credit unions trading outside their home state; blanket limits on credit unions' ability to expand their lending to small business; and tougher liquidity and capital requirements on credit unions simply because they carry the label 'credit union.'

Efficiencies from the move to a single prudential regulator (credit unions previously operated under a state-based Financial Institutions Scheme) will lower supervision levies from credit unions in 1999-2000, down from an average of 0.03% of assets to 0.013%.

**CANADA (CUCC)** – On January 1,



2000, CUCC is planning for it to be business as usual at credit unions. Like other financial institutions in Canada, most credit unions will be closed January 1-3 for the long weekend. However, automated teller machines (ATMs), Interac Direct Payment, PC and tele-banking services will be available.

Credit unions across the country are conducting a variety of activities to inform members about the Year 2000 computer problem. To help Canadians feel ready to celebrate the new millennium, credit unions have developed a personal Y2K checklist and have launched a special information section on Credit Union Central of Canada's website ([www.cucentral.ca](http://www.cucentral.ca)).

**CARIBBEAN (CCCU)** – Recently, City



of Kingston Credit Union of Jamaica announced a milestone in the development of the movement by reporting share capital over one billion (Jamaican) dollars during its last quarter.

This year, CCCU's Development Foundation will expand its scope of support to include bursaries and scholarships to deserving persons wishing to pursue educational opportunities regionally and internationally. The CCCU is preparing for its 29th AGM and 43rd International Convention 2000, which is scheduled to take place in the Bahamas next July.

**CZECH REPUBLIC (CACU)** – By the



end of this year, CACU will establish a new 'Liquidity Fund.'

Capitalized by credit union investments, the fund will meet the short-term liquidity needs of credit unions. This is the first step toward developing a central finance facility.

CACU's Central Control Department is working on a proposal to tighten standards for membership. The final proposal will be submitted at the Annual General Meeting on November 27, 1999.

**FIJI (FCUL)** – FCUL has continued to



raise their profile with the Fijian government and recently requested governmental funding assistance, with a positive response. In other government news, the Review of the Credit Union Act is now with the Law Reform Commission.

FCUL has developed a working relationship with the New Zealand credit union movement to provide training, while also continuing the training programs with the Hanns Seidel Foundation and Credit Union Foundation Australia.

Being the farthest east on the dateline, Fiji is always the first to celebrate International Credit Union Day. Celebrations highlighted the movement on a national and regional scale.

**GREAT BRITAIN (ABCUL)** – ABCUL



announced the appointment of new CEO, Shaun Spiers. For the past five years, Mr. Spiers has served as a Labour/Co-operative Party Member



# Updates

of the European Parliament, representing London South East.

In other news, ABCUL expects to hear about forthcoming changes to credit union regulation and legislation, which will hopefully offer greater opportunities for the development of credit unions.

Also imminent is the publication of a report by the Treasury Task Force. The task force was set up to see what help banks and building societies can offer to credit unions. Increased cooperation should mean credit unions will be able to offer better services to members.

## **IRELAND (ILCU)** – The Irish



Government is following international trends to consolidate the regulation of the financial services industry under one body. It has been proposed that a Single Regulatory Authority (SRA) will assume this role in the future and replace the multitude of regulators currently in existence.

The implementation report has focused on the regulation of Irish credit unions and advocated that the regulatory structure, in existence since 1966, be adapted to meet the current and future needs of credit unions. The main recommendations affecting credit unions are that: a Registrar of Credit Unions be established by statute; the powers of the Registrar of Friendly Societies relating to credit unions be transferred to the Registrar of Credit Unions; and the office of the Registrar of Credit Unions be under the SRA.

The Irish League of Credit Unions is presently analyzing the impact of this report for the regulation of credit unions in Ireland.

## **LATIN AMERICA (COLAC)** – The



Dominican Republic credit union, MEDICOOP joins COLAC as its newest member. MEDICOOP represents more than 14,000 physician credit union members.

COLAC's development foundation, FECOLAC coordinated an internship exchange of leaders from the Guamich Federation in Mexico with Costa Rica and Panama. The purpose of the exchange was to learn the differences between credit union operating systems in those countries.

## **POLAND (NACSCU)** – Over the last



12 months, NACSCU initiated intensive legislative efforts to make it legal for credit unions to serve the needs of their members undertaking economic activities. This required the introduction of amendments to five different legal acts affecting credit union operations.

On September 2, the Polish Parliament approved the proposed changes and adopted the Economic Activity Act, which effectively opens up new market opportunities for further Polish credit union development. The new law will come into effect in 12 month's time and enable credit unions to offer corporate accounts and business loans for members undertaking economic activities.

At the same time, the new regulation is expected to further boost credit union membership and assets. The extended 12 months *vacatio legis* will provide the Polish credit union movement with the necessary time to create the new products and services.

## **NEW ZEALAND (NZACU)** – The New

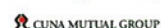


Zealand Association of Credit Unions held its 1999 AGM in Dunedin, September 17-19. Former Prime Minister, David Lange, a strong supporter of credit union philosophy gave the keynote address. "The Dunedin Conference was most likely the most important in New Zealand's history. The credit union industry in New Zealand is currently under attack from a number of groups—the Ministry of Commerce, the Alliance party and new banking license entrants," noted Doug McLaren, NZACU CEO.

**ROMANIA (UNCAR)** – New services promoted by WOCCU and implemented through UNCAR/UTCARs are steadily growing. Now, CARs (credit unions) are operational in 33 of 42 counties. By July-end, there were 192 modernized CARs, with 75,000 members—an increase of 5,300 over the previous month. National Union of CARs in Romania (UNCAR) organized four regional meetings in Bacau, Dolj, Harghita and Valcea counties to promote the new services.

UNCAR is trying to persuade the CARs to charge market-based interest rates on traditional loans. Currently, CARs are charging an average of 20% interest for traditional services. However, Romania's inflation rate is 45%. UNCAR is encouraging the CARs to increase their interest rates to 50%.

## **USA (CUNA)** – The U.S. credit union



movement is taking strides to implement new programs in the wake of the successful legislative victory of H.R. 1151, The Credit Union Membership Access Act. Some of these programs include the new National Credit Union Brand Campaign and Project Differentiation, both of which clarify, define and communicate the unique credit union mission of service to people. (See story on page 4.)

Initiated by the CUNA Board three years ago, Project Differentiation is the implementation tool for what H.R. 1151 freed credit unions to do, which is reach out to more consumers and provide them with the freedom to choose a credit union.

Project Differentiation is voluntary and self-directed by credit unions, not by the regulator. It provides a set of guidelines for credit unions to document development and community outreach strategies in their annual business or strategic plans.



# Enhancing the Stability of Honduran Credit Unions

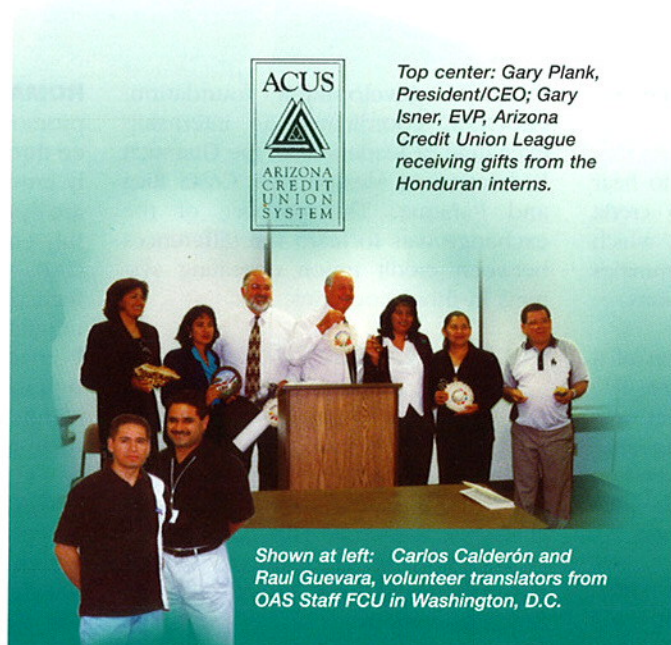
Co-sponsored by World Council of Credit Unions, Inc., the National Credit Union Foundation and CUNA Mutual Group, the People-to-People program brings together people from different credit union movements and encourages credit union leaders to get involved in partnerships, internships and volunteer program assignments.

Following a six-month delay caused by Hurricane Mitch, two groups of Honduran People-to-People interns arrived at the Arizona and Texas Credit Union Leagues for three weeks of extensive training this summer. The two groups consisted of 17 Honduran credit union managers and 5 representatives of the Honduran Credit Union Federation (FACACH), the national association.

This unique internship program was to originally take place in November 1998—when just days before the Hondurans were due to arrive, Hurricane Mitch hit their country with a vengeance. The disaster damaged 800,000 houses, killing nearly 6,000 people, injuring 11,000 and leaving 10,000 missing or presumed dead. FACACH reported that 20% of credit union members lost family, homes, crops and small businesses. As a direct result of members' losses, Honduran credit unions faced a liquidity and delinquency crisis.

After disaster recovery efforts had begun to take place, the interns resumed planning their trip, because now—more than ever—they needed to learn about improving credit union services for their members. Skills learned in the internship are intended to help enhance the stability of the Honduran credit union system, especially during this period of rebuilding the economy.

The internship curriculum exposed participants to the concepts and skills employed by financial professionals of successful leagues and medium-sized



Top center: Gary Plank, President/CEO; Gary Isner, EVP, Arizona Credit Union League receiving gifts from the Honduran interns.

Shown at left: Carlos Calderón and Raul Guevara, volunteer translators from OAS Staff FCU in Washington, D.C.



## COUNTRY INDICATORS

National Capital: Tegucigalpa  
Government Type: Republic  
Population: 6.34 million  
Population below poverty: 50% (1992)  
Exchange Rate: 14.2 lempiras/US\$1  
GNP: US\$4.4 billion  
GNP per Capita: US\$700

Source: New Internationalist 1997/98, World Bank 1998/99, IMF 9/99

## CREDIT UNION INDICATORS

Credit Unions: 92  
Members: 245,552  
Savings: US\$111.7 million  
Loans: US\$92.8 million

Source: 1997 WCCU Statistical Report



Iris Hernandez, FACACH, helping to decorate for "CU Save \$ Day."

credit unions. Interns trained with staff from various departments including accounting, central finance, legal, legislative, credit and marketing as well as with members of the boards of directors. They observed and obtained hands-on experience in carrying out a variety of operational tasks. Honduran credit union managers had the opportunity to learn from their U.S. counterparts the use of specific financial tools to improve credit union administration and services. Assisted by their hosts, they also developed strategic plans of action for implementation once they returned home.

Taking extensive notes and seizing every available brochure, manual and chart offered to them, the interns were impressed with the breadth of products and services provided by the leagues and individual credit unions involved in their training. Those involved included: in Arizona—the Arizona Credit Union League, Desert Schools FCU, Grand Canyon Employees FCU, Motorola Employees CU-West and SAFCU FCU; and in Texas—Alamo FCU, HEB FCU, Lakeland FCU, Randolph



Brooks FCU, San Antonio City Employees FCU, Southwest Corporate FCU and the Texas Credit Union League. Special thanks also go to Carlos Calderón, Raul Guevara and their credit union OAS Staff FCU in Washington, DC, which supported the internship by sending Calderón and Guevara to accompany the Hondurans and assist with translation.

The Arizona Credit Union League invited the interns to take part in their annual public awareness activity, "CU Save \$ Day." Visiting one of the nine campaign locations around the state, the interns participated in a membership drive kick-off at Sam's Club Discount Stores. Sam's Club customers that signed up to become credit union members had a chance of winning a new car. The Hondurans liked the campaign idea so much that they plan to implement a similar membership drive on a smaller scale.

In Texas, the cooperative nature of credit unions and

the internship proved valuable to community involvement efforts. Randy Smith, CEO of Randolph Brooks FCU explained, "After a tour of a local hospital as part of the cultural activity, interns also met physicians who go to Honduras each year to provide free medical and surgical treatment in under-served areas. The physicians shared their difficulties shipping in supplies necessary for some procedures. Because the medical sites in Honduras don't have the supplies and some necessary equipment, the shipments are essential to their volunteer work. One of the interns from the federation was familiar with the appropriate government channels and gave the hospital the name of the appropriate person to contact to expedite the process." Mario Flores, also of Randolph Brooks Credit Union added, "This is a wonderful example of how credit unions take an active role in the community through exchange."

Maritta Bush, senior assistant vice president of the



*Interns are being transported by bus to their next host credit union for training.*

Texas Credit Union League shared, "While we provided the technical training, we were also recipients of the benefits of the exchange. This was an excellent opportunity for Texas credit unions and Hondurans to form relationships. Credit unions, as well as the league staff, who were involved with the interns found a renewed spirit of why we do what we do—the true credit union philosophy. This is something you can't teach; you have to experience it."

Upon the interns' return home to Honduras, most began immediately implementing the concepts they had learned—excited about the ability to make changes to enhance member services. At the league level, interns began updating policies and procedures and evaluating new products and services for league member credit unions. Magda Lopez, manager for a female-bond credit union, Mujeres Unidas—United Women's Credit Union—extended hours of operation to better meet members' needs and has scheduled new training programs for her staff.

Many of the interns and hosts have kept in contact with each other, tracking progress and the successes that came from the internship and providing additional advisory assistance to their new colleagues and friends. "The practical knowledge and experience the interns obtained through the program was as invaluable as the personal relationships that were formed," explained Victor Corro, World Council program specialist.

"Everyone who participated in working with the Honduran interns enjoyed the sharing of credit union knowledge and the cultural exchange. Their warmth and eagerness to learn was delightful and made the training an exceptionally rewarding experience. We have continued to communicate by e-mail and hope to expand the program to include partnering Arizona credit unions with Honduran credit unions in the near future," explained Pat Bodnar, assistant vice president, public affairs, Arizona Credit Union League.

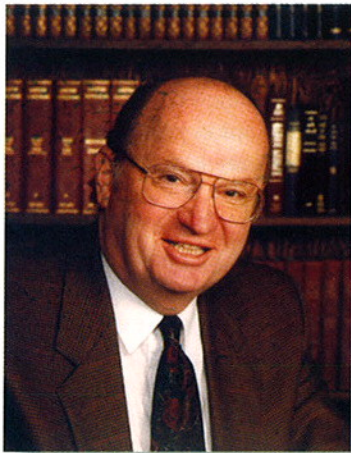


*Hondurans participating in the People-to-People exchange are: Magda López, Julio Sibaja, Faren Santos, Marta Cantillano, Ramón Mendoza, Marco Medina, Eduyn (Alexis) Hernandez, Gustavo Flores, Norma Dubón de Avila, Saul Diaz, Manuel Colindres, Oscar Coello, Reyna Cardona, Dulce Turcios, Irma Mejía, Rafael Tejeda, Iris Hernández, Alida Gomez, Reyna Reyes, Rubenia Montenegro, Patricia de Meoñez and Antoni Romero. Shown in center back row, Francis Lee, CEO, Southwest Corporate FCU, and to his right Victor Corro, WOCCU program specialist.*



# A Conversation with Ian MacPherson

*Author of  
Hands Around the Globe*



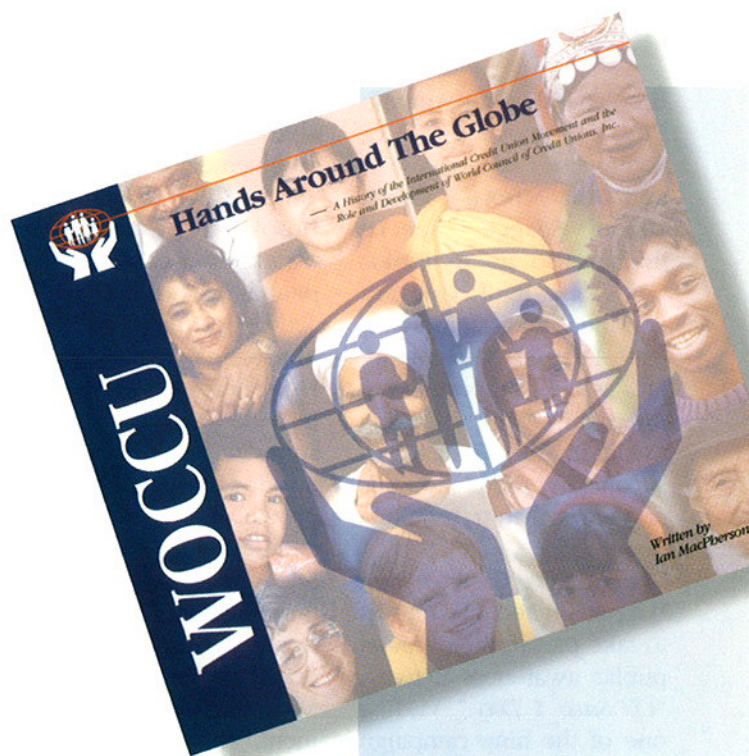
Dr. Ian MacPherson

After reading *Hands Around the Globe—A History of the International Credit Union Movement and the Role and Development of World Council of Credit Unions*, readers come away with an insightful historic overview of the international

credit union movement, but many are still left wondering—just who is the author?

No personal information appears in the book, only his introduction and acknowledgment page, where he graciously thanks people who have helped him with this ongoing project. Author Dr. Ian MacPherson selflessly volunteered close to five years of his personal time—in the evenings and on weekends—to write this important book. Thank you, Ian!

Aware of and interested in cooperatives since boyhood, MacPherson learned first about them through his family's small farm. Among his career accomplishments, he is the Dean of Humanities at the University of Victoria in British Columbia, where he has taught since 1968. MacPherson has been involved in all levels of cooperatives as an elected official, serving on many local cooperative and credit union boards including board president of Credit Union Central of British Columbia, founding president of the Canadian Cooperative Association and board member of the International Cooperative Alliance. MacPherson has authored 10 books on a variety of topics—cooperative trust, insurance, credit unions, family and social history. He considers his greatest accomplishment to be his 32-year marriage to Elizabeth, which he notes is unusually precious in today's times.



## How it Began

The idea for the book came up quite some time ago in an informal conversation with former World Council CEO Al Charbonneau. I had just finished a book on Credit Union Central of British Columbia and, after our conversation, volunteered to write for World Council. I have always been a strong supporter of cooperatives and credit unions. They have been very good to me and I wanted to give something back.

## The Research

When I began, I envisioned a simple book. As the project slowly unfolded, so did the vast extent of the international movement and the stories of the many people who had played pivotal roles. I only wish I could have covered it all, but the book would

have been several volumes instead of chapters. Having visited credit unions in many countries over the years with World Council and with the Canadian Cooperative Association, I spoke to many different sources; all were 'grist for the mill.'

Originally underestimating how long this process would take and the intricacies of the movements, I became a slave to the story. It took on a life of its own. Every credit union system has particular characteristics and things to learn about and from. I want people to look upon this as a resource that surveys the main developments in the credit union movements.

## Recurring Themes

In my research there were many recurring themes that I found to be rather fascinating, for instance, the role of the church, in particular the Catholic Church and the pivotal



part it played in development. Another theme explores how credit unions came to be viewed differently in different contexts. In North America, we tend to view credit unions uniformly, but in other countries they take on many roles. Internationally, credit union developments occurred because of the way credit unions could fulfill those many roles.

### Trends

You often hear people say that 'our history is our mirror to the past and our map for the future.' Through my research I was impressed with many trends from the past, for example the key role women have taken in the credit union movement, keenly visible at the local level. Using our past as a map for our future trends, I believe the trend toward greater concentration will continue, as will the pressure to create strong national institutions that play a more aggressive role with governments to impact economic change.

Credit unions will continue adapting to the pressures of technological innovation as they speed up and the need to think internationally continues. Signs of developing alliances between cooperatives and other kinds of institutions are visible, and I hope that trend will also continue. The future will need development of better management practices without

sacrificing the characteristics and the quality of credit unions.

Credit unions are physically situated around the world; the shapes they take and the colorful dimensions they have are all unique. I want the reader to take away from this book the sense and appreciation of diversity and richness of the credit union tradition and the determination to try to understand that and accept both the similarities and the differences.

### What's Next for MacPherson

I plan to retire from my post as dean at the University of Victoria to begin a cooperative institute. The activities of the Institute will focus on teaching research about cooperatives. It will partner with community groups and the cooperative sector in the development of cooperatives. To some extent the institute will also be interested in the international movement: thinking globally always opens a world of possibilities.

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# Celebrate the Difference!



Today it is unusual to find a country without credit unions, financial cooperatives or the seeds of credit union development. Credit unions throughout the world have given people the opportunity to belong to a financial institution guided by open membership, democratic control and service to members. This is truly a reason to 'Celebrate the Credit Union Difference!'

An estimated 100 million credit union members worldwide celebrated International Credit Union Day on October 21, 1999. The theme World Council selected for this year's celebration was "Celebrate

the Credit Union Difference!" As the new millennium draws near, this theme was especially fitting because credit unions are serving more members than ever before, while continuing to offer a difference in membership.

Certain events in the history of the credit union movement have emerged as being especially significant. For instance, in the 1840s the workers and weavers of Rochdale, England chose to create a democratic consumer cooperative. In 1852 and 1864, Hermann Schulze-Delitzsch and Friedrich Raiffeisen founded the first true credit unions in Germany. Alphonse and Dorimène Desjardins followed these milestones in the early 1900s by starting a credit union (caisse populaire) in Lévis, Quebec. Shortly afterward, Edward A. Filene and Roy F. Bergengren helped establish credit unions in the United States. In the 1950s, Nora Herlihy founded Irish credit unions, and Sister Mary Gabriella Mulherin established a movement in Korea. The list goes on.

As time passed, the need gradually emerged to establish a specific annual occasion to call attention



Last year, the Irish League of Credit Unions held a poster drawing competition for different age groups of young credit union members. Winners had their work published in the 1999 league calendar.

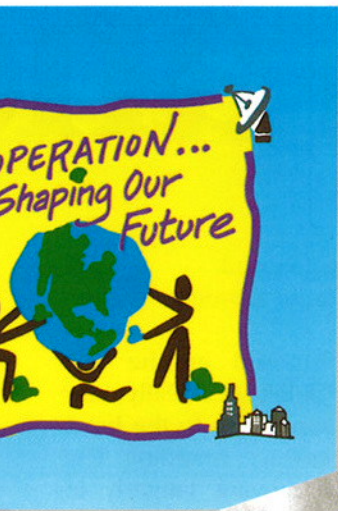
to the impact of credit unions on the lives of millions of people. International Credit Union Day honors the gifts and achievements of the many pioneers who founded credit unions and their service groups. It is also important to pay tribute to the many people who, today, continue to demonstrate the commitment that is establishing new credit unions or sustaining and further developing existing savings and credit cooperatives.

Each year, new national movements join the credit union family, and more and more people become interested in celebrating their uniqueness and unity. Everyone, regardless of religion, political beliefs, cultural differences or language can enjoy International Credit Union Day.

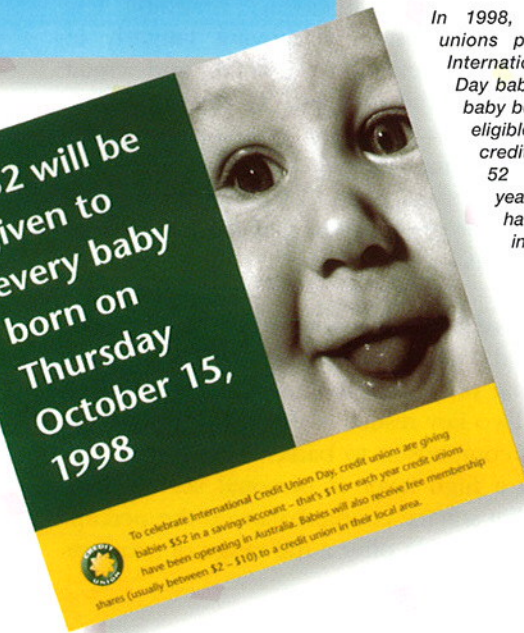
The international day of observance brings people together to reflect upon their cooperative history and achievements and to promote the credit union idea across the world. Celebrations in different countries take place in many forms.

Members of World Council celebrate International Credit Union Day by sponsoring open houses at credit union facilities, picnics, fairs, festivals and parades. Credit union leagues and chapters often hold athletic competitions as part of the camaraderie of the day's celebration. Public gatherings with visiting dignitaries have been effective in attracting media attention and public involvement. In the media, television and radio stations conduct interviews and produce special programming about credit unions. Credit union-sponsored articles or advertising supplements appear in newspapers and magazines. Even the youth get involved with drawing contests, parties and poster or essay competitions.





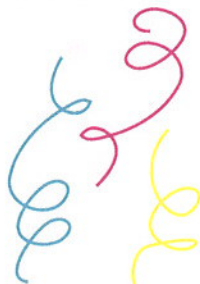
This year, the Canadian credit union movement celebrated with the theme "Cooperation...Shaping our Future." The celebration recognizes both credit unions and cooperatives in Canada.



In 1998, Australian credit unions participated in an International Credit Union Day baby campaign. Every baby born on the day was eligible for \$52.00 in a credit union account—52 represented the years that credit unions have been operating in Australia.

World Council extends special thanks to CUNA and CUNA Service Group for their collaboration and assistance in developing WOCCU's 1999 theme. Thanks also go to the movements of Australia, Canada, Gambia, Great Britain, Ethiopia, Ireland, Madagascar, Mexico, Poland, Russia and the United States for sending greetings and providing information about their celebrations last year.

World Council would like to know how you celebrated International Credit Union Day in 1999. Send photos, stories and other information to Kimberly Johnston, *Credit Union World* editor at PO Box 2982; Madison, WI 53701-2982; USA.



Trevor Blake, Jamaican League treasurer, Joe Taffe, president of the Jamaican League, Carolyn Jordan, NCUA executive director and Ambassador Peter King discuss the merits of the examination program.

worldwide on the expanded regulation of financial institutions, the new examination program will improve the practices and procedures that allow credit unions to meet international standards.

"Developing the new examination system for credit unions within the Jamaica project has been a large task," explained Chavez. The examiners, currently funded in part by a grant from the Inter-American Development Bank, will be conducting an examination of each credit union on an annual basis. The funding for the program will eventually be taken over by the Jamaican credit union movement. Examiners will review credit union data and make recommendations for changes in the operations, if needed.

NCUA's role in this new program included the gift of their unique ARIES monitoring system. World Council is adapting this system for implementation in the Jamaican credit union movement. NCUA has also been assisting with examiner training and software usage. Chavez pointed out, "This software will standardize exams for

all credit unions, much as it has for examiners in the United States."

Since credit unions began operating in Jamaica, not one member of a credit union belonging to the league has lost any of his or her savings. Despite the financial crisis in Jamaica over the last few years, when some banks and other financial institutions experienced financial difficulties—credit unions remained strong. This is due to the strict practices of the league's 66 member credit unions. "The launch of the examination program represents another step in our continued commitment to the safety and soundness of the credit union movement in Jamaica," noted Joe Taffe, president of the Jamaica Co-operative Credit Union League.

Credit unions are the fastest growing financial institutions in Jamaica today. Some of the factors attributed to this growth are improved and expanded service offerings to members, more visible marketing and the fact that people consider credit unions to be safe places to save and invest their money.



In the past, Credit Union Services Corporation (Australia) Ltd. has utilized national marketing and advertising campaigns. Since the 1970s, Australian credit unions had used a similar logo. However, over time credit unions began to either distort this logo and use it in a variety of dissimilar ways—adopting different colors, shapes and sizes—or to replace the logo with their own unique identifier.

To reunify the movement identity, in 1997 CUSCAL introduced a new logo and proposed an Integrated National Awareness Program. Receiving only partial acceptance from credit unions, these initiatives addressed just a small part of a movement-wide branding strategy.

While approximately 70% of credit unions are using the new identifier, CUSCAL is evaluating the steps of achieving a successful brand, the

right delivery channels, media voice and commitment to a brand on all levels. "Our Brand Strategy Project has emerged from the recognition that a branding strategy lies at the heart of the Australian movement's structural and operational responses to changes in the financial services environment," explained Dr. Vern Harvey, chief executive and director of CUSCAL and delegate to World Council.

Credit unions in Australia are witnessing an increase in the range and nature of competition as new niche entrants emerge, existing players reinvent their products and other well-known respected brands enter the market. Among the responses required by Australian credit unions to remain competitive in today's financial arena are:

- securing a differentiated marketing position;
- moving forward on the structural change propositions endorsed by member credit unions at CUSCAL's 1998 convention;
- protecting the credit union brand from credit union attacks and internal erosion;

- improving credit union performance; and
- establishing demutualization defense strategies.

Although structural changes proposed at the last Australian credit union convention didn't specifically refer to brand strategy, their size and scope went to the heart of credit union differentiation—in essence, branding. The Australian credit union system is moving gingerly in regard to brand implementation. CUSCAL and credit unions want to ensure the elements of the Australian brand are central to their marketing position and differentiation, and are not inadvertently tarnished, or worse, destroyed. At the end of this year, CUSCAL will complete and make available for presentation a brand equity evaluation and brand strategy report.

As part of the preliminary research for that report, CUSCAL conducted qualitative research with 12 focus groups commenting on public and member perceptions of credit unions. Two key results of the report found that consumers felt in comparison to banks: 1) credit unions generally provide a high level of personal service; and 2) for members, that service counterbalanced the perception that credit unions don't offer a full range of products and services.

Addressing these results, Dr. Harvey said, "CUSCAL's Brand Strategy Project will embrace both the provision of products and services to credit union members, and the presentation of those products and services in ways which accord with both the requirements of members and the capacities of credit unions."

### NACSCU - Poland

Similar to the Australians, the Polish credit union movement's branding efforts are beginning with the use of a unifying logo. The Polish credit union logo is a registered trademark owned by the Foundation for Polish Credit Unions. As with most protected marks, any use of the logo by other organizations within the Polish credit union system is subject to the consent of the owner. However, unique to the Polish system is the fact that all credit unions using the logo must be licensed to do so, and under the conditions of the licensing, the credit unions must agree not to make alterations to any elements of the logo.

Taking this protection a step further, the name "SKOK"—which stands for "cooperative savings and credit unions"







may only be used by credit unions and for the purpose intended by the Polish Credit Union Act of 1995. While this may seem like a drastic measure, Polish credit unions have had to take this stance to preserve the image of credit unions as safe and sound financial institutions.

"When the first credit unions started, Poland had big financial scandals with pyramid schemes. Hundreds, if not thousands of people lost their life savings. It was extremely important to prove that credit unions are financial institutions which are well-managed, honest and not created to abuse people," noted Grzegorz Bierecki, president of NACSCU and delegate to World Council.

Today, other financial institutions are trying to take advantage of the success of the Polish credit union movement by adopting "SKOK" in their corporate names. The National Association of Savings and Credit Unions has to take action on a regular basis to examine if there are other organizations operating in the Polish market under the SKOK name. If such organizations are discovered to be in existence, they are given time to comply with the relevant law and meet requirements set out for credit unions. If they fail to comply, they must cease to exist under the credit union name.

Following from this standardized and protected logo with its related goal of demonstrating the safety and soundness of credit unions, the Polish movement has begun to implement a wider-reaching branding strategy. The Polish credit union brand has been at the forefront of several major promotional campaigns carried out via mass media, including radio, press, billboards, periodicals, leaflets and newsletters.

NACSCU is planning additional campaigns next year to continue promoting the credit union brand. Following a motion at the 1998 Annual General Meeting Polish credit unions, in conjunction with NACSCU, agreed to cooperatively finance these campaigns. Credit unions can also run

## VII KRAJOWA KONFERENCJA SPÓŁDZIELCZYCH KAS OSZCZĘDNIOWO-KREDYTOWYCH



promotions of their own, the contents of which are agreed upon, in advance, with NACSCU.

Bierecki summed up by saying, "All of our efforts to promote the credit union brand in Poland are launched for the sole purpose of securing recognition for the credit union movement and the principles under which we operate."

### ***There's Never Been a Better Time***

With today's increasing global competition, there's never been a better or more important time for credit unions to develop a strong, high-profile national brand—one that consumers can clearly differentiate from other financial service providers. Branding is not only an issue for established movements, those in developing countries also recognize the importance and power of branding. Movements are choosing to create their own identities, instead of waiting for the competition to do it for them.

**Brand:** a name, term, sign, symbol, design or a combination of these intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of competitors.



# Institute Empowers International Leaders

World Council extends a special thank you to Bill Merrick, senior editor, *Credit Union Magazine*, whose excerpts are included in this overview of the Institute.

Imagine a marketplace in which new technology changes the way credit unions do business, where nontraditional competitors threaten credit unions' relationships with their most loyal members and where mergers create better efficiencies for banks. Sound familiar? It's the world shared by credit union movements across the globe, explained keynote speakers at the fourth World Council International Credit Union Leadership Institute held this year in Sydney, Australia. The Institute's mission is to help global credit union leaders improve their leadership and management practices to keep up with rising member expectations and the changing financial landscape.

This year, WOCCU's Leadership Institute boasted an attendance of more than 575 credit union leaders representing 10 different countries, winning top marks from participants. "We come from different backgrounds, but we come in the spirit of cooperation and education," noted Dennis Cutter, WOCCU Board president.

This program continues the tradition of assisting credit union leaders to effectively enhance their leadership and management practices, helping them keep up with rising member expectations and the challenging financial landscape.

Institute attendees were given an overview of common challenges faced by credit union movements around the world. Joan Parish, project analyst and development educator for Boeing Employees' Credit Union in Seattle, Washington, USA commented on her Institute experience, "It was valuable to learn of global trends in the international movement to better prepare in the U.S. for potential threats to our national movement, specifically taxation and demutualization."

"It was a powerful demonstration of the credit union community

gathering together in the true spirit of cooperation and shared learning," according to Barry Wood, chairperson of City Coast Credit Union, New South Wales, Australia. "My eyes have been opened to both the similarity of our challenges and the diversity of our operations," added Tim Wasilieff, executive vice president of Delta Credit Union in British Columbia, Canada.

The program featured two general sessions and 19 educational breakout sessions conducted by international financial service consultants, credit union experts and academicians. Institute topics addressed future challenges for cooperative movements, year 2000 contingency planning, strategies for attracting and maintaining general directors, future opportunities for global sharing and more.

Five of the particularly popular sessions at the Institute included: an opening panel discussion featuring speakers from the



Sydney, Australia.





U.S., Canada, Ireland, Australia and the Netherlands; Demutualization: The Danger of Credit Union Take Overs by External Groups; Branding and Keeping the Marketing Niche; the Virtual Bank; and Creating a Cooperative Advertising Program—A Canadian Case Study.

Other challenges that credit union movements face include European unification, increasing competition, the specter of taxation and attacks by bankers around the globe. "We're coming to the end of a decade as favorable as we're going to get with low inflation and high economic growth," said Dr. Vern Harvey, chief executive and director of CUSCAL and delegate to World Council. "But it's also been the best decade for our competitors, too."

Taxation was addressed in many breakout sessions. In Ireland, the government tried to tax credit unions two years ago, but public outcry prevented it. "Credit unions were there for members in the bad times. Today we have to offer better services to be a friend to our members," said Frank Lynch, president of the Irish League of Credit Unions.

"In the U.S., credit unions' and leagues' massive grassroots mobilization and CUNA's strategic lobbying efforts were the deciding factors in passing HR 1151, the Credit Union Membership Act," U.S. Congressional Representative Paul Kanjorski, Democrat-Pennsylvania, told attendees at WOCCU's conference. He also noted that, "The U.S. credit union system is one of the only movements to retain its tax-exempt status—and that's not likely to ever change." He encouraged the U.S. credit union movement and others still retaining tax exemption to "invest some of that sav-

ing in international credit union development."

The Leadership Institute builds on the cooperative nature of credit unions to create world-class leaders. As credit unions move toward the 21st century and face rapidly changing globalization, the importance of sharing competitive intelligence among cooperatives escalates. Sharing and learning about the challenges, experiences and successes of various credit unions from international movements offers a tremendous benefit for competitive success.

Learning from each other to better serve credit union members around the globe is the driving force behind the creation and continuation of the International Credit Union Leadership Institute. Lessons learned and shared from one corner of the world may directly affect the direction and success of credit unions in the opposite corner.

**World Council would like to thank the speakers of the 1999 International Credit Union Leadership Institute.**

R. Arthur Arnold  
Chris Baker  
Jeffrey Carmichael  
David Chatfield  
Gerald Conklin  
Pete Crear  
Linda Crompton  
Dennis Cutter  
Keith Delaney  
Teresa Freeborn  
Mark Genovese  
Mary Griffin  
Vern Harvey  
Peter Heywood  
Robert Hoel  
Dan Kampen  
Paul Kanjorski  
Brandon Khoo  
William Knight  
Graham Loughlin  
Frank Lynch  
David Maus  
Douglas McDonald  
L. Robert McVeigh  
Grahame Mehrtens  
Rob Nicholls  
Anne O'Bryne  
Alan Parry  
John Prescott  
Sean Redmond  
Catherine Roberts  
Diana Roberts  
Grant Strawbridge  
Peter Switzer  
John Vardallas  
Anthony Voigt  
Bruce Wheeler





## Credit Union Ambassadors



**Australia-**  
Howard  
Crozier,  
Chairman,  
Members  
Australia

Credit Union; Robert Powell, Chairman, Advantage Credit Union; and Brigadier Mike O'Brien, Chairman, Defense Credit Union met with WOCCU as part of a study tour to view different movements and discuss international credit union development.



**Taiwan -**  
Visitors from  
C U L R O C  
learned about  
WOCCU's asso-

ciations services in the Pacific Rim.

**Wang Lien-Ding**, Vice Chairman

**Chen Tsang-Lang**, Insurance  
Committee Member

**Lin Chin-Dong**, Insurance  
Committee Member

**Wu Chuan-Dong**, Insurance  
Committee Member

**Yeh Wen-Ping**, Insurance  
Committee Member

**Lin Kun-Jung**, Chief of  
Insurance Section

**Tom Tang**, CMG



**California-**  
Californians  
Dave Chatfield,  
president and  
CEO of the

California and Nevada Credit Union Leagues and delegate to WOCCU, along with Judith McCartney (not pictured), CEO of Orange County FCU are representing credit union interests on the board of Freedom from Hunger, World Council's development partner in the WOCCU CUES - Philippines project.

# People-to-People

## Bringing

credit unions-to-  
credit unions...

Country by country

Culture by culture

Village by village

And Member by member

## You Can Support International Credit Union Development

More people need the services offered through credit union membership. As a world class credit union leader, you can support and participate in the development of credit unions throughout the world.

**Join People-to-People** - Co-sponsored by World Council of Credit Unions, Inc., the National Credit Union Foundation and CUNA Mutual Group.

Help expand credit unions around the world!  
Call today to join People-to-People.

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