



World Council of Credit Unions, Inc.

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WORLD

*The Source for International
Credit Union Information*

Credit Union

Imaginative
Leadership

for a

Better
Tomorrow



Credit Union WORLD

agency for credit unions

world's leading **advocate**
platform
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Forum 2003
Brisbane, Australia —
Last Chance to Register!

Credit Union World

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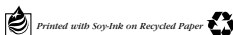
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A Term in Perspective



Gerry Foley
Board Chairman

As outgoing board chairman of the World Council of Credit Unions' and (WOCCU) board of directors I would like to take this opportunity to discuss highlights of

World Council's accomplishments over the last two years.

During my tenure, World Council focused on the message of sound and safe credit unions, noting that there cannot be sustainable economic or social progress in a country without a sound and safe financial system, of which credit unions—enabled by specific legislation—are an integral part. In support of the difference credit unions make, WOCCU has made countless congressional lobbying visits in developed countries and has emphasized the need for enabling legislation and regulation in developing countries, where specific credit union legislation does not exist. I witnessed an excellent example of

how the sound and safe message is implemented in the WOCCU-Philippines project credit unions.

As a platform for innovation and information exchange, WOCCU hosted record-breaking numbers of credit union leaders at regional technical congresses, the International Conference in Ireland and at the Leadership Institutes in both Paris and Poland. In these meetings we have involved world leaders like the President of Ireland, Mary McAleese; Prime Minister of Ireland, Bertie Ahern; Nobel Prize winners, Lech Walesa and John Hume, among others. To gain the competitive advantage it's imperative that credit unions avoid re-inventing the wheel and instead mobilize expertise and resources by collaborating to benefit from each other's experiences.

During the 2001 Leadership Institute, WOCCU introduced its Young Credit Union Professionals Program (WYCUP), a commitment to investing in the future of young credit union leaders. We have also focused on issues faced by the youth of our movements during WOCCU events to ensure retention of tomorrow's leaders.

A recent accomplishment for WOCCU includes adding a Spanish portal to the website, www.woccu.org/espanol. Spanish-speaking members now have access to a direct Spanish portal,

providing information about credit union data, publications, programs and products.

As board chairman I have traveled extensively throughout the world representing the international credit union movement and WOCCU. I have enjoyed meeting credit union leaders, directors, volunteers and members. I have found that the credit union ideal is the same in every country, whether developed or developing. I am honored to have played a role in the international credit union movement and thank those who have shown me great hospitality. I feel it is important for our member movements to continue working together for the betterment of WOCCU.

Finally, I would like to express my thanks to the international credit union movement—my second family—for all of your thoughts, prayers, cards and phone calls that my wife Pat and I, along with our children Deborah, Keith and Lauren received after the tragic loss of our son, Justin. It has meant so much to us and shows that with credit unions you are part of a much bigger family.

From the bottom of my heart, I hope that the entire movement continues to push for "Quality Credit Unions For Everyone," because together we will continue to demonstrate the power of partnership and that cooperation is the power of many to change the world.





Imaginative Leadership

for a Better Tomorrow

—by Margot Cairnes, Founder and Chairman of the Change Dynamic Pty Ltd.

Editor's Note:

Margot Cairnes will speak at the 2003 International Credit Union Forum in Brisbane, Australia, on June 25. Her talk, "Imaginative Leadership for a Better Tomorrow", promises to cover the dynamic nature of change, the importance of imagination for business success and how to imagine your way to a more successful future. Cairnes is a leadership expert and is the author of several books. As founder and chairman of the Change Dynamic Pty Ltd., Cairnes travels around the globe helping organizations build leadership.

Innovative and Visionary Leadership

Welcome to the 21st Century, a time when uncertainty is certain. Continual change requires more of us than simply "up-skilling" and keeping pace with rapid advances in technology, services and information. It demands transformation.

Credit unions around the globe are facing major restructuring due to advancements in high-tech delivery and information systems, the continuing merger trend and the need to comply with challenging government regulations. To capitalize on change we must be more dynamic and innovative in our leadership.

Seeing and Believing

Once everybody believed that the world was flat. People who challenged this belief were ridiculed and even (like Galileo) imprisoned. Eventually, we adopted a new worldview—that the world was round and rotated around the sun. The old mindset became outdated and what was once heresy became common sense. The paradigm had shifted.

Is there a parallel here with today's top management? Consider the following:

In the five years between 1995 and 2000, a third of the Fortune 100 companies replaced their CEOs. Because boards believe it is the CEO's responsibility to achieve performance through good leadership, CEOs are replaced when companies do not perform. However, according to Warren Bennis, founding chairman of the University of Southern California's Leadership Institute and James O'Toole, vice president of the Aspen Institute, when it comes to selecting CEOs, board members repeatedly hire the wrong people because they don't understand good leadership.

Most people at the top end of business were reared with a mindset that actually limits their making sense of a changing world. Board members are firmly rooted in an outdated mindset. Metaphorically, most of them still believe that the earth is flat.

The New World View

Charles Handy, who helped start the London Business School, tells us we are in a time of rapid discontinuous change. We aren't changing along a continuum, but instead moving into a whole new paradigm. The definition of discontinuous change is an

inability to foretell the future from the past. Such times challenge leaders to greater heights of imagination, courage, pathfinding and relationships.

Discontinuous change results from the technological revolution, which in turn results in:

- Increased competition and complexity of globalization;
- Increasing concentration of private and corporate wealth;
- Ongoing technological innovation;
- Changing social values, especially about environmental issues, corporate citizenship and ethics;
- Movement from the industrial era to the information/services era; and
- Major changes on a geo-political level.

The rate of change is an exponential curve.

A 2001 WOCCU survey of credit union leaders found the key issues credit unions are facing relate to the challenges of working in a "global networked environment." While many people think that success in such environments comes from adaptation to change, Peter Drucker, inventor of modern management, believes adaptation is dangerous. He writes, "The only way to manage change is to create it. By the time you have caught up to change, the competition is ahead of you."

In times of rapid discontinuous change, doing the same thing harder, faster and more often is lunacy. Like all industry leaders, those heading credit unions must adopt and create radical new ways of thinking and working. In times of rapid discontinuous change the path has to be blazed, not followed.



Margot Cairnes

In 1996 I was asked to work with the European manufacturing heads of BP Oil Europe as they merged their organization with Mobil Oil Europe. This was a merger of some 17,000 people valued at approximately US\$5 billion. We had just six months to implement the merger. At the time, BP Oil Europe had been the company's poorest performing asset for many years. One year later, the merger was bedded down and the merged company made a record profit and became the highest performing part of the company's manufacturing portfolio.

Four attitudes contributed to the success:

1. The leaders adopted E-world thinking.
2. Each leader worked personally to build up his or her emotional intelligence (EQ) and spiritual intelligence (SQ).
3. The leaders concentrated on relationships, relationships and relationships.
4. All of the above was applied to strategic reality.

Let's look at these four attributes in more detail.

1. E-WORLD THINKING

Just over 300 years ago the invention of the machine revolutionized the feudal world. Machines not only changed the way people worked and lived, they also transformed the way people thought. Based on the principles of Newtonian physics (and later scientific management) we learned to understand things by breaking everything down into component parts, analyzing those parts and reconstructing the whole. Scientific management—plan, organize and control—

encouraged us to attempt to control our environment to ensure standard results. According to the machine paradigm, if you couldn't see it, touch it and measure it—it didn't exist.

With stable conditions and moderate change, all of this worked well enough. In times of rapid discontinuous change, breaking things down into the bits, understanding the bits and putting them back together is just too slow. Trying to control the environment is not only a waste of time, but also counterproductive.

We need to adopt a new E-world view. We must shift our thinking to include more of our potential and build on learning from the new sciences.

E-world thinking is based on systems theory, which tells us that all things operate in systems and all systems are interconnected. A small change in one part of a system can lead to a change

in that system and to all the systems connected to it. Quantum physics tells us that in the quantum world, it isn't the visible bits that matter but the invisible relationships between the bits.



In machine-age thinking the relationship is unseen, unmeasured and therefore considered irrelevant. In the E-world, it's all about the relationship. The two worlds are compared in the chart below.

E-world and machine-world thinking aren't incompatible—but they are different. Operating in the E-world with only machine-age thinking skills is leadership suicide.

2. BUILDING EMOTIONAL & SPIRITUAL INTELLIGENCE (EQ & SQ)

Adopting the E-world view requires leaders to go through a process of personal transformation—to build their EQ and SQ and, by doing so,

Continued on Page 16

 <p>The MACHINE AGE World View</p>	 <p>The E-world View</p>
<p><i>(The emerging future) Mechanistic thinking</i></p> <ul style="list-style-type: none"> • Tangible, visible, measurable • Controllable • Understandable by breaking down • What you can see and understand • People are the cogs in the wheel of the system • Human emotion, soul and spirit are irrelevant 	<p><i>Emotion, e-mail, e-commerce, energy, electricity, ecology, education, empowerment</i></p> <ul style="list-style-type: none"> • Invisible, difficult to measure • Difficult to control • Complex, messy—Heisenberg principle • Relationship (the invisible fiber/space between the bits) is everything • People are integral to, and drivers of, the system • The human psyche (spirit, soul and mind) is central to relationship, creativity and adaptation to change

Helping the World's People to Help Themselves

Highlights of WOCCU's 2002 Annual Report

Looking back on 2002, "Quality Credit Unions for Everyone"—the vision of World Council of Credit Unions, Inc. (WOCCU)—is more of a reality than ever before. Today, 115 million members in 100 countries are creating growth opportunities for themselves and their families through the benefits of affordable financial services offered by credit unions.

What accounts for credit unions' continued success? A commitment to the core values of access, trust, self-help and growth. Private and independently owned, credit unions are inherently trustworthy; institutions that answer to member needs rather than stockholder demands. Credit unions recognize the power of the human spirit and offer opportunities—for financial growth and social progress—not found anywhere else.

While each core value is important, self-help is the *real* way credit unions differentiate themselves. "One member, one vote" remains a credit union hallmark and self-funding is widely recognized as a cornerstone of credit union success. Because member savings fund member loans, credit unions are more self sufficient

and stable and members have greater access to affordable financial services.

WOCCU believes strongly in the empowering virtues of savings mobilization. So



"HE HELPS OTHERS MOST, WHO SHOWS THEM HOW TO HELP THEMSELVES."

— P. GOUTHEY

much so that we implemented the Savings Best Practices project to highlight how savings—when effectively mobilized and protected by an adequate regulatory and supervisory framework—foster safety, trust and sustainability, and ultimately, extend the cycle of self-help even further.

Last year, we helped build trust through the implementation of the PEARLS Monitoring System. Now used in 20 countries, PEARLS provides the means for credit unions to set, implement and measure their performance against the internationally accepted and recognized financial disciplines.

The fruit of these efforts: continued growth. Last year, US\$2 billion was deposited by more than four million new members in WOCCU's project credit unions. This proves that people at every income level will save if they have a safe place to do so.

While trust led to a 14% growth in savings, loans increased by only 6%. Current credit union loan-to-share ratios are at 70% worldwide; 80% would be ideal. Credit unions need to find innovative ways to create member-related investments with an acceptable rate of risk. Even a 5% increase in loans would channel approximately \$25 billion back to our members and their communities, providing increased opportunities to improve their financial position and move up the socio-economic ladder.

Other self-help highlights include the growth of WOCCU's IRnet remittance network. We successfully raised awareness of the importance of these

transfers as a means to enable people to grow. Our efforts influenced the marketplace and resulted in the major remittance players decreasing their fees. Still, IRnet remains the world's most cost-effective funds transfer program.

2002 was also an exceptional year for WOCCU's regional and international conferences. With record numbers attending our meetings, more than 2000 credit union leaders and personnel from around the world had many opportunities to help themselves by sharing knowledge and experiences, then using that information to implement solutions to local challenges. Another record achievement was the acquisition of \$15.6 million for new credit union development projects.

While we're pleased with this year's achievements, we are acutely aware that there is much more to accomplish, especially as the gap between "have more" and "have less" countries continues to grow. Despite cultural and economic differences, the world's people have a common human desire to grow and prosper. Now more than ever, WOCCU programs must be run for, with and by the people we serve. Our work must be done in the spirit of true collaboration and self-help must be an integral component. *People helping people to help themselves, that's what credit unions are all about.*

To request a copy of WOCCU's 2002 Annual Report, visit www.woccu.org/aboutwoccu and click on "Annual Report."



Arthur Arnold
President & CEO



Advocacy

- Set the standards for safety and soundness using PEARLS in 20 countries
- “Hiked the Hill” with CUNA and 25 state leagues to educate U.S. Congress on the international difference of credit unions
- Continued advocating the low-risk profile of credit unions with the Bank for International Settlements
- Increased global awareness of credit unions through media coverage in the *Wall Street Journal*, *The Economist*, *Voice of America* and on television in numerous countries
- Developed a new association database
- Published 3 issues of *Credit Union World* in English and Spanish
- Introduced 7 monthly eCommuniqués
- Received the Herb Wegner Memorial Award for the WOCCU-Philippines project
- Approved 4 new members: Bolivia, El Salvador, Kenya and Paraguay
- Visited 22 out of 30 WOCCU member organizations
- Received 11 nominations for the Distinguished Service Awards
- Added 20 new Supporters for a total of 125; created Bronze, Silver, Gold and Platinum categories
- Hosted 2nd Annual Supporters Recognition Reception in Warsaw, Poland
- Signed 4 People-to-People Partnership Agreements: Washington, DC and Nicaragua; Texas, California and Mexico; Illinois and the Ukraine; Connecticut and Trinidad & Tobago
- Hosted 300 attendees at the International Reception at the Mexican Cultural Institute during CUNA's GAC in Washington, DC

Platform

- Achieved record attendance of 758 participants from 33 countries at the Leadership Institute in Warsaw, Poland; Nobel Peace Laureate, Lech Walesa keynoted; 104 attendees were under age 35
- Co-hosted with USAID and DGRV Savings and Regulations Best Practices conferences:
 - 260 participants from 16 countries in Managua, Nicaragua
 - 169 attendees from 9 countries in Mexico City, Mexico
 - 153 participants from 35 countries for first-ever international Savings Mobilization Conference in Washington, DC
- Co-hosted 265 participants from 22 countries at the African SACCOs Congress in Accra, Ghana
- Co-hosted 10 participants at the European CU Associations Summit in Manchester, England
- Hosted first-ever Asian Technical Congress in Davao, Philippines with 187 attendees from 12 countries
- Co-hosted an Advocacy Training Workshop for 25 attendees from 7 countries in Washington D.C.
- Added value to WOCCU's website with a “Members Only” section
- Launched major new Development Finance section on WOCCU's website
- Recorded over 6.5 million hits from more than 116,000 internet users on www.woccu.org (<100% increase over 2001)
- Received 33 nominees from 12 countries for the WOCCU Young Credit Union Professionals scholarship
- Signed up 46 new credit unions reaching a total of 165 credit unions with 750 points of sale in 20 states for IRnet
- Wired US\$50 million through IRnet, exceeding expectations by 65%

Development

- Obtained US\$15.6 million to fund new development projects
- Commenced new projects in Bolivia, Ecuador, Jamaica, Mexico, the Philippines, South Africa, the United Kingdom and Uzbekistan, as well as the Rural Finance Best Practices
- Received grants from donor agencies including the Asian Development Bank (ADB), the Inter-American Development Bank (IDB), the U.S. Agency for International Development (USAID), the World Bank and its Consultative Group to Assist the Poorest (C-GAP).
- Received grants from credit union donors including the British Columbia Credit Union Foundation, CUNA Mutual Group, the National Credit Union Foundation, U.S. Central Credit Union and 125 WOCCU Supporters
- Introduced 3 new credit products in development projects
- Distributed Savings Best Practices results to 500 technical assistance professionals
- Expanded independent WOCCU Rating Agency in Guatemala to 23 out of 28 FENACOAC credit unions, representing 85% of movement assets
- Participated in numerous high level meetings with donor organizations and development decision-makers including USAID, the World Bank, Asian Development Bank, Brigham Young University, Erasmus University, the United Nations, Asia-Pacific Economic Cooperation, International Fund for Agricultural Development and the Overseas Cooperative Development Committee

Bolivia and Ohio:

Learning from the Challenges

—by Bill Merrick, Managing Editor, Special Projects, Credit Union Magazine, CUNA and Michael Beall, Manager of Governmental Affairs and Partnerships, WOCCU
Reprinted information courtesy of CUNA's *News Now*



The Ohio Credit Union League, Corporate One FCU and WOCCU-Bolivia sign an official People-to-People partnership agreement. (Photographer: Marechiel Santos)

On her way to sign a partnership agreement between Ohio and Bolivian credit unions, Rosemary Aramayo, CEO of Cooperativa M. Felix Gainza in Bolivia, was harassed by soldiers and prohibited from leaving the politically charged country. The incident left Aramayo shaken but unharmed. It illustrates the tough conditions fellow credit union executives sometimes operate under in troubled areas.

Arthur Arnold, World Council of Credit Unions (WOCCU) president and CEO related this story during a reception at the Australian Embassy in Washington, D.C., honoring a new partnership between the Ohio Credit Union League, Corporate One Federal Credit Union (Columbus, Ohio) and the Bolivian credit union movement, as part of WOCCU's People-to-People Program. The event featured a signing ceremony where Rose Bartolomucci, chairman of the Ohio CU League (OCUL); Lee Butke, CEO of Corporate One FCU; Julio Fernandez, project director, WOCCU-Bolivia; and Gerry Foley, chairman, WOCCU's board of directors signed the partnership agreement to cement their developing close ties.

Bartolomucci noted, "The Ohio Credit Union League appreciates the opportunity to join in this partnership with the credit union movement in Bolivia. By participating in this venture, Ohio credit unions will stretch our horizons and gain from interactions with another culture. Beyond that, we may come to better appreciate the challenges faced by a credit union movement operating in an economy less robust than our own and better understand the unique strengths of the U.S. financial system."

The two-year partnership will focus on the development of branch offices and information systems and the establish-

ment of a central financial facility in Bolivia. Personal visits will be made between credit union executives in Ohio and Bolivia. Julio Fernandez, project director for WOCCU-Bolivia, recently completed his second visit with credit union representatives in Ohio, focusing on technology and shared branching.

"Through this partnership, credit unions will ensure the safety of members' money," Hernandez said. "It's very important for credit unions to serve the poorest part of the population, which sees its future through credit unions."

Mike Beall, WOCCU manager of governmental affairs and partnerships, added, "The next phase of partnership activities will include a training session on WOCCU's Model Credit Union Building Tools, including the PEARLS Financial Management system, for Ohio credit union leaders so they better understand the work being done by Bolivian credit unions. In May, OCUL and Corporate One will assist with a technology assessment of credit unions participating in WOCCU's Bolivia project.

"Our role will be to provide assistance in the design and in the technological foundation on which credit unions can then build a two-tiered credit union system,"



COUNTRY INDICATORS

National Capital: La Paz
Government Type: Republic
Population: 8,445,134 (July 2002)
Population below poverty: 70% (2001)
Unemployment rate: 32% (2000)
Inflation Rate: 11% (2000 est.)
Exchange Rate: 6.86 bolivianos (BOB)/US\$1 (Jan. 2002 est.)
GDP: US\$21.4 billion (2002 est.)
GDP per Capita: US\$2,600 (2001 est.)

Source: CIA Fact Book

CREDIT UNION INDICATORS

Credit Union Locations: 15
Members: 101,701
Savings: US\$50,468,935
Loans: US\$44,597,991

Source: WOCCU's 2001 Statistical Report



said Corporate One's Lee Butke. "We are both excited and proud to share our expertise, knowing that through this process all the parties involved will walk away with invaluable experiences. It's these types of partnerships that demonstrate to the world the cooperative power of credit unions."

Funding for the Bolivia-Ohio Partnership comes from the National Credit Union Foundation and its Partnership and People-to-People Grant.

Belize CUs to Expand Services

Visit with Florida Provides Valuable Insights

—by Michael Beall, Manager of Governmental Affairs and Partnerships, WOCCU



Giving credit union members greater access to affordable financial services, the government of Belize recently passed new legislation that will open up credit unions' abilities to offer checking accounts, credit and debit cards and ATM access. In response, Belize credit unions are working to develop relationships that make offering these products and services a possibility via cooperative pricing for the entire movement, which consists of 14 active credit unions.

A group of Belize credit union officials led by Belize Registrar of Cooperatives Zenaida Moya and Belize Credit Union League executive director Natalie Goff traveled to Florida to meet with credit union leaders from the Florida Credit Union League, Southeast Corporate Credit Union and four Tallahassee, Florida area credit unions from February 2-6, 2003. The group visited Florida to better understand the technology, member services and products of U.S. credit unions, as well as examine the overall U.S. credit union system of interrelated league and corporate credit union services.

"We welcomed the opportunity to work with the representatives from the Belize credit union movement and WOCCU in creating a visit that would further assist the development of the credit union movement in Belize," stated Bill Birdwell, president and CEO of Southeast Corporate. "Since Belize doesn't have a corporate credit union today, we

were happy to share the U.S. corporate model and that of Southeast Corporate. Plus, having an objective outside party ask us about our infrastructure and systems is always a great exercise."

The Florida credit union system was impressed with the enthusiasm of the group which included Yolanda Gomez, manager, La Immaculada CU; Jane Usher, general manager, Holy Redeemer CU; Clement Usher, financial controller, Holy Redeemer CU; Daisy Dawson, manager, St. John's CU; Ronald Hulse, manager, St. Martin's CU; and Dushinka Kuylen, Independence Office branch manager, Citrus Grower & Workers CU.

"The experience hosting this delegation from Belize was incredible. It was great to see our Florida State University CU, SCORE FCU, Tallahassee-Leon FCU, Florida Commerce FCU, as well as United Datatronics [a credit union service organization specializing in technology] roll out the red carpet and show guests how we do business in Florida," said Cassandra Grayson, VP of Education and Training for the Florida Credit Union League. Grayson and Jason Norton, VP of Marketing for Southeast Corporate organized the visit.

Grayson expressed admiration for the tenacity of the Belize credit union system. Belize delegation

member Jane Usher provided unique insights into the birth of the Belize credit union movement. Usher was involved at the start of Holy Redeemer CU in 1944 when Father Marion Ganey, a Jesuit priest from the U.S., convinced three women from the parish to contribute \$0.25 cents each to start the credit union. Usher recounted the philosophy of Father Ganey, "If you sell fish, you have to smell like fish; if you sell money, you have to look like money."

Usher received assistance from CUNA, along with the Michigan and Illinois Credit Union Leagues on draft legislation modeled after U.S. law. That assistance led to the passage of legislation in the 1950s. Usher took a pay cut in 1994 from \$35 a week to \$25 per month to operate Holy Redeemer CU. She remembers the books being off by \$60 when she started. The local priest made a deposit to set the books straight, as Usher began to manage the credit union. Today, Holy Redeemer CU serves more than 34,000 members.

The visit was funded by the government of Belize and in part by a grant from the National Credit Union Foundation to WOCCU for Partnership and People-to-People program activities.



l-r: Miles Strickland and Greg Wirthmann, SE Corporate CU; Mike Beall, WOCCU; Daisy Dawson, St. John's CU; Clement Usher, Holy Redeemer CU; Zenaida Moya, Belize Registrar of Cooperatives; Ronald Hulse, St. Martin's CU; Dushinka Kuylen, Citrus Grower & Workers CU; Yolanda Gomez, La Immaculada CU; Natalie Goff, Belize CU League; Jason Norton, SE Corporate CU; Jeanie Henson, SE Corporate CU; seated: Jane Usher, Holy Redeemer CU. (Photo courtesy of Southeast Corporate CU)



Remittances and the Credit Union Difference

—by Dave Grace, Financial & Regulatory Affairs Manager, WOCCU

As labor markets become more global in scale, workers are relocating across country borders for job opportunities. As part of these relocations, workers abroad often remit home some portion of their earnings. In 2002, an estimated US\$105 billion dollars in worker remittances was sent worldwide. The largest share of this was from workers residing in the United States (U.S.) sending \$32 billion in 2002 to Latin America and the Caribbean.

The U.S. Census Bureau indicates that 11.5% (28.4 million) of the population is foreign-born—the level is the highest since the 1930s. For states such as California, New York and New Jersey, percentages of foreign-born residents are much higher—30, 20 and 15%, respectively. Immigrants now represent 15% of all U.S. workers. Even more so than in the U.S., immigration into Canada has been the source of the country's recent population growth. Immigrants now comprise 16% of Canada's population.

With conservative global estimates of 200 million people migrating annually, these individuals provide a constant flow of dollars back to their home countries, enabling the recipients to improve their standard of living, start small businesses, further their education and save for the future. Despite the flow, unfavorable exchange rates and exorbitant fees (up to 25% of the transfer amount) offered by the dominant money transfer companies weaken the remittances potential impact.

In the late 1990s, Central American member credit unions of the World Council of Credit Unions (WOCCU)

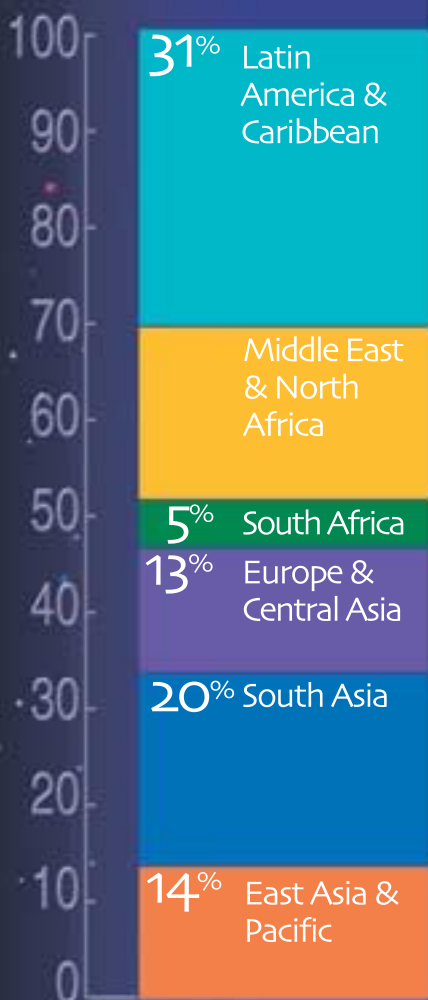
encouraged WOCCU to explore how to facilitate the transfer of funds from credit unions in the U.S. to Latin America. In July 1999, the project became formalized and WOCCU launched its International Remittance Network (IRnet) service. Over 170 credit unions in 28 states with 750 points of service in the U.S. are using the service to send money to 42 countries on five continents.

WOCCU is working with two commercial money transfer companies and credit union national associations in El Salvador, Guatemala, Honduras, Jamaica and Mexico to provide guaranteed remittance services. With a physical infrastructure of 37,000 credit unions broadly disbursed in 93 countries, the international credit union system likely has the best infrastructure of any financial network in the world to handle such payments.

When safe, sound and efficient credit unions enter a market and offer lower-cost services, competition increases and prices fall. This unique position, along with WOCCU's internal resources and a July 2000 partnership agreement with Vigo Remittance Corporation, provide WOCCU with an unparalleled opportunity to establish itself as an innovator in the remittance market.

Credit unions on both the sending and receiving sides of the transfers offer the product for similar reasons. The service enables credit unions to leverage their existing infrastructures to offer money transfers and develop new relationships. Similar to how checking accounts are offered at or below costs to build relationships for financial institutions, credit unions offer remittance services as a relation-

Worldwide flows of worker remittances by region, 2002



Source: Inter-American Dialogue 2003.

ship product. This product positioning and the not-for-profit status of credit unions enables them to undercut prices of the for-profit money transfer companies and generate revenue on relationships that can be built. In contrast, money transfer companies must earn all their profits from fees.

The Value Added by Credit Union Remittance Services

Recipients of remittances generally have low incomes and are discouraged from saving as a result of either receiving funds at department stores or not being eligible to open accounts at banks disbursing the funds because of high minimum balances. It is estimated that 65% of Mexico's population does not have an account at a financial institution (Source: Inter-American Development Bank). Because receiving remittances at credit unions introduces individuals to financial institutions, this program will increase the banking culture within receiving countries and provide facilities for savings.

The experience of credit union movements in Central America indicates that 28% of individuals receiving remittances from credit unions have subsequently opened accounts and now participate in formal financial services. If remittances are received at sound formal financial institutions that allow and facilitate saving part of each remittance (as opposed to being distributed by commercial retail stores that encourage spending) then individuals will be more likely to save.

A top priority for WOCCU in 2003 is assisting its member, Caja Popular Mexicana, enter the remittance market. Texas CU League President and CUNA Vice Chairman Dick Ensweiler, who served on Mexico President Vicente Fox's transition team, says the Fox Administration is "thrilled" with *IRnet* because of its lower fees. For as little as \$10, U.S. credit union members can send as much as \$1,000 to Mexico. In addition to Mexico, WOCCU has development projects in Bolivia, Ecuador, Jamaica and Nicaragua with remittance components. WOCCU will be working with its members in other Latin American countries, the Caribbean and the Philippines on distribution of remittances.

Serving immigrants is at the root of many credit union movements. The first U.S. credit union, St. Mary's Bank was created by and for immigrants from Quebec that could not speak the language and were seeking a form of self-help as they worked in factories. Service to all individuals—immigrants, non-immigrants, citizens and non-citizens—is the credit union difference.

For more information about *IRnet*, contact Dave Grace, WOCCU's financial and regulatory affairs manager at (608) 231-8494 or dgrace@woccu.org.

Latino Community Credit Union in North Carolina

Throughout the 1990s, the Latino population of North Carolina grew a staggering 400%. Many of these new arrivals lacked banking services and became victims of predatory lenders and criminals. In response, Latino Community Credit Union, founded in June 2000, immediately began offering WOCCU's International Remittance Network (*IRnet*) service. Most of Latino Community Credit Union's 6,500 members resemble Rosalez Fernandez to some degree.



Rosalez came to the U.S. five years ago from El Salvador. He made the difficult decision to move to the U.S. to look for

a better future and escape the poverty of El Salvador. At the time, Durham was an obvious choice since he had a nephew living in the area. Following Rosalez to North Carolina was his brother.

Working evenings as a housekeeper at the Embassy Suites Hotel in Cary, North Carolina, he earns \$8.50 per hour. He gets paid every two weeks, then immediately sends \$300 to his mother, Maria Cecilia Gonzales, in La Union, El Salvador. Maria helps care for his three children (ages seven to 12) remaining in El Salvador. Most of the money is used for medical costs, clothing and food.

As a result of being a Latino Community Credit Union member, Rosalez has begun direct deposit of his paycheck, has a car loan and a debit card.

Rosalez Fernandez sends part of his paycheck to his mother in El Salvador from Latino Community Credit Union.



Embracing Challenges and Change

Lessons from Space

—by Kristine Hansen, Interim Marketing Communications Officer, WOCCU

Imagine that to cross a room, whether for a cup of coffee or a bathroom break, you must gently slam your body against a wall and grope the air with your fingers. For the last 100-some days you have seen the same two faces—and they don't share your language. A critical life-support system has failed. The space station and a re-supply spacecraft almost collided. On average, travel speed is 18,000 miles per hour.

While this is not a typical office environment, a careful study of retired U.S. Navy flight surgeon and NASA astronaut Jerry Linenger's adventures on Russian space station Mir might cause you to nod your head in understanding. When faced with chaos, how do you introduce change? True, you might wear a suit and freshly pressed blouse, and not a spacesuit, and the view outside your office pales in comparison to a sky clogged with breathtaking meteor showers and the Milky Way. And your member base isn't exactly up on meteorology. But there's still the daily question of how to remain a leader in an unstable environment.

Credit Union World spoke with Linenger from his home in Northern Michigan, U.S.A., where he was resting quietly after a long week of interviews following the space shuttle Columbia disaster that killed all seven crew members aboard. Linenger is scheduled to serve as a keynote speaker at the 2003 International Credit Union Forum in Brisbane, Australia, on June 23. The title of his talk is *Embracing Challenges and Change: My 132 Days Off the Planet*.

CU World: On the Russian space station Mir you practiced cooperation, with the crew speaking opposite languages and coming from

different training programs. How can people break down diversity barriers at credit unions?

Linenger: That's one of the critical things—cooperation. Our space program is working towards this cooperative spirit. If you have a common goal, put all the little differences aside and work towards that common goal. The same thing happens in credit unions around the world: people that have financial institutions in their countries can share knowledge with people that do not. There's so many knowledge points around the world, different perspectives on problems, that there's so much both sides of the party gain, not just the side that's contributing.

CU World: You learned Russian in just five weeks when you were told it would take a year and a half. What tips and tricks do you have for credit union managers to accelerate their learning?

Linenger: It actually took over a year to become fluent in Russian. Whatever you're learning, you need to dedicate yourself to it. People really sell themselves short. We've got great capability, but we let it go unused many times. I look at my kids and the enthusiasm they have and I try to bring that into my life. Here's my new calculus in life: I look at the end result and ask, "Will it kill me?" If the answer is no, I do it. If it's something that can kill me, I have to assess whether it's worth risking my life. With space travel, my calculus says, "Yes, it's worth risking my life because I'm doing something important." Decisions should not freeze you in your tracks or cause you to stay up at night, such as when you decide to expand into a new part of the world. Do not paralyze yourself with fear.



Jerry Linenger

CU World: What strategic lessons that an astronaut learns can be applied to today's business environment?

Linenger: The biggest thing I learned up in space was being able to change perspective. The perspective you get out in space is this grand view of the world. You realize how all the parts interact. No one is an island out there; we're all in it together. You always have to be able to step back and look at the bigger picture.

CU World: Given so many catastrophic and near-death experiences on the Russian space station Mir, your life probably flashed before you many times. How do you apply this scenario to balancing the demands of one's personal and professional life?

Linenger: I would hope that people don't have to face life-threatening situations before they see the light. In my case, however, it took that to really sharpen my perspective on the value of family, friends, colleagues and all the blessings of the Earth that we take for granted. Hopefully people have good enough imaginations to not have to live "close calls" in their own lives to realize that if your life is out of balance, you're no good to any aspect of your life. If you're 100% into business and you neglect your family, you're going to suffer



(left) The International Space Station (ISS) backgropped over Miami, Florida, taken aboard the Space Shuttle Endeavour. Photo credit: NASA



(below) The nose of Space Shuttle Atlantis with view of earth underneath.

and so is your work. Don't let life get stale—it's a short life relatively and you've got to keep it in balance and continue pushing forward.

CU World: Many credit unions are operating in developing countries and they may not have immediate access to the latest in technology. What advice do you have for them?

Linenger: My training for the space station consisted of one-on-one lectures with someone talking in Russian and with a piece of chalk and a slate blackboard. I've learned "rocket science" this way. I learned how to keep the life support systems going and state-of-the-art equipment on board. A lot of things in our modern society are bells and whistles and are nice to have, but you always need face-to-face discussions where you are sharing knowledge and experiences. That's part of being a human being and it's always going to be the superior way to communicate. Technology's a nice aide, but it's not by any means the primary way to communicate.

CU World: Can you draw some parallels between life on the space station and the credit union movement?

Linenger: In the credit union movement I see a lot of advocacy. I've done a lot of advocacy for the world's space program. I believe in it

with my heart and some of the best practices outlined here (in *Credit Union World*) are applicable. You talk strongly about standards. Well, in space everything is built on engineering standards—making sure the equipment works as advertised. With credit unions, you have to stay on top of the numbers and review credit worthiness of the people. I read about the Michigan and Macedonia partnership and helping each other. We absolutely have to do that with mission control and people on board; for example, the spacecraft, space shuttle and space station. When there are problems, you need to learn from them and share so that others don't repeat the mistakes. In space it's critical that we keep improving our spacecraft, systems and safety, as much as possible. It shows when we fail, as with Columbia.

CU World: What lessons can be learned from the Columbia shuttle disaster?

Linenger: One thing that's very important is the way NASA's been forthright. When you have problems, you need to recognize, correct them and move on. In a group like WOCCU you have the opportunity in Brisbane to share not only your victories, but also your failures. Have the guts to share with each other, so mistakes don't get repeated and you're an evolving, improving organization. You have to take risks to get big rewards. Even if they don't pan out, don't give up. When you're going into developing countries, it's new ground and you need to be willing to take risks.

CU World: What kind of advocacy work have you been doing in response to the Columbia shuttle disaster?

Linenger: For the most part, media. I really believe in our space program. I know that the seven people on



(left) Linenger shown floating inside MIR space station. (below) getting ready to launch.



board—six of whom I knew personally—would want everyone to stand on their shoulders and move forward. Whenever something bad happens, people who have their own hidden agendas—for example, people who want to spend a lot of money on man-probes to Mars or tax money on personal interests—come out of the woodwork and start bashing the program. I try to counter it the best I can, to show respect and admiration to people who gave their lives. From the e-mails and calls I receive from around the world, I believe that mankind pulls for our space program. Astronauts are human beings: they have the same needs and concerns, such as leaving family behind, like anyone else.

CU World: Will you go up on any more missions to space?

Linenger: Once an astronaut, always an astronaut. John Glenn was 77 on his last flight, so I may go back. However, right now I am not active in the program. I've got four little ones from first grade on down, so it's probably not the right occupation. I decided that long before Columbia. Every astronaut knows there's big risks. But, if they say, "We're ready for Mars," 20 years from now and they're looking for a volunteer, I'm trying to stay in shape for it. So don't count me out.



(left) Linenger's book "Letters from MIR...An Astronaut's Letters to His Son"

Rwanda: Rebuilding a Country and its Credit Unions

—by Anna Cora Evans, Development Finance Analyst, WOCCU



Rwanda Project Staff: l-r: Roger Bureshyo, administrative & financial assistant; Adrián Rodriguez, project director; technical assistants (Photographer: Anna Cora Evans)

In the eight years since the end of the civil war and genocide that ravaged Rwanda's society and economy in 1994, Rwandans and international partners have worked diligently to rebuild the country. The genocide not only led to more than 1,000,000 deaths and more refugees and internally displaced people, but also, in 1994 alone, the GDP fell by 50%. Still today, at least 60% of Rwandans live beneath the national poverty line according to the U.S. Agency for International Development (USAID) and the International Monetary Fund (IMF). Approximately 80% of the population lives in rural areas.

In 1994, before the war, the Union des Banques Populaires du Rwanda (UBPR—the national federation of Rwandan credit unions) and over 130 affiliated banques populaires (individual credit unions) located throughout the country, served 366,799 members. During the war, roughly US\$7 million was stolen from the credit union system and transferred to what is today the Democratic Republic of the Congo for use by perpetrators of the genocide.

The UBPR closed its doors, as did all financial institutions, including the Central Bank of Rwanda, during the war in 1994. The UBPR system reopened gradually with most credit unions resuming operations in 1996. At year-end 1996, there remained 42,000 members and only 20% of the pre-war staff.¹ Between 1996 and 1998 credit operations were halted since virtually all loans granted before the war were non-performing. Most pre-war borrowers were deceased or displaced and most collateral, as well as credit union records, had been destroyed. Credit unions resumed lending in 1998.

WOCCU Rwanda Program Objectives

World Council of Credit Unions, Inc. (WOCCU) received \$3 million in funding from USAID/Rwanda to carry out a four-year program of rehabilitation and institutional strengthening of both the federation (UBPR) and a number of pilot credit unions. The UBPR system, 148 banques populaires at year-end 2002, has the widest geographical coverage of any financial institution in the country.

The WOCCU Rwanda program, working in close collaboration with the UBPR, set out in late 2000 to restructure the UBPR and guide it from a loss-making position to solvency. In 2001, WOCCU Rwanda began with 10 and later added another seven pilot credit unions with which it works to improve financial performance, increase outreach and strengthen staff capacity. Of the 17 banques populaires, 10 are located in rural areas.

Membership Growth

In December 1999, prior to the WOCCU Rwanda program start, the UBPR and its member credit unions served 193,776 members. As of November 2002, the network offered financial services to 315,356 members. The membership of the 17 pilot credit unions, 99,815 at year-end 2002, makes up approximately one-third of the total outreach of



COUNTRY INDICATORS

National Capital: Kigali
Government Type: Republic
Population: 7,348,074
(July 2002 est.)
Area: 26,338 sq km
Inflation Rate: 5% (2001 est.)
Exchange Rate: 456.81 rwandan francs/US\$1 (Jan. 2002 est.)
GDP: US\$7.2 billion (2001 est.)
GDP per Capita: US\$1,000
(2001 est.)

Source: CIA World Factbook

CU INDICATORS

CUs: 148
Members: 315,356
Assets: US\$33 million

the 148 credit unions in the system.

Introducing New Products & Methodologies

One objective of the WOCCU Rwanda program is to expand the array of savings and credit products available to credit union members. Since the program began, several new savings products have been rolled out by WOCCU Rwanda in the pilot banques populaires and by UBPR field staff in many of the other 131 credit unions. The new products include: term deposits and programmed savings for housing, retirement and solar energy (demand in rural areas). The UBPR learned about this array of savings products during an exchange visit to its partner, the Maine Credit Union League. Prior to the start of the

¹ Sources: "Financial Reconstruction in Conflict and Post-conflict Economies," IMF, "Rwanda: Recent Economic Developments"

WOCCU Rwanda program, the banques populaires only offered passbook savings. These voluntary and fully withdrawable savings remain the most popular savings product in Rwandan banques populaires.

In an historic agreement between Rwandan government officials and the World Bank, US\$5 million will be allocated through an existing World Council of Credit Unions, Inc. (WOCCU) development project to strengthen Rwanda's credit unions, known as banques populaires. The grant would not have been possible without the commitment of the Rwandan government, including President Paul Kagame, his administration and the Central Bank.

On the Road to Success

"Everything I have, as far as investments go, is thanks to my credit union," admits the shy farmer Bonaventure Mulindahabi. He has been a member of the Banque Populaire de Kibali in the rural town of Byumba, Rwanda since the credit union reopened its doors in 1996.

Mr. Mulindahabi, husband to Justine and father to four children, had six years technical training in farming and forestry (high school equivalency) before the war. In 1996, and still today, he earns a meager salary from the Government of Rwanda as an agronomist. Mulindahabi learned about the Kibali credit union because his salary was paid through this institution; however, he recounts that he never had anything remaining from his salary to deposit in the credit union.

Mulindahabi's dream is to be able to earn enough from his independent agriculture and livestock activities so that he can leave his government job. Thanks to the credit union and his family's skill and dedication, he hopes to achieve this goal within two years.



Justine Mulindahabi stands in front of the family's acreage (hectares) used for growing produce. (photographer: Anna Cora Evans)

In November 1998, Mulindahabi borrowed his first loan of US\$1,540 from the Banque Populaire de Kibali for 36 months. He used the money to buy a cow, build a stable for the cow and purchase two small fields for the cow to graze and eat. One year later, he sold this first cow and was able to buy a better quality artificially inseminated, milk-producing cow. In July 2001, when he still owed \$115 and had four months left to repay it, Mulindahabi took out a second loan for \$500 to buy a second cow and also improve the breed quality of his cows.

Today the family has three cows. These cows produce 20 liters of milk each day. Mulindahabi, his wife or his employee take turns walking 12 kilometers (24 kilometers round trip) along a dirt road in the morning and in the evening to deliver milk to the dairy in Byumba. Each liter earns him \$0.30 cents.

In addition to dairy production, Mulindahabi's nuclear family and his parents work the three hectares that belong to them. This spring he expects to harvest plums and berries that he will sell to a nearby training institute that produces and sells jam. Per Mulindahabi's calculations, his \$400 investment of planting and tending to this fruit should earn him no less than \$1,000 at first harvest. On his land, he also grows corn for family consumption and has six small tracks of tea. Workers from a tea factory 15 kilometers away come to pick the leaves twice a month. He receives \$0.04 cents per kilogram picked.

Mulindahabi is dedicated to repaying his loans on time. He has \$112 left to repay on his current loan in the next seven months. At age 35, he has a brightness to his eyes and emanates pride at his advancement. He remarked, "There has been a great change in the credit union. Before they only gave very small loan amounts. Today we can get larger amounts for bigger investments and the teller windows offer better service...I like the banque populaire because I see that it's an institution that really works with the masses."

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Bonaventure Mulindahabi's credit union in Rwanda. (Photographer: Anna Cora Evans)



Bonaventure Mulindahabi shown here with his wife, Justine and their two children (Photographer: Anna Cora Evans)

Member Updates

platform



Australia – (CUSCAL) In April all Credit Union Services Corporation staff relocated to a new office in Sydney (One Margaret Street building). A retail area is on the ground floor and employees have modern ergonomic stations, better kitchen facilities on all floors and shower facilities for those who enjoy keeping fit before work or during lunch breaks. An Office Relocation Steering Committee was established with members Tom Taylor, Mike Fenech, Paul Ramsden and Lesley Everitt. Group Development provided project management services and Phil Hurley oversaw various aspects of the project. Five leading interior design firms participated in a tender to provide designs for the new offices and the Australian architectural firm Bligh Voller Nield was selected.

Canada – (CUCC) The Government Affairs unit of Credit Union Central of Canada (Canadian Central) is pursuing discussions with the federal government to enact regulations necessary to facilitate system restructuring. In 2003, Canadian Central appeared before the Standing Senate Committee on Banking, Trade and Commerce at its hearing on bank mergers to outline for the Committee the significant role that Canadian credit unions play in Canada's financial system. Regarding proposals for a cooperative bank system in Canada, Canadian Central CEO, Joanne De Laurentiis supports further consultations that would "directly involve representatives of the co-operative financial system." At press time, the federal government is expected to outline its current position on the cooperative bank model early in 2003.

Caribbean – (CCCU) The Caribbean Confederation of Credit Unions' 46th Annual International Convention and 32nd Annual General Meeting will be in Aruba, July 19 -25, 2003. The convention theme is

"Co-operative Expansion through Regional Integration" and will feature a number of exciting activities, such as the International Trade Fair, Youth Business Camp, the Manager's Forum and accredited workshops. Further details on the Annual Convention can be obtained by visiting CCCU's website at www.caribccu.org

Malawi – (MUSCCO) Malawi's economy continues to suffer from widespread hunger and the withholding of aid by bilateral and multilateral partners to the government. Local currency has depreciated and since the country is dependent on imports, Malawi Union of Savings and Credit Cooperatives, Ltd. reports that business has been affected. Savings and credit cooperatives (SACCOs) have not been spared from these difficulties. A few employer-sponsored credit unions have closed due to closure of sponsoring companies and many in the rural regions are also reporting a torrid time financially. Savings are trickling in very slowly, coupled with sluggish loan repayment patterns. The rural population struggles to make ends meet in the midst of severe food shortages.

There is also the growing problem of non-remittance of payroll deductions meant for savings and loan repayment by the employed SACCO members, particularly government employees. There is no legislation to protect members from such illegal withholding of funds. MUSCCO is intensifying efforts to increase pressure on those government and other employers that owe members huge sums of money, asking them to release funds. MUSCCO expects to use WOCCU's advice on how best to deal with the problem. However, in rural areas where there are cooperatives, mostly organized by smallholder farmers, the situation might brighten in the second quarter when they start selling produce.

Mexico – (CPM) Caja Popular Mexicana drafted a strategic plan for 2003-2007 to address technological, legal and organizational challenges. Consequently, CPM made adjustments to its mission, vision, values and strategic objectives. According to President Ramón Imperial Zúñiga, "This strategic plan gives us a very clear idea of what we hope to achieve during the next five-year period. We have taken into consideration opportunities and threats identified in the environment, as well as the institution's strengths and weaknesses." As of February, more than 600,000 members at 326 branches in 24 of Mexico's 32 states are served by CPM. An analysis of internal and external factors influencing the institution's development demonstrates that the following issues were fundamental to defining strategic objectives: legal transformation to adapt to new legislation; interest in acquiring better technology; providing modern and accessible products and services; and forming alliances with national and international organizations.

New Zealand – (NZACU) Even under unfavorable government legislation, New Zealand credit unions continue to grow at more than 20% annually, reaffirming that credit unions worldwide have a vital part in their community. This growth is in spite of the introduction of a government-sponsored bank and the significant increase in loan sharks and financial companies.

NZACU regards 2003 as the "year of competition" and is well prepared to meet the challenges ahead. Focus is on developing and enhancing the niche market as a "Personal Services Banker" by providing excellent member service and building stronger community relations. With such dedication on the part of credit unions to ensure sustainable growth for their membership, NZACU is



equally committed to ensuring that credit unions have a competitive edge in the marketplace. NZACU is continually exploring enhancements and development of products and services to meet the growing banking needs of New Zealanders. This is supported with nationwide marketing campaigns.

Nicaragua – (CCACN) After tremendous efforts by the Financial Credit Unions Central of Nicaragua to reorganize the country's credit union movement, there are now 19 points of service throughout the country, with 100% coverage of the Pacific region. CCACN also initiated network expansion with the inauguration of three branches and the incorporation of Xolotlán Financial Cooperative, located in the capital city of Managua.

Launch of the CoopRed product will allow transfers among member credit unions and serve as a platform for the distribution of other products throughout the system. A national publicity campaign—to present a new image to inhabitants of Nicaragua—is in the design stage. CCACN's line of insurance services through its Protection Plan now includes one new product; four additional products are in the design stage.

Panama – (COFEP) On January 30-31, 2003 the Credit Union Guaranty Fund Corporation of Panama hosted a "Strategies for Credit Union Strengthening" seminar with WOCCU. The first day, exclusively for member credit unions, attracted 64 people. Three simultaneous workshops were presented on PEARLS, savings mobilization and strategic planning. On Friday, 19 non-member credit unions joined the group and seminars were presented on savings mobilization, credit union image, new product and service development, risk management and credit union governance. COFEP reports that the event was a success and gave participants the opportunity to acquire new informa-

tion to improve the development of their credit unions. For more information, visit <http://www.cofep.com>.

Peru – (FENACREP) In 2002, credit unions reported 16.79% growth in total assets. In addition, a 4.5% growth in membership represents special participation of women, which increased more than 3% overall last year.

In December 2002, the Banking and Securities Superintendency of Peru approved the Credit Union Accounting Manual that will become effective in 2004. In response to the approval, FENACREP developed an implementation plan for credit unions. This plan consists of the distribution of the manual and the tracking of activities for the progressive adaptation of the accounting and information systems, as well as credit union training on new regulations.

We are continuing to make adjustments to the credit union information system, called Open Bank Lite (OBL), through the organization, Credit Union Business Integration Systems (SISNIC). This company is a subsidiary of FENACREP.

Poland – (NACSCU) At the end of 2002 there were 923 SKOK (credit union) outlets (up from 680 the previous year) earning a mark as the country's third-largest financial services network. Total SKOK membership grew 33%, reaching 701,386 members. (The actual number of credit union beneficiaries with access to financial services offered by SKOKs is 2,450,000.) SKOKs have added new member services, such as ATM and VISA cards, business accounts and money transfers. The value of deposits amounted to more than US\$585 million, up almost 45% on previous year figures.

While in 2002 savings in SKOKs continued to grow, deposits held by banks compacted by more than US\$2

billion as many deposit holders switched to credit unions for favorable rates and service quality.

National and regional Polish media noticed the popularity of credit unions and provided coverage focusing on their growing economic role among the less affluent part of society and as an alternative source of quality financial services. *Rzeczpospolita*, Poland's second-largest daily circulation newspaper, printed a front-page story about credit union growth. NACSCU President Grzegorz Bierecki said on a national television channel with 6 million viewers, "Credit unions could teach banks a few things. Rather than continue being greedy and over-indulgent, banks should focus on their customers' real needs and try to offer better services at affordable costs, just as credit unions do."

United States – (CUNA) Because the U.S. Congress continues to recognize that insured financial institutions, including credit unions, are overburdened by antiquated, and sometimes unworkable regulations, the House Financial Services Committee is again considering legislation to ease that burden. Credit Union National Association (CUNA) is working closely with legislative staff on this legislation. Credit unions remain the most highly regulated and restricted of all insured financial institutions in the U.S. This legislation is consistent with the outcome of CUNA's recently completed Renaissance process, which was a review of legislative and regulatory needs for U.S. credit unions and their ability to better serve members in the 21st Century.



CUNA & Affiliates



SKOK

Continued from Page 3

move from being ordinary leaders to being innovative or visionary leaders.

Warren Bennis defines leadership as, "A combination of personal behaviors that allows an individual to enlist dedicated followers and create other leaders in the process. Great leaders demonstrate integrity, provide meaning, generate trust and communicate values—they challenge people and make them want to scale steep peaks. Real leaders, in a phrase, move the human heart."

According to Howard Gardener, Harvard University Cognition and Education professor, in his book *Leading Minds*, Bennis has simply described ordinary leaders who do not seek to stretch the consciousness of the contemporary audience. Ordinary leaders relate a traditional story effectively engaging the hearts and minds of their followers.

In contrast, innovative leaders do all that ordinary leaders do, but also bring a fresh twist to the story. In this category, Gardener puts leaders such as Margaret Thatcher and Charles de Gaulle who, he claims, identified stories or themes that already existed in the culture and gave them a whole new lease on life. In refreshing an old theme in ways compatible with contemporary times, these innovative leaders succeeded in reorienting their times.

The credit union structure lends itself beautifully to an innovative story because it reorients the old theme of financial management to emphasize customer service, member satisfaction, democracy, member ownership and social responsibility. In order for credit unions to fulfill this vision their leaders must develop and maintain an innovative and visionary approach to leadership.

CU Leaders with IQ, EQ & SQ

Renowned CU Founders

Hermann Schulze-Delitzsch - Germany

Friedrich Wilhelm Raiffeisen - Germany

Alphonse and Doriméne Desjardins - Canada

Edward A. Filene - U.S.

Roy Frederick Bergengren - U.S.

WOCCU '03 Distinguished Service Award Recipients

Henry Cruz - USA

Joseph Cugini - USA

Dennis Cutter - USA

John Nicholson - Canada

Alan Parry - Australia

Reverend James Oswald Thorbourne - Jamaica

Herb Wegner - USA, posthumous

U.S. Peace Corps - USA

The DSA recipients will be recognized during Forum 2003.

The rarest kind of leader is a visionary one. Not content to relate a current story or to reactivate an old one, visionary leaders create a whole new story, one not known to most individuals. Visionary leaders seek not to cope with change-but to lead it. They seek to be part of the emerging tomorrow, not the dying yesterday.

Visionary leaders have made working on themselves, intentionally and behaviorally, their life's work. They are self-made people. In today's world Nelson Mandela is such a leader, as is the Dalai Lama, both of whom have led a whole nation to a new possibility. These two visionary leaders bring about global change by bringing new meaning to a chaotic world, working on their own being and encouraging their followers to also grow as leaders.

Ordinary Leaders Need EQ

Innovative and visionary leaders need both EQ and SQ. Leaders with SQ have the ability to question, think creatively, change the rules and work effectively with new situations. This ability allows them to play with boundaries, break through obstacles, become innovators and devise new

stories. In times of discontinuous change, motivating people's hearts and minds behind traditional stories so they can become better machine-age players is a waste of time. We need innovative and visionary leaders with the ability to create a new worldview and win the hearts and minds of followers who willingly engage in the uncomfortable, but rewarding effort of personal, organizational and social transformation that will make us all winners in the new era.

3. RELATIONSHIP VERSUS COLLUSION

In 2000, the global mergers and acquisitions boom peaked with global mergers and acquisitions exceeding \$US3.48 trillion. Credit unions have been impacted by this boom, especially in the United States where the number of credit unions has practically halved in the past few decades. Smaller credit unions have found merger partners in order to stay on top of the technological advances, globalization pressures and the market demand for full-service, one-stop financial service providers. (WOCCU Research Monograph Series Number 11)

A newsletter of Britain's Chairmen's club (an organization whose members include at least 30 chairmen from Britain's top 50 companies) identified the following cultural bear traps of merging corporations:

- Incompatible time frames,
- Different value systems,
- Different attitudes flowing from being either a high gross margin or a low gross margin company,
- Different mentalities about capital requirements,
- Different error tolerance,
- Conflicting attitudes towards work or ideas,

- Different organizational approaches,
- Different perceptions of whether a deal is a merger or an acquisition, and
- Different ideas of customer service.

The impact of these bear traps is so great that the cost of mergers far exceeds their potential benefit. A Boston consulting group study found that 57-70% of takeover bids were likely to destroy shareholder value for the acquiring company. If incompatible cultures are the thing most likely to have mergers fail, then we had better understand more about culture.

Culture is the collection of social mores or the “on the ground result” of the unwritten rules through which people unconsciously agree to relate. To be part of any culture, you have to accept and act out the group’s mores. When this is done unconsciously it is called collusion. Collusion underlies “group think.” Group think is the tendency of any group to protect its mores though mind guards, unofficial cultural guardians who disallow dissent, objective discussion and even the tabling of significant problems.

Collusion in cultures brings about stability. In times of rapid change, the stability to past mores stifles the building of robust change-worthy relationships, transformation and creativity.

The WOCCU 2001 annual report states that one of the keys to the success of a credit union is its ability to develop trust with its members. External trust can only be achieved when there is an internal culture of trust. This takes a commitment to the building and maintenance of open and honest organizational relationships, which require a dedication to personal growth and collusion—to not stay the same but to question, transform and co-create the future.

CEOs who want to succeed in the E-world must create E-world cultures. This is the work of innovative and visionary leaders. Ordinary leaders are too unconscious and too attached to old stories to even see the cultural issues and reality, let alone have the skills to do anything about transforming them. Ordinary leaders can tinker around the edges of cultures; it takes an innovative or visionary leader to transform old cultures into new. To do this leaders need high IQ, EQ and SQ.

4. Strategic Leadership

Strategic leadership is the fourth key to excellence in times of rapid discontinuous change. Henry Mintzberg, a professor of management studies at McGill University, tells us that strategy has five Ps—plan, perspective, pattern, ploy and position. Four of these five Ps relate to what we actually do. They are emergent strategy, strategy that emerges as a consequence of our actions and relationships. Emergent strategy is best seen when looking back. This is the strategy we live, the one we actually implement rather than the one we write in the plan.

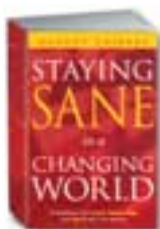
This requires that organizations build IQ, EQ and SQ on the job, in relationship to all the internal and external stakeholders and the strategic plan. As quantum physics teaches us, the energy is in the relationships.

Strategy is the sum total of individual performance (IQ, EQ and SQ), actions and relationships. Strategy is real. It underlies the performance of organizations. Strategy determines the share price.

Strategy is developed when leadership and work teams get together regularly and transform their thinking and approach, in relationship to their peers and their business. I have been leading brave leaders and their teams through such challenges for over 15 years now. And it works.

The 21st Century provides us with wonderful opportunities and challenges. By embracing E-world thinking, emotional and spiritual intelligence, relationship building and strategic leadership, credit unions have the power to secure sustainable success.

New Books by Margot Cairnes



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Rwanda

development



Continued from Page 13

A Credit Union Promoting Women

"I have earned freedom and I make some money as well," remarks Brigitte Uwamuranga, microentrepreneur and a member of two banques populaires. Widowed when her husband was killed in the 1994 genocide, Uwamuranga supports her two children, ages 18 and 13. Previously, she had a low-paying public service job, but was laid off. Seven months ago, she became her own boss, selling fabrics imported from West Africa and clothing she and her assistant seamstresses make from this fabric.

In 2000, Uwamuranga joined the Banque Populaire de Remera, a WOCCU Rwanda pilot credit union located in Kigali and began making regular deposits. She was first a customer of a commercial bank and has continued to use a commercial bank account for wire transfers and checks with her fabric suppliers in Cote d'Ivoire and Nigeria. She wants to borrow money to expand her business but says that, as far as the commercial bank goes, "There is no hope to borrow."

In September 2002, Uwamuranga became a member of the Banque Populaire pour la Promotion de la Femme (Women's Promotion Credit Union). "I just joined this credit union. The idea of promoting women really attracted me," she says. The credit union is a five-minute walk from one of the two hotel locations in Kigali where Uwamuranga and her three sales assistants sell fabric to tourists.

This new credit union, established in 2001, is another of the 17 WOCCU Rwanda pilot credit unions. During its short existence, it has attracted 1,478 members through December 2002. There is no external funding. Member deposits fund all loans.

Uwamuranga's dream is to own and operate a restaurant serving Pan-African cuisine. In order to

do this, she estimates she needs \$10,000 in upfront capital. Her fabric business is only one step towards being able to accomplish her goal. She understands that in order to borrow this amount from her credit union, she needs collateral. Uwamuranga deposits her earnings daily at the Banque Populaire pour la Promotion de la Femme. This savings will support the construction of an addition to her home. She hopes to borrow the money required for her restaurant with this finished construction as collateral.

Despite the unimaginable hardships of losing her spouse and later her job—while supporting two children—Uwamuranga, elegant and dynamic, is determined to carry out her vision with credit union financing. Having already seized a first business opportunity (selling colorful fabrics to tourists in the city's two luxury hotels) she notes that Kigali does not have a single Pan-African restaurant. She wants to be the first owner of what she is certain will be a popular and profit-making eatery.

I-r: Brigitte Uwamuranga, microentrepreneur and a member of two banques populaires, shown here next to her assistant seamstress.



Credit Unions Snatch Up

—by Carolyn Hoover, DotCoop Information Lead, DotCoop



Since the launch of a .coop Internet domain in January of 2002, credit unions from more than 18 countries have snatched up nearly 2,000 .coop web addresses—more than any other type of cooperative.

“.Coop is an excellent way for credit unions to differentiate themselves,” says World Council of Credit Unions Inc. (WOCCU) CEO Arthur Arnold. “It shows political and community leaders that credit unions put people first as community-owned organizations.”

“Credit unions understand, perhaps more than other co-ops, how important it is to identify their businesses as democratic, member-owned financial institutions,” says Paul Hazen, DotCoop LLC, president and CEO. He believes that competition from investor-owned banks makes it critical for credit unions to set themselves apart as cooperatives.

The Association of British Credit Unions Ltd. (ABCUL) purchased www.abcul.coop. “Our .coop name shows our membership in the wider cooperative community,” says Abbie Shelton, ABCUL communications manager. One recent survey found that 60% of the responding .coop registrants think it is “important” or “very important” to conduct business with other cooperatives.

The National Association of Cooperative Savings and Credit Unions (NACSCU), which represents 120 credit unions in Poland, was the first Polish entity to buy a .coop web address, www.skok.coop. The name not only helps identify NACSCU’s mission—to advance the interests of financial cooperatives—but it also affiliates the organization with the European and international cooperative community.

“In the future we expect quite a few cooperatives to show interest in obtaining .coop names as credit unions,” says Dariusz Kijanka, NACSCU foreign relations officer. NACSCU is supporting registrations in Poland by serving as a reseller in that country. Resellers receive a portion of the proceeds of each sale to compensate them for their marketing costs.

In the southern hemisphere, Herminio Martinez, executive president of Electrocoop, a credit union in San Juan, Puerto Rico, agrees that .coop is a key tool in highlighting the value of cooperative membership. Electrocoop bought www.electrocoop.coop.

“The special value [of .coop] is that it provides a sense of identity for members with their business,” says Martinez, adding that .coop is just one more way to remind members they belong to a cooperative. This helps build member loyalty and involvement.

Metro Credit Union in Toronto bought www.mymcu.coop to emphasize to its 45,000 members that they also own the cooperative. “We like the idea of having ‘co-op’ attached to our name,” says Pamela Stewart, marketing manager. “It immediately tells people we are involved in the cooperative movement.” Metro also bought



www.aNewWayToBank.coop to market a cooperative concept to non-members.

In the United States, more than 1,000 credit unions have purchased .coop web addresses. Credit Union National Association (CUNA) bought www.creditunion.coop for a consumer-targeted, educational website promoting the value of credit unions. Pete Crear, CUNA chief operating officer, says the .coop domain reinforces that credit unions are member-owned co-ops, and are about service, not profit. CUNA has also adopted www.cuna.coop for its association’s website and each employee’s e-mail address ends in .coop.

*To buy .coop web and e-mail addresses for your credit union, visit **www.coop***

WOCCU Has Our Continued Support

Michael B. Kitchen
President and CEO
CUNA Mutual Group



meet that need. WOCCU helps foster the awareness of credit unions and their growth; we offer the financial solutions to nurture that growth.

The World Council of Credit Unions' mission of being the worldwide advocate for cultivating awareness of the credit union advantage makes a solid case for all of us connected to the credit union movement to do what we can to support WOCCU's efforts.

People in all lands and in all cultures need to have a choice of how and where they want to get personal financial services, at whatever level of sophistication they desire. In a perfect world, that choice would always include credit unions. Credit unions are an ideal fit for consumer needs and that message needs to be broadcast far and wide.

Your Mission and Ours

CUNA Mutual's mission—creating financial security—proudly parallels WOCCU's. We both recognize that affordable and appropriate financial services are a basic human need and we work hard to

We join WOCCU in its pursuits of spreading the good word about credit unions. While credit unions certainly have an impressive history of remarkable growth, I believe things will only get better. That's because credit unions promote self-sufficiency and a chance for people to better themselves personally, a valuable and admirable commodity in these times of economic instability and political conflict.

From humble beginnings as a convenient workplace resource for saving and borrowing, to worldwide anytime-electronic access, credit unions have steadily grown and the future remains bright. The credit union-founding concept of "people helping people" is just as strong today as it was decades ago.

Credit unions' long history of providing needed, affordable and valuable financial products and

services to individual consumers gives me added faith that their concept will live long. For nearly 70 years, CUNA Mutual Group has proudly supported and served the unique needs of credit unions and their members. We're proud of that heritage and our own successful growth alongside the movement. We remain committed to building upon that success.

We cannot overstate the value of credit unions. That's why they, and their members, remain CUNA Mutual's focus. And that's why we support and partner with organizations

like the World Council of Credit Unions.

Our board of directors and our 5,000-some employees join me in saluting WOCCU in the honorable role it plays in reducing peoples' poverty and stabilizing their standards of living. Credit unions promise a safe haven for savings and a source for financial help whenever it's needed, plus they give members a voice in the governing of how their credit union operates.

All of us, working together with the 21 World Council members and the nearly 100 countries with ongoing WOCCU projects or development activities, we can share the great story of credit unions and do what we can to make this world a better place.

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WOCCU's Forum 2003
The Credit Union Values in a Changing World (June 22-26, 2003)
Brisbane Convention Center
Australia
www.woccu.org/brisbane

CUES Annual Convention
Marketing & Technology for CU Directors (June 14-17, 2003)
Hilton Hawaiian Village Beach Resort & Spa
Honolulu, Oahu, Hawaii
www.cues.org/education/cac.htm

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 Jollette, Barry - Redwood City, CA
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 * Ray, Bernadine - Tucson, AZ
 * Smigielski, Thomas and Ruth Ann - Moraga, CA
 Western CUNA Mgmt School - Class of 2003

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Organizations

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Australia

- Australian National CU Ltd. - Sydney, NSW
 CU Australia - Brisbane, QLD
 Education CU Co-operative - Kew, VIC
 New South Wales Teachers CU - Homebush, NSW
 Queensland Teachers CU - Brisbane, QLD

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- COCEDAE - Rio De Janeiro

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- CU Central of British Columbia - Vancouver, BC
 CU Central of Nova Scotia - Halifax, NS
 Envision Financial - Delta, BC
 HEPCOE CU Ltd - Toronto, ONT
 Hussar CU - Hussar, ALB
 Sydenham Community CU - Strathroy, ONT
 Woodslee CU - Essex, ONT

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- * Dubco CU Ltd. - Dublin
 Dundrum CU Ltd. - Dublin
 Killarney CU Ltd - Killarney
 Newbridge CU Ltd. - Newbridge
 RTE CU - Dublin
 Rush CU - Rush
 Tullamore CU - Tullamore

Jamaica

- City of Kingston Co-op CU - Kingston

Kenya

- AFYA SACCO Society Ltd. - Nairobi
 Kenya Bankers SACCO Society - Nairobi

Scotland

- Capital CU Trust - Edinburgh
 Dalmaur CU - Dalmaur

United States

- AEA FCU - Yuma, AZ
 Agriculture FCU - Washington, DC
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 American Heritage Federal CU - Philadelphia, PA
 Arizona Central CU - Phoenix, AZ
 Arkansas CU League - Little Rock, AR
 Arrowhead CU - San Bernardino, CA

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 * Bethpage FCU - Bethpage, NY
 BF Goodrich FCU - Tuscaloosa, AL
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 CUNA CU - Madison, WI
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 Eastman CU - Kingsport, TN
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 Florida Central CU - Tampa, FL
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 Jet CU - Indianapolis, IN
 John Deere Community CU - Waterloo, IA
 Kinecta FCU - Manhattan Beach, CA
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 MetroPacific Community CU - Seattle, WA
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 Service 1st FCU - Danville, PA
 Silver State Schools CU - Las Vegas, NV
 Southwest Airlines FCU - Dallas, TX
 State Employees FCU - Albany, NY
 Tennessee Teachers CU - Nashville, TN
 Texas Dow Employees CU - Lake Jackson, TX
 Tremont CU - Braintree, MA
 Tricorp FCU - Portland, ME
 Tropical Financial CU - Miami, FL
 Truliant Federal CU - Winston Salem, NC
 * United Indian CU - Dallas, TX
 United Nations FCU - New York, NY
 US FCU - Bloomington, MN
 USA FCU - San Diego, CA
 Visions FCU - Endicott, NY
 Water and Power FCU - Los Angeles, CA
 Xerox FCU - El Segundo, CA

SILVER

—Minimum of \$5,000 annually

Canada

- * British Columbia CU Foundation - Vancouver, BC
United States
 Bayer FCU - Elkhart, IN
 Louisiana CU Services - Harahan, LA
 Orange County's CU - Santa Ana, CA
 Pacific Service CU - Walnut Creek, CA
 San Mateo CU - Redwood City, CA

GOLD

—Minimum of \$10,000 annually

The Netherlands

- Rabobank Nederland - Amsterdam

United States

- Alabama CU League - Birmingham, AL
 American Association of CU Leagues - Madison, WI
 Arizona Credit Union League, Inc. - Phoenix, AZ
 California and Nevada CU Leagues
 - Rancho Cucamonga, CA
 Colorado and Wyoming CU Leagues - Arvada, CO
 Credit Union Executives Society - Madison, WI
 Empire Corporate FCU - Albany, NY
 Massachusetts, New Hampshire &
 Rhode Island CU Leagues
 Michigan CU League - Southfield, MI
 New York CU League - New York, NY
 Ohio CU League - Dublin, OH
 Pennsylvania CU League & Pacul Services
 - Harrisburg, PA, USA
 Texas CU League - Farmers Branch, TX
 Western Corporate FCU (WesCorp) - San Dimas, CA

PLATINUM

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- CUNA Mutual Foundation - Madison, WI
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 US Central CU - Overland Park, KS

How to Become a WOCCU Supporter

For more information about the benefits of becoming a WOCCU Supporter contact:



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 Fax: (608) 238-8020
 E-mail:
 mchapman@woccu.org

Get involved—see our website at:
www.woccu.org

As part of becoming a WOCCU Supporter, you will receive our current Supporters Report on CD ROM to show the many accomplishments which are a direct result of your contributions!

* New Supporters since January issue of Credit Union World.
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