



World Council of Credit Unions, Inc.

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# WORLD

*The Source for International  
Credit Union Information*

# Credit Union



## Money Laundering



world's leading **advocate,**  
**platform, development**  
& **governance** agency for credit unions

# Credit Union WORLD

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# The Importance of International Initiatives

—by Arthur Arnold, President & CEO and L.R. (Bobby) McVeigh, Board Chairman, WOCCU

World Council of Credit Unions, Inc. (WOCCU) is pleased to introduce you to the June issue of *Credit Union World*, the first to be produced in an E-zine format. Technology allows international news to be available at the click of a mouse from anywhere in the world. For our pioneer issue we address the threat of money laundering, a problem that faces credit union movements worldwide.

Money laundering has long been an enemy of financial institutions. Criminals use these facilities and other reputable businesses to launder “dirty money,” and then reintegrate it into the economy. This practice is devastating to economies, smashing industries, eliminating jobs and leading to a great loss of tax revenue. We cannot stress enough the importance of creating international initiatives to deal with these crimes. World Council believes that only appropriate legislation and reg-

ulation can protect credit unions from money laundering. Awareness is the first step to gaining proper legislation and the tools to enact it.

International directives, though essential, are not enough. The commitment of credit unions to stem this problem is the only way to fully combat it.

In today's world we all struggle with the issue of security. People need a safe place to save, make remittances and conduct other financial matters. In a world so full of uncertainty, the credit union is an ideal place to invest money, and sometimes the only option for reliable, affordable financial services. It is our responsibility as credit union leaders to make members feel safe about their credit union.

Money laundering is just one example of why it is so important for credit unions to “sit at the table,” to influence



Arthur Arnold  
President & CEO



L.R. (Bobby) McVeigh  
Board Chairman

international, national and regional policymakers—making sure issues of credit unions are addressed. The implementation of the Basel II is another reason we must remain vocal on behalf of credit union interests worldwide. In this issue you will also find an explanation of Basel II, along with its ramifications for credit unions.

We also address credit union development work being done with the assistance of partnerships in Paraguay, Bolivia and Kenya. International development makes us acutely aware of the cooperative financial advantages that strong, well-managed credit unions can offer underserved populations, as we continue to make history for the movement.

As credit union leaders, our history is something to take pride in. We have seen remarkable growth because we promote self-sufficiency, which creates hope for people in impoverished areas—a valuable and admirable commodity in these times. Credit unions continue to be the choice of over 120 million members around the world.

In August of this year, participants at WOCCU's 2004 International Credit Union Leadership Institute—held in Nassau, Bahamas—will have an opportunity to focus on the *Value in the Credit Union Difference*. The event allows credit union leaders to address high-level topics for credit union systems and provides best practice approaches.

**We hope to see you in the Bahamas!**



# Money Laundering

## Combating a Worldwide Threat

—by Kimberly Johnston, Marketing & Communications Manager, WOCCU

Money laundering has a corrosive effect on a country's economy, government and social well-being. It distorts business decisions, increases the risk of financial failures, takes control of economic policy away from the government, harms a country's reputation, and exposes its people to drug trafficking, smuggling, terrorist financing and other criminal activity. It is an international threat that countries across the globe must work together to address.

"Given the technological advantages money launderers now employ, a high level of international cooperation is necessary to keep them in check. The highly fluid and transparent nature of money laundering techniques requires global standards in order to reduce the ability of criminals to launder their proceeds," explained senior policy advisor John McDowell of the Bureau of International Narcotics and Law Enforcement Affairs (U.S. Department of State). Because of its aggressive nature, financial institutions need to maintain a heightened sense of awareness concerning this practice. The importance of awareness and detection of money laundering for credit unions cannot be over emphasized.

### Money Laundering: A Definition

Money laundering describes the process by which criminals use legitimate businesses and institutions to conceal the criminal origin of their profits, a process which is often divided into three stages:

**Placement:** The individual deposits criminal proceeds within a legitimate institution, for example, by depositing

illegally-obtained cash into a credit union account.

**Layering:** The individual attempts to distance themselves from the criminal fund source by creating a complex layer of financial transactions with different accounts and institutions that makes the audit trail difficult to trace.

**Integration:** The individual attempts to legitimize proceeds by placing them back into the economy. If the placement and layering stages of the process have been successful, integration gives the appearance of legitimately-earned funds.

### Emerging Markets Threatened

As emerging market countries, without strict financial regulations, play a bigger role on the world economic stage, "dirty money" may work its way into local economies. Sudden gluts of unaccounted for capital can wreak havoc on new markets. Inexplicable changes in monetary demand and increased volatility of international capital flows, interest, and exchange rates may create economic distortion and instability.

This is especially true in those emerging markets where illegitimate funds can dwarf government budgets, transferring economic power from markets and governments to criminal elements. Criminals hiding proceeds in low-quality investments can collapse industries, leading to unemployment and an unrecoverable loss of tax revenue. Lost revenue, in turn, leads to increased taxes, social instability, and further pressure on overburdened governments.

For credit unions everywhere, money laundering is a serious threat, having the potential to cripple operations and drain members' assets. Melvin Edwards, Caribbean Confederation of Credits Unions (CCCU) delegate, stated that "people dealing drugs try to use credit unions as easy targets to launder money. In some rural Caribbean areas, the system may seem unsophisticated, with looser regulatory principles. These are also the communities that cannot afford to lose members' money if a credit union is found to be dealing 'dirty money.' The effect...would be devastating to these small communities."

Never before has money laundering been of so much concern for credit unions and regulators. Unfortunately, regulations in many developing countries do not match international standards, where steps to counter money laundering operations have greatly increased since 9/11.







## The Patriot Act and Other Government Controls

The terrorist attacks of September 11 vividly illustrated the importance of money laundering laws and controls. Around the world, greater recognition of this problem has galvanized international cooperation and led to significant modifications to laws. The framework of laws and regulations enacted in the 1990s to address money laundering paid prompt dividends in the world community's ability to trace the funds of those who finance international terrorism.

In the United States, under the Bank Secrecy Act (BSA) and the USA Patriot Act, credit unions are required to train staff on anti-money laundering issues. Money launderers are constantly updating their practices, and frontline staff requires annual updates to effectively identify and respond to these crimes. The amended BSA requires every financial institution to establish an anti-money laundering and customer identification program that includes 1) the development of internal policies, procedures, and controls, 2) the designation of a compliance officer, 3) an ongoing employee training program, and 4) an independent audit function to test programs. Failure to comply may result in severe penalties. Regulators expect credit unions to constantly self-assess and correct compliance problems before examinations.

Additionally, the National Credit Union Administration (NCUA) Regulatory Rule in the Federal Register requires credit unions to establish and maintain anti-money laundering programs. (NCUA will testify before the United States Senate with other banking groups on the issue of money laundering on June 3. This testimony will be available the same day on their website at [www.ncua.gov](http://www.ncua.gov)).



In the U.S., it is vital that credit union officers maximize compliance with the BSA, the Patriot Act, Office of Foreign Assets Control (OFAC) requirements, and other laws and regulations targeted at money laundering practices. It's up to credit union officers and managers to fully understand the specific risks facing them. New employees, tellers, member service representatives, account managers, check processing staff, wire transfer and data processing staff members should all be able to identify money laundering practices. Staff members should also know how to respond effectively if these situations arise (prepare Suspicious Activity Reports (SARs) and Currency Transaction Reports) and understand their liability for non-compliance.

### The Logistics of Regulation

The U.S. Patriot Act requires several different types of identity verification. Credit unions must make a record of each customer's identity-verifying document (in most cases, a driver's license), check the customer's name against government lists, report any matches, and refuse to perform a transaction if necessary. In high risk situations, defined by a lack of direct interaction between employee and customer, a third party source must electronically verify identity.

Under the Office of Foreign Assets Control (OFAC) and the Financial Crimes Enforcement Network (FinCEN), government list checking is already mandated, and Section 326 of the Patriot Act could add additional verification requirements for opening new accounts. Performing these checks reliably and effectively with a manual method is difficult. An integrated solution that covers all of these processes, plus identity verification at account opening, may pay for itself in terms of efficiency gains. For many

small credit unions, paper based systems still suffice, especially in conjunction with manual filing.

Most credit unions already have the infrastructure in place to support the requirements of the Act, such as the ability to scan drivers' licenses, social security cards, and other identification documents into an optical storage system or onto microfilm. However, some existing procedures, such as credit reporting and investigations of closed accounts, do not accomplish the vital task of identity verification.

The U.S. Patriot Act does not mandate the use of either hardware or software solutions, giving credit unions the flexibility to assess individual risk factors and determine their own procedures to minimize that risk. However, from both efficiency and risk-management perspectives, a software solution can help credit unions to easily verify member identity using a risk-based approach.

Credit unions must also consider monitoring their data systems in an effort to identify the following types of suspicious activity. (This form of monitoring will be in addition to the identification by staff of suspicious activity):

- A marked increase in the number of cash deposits to a single account in comparison with the overall transaction history for that account.
- Patterns of transactions in an account not similar to the patterns in other accounts with the same profile. For example, one gas station account receives substantially more cash deposits than others in the same neighborhood.
- Patterns atypical of personal checking or savings accounts. For example, no direct debit for utilities or other personal expenses or no checks writ-

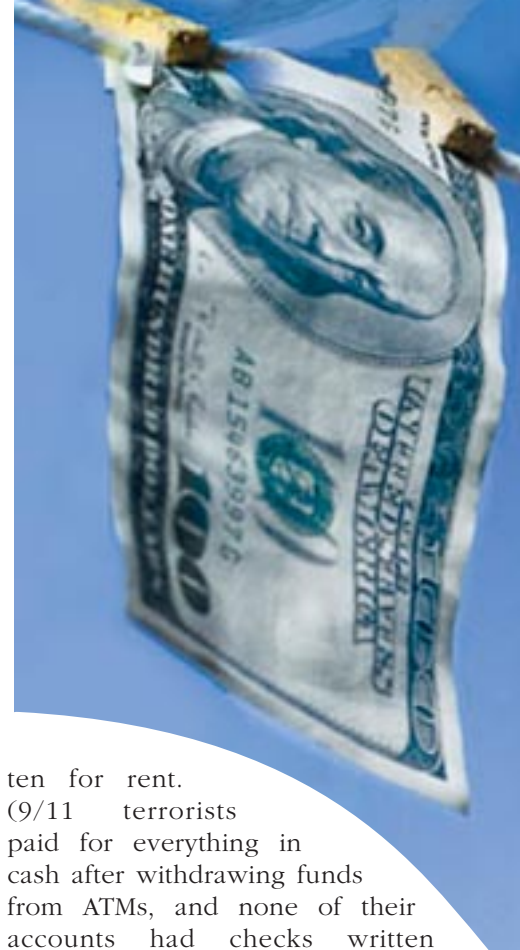
ten for rent. (9/11 terrorists paid for everything in cash after withdrawing funds from ATMs, and none of their accounts had checks written against them for rent.)

In conclusion, as credit unions evaluate the processes they will implement to comply with the USA Patriot Act and other regulations, they must keep in mind their needs for identity verification, government list checking and data retention, now and in the future. Supplementing awareness and traditional methods with automated solutions can greatly increase your efficiency and reduce the risks of non-compliance with the Act.

### Global Problems, Global Solutions

The international community has also initiated some plans to combat money laundering over the years. In 1989, the G-7 countries established the Financial Action Task Force (FATF) in 1989, which worked to generate policies and recommendations to be put into effect by participating nations.

The most comprehensive of these plans is The Forty Recommendations, a framework for anti-money laundering efforts designed for universal application. It provides a complete set of counter-





measures against money laundering that covers the criminal justice system and law enforcement, the financial system and its regulation, and international cooperation.

The Forty Recommendations has been recognized, endorsed, or adopted by many international bodies as the standard in the area, such as the Financial Stability Forum. While it sets out the principles for action, it allows countries a measure of flexibility in implementation, according to their particular circumstances and constitutional frameworks. Though not legally bound by the recommendations, many countries and international bodies have made political commitments to combat money laundering with this system.

To learn more about the 40 Recommendations visit the FATF website at <http://www1.oecd.org/fatf/>.

The World Council of Credit Unions Colombia project is a good example of how one country is combatting the problem. For transactions of over

US\$3,000, identification of the funding source and employment type is required, and sometimes credit unions check previous bank statements. According to WOCCU-Colombia project director Francisco Estevez, "cash transactions also trigger credit unions to investigate sources of income. In the past, without these procedures, drug traffickers had tried to deposit money into credit unions. With [this] system for handling money laundering, that is no longer possible." He continued, "Although much of the drug trafficking goes through Colombia, credit unions are safe because of the tough position we have taken."

### Education is Key

The Caribbean Confederation of Credit Unions (CCCU) is making anti-money laundering training a key component for its 2004 education calendar. "This is an area in which we have found credit unions to be uninformed

or have limited knowledge," said Michelle Gellineau, CCCU Meetings Manager. Nyron Davidson, one of the Caribbean's foremost experts on money laundering, will present a special four-day Anti-Money Laundering Certification Workshop for credit union leaders and will also address the CCCU general assembly in June of this year. "Caribbean credit unions are addressing this as a risk management approach," explained Melvin Edwards, of the CCCU. "Addressing dirty money is at the top of CCCU's agenda."

Glenworth Francis, general manager of the Jamaica Co-operative Credit Union League remarked, "As corporate citizens, it was our responsibility to ensure that we comply with the laws, but as individuals, civic pride dictates that we do

everything possible to foster and maintain stability within our country."

Francis described the money laundering situation as, "one of the world's fastest growing crimes, with enormous financial and technological resources at its disposal," adding, "it has the potential to corrupt corporate and public officials and threaten the integrity of financial, economic and governmental systems."

Money laundering can strike anywhere, in developed or developing countries. Compliance with international guidelines is essential to the safety of credit unions and members' money. Only through vigilance can we stem this attack on global economies.



## Authentic Leadership

# The Confidence Connection

Editors Note: Jane Sanders will speak at the 2004 International Credit Union Leadership Institute in Nassau, Bahamas on August 4, 2004. Her speech entitled "Achieving the Three Pillars of Authentic Leadership" will provide a strong tool for member and corporate services through individual enhancement. Jane Sanders frees members to "break through" their fears by encouraging confidence, the 1st pillar of Authentic Leadership. Her concrete ideas and genuine enthusiasm regarding personal change will inspire members to reach unparalleled levels of satisfaction and success.

The most savvy leader understands that character and vision are the qualities required for businesses to consistently compete and win. These qualities spring from their natural gifts and strengths—their authenticity. As people have aspired to leadership positions, or simply to be the best credit union manager, CEO, or board member they can be, many have suppressed their natural blend of feminine and masculine qualities, trying to fit into the "man's world" of business.

Most notable among these buried qualities are confidence, creativity and balanced communication skills—what I call the three pillars of authentic leadership. Think about the characteristics of successful leaders: intelligent, compassionate, flexible, decisive, risk-taking, open, communicative, supportive, nurturing, visionary, intuitive, competent, collaborative, honest, caring, inspiring and more. Every one of these qualities relate to, or require, one or

more of the three pillars. Therefore, confidence, creativity and balanced communication are the foundation—the support—of successful, authentic leadership.

Authenticity involves living your truth with integrity. How can credit unions possibly achieve good governance without authenticity? How can the credit union sector be truly "safe and sound" if its leadership is not operating from authenticity? It is almost too obvious to state here that there has been a gaping lack of these principles in the leadership of many corporations and financial institutions in recent years, and that the world has both observed and been victimized by the consequences.

Authenticity gives leadership its breath and pulse. It requires self-awareness and self-knowledge. It gives power to being real, not to being right. Warren Bennis, leadership author and guru, stated, "Effective leaders—and effective people—understand that there is no difference between becoming an effective leader and becoming a fully integrated human being."

Carol Gallagher, author of *Going To The Top*, wrote, "Your colleagues and bosses won't give you credit for being genuine in business if they cannot give you credit for being genuine as a person." Note how directly this insight relates to your trust-based credit union business. Another way of stating Gallagher's comment is that your members won't think your credit union is genuine, safe and sound if they don't think you, your employees and your associates are genuine, authentic and honest people.

Finding and living your authenticity requires courage and that brings us to the confidence connection, the first pillar of authentic leadership.

When doing research to develop my authentic leadership work, I learned that confidence is required for effective leadership, and that true confidence is born of self-awareness. I define confidence as genuine self-value combined with a courageous approach to life and business. Confidence is a blend of mindset and action. Genuine self-value requires concentrated and committed self-awareness. Courage or courageous action, grows with self-value.

A lack of self-awareness can result in someone being risk-averse, indecisive, a poor negotiator, rigid, aloof, or too concerned with getting ahead. This person will run over employees, not delegate enough, and generally lacks integrity.

Many tools and processes exist to help people become more self-aware. These include hundreds of 360-degree feedback assessments, books, tapes, workshops, coaching, counseling and self-assessments, resources that can be found in bookstores and on the Internet. Self-reflection, if taken seriously and approached with commitment can be another effective tool.

The benefits of healthy self-awareness are numerous, and they positively impact both business and personal environments. Self-awareness improves your effectiveness in working with others by giving you insight into how your behavior affects them positively





Jane Sanders

or negatively. It gives you confidence in decision-making and helps you negotiate with others about difficult issues more skillfully and appropriately. With improved awareness of your personal vision and values, you can more easily determine how to achieve your goals, work more effectively with management and board members, and anticipate obstacles.

Self-awareness gives you invaluable peace of mind, providing the courage needed to take necessary yet calculated risks.

Courage is not the absence of fear, as many believe. Everyone has fear—even the bravest heroes. Everyone also has courage. One can't exist without the other. Think about it—if you didn't have fear, you wouldn't need courage, would you?

Keep in mind that “heroes” feel fear every bit as much as us ordinary folks. Fear is simply a reaction to new challenges. The difference is that heroes know from experience that if they hold onto the fear and let themselves feel it for just one moment longer—rather than running from it or denying it—they'll break through to the courage on the other side. They don't focus on the fear; they expect it as part of what they do. And breakthrough is exactly what it feels like to face fear and do it anyway. The pride and thrill of pushing through fear to accomplish even the smallest feat is unparalleled, and better yet, contagious and addictive. Once you know how it feels, the second time is a little easier. Then you

can apply those same victorious feelings to another unrelated challenge with equal success.

Roxanne Emmerich's article in the February issue of *Credit Union World* offered breakthrough strategies to help credit unions become top performers. For many credit unions, these strategies would be a significant change and would feel risky. Remember, don't focus on the fear! Keep in mind it is only a reaction. Think through these ideas, discuss them with your team, identify which are promising for your organization—then do it in spite of the fear!

Courage is not a gift, but a decision. One of the most important elements of confidence, or courage, is action. It takes action to step through fear and the paralysis fear can create. Make the decision to act! The action module of my confidence definition—a smartly courageous approach to life and business—involves taking calculated risks. It might mean speaking up in the board meeting, directly but compassionately discussing substandard performance with one of your staff members, being decisive with all the details of your strategic plan, implementing new marketing strategies, or acting like you have already made it to the next management level. Courageous action can involve standing up for your convictions against opposition, diving into committed self-awareness, telling the truth, setting challenging goals, or pulling a stranger from a burning building.

One way to become more courageous at work is to ask yourself these questions: How have my co-workers been courageous at work? What impressions did these actions give me? How have I been courageous? How did my actions make me feel? How can I be more courageous? What specific benefits will result? What is the worst that can happen? Dialoguing with mentors or trusted co-workers can increase the insights discovered through this series of questions.

Successful leadership, whether professional or personal, credit union or family, requires authenticity, which in turn calls for committed self-awareness. Confidence, a key component of authentic leadership and one of its three pillars, stems from self-awareness. As Lao-Tsu philosophized, “He who knows much about others may be learned, but he who understands himself is more powerful. He who controls others may be powerful, but he who has mastered himself is mightier still.”

*For more information on the 3 pillars of Authentic Leadership, visit [www.janesanders.com](http://www.janesanders.com) or e-mail Jane at [jane@janesanders.com](mailto:jane@janesanders.com). Jane Sanders, president of Authentic Leadership Resources, is a speaker, trainer and facilitator in the areas of authentic leadership, gender communication, strategic life planning, presentation skills and facilitation.*

# Innovations Through A Partnership

—by Janette Klaehn, Technical Officer, Latin America & Caribbean, WOCCU



Raffle at San Bartolome Credit Union, located high in the Andes. (Photographer: Janette Klaehn)

As one of Latin America's poorest countries, Bolivia provides an ideal setting for credit unions to demonstrate the true value of "people helping people." In a country where official estimates place 70% of the 8.8 million inhabitants below the poverty line, access to financial services has always been restricted to the very small wealthy class. Together with partners Corporate One Federal Credit Union, the Ohio Credit Union League and credit unions in Bolivia, WOCCU is working with credit unions in Bolivia to increase access to financial services for Bolivia's impoverished majority.

Bolivia is a large country with diverse geographical regions, ranging from the highest peaks of the Andes to the tropical lowlands of the Amazon basin. It has a rich and varied culture, with a population comprised of Quechua and Aymara Indians, Spanish descendants and Mestizos (a mix of indigenous and European descendants).

## Tumultuous History

Civilization in Bolivia is thought to stretch back some 21,000 years, with pre-Colombian civilizations establishing, destroying and reestablishing empires high in the Andes. Bolivia was conquered by the Spanish in the 1530s, and its wealth of natural resources, including abundant silver, financed the Spanish crown for hundreds of years. Bolivia achieved independence from Spain and was formally declared its status as a republic in 1825. For much of its history since independence, it's been known for its instability and military coups.

After decades of military dictatorships, civilian rule was restored in 1982. In the years that followed, Bolivia established a democratic government and a relatively stable

economy, taming the hyperinflation that had crippled the country. From the mid-1980s through 1999, Bolivia enjoyed political stability and moderate economic growth.

For Bolivia, 2003 was a year filled with conflict. In February, a clash between the army and the police erupted outside the presidential palace in the capital city of La Paz, and 33 people died. In October, after a month of violent anti-government protests culminated in strikes and road blocks sealed off La Paz from the rest of the country, President Gonzalo Sanchez de Lozada was forced to resign. After sending in the army to quell the riots, he had lost the support of even his own Vice President, Carlos Mesa, who is now President.

The government is now faced with the challenge of having to figure out how



## COUNTRY INDICATORS

National Capital: La Paz  
Government Type: Republic  
Population: 8,586,443 (July 2003 est.)  
Inflation Rate: 2% (2002 est.)  
Currency: Boliviano  
Exchange Rate: 8.14 bolivianos/US\$1  
GDP: US\$21.15 billion (2002 est.)  
GDP per Capita: US\$2,500 (2002 est.)

Source: CIA Fact Book

## CREDIT UNION INDICATORS

Credit Unions: 14  
Members: 98,000  
Assets: 64,000

Project Credit Union Data

to stimulate investment at all levels of the economy if it is to bring back some measure of stability to the country.

## Credit Union Development Project

WOCCU currently implements a \$2.2 million project (12/02-12/06), funded by the United States Agency for International Development (USAID), in Bolivia. The focus of WOCCU-Bolivia is to strengthen credit union operations and improve savings and credit services for microentrepreneurs and low-income members in rural areas. Fourteen credit unions, with a total of approximately \$64 million in assets and 98,000 members, work with WOCCU-Bolivia. The program has four principal components:

- institutional strengthening of rural credit unions;
- product innovation for expanded services;



- opening of branch offices in underserved areas; and
- organization of a credit union central finance facility or transaction service organization.

During recent years, the microfinance and credit union sectors in Bolivia have experienced dramatic growth. This means more Bolivians now have access to financial services, including savings services, and credit unions face greater competition. As a result, the Superintendency of Banks has been charged with increasing its capacity to supervise non-bank financial institutions and carrying out regulatory reform throughout the credit union sector. WOCCU has provided technical assistance to the Superintendency of Banks throughout this process.

## Innovation

In order to increase efficiencies and expand service outreach of the credit union sector, WOCCU is creating a business network, anchored by a second-tier entity, for formally supervised credit unions in Bolivia. The network will enable credit unions to invest excess liquidity and access needed liquidity, distribute international remittances, perform intra-system transactions, with eventual goal of connecting to the U.S. shared branching network and provide debit card services.

Although political federations exist in Bolivia, a service-oriented second-tier entity for credit unions is an innovation. WOCCU-Bolivia is working to address the technological and operational challenges related to setting up the network, where credit unions are often in remote areas with poor communications infrastructure and incompatible data processing systems. WOCCU's proposal for a central finance facility has been met with hesitancy from a regulator that is concerned about unknown risks. The Ohio partners are helping WOCCU to overcome these obstacles to innovation.

Lee Butke, CEO of Corporate One Federal Credit Union, comments, "The thought of helping the Bolivian credit union movement create a second-tier, corporate-like system is very exciting. As a corporate we provide credit unions of all sizes with valuable investment and payment solutions that help to benefit their members. The creation of a similar system in Bolivia can help the emerging credit union system to better serve their members. It has been personally and professionally rewarding to those of us on staff that are assisting in this effort."

## The Partnership: Bolivia & Ohio



*Ohio visitors with Trinidad Credit Union and WOCCU Bolivia staff in the Amazon Basin.*

Through its partnership with the Ohio Credit Union League and Corporate One, begun in February 2003, WOCCU-Bolivia has been establishing the groundwork for creating the central finance facility and business network. In May 2003, Kurt Lykins, vice president of Technology at Corporate One and Kelly Schermerhorn, CEO of Harvest Federal Credit Union, traveled to Bolivia to carry out software and IT evaluations and devise a plan for connecting the credit unions.

All partners benefit from the cooperation. In the words of John Florian, chief operating officer of the League, "The Ohio Credit Union League is thrilled to have this opportunity to

assist our brother and sister credit unions in Bolivia. Those of us involved in the project have been touched by the passion and dedication of those involved in the WOCCU project and look forward to continuing this very fruitful partnership."

In March 2004, Corporate One and the Ohio League hosted two high-level officials from the Bolivian Superintendency of Banks to educate them about the corporate system, leagues and service corporations, and regulation and supervision of second-tier entities in the United States. The Bolivian officials both expressed their openness to working with WOCCU to create a second-tier entity in Bolivia after their three-day visit to Ohio.

"One of the great challenges for Bolivian credit unions is reaching greater efficiencies and achieving greater outreach to bring the vast number unbanked citizens into the financial system," says Julio Fernandez, WOCCU-Bolivia project director, "Having the support of both Corporate One and the Ohio League is invaluable to helping us reach our development objectives," he added.

## Looking to the Future

In the next activity of the partnership, Kurt Lykins from Corporate One will return to Bolivia to assist the project in selecting IT vendors, designing the technology network and establishing the security requirements for the second-tier entity. Later in 2004, members of the Ohio League will travel to Bolivia to develop a business plan for the new second-tier entity and visit credit unions to provide technical assistance and training.

Through the People-to-People Partnership Program, WOCCU, members of the Ohio Credit Union League and Corporate One have joined together to provide greater access to financial services for Bolivia's poor.

# Worlds Apart—but it's only Geography

## Paraguay & Minnesota Partnership

—by Kristina McCourtney Wright, AVP Communications, MCUN



The three members of CENCOPAN signing the partnership agreement. Seated, l-r: Modesto Segovia Boltes, Ramona Rios Medina, and Pedro Loblein. Standing, l-r: MCUN President & CEO, Kevin Chandler; Arthur Arnold and Brian Branch of WOCCU.

The World Council of Credit Unions, Inc. (WOCCU) Partnership Program initiates and nurtures partnerships between emerging and developed movements, matching a credit union league and its member credit unions with another country, most often where World Council is carrying out a development project. Partners participate in a continuing cross-boarder and cross-cultural exchange of ideas and experiences through internships and volunteer assignments. These partners strive towards a common worldwide vision of providing *Quality Credit Unions for Everyone*.

In early March, the Central de Cooperativas Nacionales del Paraguay (CENCOPAN), the Minnesota Credit Union Network (MCUN) and World Council signed a formal partnership agreement through WOCCU's Partnership Program. The Network has been developing this relationship since fall 2003, in an effort to continue the evolution of the international credit union movement.

Although the South American country of Paraguay and the U.S. state of Minnesota may seem worlds apart, it is only in geography. The credit unions in both sectors are very much based on agriculture. According to 2001 statistics, Minnesota's farmland accounts for 56% of its total land area. In Paraguay as well, farming is a main supporter of the economy. Furthermore, credit unions in Paraguay fall under the umbrella of the Department of Agriculture.

As the first step toward establishing a relationship, CENCOPAN sent four key personnel to Minnesota from March 23-26. Among delegation participants were: Ramona Rios Medina, board chair; Modesto Segovia Boltes, board secretary; Pedro Loblein, board treasurer; and Francisco Barceló García, vice president. Victor Miguel Corro, WOCCU program specialist, participated as well.

The first day began with a tour of the Network office and the Network Services Corporation, where the group obtained an overview of the Network and the board of directors, discussing U.S. credit union structure and other topics ranging from voting rights to credit union size.

Staff members presented on topics such as U.S. credit union structure, fundraising, advocacy, the importance of solid communication among credit unions, and others. MCUN presenting staff members included: Dana Hofmann-Geye, VP and general counsel; Joe Mathews, director, governmental affairs; Kristina McCourtney, AVP of communications; Diane Nordstrom-Koenig, director of education; and Peter Skaalen, chief operating officer.

"We were pleased with the number of questions the Paraguayans asked on



### COUNTRY INDICATORS

Capital: Asunción  
Government Type: Constitutional Republic  
Population: 6,036,900 (July 2003 est.)  
Population Below Poverty: 27% (1998)  
Unemployment: 3%  
Inflation Rate: 6.4% (2002 est.)  
Currency: Guarani  
Exchange Rate: 5,858.80 Guarani/US\$1  
GDP: US\$25.19 billion (2002 est.)  
GDP per Capita: US\$4,300 (2002 est.)

Source: CIA Fact Book

our first day. The interaction clearly illustrates the importance of this partnership, allowing us to share ideas and compare organizations in this initial step," explained Dana Hofmann-Geye.

During the trip they visited two area credit unions, St. Mary's Federal Credit Union (SMFCU) in Sleepy Eye and Mid-States Corporate Federal Credit Union's in Eagan, Minnesota. The issues addressed during the two visits included agricultural lending, technology discussions, investments and the U.S. corporate credit union structure. The two participating credit unions were chosen due to their similarity in services with those of the CENCOPAN credit unions.

"It was very interesting to see the similarities—overall, we all have the same issues but are just in different places," said Dick Nesvold, president & CEO





*I-r: Dick Nesvold, SMFCU; Dana Hofmann-Geye, MCUN; Mick Schmid, SMFCU; Pedro Loblein, CENCOPAN; Ramona Rios Medina, CENCOPAN; Victor Miguel Corro, WOCCU; Modesto Segovia Boltes, CENCOPAN; Francisco Barceló García, CENCOPAN; and Mark Bruggeman, Bruggeman Company and SMFCU.*

of SMFCU. “We all do what we do for the betterment of our membership and the improvement of our communities, which is a predominant theme within Minnesota as well as other countries. It’s very refreshing to hear.”

As Modesto Segovia Boltes of CENCOPAN later stated, “I was impressed with the good relationship that the credit union had with the dealership, allowing farmers to have better equipment.”

The delegation also held a planning session to develop a cooperative work plan that defines specific objectives for this effort. Three objectives were identified, along with specific efforts to accomplish those objectives.

The first objective is to allow the Network board of directors and staff to become acquainted with the board and staff of CENCOPAN. This will be resolved by arranging meetings in Minnesota and Paraguay in order to allow each to gain knowledge of the other’s organizations.

The second objective is to assist the Paraguayans with legislative and regulatory development. For this, MCUN will introduce the Paraguayans to the United States form of lobbying by bringing CENCOPAN representatives on 2004 Hike-the-Hill visits to Washington, D.C.. Hike-the-Hill is a successful program for credit union leaders in the United States to meet with their individual congressional representatives in the U.S. House of Representatives and Senate.

The final objective is to help CENCOPAN advance technologically by identifying technology specialists to research systems and make recommendations to CENCOPAN.

“The work plan we developed illustrates our strong commitment to this partnership and gets to the heart of our core goals with this initiative,” said Kevin Chandler, Network president and CEO.

“We are happy that we are here. Since we arrived in Minnesota we have felt at home,” said Ramona Rios Medina, board chair of CENCOPAN. “Even though we don’t speak English, we are speaking the same language today, the language of credit unions.”

“During this week we have had the opportunity to provide a solid foundation for a tremendous relationship between our two organizations,” said Network board chair Del Prevost, president of Members Cooperative Credit Union in Cloquet, MN. “We welcome our new friends and look forward to working with them in the future.”

CENCOPAN reciprocated the hospitality last week, as members from MCUN visited Paraguay. The trip took place

in honor of CENCOPAN’s General Assembly and its 10-year anniversary celebration. MCUN representative Dana Hofman-Geye spoke at the Assembly on legislative advocacy strategies and the steps to be taken in the transition to a regulated environment. William Raker also gave a welcome speech on behalf of MCUN.

Arthur Arnold, president and CEO of WOCCU noted, “We at the World Council are pleased and proud that these two sides have been able to get together and form a partnership. But let’s be honest—what really counts is what’s behind the signatures. It’s really about people helping people help themselves. I wish this partnership every success,” he added. “You are witnessing the best of what credit unions have to offer.”

*The group visited Mid-States Corporate Federal Credit Union’s Eagan, MN. I-r: Dana Hofmann-Geye, MCUN; Victor Miguel Corro, WOCCU; Francisco Barceló García, CENCOPAN; Ramona Rios Medina, CENCOPAN; Pam Jorgenson, Mid-States Corporate FCU; Pedro Loblein, CENCOPAN; and Modesto Segovia Boltes, CENCOPAN.*



# Building a New Regulatory Authority

—by Rebecca Andretti, Marketing Assistant, WOCCU



Members of the Kenya delegation, World Council of Credit Unions, Inc. and the Pennsylvania Credit Union Association pose in front of Pennsylvania Credit Union Association's building in Harrisburg, PA.

Governments from different countries often work together for a common cause. In March 2004, the National Credit Union Administration (NCUA), the governing body for United States credit unions, and the Pennsylvania Credit Union Association (PCUA) hosted 16 high-ranking Kenyan government officials. This delegation was greeted by then-chairman Dennis Dollar, vice chair JoAnne Johnson and board member Deborah Matz. The group consisted of six Kenyan Parliamentarians, four Ministry of Cooperative officials, a Central Bank official and representatives from the cooperative sector. The World Council of Credit Unions, Inc. (WOCCU) and PCUA assisted in organizing the delegation's fact-finding trip to Washington, DC and Pennsylvania.

"The NCUA Board and staff place a high priority on meeting with foreign delegations," said Cliff Northrup, director of public relations and government affairs for NCUA. "We all learn so much and face similar challenges. Most of these visits are organized by WOCCU and we work well together assembling the appropriate NCUA staff to deliver the subject matter information the visitors request." This meeting was preceded by two others at NCUA that set the stage for this most recent exchange.

## Focusing on Regulation

In meeting with NCUA representatives, the delegation's primary goal was to obtain a model for Kenya's new credit union legislation and regulation. The delegation heard an overview of NCUA and United States credit union laws, regulation and enforcement. Special attention was given to analysis methodology and tools, prudential management requirements, loan portfolio analysis and problematic credit union actions.

Northrup stated, "The March 2004 visit by the Kenyan parliamentarians is a good example of cooperation at an international level, as these legislators and Kenyan credit union leaders closely examined our regulatory system as they considered how best to draft their own legislation and rules."

The two days the Kenyan delegation spent in Washington, D.C. were filled with presentations, seminars and meetings with U.S. government officials. NCUA executive director Len Skiles spoke to the group about his role in running the agency. Chief financial officer Dennis Winans and deputy financial officer for the National Credit Union Share Insurance Fund Karen White spoke to the group about funding the agency and administration of the insurance fund.

Later, associate general counsel Allan Meltzer addressed the group about NCUA enforcement options and the importance of enforcement powers. Owen Cole, president of the Central Liquidity Facility, explained the role of the mixed ownership government corporation created to improve the general financial stability of credit unions by serving as a liquidity lender to those credit unions experiencing unusual or unexpected liquidity shortfalls.



## COUNTRY INDICATORS

National Capital: Nairobi  
Government Type: Republic  
Area: Total 582,650 sq km  
Population: 31,639,091 (July 2003 est.)  
Inflation Rate: 1.9% (2002 est.)  
Currency: Shilling  
Exchange Rate: 80.45 Shillings/US\$1  
GDP: \$32.89 Billion (2002 est.)  
GDP per Capita: US\$1,100 (2002 est.)  
Source: IMF/CIA World Factbook 1998, World Bank

## CREDIT UNION INDICATORS

Credit Unions: 2,105  
Members: 1,484,424  
Savings: US\$555,984,537  
Loans: US\$630,006,826  
As of December 2002

The delegation also visited PCUA headquarters in Harrisburg, Pennsylvania, where they learned how the United States league structure works to provide service to their members. During their stay in Harrisburg, the Kenyan delegation met with Belco Community Credit Union and Mid-Atlantic Corporate FCU to learn more about operations. Lonny Maurer, CEO of Belco Community Credit Union commented, "They are trying desperately to catch up with the rest of the world. They clearly understand that having credit union services available to people with meager means is a giant step toward moving their people out of poverty."





NCUA representatives and the Kenyan delegation take time to pose for a photo during a meeting at NCUA in Washington, DC.

## State of Kenyan SACCOs

Most NCUA presenters gave an opinion on the draft bill that the Kenyan delegates are about to present to their parliament. This trip was an eye-opener for the parliamentarians, who now better understand the importance of having a credit union law and the necessity of having supervision of credit unions performed by an independent agency. There is no doubt they will champion this initiative and probably convince other members of parliament to pass this new credit union act.

Although some credit union movements begin with self-regulation, many evolve into government regulated structures or entities. KUSCCO is working to advance its credit unions with assistance from partner U.S. credit unions. Kenya currently has 2,105 credit unions (SACCOs), serving 1.5 million members and making it the largest credit union movement on the continent.

The trip was the third in a series of visits focused on finalizing a bill for the upcoming meeting in Kenya to begin a regulatory system for the SACCOs.



Meeting with the Pennsylvania State Banking Department.

It was after their first trip in November 2003 that a different Kenyan delegation decided to develop a United States-based model of the credit union regulatory system to help them better institutionalize their own credit union system. Kenyan delegates have drafted a proposal legislation to establish a new credit union law and regulatory system.

Pennsylvania Credit Union Association president and CEO Jim McCormack explained, "In our efforts to help Kenyans develop credit unions, we have had the opportunity to look at ourselves to see how we can do better for our credit unions."

The current Partnership program with Kenya, Pennsylvania Credit Union Association (PCUA) and the National Credit Union Association (NCUA) is helping to build a stronger base for credit unions.

## Credit Union Honorees



WOCU board chairman, L.R. (Bobby) McVeigh (l) presents the CU Ambassador Award to Dennis Dollar (m), former NCUA chairman; Arthur Arnold (r), WOCU president and CEO.



(l): Gary Plank, CEO, Arizona Credit Union League and WOCU board member and (r): L.R. (Bobby) McVeigh, WOCU board chairman, present the Distinguished Service Award to the U.S. Peace Corps.



WOCU chairman, L.R. (Bobby) McVeigh presents the WOCU Credit Union Ambassador Award to the Credit Union Central of Canada in recognition of their 50th Anniversary (r): Jack Smit, CUCC board chairman with award.



I-r: Lucy Ito and Lois Kitsch, two former World Council employees were honored with a formal WOCU Resolution for all their years of service and dedication to the International Credit Union Movement. Both Kitsch & Ito resigned from WOCU in 2004.

# When Does Development Start?

## Iraq: The Beginning Steps

—by Kimberly Johnston, Marketing & Communications Manager, WOCCU



Images from Iraq. (Photographer: Jesus Chavez)

People everywhere need access to affordable financial services, something too many people in the developed world take for granted. When is it safe to start development? It's a common question asked. Jesus Chavez, technical development regulatory systems officer for World Council of Credit Unions, Inc. (WOCCU), explained simply, "If we waited until it was completely safe to go into a country, we would not be in any of the countries we are working in today, and the people who desperately need access to financial services would continue to go unserved. Growth is most critical in the beginning, when you are starting from nothing."

Chavez has made three trips to Iraq, meeting with the Coalition Provisional Authority (CPA), Iraqi government officials, community leaders and citizens in an effort to garner support for a World Council credit union development project.

"We see credit unions as an important part of rebuilding the country's financial system and individual lives. The average Iraqi wants and needs assistance," continued Chavez.

### The Financial System

During the last 35 years of dictatorships, the country's financial system has been in a near-complete state of disarray. In addition, prior to 2003, the county had to deal with the challenge of two separate currencies. After the war of 1991, a line was drawn at the 36th parallel that prevented Saddam Hussein from entering the northern part of Iraq. This led to the use of two currencies: the Northern Iraqi currency, known as Turkish currency

or Swiss dinar, and the Iraqi dinar, distributed by Hussein. With the distribution of a new dinar by the Coalition Provisional Authority (CPA), the two former currencies were disbanded. The value of the new dinar is increasing, but still only exchanges at only one US dollar to 1,432 Iraqi dinars.

Though citizens do not trust the banking system in the country, every worker is paid in direct payroll deposits to state banks. Customers wait in line for hours to withdraw the full deposit amount.

Iraqis do save, just not in formal financial institutions. Moneychangers have become more common than financial institutions. It is not unusual to see these individuals on street corners or in other areas



### COUNTRY INDICATORS

National Capital: Baghdad  
Government Type: Transitional  
Population: 24,683,313 (July 2003 est.)  
Area: 437,072 sq km  
Inflation Rate: 70% (2002 est.)  
Currency: Dinar  
Exchange Rate: 1,432 Dinars/US\$1  
GDP: US\$58 Billion (2002 est.)  
GDP per Capita: US\$2,400 (2002 est.)  
Source: IMF/CIA World Factbook 1998, World Bank

where people congregate. There is no currency exchange in the country with the exception of these moneychangers. Importers and exporters must pay in U.S. dollars, so to do business you need to go through these individuals.

As part of the Coalition Authority, an average of eight consultants were put into each of the seventeen state banks to introduce new operations policies.







*Iraqi moneychanger.*

Before the CPA, money was not counted or receipted. Due to numerous problems, the CPA issued new banking regulations and established a 10 billion-Dinar (US\$7 million dollars) minimum capital requirement for all financial institutions. This action provided solutions for current problems, but may preclude the development of credit unions as a result.

Chavez explained, “We are working with the Iraqi Minister of Finance, the CPA and others to try and amend the law to allow financial cooperatives to be organized: The alternative is to ask for exemption to the current banking law, but this is not reasonable with the weak state of banks. This is a vital part in the development of a credit union system. It’s a road block for immediate development, but there are several possible solutions that World Council and others are evaluating.”

World Council believes that there can be no strong financial system without enabling legislation. Working to change banking legislation to enable the development of credit unions will be a key objective in coming months.

World Council has taken its proposed changes to Iraq and continues to garner support in the country.

World Council’s goal is to form four credit unions in northern Iraq in the prospective cities of Mosel, Arbil, Kirkuk and lastly Baghdad. A credit union development project would mobilize savings and develop credit

services. “We would like to assist Iraqis in the development of formal financial cooperatives. Many Iraqis are used to the concept of cooperative finance between family members, we will expand on that,” explained Chavez.

World Council has also met with the Iraqi Reconstruction Group, which is based out of London, England, in hopes of forming a train-the-trainer program. The training courses would be set up in Baghdad, the country’s epicenter for education and knowledge exchange. Baghdad is a millennia-old center for international trade; the city is home to over five million inhabitants, a densely populated segment. Although it poses many dangers at this time, it is also a key location for development.

World Council was also a part of the Destination Baghdad Exposition (DBX), sponsored by the Baghdad Chamber of Commerce. Because of the escalated fighting in Baghdad, the Exposition has been cancelled twice and relocated to Turkey, 120 miles north of the border. For many years and a myriad of political and economic reasons, Iraq has been severely restricted in its relations with the outside business world. Previously unable to provide access to products and services of foreign companies, Iraq now boasts the re-establishment of this significant forum for interaction with the international business community.

## Development Support

In consultation with the Core Group on Iraq—the United Arab Emirates, the United States, the European Union and Japan—an in-depth assessment of Iraq’s reconstruction needs was undertaken and completed by the United Nations Development Group and the World Bank Group, with assistance from the International Monetary Fund, for the October 2003 Donor Conference in Madrid. The assessment covered the 14 priority



*Downtown Iraq.*

sectors most urgently in need of assisted reconstruction. United Nations Development Program (UNDP) took the lead on four of the 14 sector-assessments: electricity; livelihoods, employment and reintegration; institutional capacity building; and the rule of law. The overall Iraq Needs Assessment estimated that Iraq’s reconstruction needs in the 14 priority sectors will be on the order of US\$36 billion over the period 2004-2007.

World Council believes that developing credit unions and a credit union system is essential to rebuilding the country.

*(l) Jesus Chavez with (r) DBX participant.*



# Talent Management is Becoming Mission Critical

—by Helen Hanfield-Jones, Ed Michaels and Beth Axelrod; McKinsey & Company

More and more leaders are coming to realize that building a strong pool of talent is central to success. Most are coming to realize they play a critical role in making that happen. For the next two decades an organization's ability to attract, develop, excite and retain talent will be a major competitive advantage.

Foremost companies, responding to this new imperative will require substantially improving the way they manage talent. Quite simply, most companies today do not manage their senior managerial talent particularly well.

One of the reasons companies manage talent so poorly is that many leaders don't realize they are the ones with their hands on the talent-building levers. After all, they make the hiring and firing decisions, create the working environment, decide appointments to vacant positions, evaluate performance, and provide feedback and coaching. Many believe that dealing with people issues is a distraction from what's really important—managing the business. In fact, only 18 percent of respondents in a CEO survey strongly agree that senior executives view talent management as an important part of their job.

Talent management is a learnable skill. It isn't just about having good instincts about people, nor is it about being an outgoing, friendly person. Every leader can and should learn how to manage talent effectively, just as he or she learned how to manage strategic planning or new product development. In this article, we will describe what leaders at all levels should do to strengthen their organization's talent pool and, in the process, become more effective leaders themselves.

## It Starts with a Talent Mindset

The first thing leaders need to understand is that better talent management does not come from having better HR processes or a better HR department. It comes from having leaders and managers at all levels that embrace a talent mindset.

A talent mindset is a deep-seated belief that having better talent at all levels allows your company to outperform its competitors. It's the recognition that better talent pulls all the other performance levers. These beliefs give leaders the determination to strengthen their talent pool and the courage to take bold actions to do so.

Leaders with a talent mindset make talent management a top priority for themselves and their leadership teams. They understand that it can't be delegated, so they commit time and energy to strengthening their talent pool and helping others in the company strengthen theirs. They see talent management as a central and critical part of their own jobs as leaders.

Greg Summer is one leader who has a strong talent mindset. Summer took over as CEO of PerkinElmer, the Boston-based engineering firm, in 1998, and has achieved a remarkable transformation of that company in the three years since, including a dramatic strengthening of the talent among his top 100 managers. When reflecting on the tripling of the company's stock price that resulted from the turnaround effort, Summer says, "If it hadn't been for our focus on talent management, it wouldn't have worked. I would have gotten less than half of the results we saw in the first year and even less going forward." He adds, "People are my number one issue now. And people will be my number one issue three years from now."

## An Action Plan for Leaders

Every leader—whether a division president, a business unit head, a functional leader or a branch manager—should strengthen the talent immediately below him or her. Leaders of large organizations—CEOs in particular—have the added responsibility of making sure the entire organization's talent pool is continually replenished and strengthened.

## Strengthen Your Own Direct Reports

Becoming a great talent manager starts in your own back yard. Set high standards for the caliber of talent you will have on your team and take deliberate action to strengthen that group. Develop a discerning "nose" for talent, and make clear-eyed, insightful assessments of the performance and potential of each person. Are they capable of taking this particular job where it needs to go? What are their greatest strengths and what holds them back?

Tell your people, in a straightforward way, how they are performing and what you perceive as their greatest strengths and weaknesses. Only 35 percent of the managers in our survey feel that their company is open and candid with them. Telling people about their strengths builds their self-confidence. Telling them about their weaknesses helps them grow. Give people the performance feedback they so need, and then encourage and coach them to improve their performance.

Give the strong performers new challenges, greater responsibilities and the tasks they are most passionate about. Accelerate their development and do everything you can to keep them delighted and energized. Spend two-thirds of your coaching time on the A and B performers, rather than on the C performers, as can so easily happen.





reports on their performance and how they can improve? Do you actively help your people shape their roles so they are constantly growing and stretching? Do you have a number of people outside your reporting line that you actively mentor? If you are not doing these things, why would anyone else in your organization do them?

You also instill a talent mindset by sharing and teaching your philosophies about what it takes to build a strong talent pool and what it takes to be an effective leader. Kevin Sharer, CEO of Amgen, is very deliberate about this: "I have tried to convince our top managers that if they believe people and people processes are HR's responsibility, they have totally missed the point. People are every manager's responsibility. That's the only way we will strengthen our talent pipeline."

When we asked Sharer how confident he was that he could convince leaders, managers and scientists to embrace a talent mindset and make talent their job, he responded, "We're making good progress. When you're working with me, strengthening your talent pool isn't some optional deal."

Face up to the difficult task of dealing with low performers. Tell them unambiguously that their performance is not good enough, and tell them exactly what they need to do to improve. Encourage and help them to improve. If their performance does not improve sufficiently, remove them from the position, either by finding them a different role that will allow them to succeed or by asking them to leave the company. A recent study published in *Fortune* magazine noted that the single greatest reason why unsuccessful CEOs fail is their inability to deal with poorly performing subordinates.

While developing the people you already have, hunt for new talent to bring into your group. Look for high-potential people deep within your organization to promote. Look for high performers in other units and constantly scout your networks on the outside for highly talented people to bring into the company.

Finally do everything you can to make your unit a magnet for highly talented people. Give people exciting challenges and lots of room to spread their wings. Help them grow their skills and body of experience. Be a demanding boss who sets high aspirations, but also one who engenders trust and helps others shine.

### **Instill a Talent Mindset in Managers Throughout the Organization**

All of the above actions contribute to achieving a subtle objective: They instill a talent mindset in leaders throughout the organization. Companies that practice outstanding talent management have the talent mindset embedded in the institution.

Part of a leader's job is to teach others the mindset, skills and habits of good talent management. You do this in part by role modeling effective talent management. Do you give candid feedback to your direct

Taking an active role in building the talent pool throughout your company will require anywhere from 30 to 50 percent of your time and attention. But how could you make better use of your time? Becoming a great talent leader may require a fundamental shift in how you conceive of your job. Every leader should make talent management a central part of his or her job, too. This process will direct your company into building leaders while positively impacting the overall performance therein.

For more information on Talent Management, visit the Ivey Business Journal at [www.iveybusinessjournal.com](http://www.iveybusinessjournal.com)

**Australia (CUSCAL)** – A majority of Australian credit unions recently agreed on the need for a national credit union brand positioning statement. The statement, “Credit Unions - a different kind of banking,” was developed during a brand session at the Australian Credit Union Convention held in November 2003. The proposed statement will act as a unifying brand position and will complement existing credit union brands in the Australian finance sector. Use of the statement gives credit unions an opportunity to both examine their own communications activities in terms of “what is their point of difference,” and to make consumers aware of the credit union difference. A gradual rollout of this positioning statement will occur over 2004.

**Great Britain (ABCUL)** – ABCUL is recruiting for a new CEO, as Shaun Spiers, who has led the Association since October 1999, is leaving to join the Campaign to Protect Rural England. The Board and staff of ABCUL wish him well in his new post.

A new PEARLS project has started, with a number of credit unions committing themselves to improving their credit unions through WOCCU's monitoring system.

New member services being developed include electronic mailings and a new pack to help credit unions set up branches in schools and work to improve the financial capability of young people.

**Canada (CUCC)** – Credit union leaders were challenged to *Grow The Credit Union Difference* during the 2004 Canadian Conference May 1-5 in Toronto. Over 800 participants, shared in keynote sessions, forums and workshops.

At the conference the 16th annual Credit Union Award for Community

Economic Development was presented to Vancouver City Savings Credit Union. In addition, Nelson & District Credit Union was presented with the 2nd annual National Credit Union Innovation Award, and the first ever National Young Leaders Award went to Eric Dillon of Rocky Credit Union.

During the annual Members' Forum, efforts were made to deliver an interactive planning process. On-site voting equipment was used to gauge participants' feedback. A summary of the Forum discussions, providing a high level review of the issues, will be available on Canadian Central's website at [www.cucentral.com](http://www.cucentral.com).

**El Salvador (FEDECACES)** – During the first quarter of 2004, the El Salvadorian credit union system integrated into FEDECACES's practice, the democratic participation of members in the decision-making process. Also FEDECACES recently elected a new president, Salvador González Alvarado.

Approximately 30 affiliated credit unions have developed a general assembly and have shown active member participation. The participation of women in the leadership structure after the assemblies is 39%, increasing 4% from 2003. The National Leadership of FEDECACES continues to analyze the perspectives of the credit union sector on governmental authority change and the use of the Free Trade Agreement.

**Ireland (ILCU)** – (see page 20)

**New Zealand (NZACU)** – The New Zealand Association of Credit Union's Annual Conference will be held in Napier from September 16-18. The theme for the 2004 conference is “Building Tomorrow.” NZACU has a range of speakers and workshops lined up to consider the future of the New Zealand credit union movement.


Doug McLaren, CEO, invites members of the international Credit Union Movement to the NZACU Annual Conference. Each year, they have a number of international guests, and the exchange of ideas and industry experience is invaluable. For more information, contact Vicky Mackenzie, at [vickym@nzacu.org.nz](mailto:vickym@nzacu.org.nz)

The Texas CU Foundation, in association with the New Zealand Credit Union Foundation, awarded Gavin Earle, assistant manager of Credit Union Baywide, Hastings, a full scholarship to the Southwest CUNA Management School (SCMS), USA. This will be an invaluable experience for Gavin and future New Zealand credit union candidates, while ensuring that our credit union leaders have a broader understanding of the industry and international operating principles.

**Peru (FENACREP)** – In April of 2004, two important events were celebrated for the credit union movement in Perú, the 45th Anniversary of the FENACREP and the 41st Ordinary General Assembly of Associate Members, in which the renovation of the third directives of the Federation were completed.

Although much has changed since their foundation, FENACREP is still an institution with youthful vitality that follows the direction of its founders. It is attentive to the changes and is in continuous search of the best strategies to serve its associates. At the General Assembly, they promised to continue promoting cooperatives and fortifying the integration to the young voluntary movement, so that through their creativity and technology, they can participate as agents of socio-economic development for their local areas and for Perú.





**Panama (COFEP)** – On April 18, 2004, COFEP celebrated their 4th Assembly with important participation from delegates of associated credit unions. The themes discussed were: Reports from the Board of Directors and from the Oversight Committee. Also, praise was given for commitment to credit union success in 2003, through the work in technical assistance, financing and the deposit insurance.

The occasion was prime to present new services, such as portfolio administration, a systems auditor, supervision of micro-enterprise credit unions, establishment of standard software for cooperatives and a web directory of Panama credit unions.

During the assembly, the statute was modified according to the new regulations. Also, budgets were passed for investments, income and expenditures.

**Poland (SKOK)** – In April, SKOK's membership reached a historic 1 million. Credit union members are served through 1,357 outlets. Today, SKOK is Poland's largest financial services network. Since family members do not have automatic access to credit union services unless they join, SKOK serves the financial needs of 1 million of Poland's 9 million families.

The recent successes of the SKOK system also include market gains. Last year, SKOK's total assets grew more than 36%, to US\$895 million. Loans reached US\$590 million, almost 10% of Poland's consumer loan market, while deposits amounted to almost US\$832 million or 3% of Poland's consumer savings.

The newest addition to the SKOK system is the Credit Union Investment Funds Society, which was licensed in April. The society will invest members' savings into financial instruments available on the market, through its self-managed funds.

**South Africa (SACCOL)** – SACCOL has been contracted by the City of Cape Town to run a series of training workshops on setting up SACCO (credit union) branches with people from various impoverished communities. This is part of the city's program to instill a culture of savings and debt reduction by locating financial facilities closer to the people and adding value the lives of these communities.

SACCOL has run six training sessions thus far, and has seen a huge growth of interest in building community alternatives to banking. These branches will assist the communities with various projects ranging from small, medium and micro-enterprises, to food gardens, housing cooperatives and access to education. SACCOL hopes that this project will be duplicated in other South African provinces.

**Guatemala (FENACOAC)** – FENACOAC recently finished a series of three week-end meetings in member credit union locations. The purpose of these Regional Meetings was to fortify the understanding of WOCCU, its vision, its early mission and the new mission that the WOCCU Administration recently added "Better Governing Practices." The second purpose was to develop the theme, "Governing Credit Unions in Guatemala and Latin America," by favoring a process of cultural change and fortifying credit union principles.

The directors of the credit unions of FENACOAC and the managers of member credit unions attended these regional events. Attendees included 130 people from 25 credit unions.

**United States (CUNA)** – Credit Union National Association (CUNA) continues to focus heavily on helping member credit unions and state leagues enhance service to the U.S. Hispanic population—particularly the underserved—through education, promotion and advertising. The goal is to steer people away from the high interest rates and fees associated with predatory lenders and into the superior service and rates offered by local credit unions.

In addition, financial literacy for all Americans is still a main concern, but especially critical for young adults. As persons under 25 years of age remain the largest age group to file for bankruptcy each year, CUNA continues to pursue efforts to educate the public on financial literacy, including state-level pushes for legislature requiring financial education as a part of school curriculum.

To reiterate the importance of saving money, CUNA called out America's credit unions for the first-ever National Youth Saving Challenge, corresponding with the 3rd annual National Credit Union Youth Week in April. Children of all ages emptied their piggy banks and deposited money into their credit union savings accounts for a combined total of \$1.4 million nationally.

As always, CUNA works to secure a more flexible operating environment for U.S. credit unions (consistent with safety and soundness principles), and continue efforts to disseminate helpful information relevant to credit unions, their members and consumers at large.

# The Irish League of Credit Unions: At The Heart of Volunteerism

—by Kimberly Johnston, Marketing & Communications Manager, WOCCU



Irish credit unions have been in existence since the late-sixties. They compose one of the most individualistic systems in the international movement, retaining its deep commitment to the concepts of volunteer service and involvement. In the beginning, Irish credit unions resisted efforts to develop paid management groups and worked hard to maintain local control, essentially through small credit unions. This approach was considered controversial by some, but its success is impossible to ignore: today the Irish League of credit unions includes 523 credit unions in 25 chapters, serving 2.6 million members—more than 70% of the population.

2003 was a year of stabilization, streamlining and planning for the League. One important change was the creation of the Review Commission, an independent board put in place to proactively address ILCU development issues. John O'Regan, ILCU president of the board, explained, "The forward planning process must be ongoing and cyclical. Plan, implement, evaluate, plan to ensure our members are well-supported in development."

The Review Commission's main task was the development of a report, *Time for Change*. The report, which was ratified by the movement, helped to drive crucial decisions on strategy, funding, league rules, risk management and monitoring. A key item was the incorporation of the Savings Protection Scheme, ILCU's credit union stabilization and the member protection fund.

The Review Commission also analyzed the meeting and governance system, recommending the League hold a Biennial Delegate Meeting, alternating with a two-day Consultative General Meeting (CGM) to replace the present Annual General Meeting. The first CGM was held in April of this year. It was the first opportunity for the movement to concentrate on intensive education and policy preparation at the national level. "This is a new experience for all of us, and one which I hope will be positive and worthwhile," noted O'Regan. By definition, the purpose of a Consultative General Meeting is to consult. There were no motions at this meeting. "This is a time for inclusive consultation and genuine debate of the policy considerations that the movement needs to address," O'Regan continued.

To witness volunteerism alive and well at the core of Irish credit unions, just attend a CGM. It is unlike any other meeting, formal in nature, with each credit union sending specific number of "official delegates." Alternates are also chosen. The conference hall fills with an estimated 1,000 official representatives, discussing and debating issues at hand. It is an honor and responsibility to represent your credit union, not a burden.

During the April CGM, World Council's PEARLS was one of the focuses of education sessions. PEARLS is being implemented in all of Ireland's credit unions as a monitoring system and management tool. Other topics addressed included Ireland's new regulatory authority, interest rates, lending policy, treasury management and attracting youth. Understanding that youth involvement is the key to continued success, ILCU will continue to evaluate the changing demographic of both membership and volunteers, because both are key to the current system's survival.

Realizing the power of information, ILCU has also recently developed databases on crucial credit union information, allowing credit unions to identify trends, both within their specific sectors and within the wider financial services environment.



## COUNTRY INDICATORS

Capital: Dublin  
Government Type: Republic  
Area: 70,280 sq km  
Population: 3,924,140 (July 2003 est.)  
Inflation Rate: 4.6% (2002 est.)  
Currency: EURO  
Exchange Rate: .83 EURO/US\$1  
GDP: US\$113.7 Billion (2002 est.)  
GDP per Capita: US\$29,300 (2002 est.)  
Source: IMF/CIA World Factbook 1998, World Bank

## CREDIT UNION INDICATORS

Credit Unions: 532  
Members: 2.7 Million  
Savings: 11.9 Billion

A renewed focus on improving communications with members is also a goal for ILCU. Prompt circulation of materials, updates, technical advice, the *Credit Union News Magazine*, email and website have all strengthened confidence in the League and its new activities. The League also launched an Environmental Scan, within both the financial market and the wider social and economic spheres.

The Irish credit union movement continues to look toward expanding their products and services to meet the needs of a changing member base. Looking towards the future, the foundation of volunteerism will continue to play a key role in Irish credit unions.



# Basel II

## It's Time Has Come

—by Dave Grace, Senior Manager of Trade Associations Services, WOCCU

On May 11, after four years of work, the Basel Committee on Banking Supervision at the Bank for International Settlements has reached consensus on the revised Basel Accord on Capital Adequacy (also known as Basel II). The Basel Accord serves as the basis for financial institutions, including credit unions, to determine capital requirements. The Basel Capital Accord defines a standard methodology for calculating the capital to asset ratio, or the amount of capital in a financial institution over that institution's asset classes (by risk). This ratio may be no less than eight percent of risk-weighted assets.

A key innovation of the original Basel Accord was the weighting of different types of assets (i.e., cash, government bonds, home loans, consumer loans, etc.). For example, cash was assigned a risk weight of zero—meaning that no capital would need to be held against this asset—government bonds in developed countries were assigned a risk weight of 20 percent and home loans 50 percent. This has had the effect of reducing an institution's asset base for the purposes of calculating its capital requirement and requiring the institution to hold much less capital.

Basel II will go beyond defining the capital to risk-weighted asset ratio to incorporate two additional components, resulting in three, mutually-reinforcing pillars:

1. A revised methodology for calculating the capital to asset ratio with a menu of three approaches: standardized, foundation internal ratings based and advanced
2. Supervisory review standards for assuring capital adequacy
3. Introducing market discipline through public disclosure requirements

The minimum capital to risk-weighted asset requirement of eight percent remains unchanged under Basel II. The numerator that defines the acceptable types of regulatory capital (i.e. tier-one and tier-two capital) is also unchanged. The core modifications in Basel II are to the denominator, reducing risk weights beyond Basel I and providing incentives for further reductions through better measurement of risk and risk-mitigation tools. In addition, an explicit recognition of operational risk is included in the Basel II capital calculation.

### Evaluating the Impact

Though the current Basel Accord applies only to credit unions in a handful of countries (Australia, parts of Canada and Latin America), it will indirectly impact credit unions worldwide by affecting their main competitors—banks.

Credit unions in Canada and Australia have been evaluating the potential impact of Basel for some time. In the United States, as more credit unions look to alternative capital strategies, the concept of introducing a risk-based capital requirement has gained popularity from the federal credit union regulator (the National Credit Union Administration) and become the centerpiece of a credit union-backed piece of legislation (the Credit Union Regulatory Improvements Act).

### Making the Case

In a final effort to that ensure credit union interests are considered in the revisions to the Basel Accord, the

World Council of Credit Unions, Inc. (WOCCU) met with the chair of the Bank for International Settlements' Basel Committee on Banking Supervision on the footsteps of the committee's last meeting to discuss calibration. Consequently, on May 11, the committee ensured that Basel II would not distort the market through capital reduction incentives. However, the Basel Committee's latest revision of the proposed standard may still generate concern for credit unions in the mortgage and consumer lending areas. Although Basel II will likely provide credit unions capital relief in these areas, it will also provide large banks the opportunity to further reduce capital holdings in key areas of competition.

In Canada, for example, roughly 55 percent of the loan portfolio is made up of home loans. Big banks will likely benefit the most from Basel II, with reductions of capital for home loans. Based on data from the Basel Committee, credit unions subject to Basel II may see a 20 percent reduction in the capital needed to be held against mortgages, but large banks may see a 50 percent reduction in the average capital needed for mortgages.

### What's Next?

At the end of June 2004, the final version of Basel II should be released. WOCCU will be working with national members on preparing for the potential impacts of Basel II. The new and old Accords will be tested in a parallel mode in 2006. The more complex, rating-based approach will be implemented at the end of 2007.



## Minnesota Credit Union Network



*Kevin Chandler,  
President & CEO,  
Minnesota Credit  
Union Network  
(MCUN)*

**CU World:** How does the MCUN's values tie into international credit union development?

**Chandler:** Minnesota has a long and proud tradition of a strong and prosperous cooperative movement. Central to the largely rural economy at the turn of the century, farmers realized the value of joining together to produce and market their goods cooperatively. This same strong cooperative spirit remains alive and well with Minnesota's 178 cooperative credit unions.

As a result, Minnesota credit unions have long played an active role in the furtherance and success of credit unions around the world. The spirit of people helping people is deeply ingrained in our culture and knows no boundaries. The concept of members pooling together their resources to provide affordable, quality service to their co-owners is an idea that will surely work just as well in other nations. It is in that cooperative spirit that the Minnesota Credit Union Network comes to this partnership.

**CU World:** Why did the Minnesota Credit Union Network become a WOCCU Supporter?

**Chandler:** The Minnesota Credit Union Network has a long history of working on international projects, including Curacao and Poland. The Network believes in the obligation to spread the credit union philosophy, not only among our own credit unions, but to other nations, as well. It is our obligation to assist other nations as they forge their way in oftentimes fledgling democracies. WOCCU has demonstrated its effectiveness in the cause time and again, and the Network wants to continue that effort in our own, small way.

**CU World:** Comments on your mission and ours.

**Chandler:** The Minnesota Credit Union Network mission, to promote an environment that ensures credit union health and prosperity through the provision of high-quality products and services that help credit unions meet present and future challenges, is really

not far from that of WOCCU's, albeit on a narrower scale.

Like WOCCU, the Network strives to be an effective advocate at all levels on behalf of credit unions. And while we do work to develop credit unions in Minnesota as WOCCU does worldwide, the United States movement is extremely mature, making new credit union entrants extremely difficult. The Network focuses its efforts on a small but important group of core competencies: lobbying at both the federal and state levels, education and compliance/legal assistance. In the end, we both share the same goal—to promote credit union health and prosperity.

**CU World:** What are your thoughts on international credit union development and the U.S. movement?

**Chandler:** It is clear that every nation has its own unique culture and levels of sophistication and expertise. The U.S. credit union movement, being far advanced and having grown from a small but determined group of individuals to a network of high quality financial institutions serving millions of members, the Network believes the United States movement can be of extraordinary value to other nations. Likewise, Americans can take great value from learning about other cultures and the ways in which their credit unions function in widely varying conditions. It is also vital, during these globally turbulent times, that American credit union activists play their part in demonstrating the generosity and goodwill of the United States.



*The Minnesota Credit Union Network (MCUN) presented the Paraguayan visitors with a Minnesota flag. I-r: Dana Hofmann-Geye, MCUN; Kevin Chandler, MCUN; Modesto Segovia Boltes, Ramona Rios Medina, and Pedro Loblein, CENCOPAN; Francisco Barceló García, Cooperativa Universitaria; and Brian Branch, WOCCU.*



# Make a Difference

## Become a WOCCU Supporter Today!



World Council of Credit Unions, Inc. (WOCCU) thanks the many individuals, credit unions, credit union organizations—such as corporate credit unions, leagues, foundations, credit union suppliers—and non-credit union related organizations that have chosen to become Supporters. Your desire to commit, connect and engage directly with World Council enables millions of people to grow.

### BRONZE

—Minimum of \$1,000 annually - Individuals  
**Australia**

Nicholls, Rob and Chris - Pyrmont, Australia

#### **Canada**

McVeigh, Robert - Cape Breton, Canada

#### **The Netherlands**

Arnold, Arthur and Barbara - The Hague, Amsterdam

#### **United States**

Chatfield, David and Rebecca - Upland, CA

Cutter, Dennis and Shelby - Spokane, WA

Goodwin, Ralph and Toni - John Day, OR

Jollette, Barry and Carole - Redwood City, CA

McCartney, Judy - Santa Ana, CA

Ray, Bernadine and Schnell, Dana - Tucson, AZ

—Minimum of \$1,000 annually - Organizations

#### **Australia**

Australian National CU Ltd. - Sydney, NSW

Members & Education CU Limited - Kew, VIC

**National CU Association, Inc.**

\* - Indoorsopilly, Queensland

New South Wales Teachers CU - Homebush, NSW

Queensland Teachers CU - Brisbane, QLD

#### **Brazil**

COCEDAE - Rio De Janeiro

#### **Canada**

CU Central of British Columbia - Vancouver, BC

CU Central of Nova Scotia - Halifax, NS

CU Foundation of British Columbia - BC

Chinook CU - Hussar, ALB

Envision Financial - Delta, BC

GVC CU - Burnaby, BC

HEPCOE CU Ltd. - Toronto, ONT

Nova Scotia CU Charitable Foundation - Halifax, NS

Woodslee CU - Essex, ONT

#### **Ireland**

\* Comhar Linn INTO Credit Union - Dublin

\* Coolock Artane CU - Dublin

\* CUDA - Dublin

Dubco CU Ltd. - Dublin

Killarney CU Ltd. - Killarney

\* Lucan District CU Ltd. - Dublin

\* Mullingar CU Ltd. - Mullingar, Co. Westmeath

Newbridge CU Ltd. - Newbridge

RTE CU - Dublin

Rush CU - Dublin

\* St. Agnes CU - Dublin

\* St. Mary's Navan CU - Navan, Co. Meath

Tullamore CU - Tullamore

#### **Kenya**

AFYA SACCO Society Ltd. - Nairobi

Kenya Bankers SACCO Society - Nairobi

Strathmore University - Nairobi

#### **Scotland**

Capital CU Trust - Edinburgh

Dalmuir CU - Dalmuir

#### **United States**

AEA FCU - Yuma, AZ

Agriculture FCU - Washington, DC

America First CU - Ogden, UT

American Heritage Federal CU - Philadelphia, PA

Arizona Central CU - Phoenix, AZ

Arkansas CU League - Little Rock, AR

Arrowhead CU - San Bernardino, CA

Atlantic Regional FCU - Brunswick, ME

Bayer FCU - Elkhart, IN

Bethpage FCU - Bethpage, NY

BF Goodrich FCU - Tuscaloosa, AL

BFG FCU - Akron, OH

Boeing Employees CU - Tukwila, WA

B.O.N.D. Community FCU - Atlanta, GA

California Bear CU - Los Angeles, CA

California CU - Glendale, CA

Christian Community CU - Covina, CA

Citizens First CU - Oshkosh, WI

Community One FCU - Las Vegas, NV

Connecticut CU Associates - Wallingford, CT

Co-op Services CU - Livonia, MI

CUNA CU - Madison, WI

Denver Public Schools CU - Denver, CO

Eastman CU - Kingsport, TN

Farmers Insurance Group FCU - Los Angeles, CA

Financial Services Centers Coop - San Dimas, CA

First Entertainment CU - Hollywood, CA

First Flight FCU - Havelock, NC

First South CU - Bartlett, TN

Florida Central CU - Tampa, FL

Fort Knox FCU - Ft. Knox, KY

GECU - El Paso, TX

\* GTE FCU - Tampa, FL

Gwinnett FCU - Lawrenceville, GA

Heritage Family CU - Rutland, VT

Houston Postal CU - Houston, TX

Hoyt Lakes CCU Staff - Hoyt Lakes, MN

Jet CU - Indianapolis, IN

John Deere Community CU - Waterloo, IA

Kinecta FCU - Manhattan Beach, CA

\* Melrose CU - Briarwood, NY

Motorola Employees CU - Schaumburg, IL

Navy FCU - Merrifield, VA

New Mexico Educators FCU - Albuquerque, NM

N. Carolina CU League - Greensboro, NC

Northeast Florida Chapter of Florida CU League

- Jacksonville, FL

Numerica CU - Spokane, WA

OAS Staff FCU - Washington, DC

Old West FCU - John Day, OR

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\* Paul J Lucas, Marketing Consultant - Clifton, VA

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Redstone FCU - Huntsville, AL

Research FCU - Warren, MI

SELCO CU - Eugene, OR

Selfreliance Ukrainian American FCU - Chicago, IL

Service One CU - Bowling Green, KY

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Shreveport FCU - Shreveport, LA

Silver State Schools CU - Las Vegas, NV

Southwest Airlines FCU - Dallas, TX

State Employees FCU (SEFCU) - Albany, NY

Tennessee Teachers CU - Nashville, TN

Tremont CU - Braintree, MA

Tricorp FCU - Portland, ME

Tropical Financial CU - Miami, FL

TruWest CU - Scottsdale, AZ

Ukrainian FCU - Rochester, NY

US FCU - Bloomington, MN

USA FCU - San Diego, CA

Vantage CU - Bridgetown, MO

Verity Federal CU - Seattle, WA

Visions FCU - Endicott, NY

Water and Power FCU - Los Angeles, CA

Xerox FCU - El Segundo, CA

### SILVER

—Minimum of \$5,000 annually-Individual  
**United States**

Mapother, William - Louisville, KY

—Minimum of \$5,000 annually-Organizations  
**Canada**

Credit Union Central of Alberta - Calgary, AB

#### **Ireland**

\*\* Bishopstown CU Ltd. - Cork

Dundrum CU Ltd. - Dublin

#### **United States**

Louisiana CU Services - Harahan, LA

OCUL Services, Inc. - Beaverton, OR

Orange County's CU - Santa Ana, CA

San Mateo CU - Redwood City, CA

\*\* United Nations FCU - New York, NY

### GOLD

—Minimum of \$10,000 annually  
**Mexico**

Caja Libertad - Querétaro

#### **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

Michigan CU League - Southfield, MI

Minnesota CU Network - Bloomington, MN

New York CU League - New York, NY

Ohio CU League - Dublin, OH

Pacific Service CU - Walnut Creek, CA

Pennsylvania CU League & Pacul Services

- Harrisburg, PA, USA

State Employees CU - Raleigh, NC

Texas CU League - Farmers Branch, TX

Western Corporate FCU (WesCorp) - San Dimas, CA

### PLATINUM

—Minimum of \$50,000 annually

CUNA Mutual Foundation - Madison, WI

National CU Foundation - Madison, WI

US Central CU - Overland Park, KS

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**Florida Central Credit Union, Florida**

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**Heritage Family Credit Union, Florida**

**Motorola Employee Credit Union, Illinois**

**Snohomish County PUD Credit Union, Washington**

**Washington Credit Union Foundation, Washington**

\* New Supporters since February issue of Credit Union World.

List current as of May 25, 2004.

\*\* Increased annual contributions.





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