

How WOCCU plans to bring global credit union practices to U.S. shores

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U.S. credit unions may learn something about digital payments or biometrics from the World Council of Credit Unions' new Digital Transformation Lab.

WOCCU describes the new lab as a "virtual platform" that will allow the trade group to display digital transformation components being used in development projects around the world. Stakeholders, including credit unions and technology vendors, will be able to share expertise and lessons learned on initiatives ranging from digital payments to micro loans to identity verification.

But there are some concerns about the lab, such as a worry that credit unions might be reluctant to share data with others.

"There seems to be a lot of global trends that can be shared with credit unions," said Megan O'Donnell, WOCCU's director of financial inclusion who will oversee the lab. "WOCCU has been wanting to do more digital initiatives. We are doing a lot of interesting work, but it was not reaching the rest of the world."

Megan O'Donnell, World Council of Credit Unions' director of financial inclusion



The Digital Transformation Lab "already exists in a sense," because many of WOCCU's field activities have a digital component, O'Donnell said. She pointed to interactions at the group's

annual conference, when credit unions from around the world share their experiences.

The lab will be a website with an online community, although the details are still being worked out, O'Donnell explained. She said to start there will be "storytelling," but officials expect it to evolve and become a self-perpetuating space.

In the first 30 to 60 days, WOCCU will be gathering input to develop the website, including at its annual conference in the Bahamas in late July. After that, the trade group will create tools to help users share expertise, such as a forum to exchange skills. Content will be shared in French, Spanish and English, O'Donnell said.

O'Donnell pointed to financial providers working with refugees in Turkey and Central America as an example of how credit unions can share solutions.

"World Council of Credit Unions has members in 118 countries on six continents whose credit unions reach expansively into rural and remote areas," Brian Branch, WOCCU's president and CEO, said in a statement. "Digital transformation is the key to making sure those credit unions continue to grow by reaching new members with the very latest technology. By interacting with our Digital Transformation Lab, our members and the credit unions they represent can learn about the latest innovations, vet them and even share their own experiences with digital transformation."



Brian Branch, president and CEO of the World Council of Credit Unions

People who think sharing will be a one-way street from the United States to the rest of the world are in for a surprise, O'Donnell said.

"Some of the work on digital payments in Indonesia is pretty groundbreaking, and a few countries pay their taxes completely online – no paper allowed," she noted. "India has biometric identities for nearly the entire population. Many merchants in Kenya and other African countries use digital payments. In Kenya, WOCCU has a pilot project in which credit unions will monitor farmers' crops by satellite and link that collateral information to loan payments."

The ASEAN Financial Innovation Network as an example of an initiative that is similar to WOCCU's lab, experts said. The ASEAN Network uses a cloud-based platform that allows financial institutions and fintech companies to connect with each other and collaborate.

The ASEAN Network is still relatively new, making a comprehensive evaluation difficult, but it has "created a marketplace" for fintechs to connect with fintechs, said Jackson Mueller, an associate director of the fintech program at the Center for Financial Markets for the Milken

Institute, a non-partisan think tank. It currently operates in 22 markets, has worked with 103 fintechs and 38 financial institutions and offers more than 100 APIs.

"It has become a membership-based organization to provide open, neutral and collaborative approaches to financial market evolution," said Ivo Jenik, a financial sector specialist at the Consultative Group to Assist the Poor, a global partnership of 34 organizations to advance financial inclusion.

Digital Transformation Lab facts

World Council of Credit Unions initiative

WOCCU reaches 118 countries, 6 continents

First 30 days, gathering input

Next 60-90 days, creating tools for sharing

Potential topics include payments, ID verification

Source: WOCCU

Jenik said similar "regulatory sandboxes" have led to "a lot of activity" in the payments space, particularly driven by blockchain-enabled innovation.

To be sure, there could be some snags that prevent credit unions from widely using WOCCU's lab. For one, there could be regulatory issues credit unions run into when trying to adopt suggestions from other parts of the world.

"Credit unions can see what others are doing around the world," Mueller said. "But to take what some credit unions are doing in West Africa or Southeast Asia and trying to replicate it somewhere in the U.S. it might be a challenge. There could be barriers with the regulatory

structure in the home area. Still, it is a step in the right direction. Africa and Asia are leapfrogging ahead on many digital initiatives, so credit unions in the U.S. will be able to learn from them.”

Additionally, some users may balk at sharing their data with others, Mueller said. O’Donnell believes this concern can be overcome given the trusting nature of the credit union industry.

Still, Mueller believes the Digital Transformation Lab will be “very interesting” for the credit unions involved.

“The word ‘sharing’ tends to freak a lot of people out – are we sharing all of our data? Or only some data? It is a barrier to get firms to participate and share with their competitors,” Mueller said. “We are largely still early on in this space, as there has not been a lot of sharing of best practices. Any international efforts toward information sharing are welcome, but just because you are okay to operate in one jurisdiction does not mean you are cleared by the regulator in another jurisdiction.”

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